

Overview & Scrutiny Committee – Meeting held on Thursday, 1st December, 2022.

Present:- Councillors Gahir (Chair), Matloob (Vice-Chair), Akbar, Bal, Basra, P. Bedi, Kaur, M. Malik and S. Malik

Apologies for Absence:- None

PART I

22. Declarations of Interest

Councillor Bal declared that his daughters worked for Slough Borough Council. He remained and participated in the meeting.

23. Minutes of the Last Meeting held on 17th November 2022

Resolved - That the minutes of the meeting held on 17th November 2022 be approved as a correct record.

24. Member Questions

No Member Questions had been submitted.

25. Financial Overview

The Director of Finance provided an overview of the financial context facing the Council and reminded the Committee that the focus of scrutiny at this stage was to consider and comment on the specific budget proposals.

The Council issued a Section 114 Notice in July 2021 and the problem at that stage was estimated at £174m. To address this the Council agreed a financial strategy which included the sale of assets to reduce borrowings and thus reduce the minimum revenue provision/interest costs, reduce net revenue expenditure and restructure of the finance team to provide a sustainable service going forward.

The Council sought support from the Department for Levelling UP, Housing and Communities (DLUHC) and a capitalisation direction (CD) was agreed at £307m. The problem had grown from the original estimate of £174m (as it was advised it would) to potentially £782m and based on current assumptions and the outcome of the ongoing work now stood at c£369m. The main cause of the CD requirement was the level of borrowing by the Council without making any budgetary provision for principal repayments with £40k earmarked in 20/21 which should have been c£15m.

Linked to this was the short term borrowing from other Councils when rates were cheaper and Councils were willing to lend to Slough. However, all of the Councils who had lent to Slough were requesting that their loans be repaid

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and £266m had to be repaid by September 2023. It was noted that the Council's strategy was to sell assets and if successful would generate c£200m in the current financial year and £60m in 2023/24.

In addition to the borrowing, a range of other issues had been identified including the fact that the Council had no accounts since 2017/18. The original 2018/19 accounts had been extensively revised and resubmitted and were currently undergoing audit. The 2019/20 accounts had also been prepared and submitted to external audit. Due to a lack of accounting records it was highly likely the Council would receive a very adverse audit report for 2018/19. To address matters going forward, the Council had restructured its finance service with recruitment underway.

An outline of the key points from the Chancellor's Autumn Statement which affected local authorities were highlighted and included Adult Social Care charging reforms delayed by two years and the possibility of increasing council tax by 4.99% in each of the next two years. The impact of inflation was also brought to Members attention and rising energy costs.

The projection of interest rates had real significance for the Council given its level of debt. Asset sales were key to reduce borrowing and hence minimise the impact of inflation on the Council's budget. The projection of asset sales anticipated over 2022/23 and 2023/24 were critical to the recovery of the council's finances and it was imperative that these were achieved.

The Committee had a wide ranging discussion and asked a number of questions which included –

- *A number of the savings agreed for the current year had not been delivered. The half year budget monitor for 2022/23 projected a shortfall of £4.3m from the £20m savings required. What specific measures had been put in place to strengthen the process to make sure next year's savings could be delivered?* All savings had been reviewed and equality impact assessments made. Regular financial monitoring reports were received and tight management and ownership of issues by each directorate to deliver the savings identified was essential.
- *What had been the major barriers to the delivery of this year's savings and were these due to a lack of skills and capacity to deliver them?* It was explained that the impact of external national factors had had an impact which included the impact of inflation and energy costs. Challenges remained within Slough Children First (SCF) where there continued to be an overspend. Colleagues in SCF were being assisted with the delivery of finance and programme management training. Exploring alternative methods of service delivery, eg the Digital Transformation Programme, would be key in meeting the savings targets.
- *Impact of savings on delivery of front line services? Other income apart from council tax and assets?* Other income streams to the Council

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included business rates and fees and charges. Given the scale of the savings required there would inevitably be an impact on frontline services and moving forward these would need to be delivered in a more targeted method. A Member asked about the affordability of senior roles and was informed that the Council needed to invest in these key roles in order to achieve savings.

