

Overview & Scrutiny Committee – Meeting held on Tuesday, 8th March, 2022.

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

Also present under Rule 30:- Councillors Ajaib, Anderson, Hulme, Kelly and Minhas

Apologies for Absence:- Councillor Basra

PART I

23. Declarations of Interest

Councillor Smith declared that he had been appointed by the Council as one of its representatives on Royal Berkshire Fire & Rescue Service and that he was an elected member of Colnbrook with Poyle Parish Council. He stayed and participated in the meeting.

Councillor Kaur declared that she was an elected member of Wexham Court Parish Council and that she lived in a property owned by the Council. She stayed and participated in the meeting.

24. Minutes of the Last Meeting held on 13th January 2022

Resolved – That the minutes of the meeting held on 13th January 2022 be approved as a correct record.

25. Member Questions

No Member Questions had been submitted.

26. Section 25 Report

The Director of Finance gave a comprehensive presentation on all of the budget reports to be considered by the Committee ahead of the Cabinet meeting on 9th March and full Council on 10th March 2022.

The presentation covered:

- Section 25 Report
- Revenue Budget
- Capital Budget
- Treasury Management
- Dedicated Schools Grant
- Council Tax Support Scheme

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The reports were intrinsically linked and were therefore presented together before the Committee scrutinised each report, asking questions of the Director and the Lead Member for Financial Oversight, Council Assets and Performance.

The Committee noted that:

- The Section 25 Report set out the Director of Finance's opinion and risks for Members to consider in taking decisions on the budget. It highlighted the seriousness of the Council's financial position with a financial deficit of £223.1m to the end of the current financial year and a further £84.1m for 2022/23.
- It was only with confirmation of significant financial support from the Department for Levelling Up, Housing and Communities (DLUHC) that the Director of Finance could give Members some assurance on the robustness of the budget estimates and adequacy of reserves. The Council would not be able to set a legal budget for 2022/23 unless the Government allowed the Council to capitalise the sums above. Taking future years into account the total capitalisation required was estimated to be £479m over 10 years.
- The support from DLUHC was set out in the Letter from the Minister included in the Supplementary Agenda. It confirmed that DLUHC was 'minded to' approve capitalisation directions for the period between 2018/19 to 2022/23 which would enable the Council to set a budget, noting the issues and conditions as set out in the report.
- The Revenue Budget report was summarised. In 2022/23 the Council's income was estimated to be £107m with £192m of expenditure, which meant that the budget requirement was 78% greater than the sources of funding.
- It was critical that the Council delivered the budget and savings proposals set to meet future financial targets. This would include approximately £600m worth of asset sales and £20m revenue savings every year for five years. The growth and pressures were summarised. The work of the scrutiny panels in reviewing every saving proposal for the directorates for 2022/23 was noted.
- Council Tax would rise by a total of 2.99% which included the 1% for the Adult Social Care precept. This was equivalent to an increase of 86p per week for a Band D property.
- Following a detailed review of schemes and affordability, the capital programme had been significantly reduced. The borrowing forecast was £760m but would have risen to £900m if the capital programme had not been fundamentally reviewed. The programme was now set out over a five year period. The profile for reducing borrowing in the coming years was set out.

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- The Treasury Management Strategy was now properly aligned to the capital programme which had not been the case in the past. The Council's borrowing of £760m as at June 2021 was the third highest per head of population of all unitary authorities in the country and annual interest and debt charges would rise to 32% of the net revenue budget by 2022/23, which was not affordable or sustainable.
- The Dedicated Schools Grant was included as a separate report with the budget due to the significant issues this year. The DSG deficit would grow to £43m by 2024/25 without mitigation and action was underway to bring it under control and stabilise the position.
- The Council Tax Support Scheme would remain unchanged from the current year, other than being uprated for inflation.

The Lead Member commented that the extensive and detailed work to address the Council's financial issues over the past year meant that the Council would be in a position to approve a valid and achievable budget for 2022/23. However, he outlined the key pressures and risks the Council would continue to face including demand pressures on services and rising energy costs. The Council would therefore need to deliver the budget it set and commence work quickly on developing next year's budget.

The Finance Commissioner commented on the seriousness of Slough's financial position which was unique in scale compared to any other local authority. Commissioners would continue to help Slough address its financial and other challenges, which would need everyone in the Council to work together in the coming months and years.

The Committee, and Members speaking under Rule 30, asked a number of questions and discussed various aspects of the reports which are summarised as follows:

- The targets for asset disposals and recurrent revenue savings were very challenging. What would be the impacts if they were not hit? The Director responded that external expertise was being brought in to support the asset disposal programme. The level of disposals was very significant but was considered achievable. Prudent estimates for the financial profile had been set with a target of £25m of disposals in 2022/23, so if the programme could be accelerated that would assist the Council's financial position, whilst always ensuring best value was achieved. In relation to the revenue savings target, it was recognised that delivering £20m worth of savings would be very challenging. Savings for 2022/23 would be closely monitored and savings for 2023/24 would need to be identified by the end of May 2022 so they could be refined, scrutinised and consulted upon. Many of the processes to manage and deliver savings programmes had been improved in the past year.

