

Minutes of the Finance Board
Thursday 18 August 2022
10:30am, Council Chambers/ Microsoft Teams

Attendees:

1. Commissioners:

Margaret Lee – *Finance Commissioner (chair)*
Max Caller – *Lead Commissioner (attended remotely)*

Members:

Cllr Rob Anderson – *Cabinet Lead for Finance (deputy chair)*
Cllr Zaffar Ajaib - *Lead for Customer Services, Procurement & Performance*
Cllr Dexter Smith – *Conservative Group Leader*

2. Secretariat:

Lucy Storr – *Deputy Chief of Staff to the Commissioners (attended remotely)*
Claire Willerton – *Chief of Staff to the Commissioners (attended remotely)*

3. Officers:

Andrew Fraser – *Executive Director of Children’s Services*
Steven Mair - *S.151 officer*

4. Guests:

Trevor Doherty – *DfE Children’s Commissioner (attended remotely)*
Ketan Gandhi – *Deputising for Richard West*
Clare Priest – *Central Contracts Register Project Lead*
Phil Brookes- *Crown Representative (attended remotely)*

5. Apologies

Gavin Jones – *Commissioner and Head of Paid Service*
Richard West – *Executive Director of Customer and Community*
Marc Gadsby – *Interim Executive Director of People, Adults*
Debbie Knopp - *Strategic PMO Support*

Meeting Minutes:

1. Welcome and declaration of interests

- 1.1 Margaret Lee welcomed attendees. No interests were declared.
- 1.2 Margaret welcomed Ketan Gandhi who was deputising for Richard West

2. Minutes and actions of the Previous Meeting

- 2.1 The minutes of the 21 July meeting were approved and there were no queries relating to the action log
 - 2.1.1. **Action: Update on point 6.4 on the minutes regarding the Plymouth road units– Max Caller and Cllr Ajaib to arrange a meeting to discuss**
- 2.2 Cllr Anderson asked about the Avison Young report and it was confirmed that this will be discussed on item 5 of the agenda
- 2.3 Margaret Lee enquired about item 3.10 and if messaging to staff has gone out regarding procurement processes. Steven Mair confirmed messaging had gone out to staff and a further message will go out again next week (post meeting note this has been confirmed, updated position was issued to all on 21st July)
- 2.4 Margaret Lee asked about Item 3.12 and if the 31st July business case deadline was met
 - 2.4.1 **Action: Steven Mair to find out if 31st July business case deadline was met**
- 2.5 Clare Priest confirmed that item 4.1 will be covered on agenda item 6 with regard to taking money out of the budget where contract savings have been identified.

3. 2022/23 and 2023/24 Position and Internal Audit High Priority Actions Update

- 3.1. Steven Mair presented the paper that went to the July Audit and Corporate governance committee, which is a regular agenda item for that meeting. Steven outlined that before last financial year, the council was not proactive at dealing with internal audit actions and there are large numbers of historical ones to deal with. Since 2021 improvements have been made and all council departments are represented at the officer Risk and Audit board to ensure internal audit actions are monitored and implemented
- 3.2. Steven Mair noted that as the focus is on the budget and accounts, some finance actions will not be fully addressed until next financial year. However, 77% of actions are closed down from previous financial years and 47% percent of actions are closed down from the last financial year, which demonstrates progress is being made.
- 3.3. The highest rated actions were included in the report and Steven updated the board on the latest status of actions which demonstrated that whilst some actions are overdue, progress is being made to close them.
- 3.4. Margaret Lee queried progress on the GDPR action where the deadline had passed and why there wasn't a revised target date.
 - 3.4.1. **Action: Steven Mair to obtain an update on the outstanding high rated GDPR internal audit action**

- 3.5. Cllr Anderson asked at what point the council could get to a steady state with internal audit. Steven Mair mentioned that we need a permanent internal audit team and for the accounts to be closed, to allow the council to be able to focus on the key issues.
- 3.6. Margaret Lee iterated that the whole organisation needs to step up and implement controls, internal audit is a council-wide responsibility.

4. Budget update

- 4.1. July budget update was presented by Steven Mair and reported that there was a gap of £3.3m for 22/23 and £2.5m for 23/24. Steven asked the board to note that the working assumption is savings will be delivered on time and value.
- 4.2. Margaret Lee (in role as finance commissioner) expressed concerns that the overspend has not moved since May apart from corporate led savings, inflation has impacted the local authority and the capitalisation position has worsened and that action needs to be taken to close the gap.
- 4.3. Steven Mair confirmed that work is being done with directors to resolve the position and come up with solutions and this will be reported back.
- 4.4. Max Caller iterated that the capitalisation directive is not shrinking the gap in finances and raised concerns that action was not being taken about shrinking the budget gap in 22/23 and commissioners did not have the confidence that this was taking place.
- 4.5. Margaret Lee stated that if the position has not substantially improved then star chambers and expenditure control panel would need to be looked at.