- *Energy costs: Energy had been pre-purchased for this winter but was the Council exposed to risk if prices remained higher for longer than was expected.* The Executive Director, Place and Communities reminded the Committee that the Council currently had a contract for fixed energy prices until March 2023, following which professional advice would be sought to secure the best deal possible.
- *Measures taken to mitigate risk of lack of financial records in future and avoid similar situation?* The Director of Finance stated that there was a new finance team in place and records maintained, showing clear evidence trail of decisions taken. It was important that lessons had been learnt from previous working practices to avoid the authority finding itself in a similar position in the future.
- *Sale of assets – method used to determine sales.* External Consultants had been appointed to work in conjunction with the relevant Executive Director to identify assets that could be sold. It was noted that a number of out of borough assets had been sold and monies received would be used to repay funds borrowed from other local authorities.
- *Concern regarding what Slough would look like in the future given the scale of savings required.* Members were informed that this was an opportunity for the Council to transform and deliver services in a much more streamlined approach.
- *Investigate possibility of shared services with other local authorities and/or partner agencies?* It was noted that partnership working already existed in some areas of the Council and joint commissioning of services in adult services was cited as an example. Whilst other services could be looked at it, it was explained that this required an immense amount of work to establish and was not considered feasible for the Council at this point in time.
- *Whether the levels of debt were likely to change and when the 2018/19 accounts would be completed.* The Committee was informed that financial figures provided were an estimate at that point in time and likely to change. It was anticipated that the 2018/19 accounts would be ready by early 2023.

Resolved – That details of the Financial Overview be noted.

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26. Chief Operating Officer directorate 2023/24 budget proposals

The Committee received an overview of the latest 2022/23 budgetary position for the Chief Operating Officer directorate. As at September 2022 the directorate had a net budget of £20.261m, comprising of a gross controlled expenditure budget of £23.757m and a gross income budget of £3.496m. As part of the budget for 22/23, the directorate set a savings target of £1.772m. The Chief Operating Officer reported that the forecast outturn for 2022/23 was an underspend of £1.366m which had been achieved primarily through holding staff vacancies and that the directorate was proposing £1.55m of savings towards the Council's overall target for 23/24 for review by the Committee.

Members were reminded of the emerging issues during 22/23, which included challenges relating to IT and HR support services and mitigations put in place to address these were highlighted.

Key issues anticipated for 23/24 included -

- Continuous necessity to find savings within an already challenged budget envelope while stabilising and improving services
- Increasing cost of services, products and components. Costs are expected to keep climbing rapidly well into next financial year
- Challenge in recruiting skilled permanent staff and not having to employ interim staff
- Expectation on services to deliver higher standards of service with reducing resources
- Competing with London Boroughs for skilled staff as the grading of SBC is lower in comparison
- Ongoing customer dissatisfaction / reputation damage as the council continues to resolve the current financial resources

Savings proposals that had been put forward for delivery to contribute towards the 2023/24 budget target were identified as -

Business administration, staffing and other budgets - £0.150m - combination of initiatives consisting of reduction in staff, cessation of some corporate outdoor events and the Slough citizen newspaper for residents.

IT Contract Savings - £0.505m - various initiatives including termination and / or reduction in licences and re-procurement of some IT contracts at lower cost.

Vacancy Factor- £0.500m - combination of initiatives consisting of reduction in staff, ongoing assessment of structures, reduction in telephony as a substitute for cutting staffing budget.

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It was noted that none of the above proposals required public consultation, although internal staff consultations would be carried out as necessary.

A Member asked whether the 6% savings target identified could be improved. It was explained that although the target was developed prior to the Chief Operating Officer joining the Council, work would continue to identify further savings.

Concern was expressed whether it was feasible to deliver high level services with less resources. The Committee was informed that many services could be delivered through self-service and this approach was one that had been adopted by a number of local authorities. It was brought to Members attention that efficiency savings had been made in IT with no loss in quality of service experienced by users. Responding to why IT efficiency savings had not been implemented earlier, the Chief Operating Officer stated that whilst she was unable to comment specifically on previous work practices, the Chief Digital Transformation Officer had recently taken post and would continue to look at identifying and implementing efficiency savings.

Referring to proposed budget savings relating to vacancy factor, a Member queried the impact this would have on the currently understaffed fraud team. The Director of Finance explained that whilst the team were not understaffed, an assessment of the team was being undertaken by CIPFA, the findings of which would be reported to the Audit and Corporate Governance Committee in March 2023.

A Member asked as to what provisions would be put in place to ensure community engagement continued to take place given that funding for corporate community events had been identified as a savings proposal. The Chief Operating Officer explained that rather than focussing on specific key community events the Council would be seeking to have continuous improved dialogue with communities. It was brought to Members attention that discussions were also on-going with the LGA to carry out resident research which would assist in developing a Community Engagement Strategy.

