

Minutes of the Finance Board
Wednesday 20 April 2022
2pm, 3rd Floor Observatory House/ Microsoft Teams

Attendees:

Margaret Lee – *Finance Commissioner (chair)*
Cllr Rob Anderson – *Cabinet Lead for Finance (deputy chair - attended virtually)*

Max Caller – *Lead Commissioner (attended virtually)*

Claire Willerton – *Chief of Staff to the Commissioners*
Lucy Storr – *Deputy Chief of Staff to the Commissioners*

Cllr Dexter Smith – *Conservative Group Leader*

Steven Mair – *Deputy Chief Executive & S.151 officer*
Andrew Fraser – *Executive Director of Children’s Services*
Alan Sinclair – *Executive Director of People (Adults)*
Richard West – *Executive Director of Customer and Community*

Guests:

Phil Brookes – *Crown Representative, Cabinet Office (attended virtually)*

Apologies:

Gavin Jones – Assistant Commissioner and Head of Paid Service

Meeting Minutes:

1. Welcome and declaration of interests

1.1 Margaret Lee welcomed attendees. No interests were declared.

2. Minutes of the Previous Meeting

2.1 The minutes of the meeting on 16 February were agreed.

2.2 It was noted that the meetings with each Director had been arranged and would discuss current year as well as 21/22.

2.3 Andrew Fraser agreed to check if Home Office funding had been received for the asylum seekers placed in hotel accommodation in Slough, as per the action from the 16 February meeting.

3. 18/19 Accounts Update

3.1 Margaret Lee emphasised the importance of closing accounts from past years to give an accurate view of the current financial position and noted that the capitalisation direction from Department for Levelling Up, Housing and

Communities (DLUHC) could only start to be drawn down once accounts from prior years were signed off.

- 3.2 Steven Mair presented a summary report of 18/19 accounts. He explained that the closure of 18/19 accounts had been delayed from the original 31 July 2019 deadline because of a lack of capacity in the Council, the lack of working papers, and national issues with the availability of independent auditors. He highlighted the ten prior-period and seven in-year adjustments made since Members had seen draft accounts.
- 3.3 Steven Mair also drew the Board's attention to the capitalisation figures submitted to DLUHC, and noted that these might move before accounts were signed off. He then went on to explain the current external audit process, notifying the Board that the audit for 2018/19 would commence in mid-June 2022 due to competing pressures external auditors were facing following prior commitments to health services. Final audit opinion might not be issued until CIPFA had issued guidance on accounting for infrastructure assets which was expected in August 2022.
- 3.4 Margaret Lee asked if lessons learned from 18/19 accounts would be considered and applied to the following years: Steven Mair confirmed that this was the case.
- 3.5 Cllr Smith asked if each year's accounts needed to be signed off before work on the next year's began. Steven Mair responded that there might be some overlap as preparatory work could commence on the next set of accounts before the prior year had been closed, but that auditors were working sequentially.
- 3.6 Cllr Smith also asked if the recently revised valuation of infrastructure assets was incorporated into overall estimates. Steven Mair confirmed that this was in the prior figures but did not impact on the value of saleable assets as the revisions applied to Highways infrastructure were not included in the saleable assets list.
- 3.7 Cllr Anderson asked for an update on the stability and resilience of Slough Borough Council's (SBC) finance team. Steven Mair explained that a proposal for increasing the permanent headcount in the team was expected to go to Cabinet in June and would include a 30-day consultation period, with interviews commencing shortly after this. He noted that external candidates were likely to be on a notice period between one and three months, and that he hoped that recruitment would be complete by September 2022. He also noted that he was working with Gavin Jones on a wraparound offer to enhance the attractiveness of roles recognising ongoing recruitment challenges for the Council.

4. 2022/23 Budget

- 4.1 Steven Mair summarised the 2022/23 budget report, noting challenges with the macro-economic environment including rising energy costs and staff costs, ongoing conversations with the Department for Education (DfE) about awarding grant-funding for Slough Children First, and planned savings at risk. He expressed confidence that risks could be mitigated and the budget balanced.
- 4.2 Alan Sinclair informed the Board that Adult Social Care savings plans were being revised and would be included in update to Cabinet (ideally being reported/considered in June).