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- Queries were raised about the level of DLUHC support, conditions and future engagement. The Council had been in ongoing discussions with the department throughout the year and had had to demonstrate progress in relation to asset sales, service reviews etc. Officers would continue to be in constant contact with the department and the role of Commissioners in this regard was noted. In relation to a concern raised by a Member about whether the Minister's 'minded to' letter to approve the capitalisation was actual confirmation of the level of support required, the Director stated that this was the standard process and language for capitalisation directions. The capitalisation direction process and relationship to the annual accounts was explained, including the conditions which were set out in the Supplementary Agenda.
- The position regarding the sign-off of the Council's accounts since 2018/19 was raised as a concern and the Director said that a very significant amount of work had been done and it was hoped the first year's unaudited accounts, 2018/19, would be ready to be submitted to the auditors in the first quarter of 2022/23. Some prior period adjustments would be made and some items from 2016/17 and 2017/18 were likely to be restated.
- Questions were asked about the reasons behind the very serious financial problems the Council faced and the respective roles of Officers and Members were discussed. Minimum Revenue Provision was discussed in detail and it was noted that since 2016 the Council had made a number of serious errors in the implementation and calculation of MRP. The future priorities would include a new, permanent finance team; officer and member training; stronger financial management processes including the continuation of the financial controls introduced on 2021/22; and transparent financial monitoring and reporting, including to scrutiny. It was proposed and agreed that a Task Group of Overview & Scrutiny be convened to review the proposals for Members finance training. The Audit & Corporate Governance Committee had received a report on this matter in March and it was agreed the Task Group should meet to consider this issue further and discuss the lessons learned.
- The Committee emphasised the importance of prioritising the finance team restructure to ensure the Council could build a strong and skilled team for the long term. Solving the financial challenges would also need to be a shared responsibility across the Council, with departments needing to deliver the agreed budgets, manage any overspends and make compensatory savings when planned savings could not be delivered. Council would continue to receive regular reports on the finance action plan to provide assurance that all of the various recommendations and improvement points were being delivered and that good practice was being embedded.

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- The process and decision making around asset sales and valuations was discussed. It was noted that the Cabinet had agreed to procure external expertise to support the programme and that disposals over £1m would be approved by Cabinet, with delegated authority for sales below that level. The value of assets changed over time but Officers were confident that disposals of £600m from an estimated asset base of £1.3bn was achievable.

Members asked a number other specific questions about the levels of earmarked reserves, level of Council Tax support to vulnerable people and Covid funding which the Director responded to during the meeting. A query raised about parish precepts would be responded to outside of the meeting.

Resolved –

- (a) That the report be noted.
- (b) That a Task Group be convened to review the proposals for finance training for Members.

27. 2022/23 Revenue Budget

All matters relating to the revenue budget had been considered and discussed as part of the previous item.

Resolved – That the report be noted.

28. Capital Programme 2022/23 to 2026/27

The capital programme had been considered and discussed as part of the overall budget presentation and discussion.

Further issues raised included the expected impact of reducing the size of the capital programme, for example on highway repairs. It was responded that there were still revenue budgets for highway maintenance and the fact that Slough's roads were in a good state of repair after many years of investment meant that it was not expected their condition would be adversely effected by this budget. The aim of reducing the capital programme was to limit any further borrowing, but the programme still included investment in key priority areas such as ICT.

A question was raised about the inclusion of capital funding for the park and ride in Colnbrook which was said not to be popular with residents. It was confirmed that the proposed scheme could continue as it had attracted external funding from the Local Enterprise Partnership and would not therefore require Council funding to proceed.

Resolved – That the report be noted.

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29. Treasury Management Strategy 2022/23

The treasury management strategy had been discussed as part of the overall budget presentation and discussion.

Additional issues raised included the borrowing strategy and the management of the Council's short term borrowing requirements.

Resolved – That the report be noted.

30. Update Dedicated Schools Grant Management Plan

The DSG report had been considered and discussed as part of the overall budget presentation and discussion.

There was further discussion on the previous management of the issue which had led to the DSG deficit rising in recent years. The Director of Finance summarised the detailed work and action that had been undertaken in the past year which had successfully reduced this years deficit and started to stabilise the position. It was noted that the DSG issue was not confined to Slough but it was a matter the Council needed to continue to address.

Resolved – That the report be noted.

31. Council Tax Support Scheme 2022/23

The Council Tax Support Scheme had been considered and discussed as part of the overall budget presentation and discussion.

A question was asked about whether Council Tax support had been stopped during the year as a result of the Council's financial problems. The Lead Member commented that Council Tax support had continued, but some discretionary hardship support schemes had been stopped during the year. This followed the withdrawal of Government funding some years ago. A new Household Support Fund had been put in place and Members were referred to the Cabinet report of November 2021.

The Council Tax collection rate was discussed and Members suggested that further incentives be introduced to encourage residents to pay by direct debit.

Resolved – That the report be noted.

32. Revenue and Capital Monitoring Report - 2021/22 [Quarter 3 - December 2021]

The Committee noted the revenue and capital financial monitoring report for the period to the end of December 2021.

Resolved – That the report be noted.

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33. Forward Work Programme

The Forward Work Programme for the Committee was summarised. It was proposed and agreed that the formal meeting scheduled for 17th March be cancelled and replaced with a Member Workshop on Section 106 governance which would be held jointly with the Planning Committee.

The items for the meeting on 7th April were agreed as the ICT Modernisation Programme, Nova House Update, Slough Children First update and annual scrutiny report and petitions report.

Resolved – That the Forward Work Programme be agreed.

34. Members' Attendance Record 2021/22

Resolved – That the Members' Attendance Record for 2021/22 be noted.

35. Date of Next Meeting - 17th March 2022

Members of the Committee would be invited to a workshop on Section 106 governance on 17th March which would replace the scheduled formal committee meeting.

The next meeting of the Committee would therefore be on 7th April 2022.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 9.08 pm)