In response to what measures were in place to ensure that the Council maintained information/transfer of knowledge following the departure of interim staff, it was noted that there was an expectancy that this would be achieved via handover meetings and ensuring that records of relevant information was maintained across the whole council.

Clarification on the timeframe for implementation of the savings identified was sought. The Chief Operating Officer explained that savings identified would be taken out of the budget prior to the next financial year ie 31 March 2023. It was agreed that information regarding the timeline for conducting the Equality Impact Assessments would be circulated to Committee Members.

The Chair commended officers for the work that been carried out relating to the efficiencies that had been identified and recommended that the officers

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identify poor practise within all directorates and replicate the success achieved within the Chief Operating Officer directorate.

Resolved –

- a) That the budget proposals for the Chief Operating Officer directorate 2023/24, as set out in the report, be noted.
- b) That poor practise within all directorates be identified with a view of replicating the target savings success achieved within the Chief Operating Officer directorate.

27. Finance & Commercial directorate 2023/24 budget proposals

The Director of Finance introduced details of the report, outlining the finance and commercial directorate budget proposals for 2023/24. The Directorate had a 2022/23 budget (as at September 2022) of a net £8.787m, comprised of a gross controlled expenditure budget of £24.891m and a gross income budget of £16.104m. Savings targets for the directorate were £1.051m and it was currently projected that this would be achieved. It was noted that the forecast outturn for 22/23 as at September 2022 was an underspend of £0.143m.

Members were reminded that it would take at least five years to resolve all financial issues within the Council but this was also dependant on a number of other factors, including achieving asset sales at the estimated price, dealing with the local government financial settlement, cost pressures due to interest rates and energy costs and transitioning from current interim staffed service to permanent staff (with minimum disruption) and attracting skilled personnel on a permanent basis.

Details of the £3.143m savings proposed by the directorate to contribute towards the Council's overall target for 23/24 were as set out in the report, namely:

- Staffing reduction - Fraud department - reduction by 0.2 FTE of one post
- Increased tax base and collection rate £0.917m - Increase council tax base rate by 2% and collection rate by 0.1% in 2023/24
- Reduction in Audit Fee and Other Initiatives £0.400m - Expected reduction in audit fees due to catch up in accounts and resolution of past audit issues; use of duplicate payments system and the recovery of costs from other external bodies
- Single Person Discount £0.350m - Proactive Single Person Discount monitoring through implementation of an effective and robust process to prevent / reduce fraudulent claims and to ensure inaccurate claims or unreported changes are identified at the earliest possible
- Pension Contributions discount £0.350m - Proposal of early payment of pension contributions which attracts a discount of 2.6% per annum
- Vacancy Factor £0.299m - Application of a vacancy factor against staffing budget across the directorate

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- Efficient working practices in Revenues and Benefits £0.440m - Improved processes and controls in order that overtime is no longer needed to be charged and vacant posts can be removed from the hierarchy structure.
- Budgeted Overhead Cleanse £0.375m - By means of unutilised budget arising from efficiencies over the course of time.

It was noted that the proposals outlined did not require any public consultation as they related to internal processes within the Council.

Noting that there was a relatively new finance team in place, the Chair asked how risks during this critical period were being managed, given that there were a number of interim staff in key roles who could leave at short notice. Members were informed that the recruitment process to appoint a permanent Executive Director of Finance and two deputies was underway and it was anticipated that the post-holders would be in post early 2023 and that this would assist with the transition period prior to interim staff leaving by the end on March 2023. It was acknowledged that although there would be a degree of impact when current interim staff left the authority, the Council was in a much better position than it was two years prior and the impact would be manageable.

A Member asked if the proposed 0.1% increase in the collection target rates for 23/24 - to an overall figure of 98.3% - was realistic and achievable and if so, whether this could be further increased. The Committee was informed that the target rate was achievable and that whilst it was probable that this could be exceeded, it would not be set any higher in case it was not met.

The majority of savings were dependant on improved infrastructure systems and it was queried whether the Council had the capacity to achieve these. The Director of Finance explained that the Finance Action Plan clearly set out the timeframe for implementation and that processes had already been improved, citing the delivery of the energy grants a month prior to the deadline.

Resolved - That details of the Finance and Commercial directorate 2023/24 budget proposals be noted.

28. **Members' Attendance Record**

Resolved – That the Members attendance record be noted.

29. **Date of Next Meeting - 12th January 2023**

The date of the next meeting was confirmed as 12th January 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.07 pm)