- 4.3 Steven Mair went on to outline the financial situation at Slough Children First, noting that there might be challenges in 22/23 if the DfE grant was not awarded, and that mitigations for this were being considered.
- 4.4 Steven Mair explained challenges of renting floor space in Observatory House, drawing the Board's attention to lower rental values and increased cost pressures due to higher energy costs.
- 4.5 Steven Mair went on to describe proposed mitigations for additional cost pressures. These would be worked up in more detail where appropriate, and submitted to Cabinet for approval
- 4.6 Cllr Smith asked for more information about contractor fees for property management services, which Richard West provided. Margaret Lee emphasised that it was important that SBC set appropriate performance indicators and then monitored delivery. It should also ensure that its procurement practices are not too onerous for contractors as this would result in additional costs for contractors who would then reflect this in their tender submissions.
- 4.7 Max Caller added further context about the assumed rental of office space in the budget, which the evidence indicated could never have been achieved and valuations of out-of-borough investments following recent advice from the external consultants assisting with the disposals programme. He expressed the view that where possible, 23/24 savings plans should be brought forward to assist with mitigating risks in the current year to deliver a balanced position. He noted that Commissioners' Directions to the authority contained in the budget papers reported to the Council still applied. Spending Officers still had no authority to overspend their cash limit unless and until this was specifically authorised.
- 4.8 Margaret Lee noted that savings should be discussed again as a priority at the May Finance Board.

Action: Lucy Storr to ensure that savings plans are included on May Finance Board agenda.

5. Slough Children First

- 5.1 Andrew Fraser explained the current financial situation at Slough Children First, expanding on Steven Mair's previous comments about the availability of DfE grants for 22/23 for both transformation and running costs.
- 5.2 Margaret Lee added insight from recent conversations with DfE officials and highlighted that all parties were keen to resolve possible challenges. Max Caller emphasised the importance of good risk management and financial controls, noting that he did not presently have confidence in current processes.
- 5.3 Margaret Lee highlighted that improving early intervention would be key to making necessary savings while improving the safety of children in Slough. Andrew Fraser confirmed that a revised high-level business case including invest to save proposals was due on Monday 25 April and that initial focus would be on children on the edge of care.
- 5.4 Cllr Smith asked if there was a risk that services could be deemed inadequate. Andrew Fraser responded that management awareness of challenges and plans for mitigation of these were key to avoiding negative Ofsted inspections.

- 5.5 Cllr Smith also asked if there was the possibility of working more closely with neighbouring authorities. Andrew Fraser responded that options were being explored.

6. Procurement Update

- 6.1 Margaret Lee explained progress to date on building a central contract register and using this to identify synergies and greater value for money across the organisation. She thanked the Assistant Directors who had helped with the project.
- 6.2 Margaret Lee noted that analysis of this information was ongoing, that software was being put in place to support ongoing maintenance of contracts, and that Project Management had been a challenge following the departure of the previous PMO, but a replacement was now in-post.
- 6.3 Margaret Lee concluded that the work was progressing well and that updates would be provided to the Finance Board as opportunities for efficiencies were identified.
- 6.4 Cllr Anderson asked if there were any 'quick wins' which could be implemented immediately; Margaret Lee responded that no large-scale savings had been identified as yet, but that further analysis was ongoing.

Action: Margaret Lee to present a more detailed view of the procurement project in the May 2022 Finance Board.

- 6.5 Andrew Fraser suggested that the Council could look to neighbouring authorities, particularly those in London, for potential synergies. Margaret Lee responded that this could be discussed further in upcoming meetings with Assistant Directors of each service area.
- 6.6 Cllr Smith asked for more information about the purpose of the procurement review board. Margaret Lee responded that she and Steven Mair were joint chairs of the board and would be operating a two stage approach – an initial consideration of whether a procurement activity should be undertaken and then a second stage to determine the appropriate procurement route for the specific activity.
- 6.7 Cllr Smith asked about a reduction in Key Performance Indicators (KPIs) in a contract in the previous year. Margaret Lee explained that the Council had a responsibility to effectively contract manage providers using their KPIs and noted concerns with the Council's capacity to do this in the past. Richard West added that the change mentioned had been positive as it allowed sharper focus on an underperforming contract.
- 6.8 Cllr Smith also asked if reimbursement could be sought for IT procurements which had resulted in the current challenges with the Council's technology. Margaret Lee again flagged the Council's responsibility to provide robust contract management and to follow established dispute processes – if this was not in place, it would severely reduce the Council's ability to successfully negotiate in these circumstances.

7. Disposals Board Update

- 7.1 Max Caller drew the Board's attention to the report and minutes of the Disposals Board included in the meeting papers, particularly noting the backlog of lease renewals, and informed the group of his intention to run the process in two parts, looking at lease renewals and property disposals as distinct workstreams.

Action: Richard West to develop a paper on Slough Borough Council's relationship with SEGRO.

- 7.2 Max Caller informed the Board that a proposal for revised governance around the disposals programme would come to Cabinet after local elections.
- 7.3 He went on to describe challenges with the out-of-borough property portfolio and his intention to take Cllr Anderson through this in more detail once more work had been done on it.
- 7.4 Cllr Anderson expressed a lack of surprise at the challenges raised and noted his previous reluctance to invest in out-of-borough properties.
- 7.5 Phil Brookes added that the external consultants had been positive about valuations in some of the sectors where the Council had invested, and that valuations had been similar to the balance sheet for these.

8. AOB

- 8.1 None.
- 8.2 The meeting ended at 1630.

Ref: SBC/FB/03