5. Dedicated Schools Grant Safety Valve update

- 5.1. Steven Mair and Andrew Fraser presented a report to update on the Designated Schools Grant (DSG) safety valve programme.
- 5.2. Steven Mair reported that there had been a significant overspend on the DSG which is a ring-fenced grant, this has reduced from £7.2 m in 2020/21 and £4.9m in 2021/22. The DfE's safety valve programme has the intention to get the deficit to zero. The council is aiming reduce the deficit to £1.3m by 26/27 and action is being taken to ensure that pressures are being managed in an appropriate and effective way. To ensure there is oversight of delivery of the DSG action plan, there are weekly DSG finance group meetings and fortnightly meetings with the DfE.
- 5.3. Steven stated that proactive action is being taken through effective panel processes, contract monitoring, financial monitoring and plans are reviewed. If the council can prove that it can keep the budget balanced, the DfE may write off historical deficits
- 5.4. Andrew Fraser confirmed that there is close working with the service and finance with an aim to reduce costs of independent, non-maintained schools and the cost of sensory support. He also stated that post 16 costs were being reduced through being more outcomes focussed and through commissioning with adults for transition.
- 5.5. Andrew also mentioned the aim to reduce costs of mainstream schools and tops ups, and to reduce the need for formal EHCP plans. The council is reviewing its resource base for SEN provision, and to plan for pathways in and out of placements.

- 5.6. Andrew informed the board that the department is expecting an LGA inspection for SEND services 22 to 24 September.
- 5.7. Margaret Lee – commented on the safety valve process and the work involved and her experience at Croydon. The board recognised the work of Liton Rahman, Claire Goss and Chelsea Barnes on their work to progress this.
- 5.7.1. Action: Andrew Fraser and Steven Mair to pass on the board’s thanks to Liton Rahman, Claire Goss and Chelsea Barnes**
- 5.7.2. Action: Andrew Fraser to contact Croydon for advice regarding the safety valve process**
- 5.8. Cllr Anderson asked why was there an underspend in 2016/17 – are there lessons to be learned from the past? Steven Mair has not investigated this but Andrew Fraser pointed out that nationally, there has been an increase in the identification of children with SEND. Margaret Lee also mentioned that this could be a result of overprovision in the past and Andrew mentioned that there should be a more inclusive arrangement with our schools. Trevor Doherty added that there should co-production with councils, schools and health with parents and carers.

6. Disposals Board Update

- 6.1. Max Caller presented an update on the assets’ disposals programme. The Avison Young report was received last night and he will ensure a date is set for review of the report. The report will be sent to leader, lead member for finance, and the leader of the opposition.
- 6.2. Against a target of £600m receipts over 3 years, Avison Young have advised that this could be achieved over 5 years, and this means the council does not have the means to underwrite future capitalisation directions. Therefore, the council needs to reduce the excess demand as a result of the capitalisation direction. The reason for Avison Young’s finding is that there was some double counting and some assets were not deleted off the balance sheet that had already been sold.
- 6.3. Max Caller was disappointed that it has not been possible to meet as the subcommittee, and this is fundamental to managing the disposal programme in a smooth way, on a month-by-month basis.
- 6.4. Max Caller referred to the Disposal board update report and confirmed that the Wickes and Roysdale way sites had achieved a sale price in excess of the book value, however the Odeon and Waitrose sites received late bids which will need to be carefully considered. It will need to consider if accepting a below book value is in best interests for the council.
- 6.5. Many bids have been received for the Akzo Nobel site which are going to best and final offers – many bidders have infrastructure in place to support the bid. Max Caller confirmed that the Lavender farm site is underway and Adelphi bids have been received and that decisions need to be made in a smooth way –the council have appointed a chief officer to lead.
- 6.6. Cllr Smith asked about the Adelphi, it is an asset that we procured because of its local historical significance and if the safeguarding of the historical asset is being considered. Max responded that members will have to consider this along with it being a non-operational asset and the huge capitalisation direction the council has. Cllr Anderson iterated that options are being considered and Max Caller stated that the council needs to think very hard about assets it owns to safeguard services.
- 6.7. Cllr Smith asked about the accelerated asset disposal plan and if some assets have come forward earlier than expected. He asked of this assists in decision making around what assets to dispose

of and which ones can bring in an income stream. Margaret Lee iterated that there are still challenges in balancing the budget and Steven Mair confirmed that the progress of the assets disposal programme has been taken into account in the budget.

- 6.8. Cllr Ajaib asked if the Avison Young appraisal was strategically approached. Max Caller confirmed that this was not a detailed strategic document looking at all assets, the document is at a high level. Max Caller confirmed that he would not expect all members to receive a copy of the Avison Young report as a matter of course due to commercial confidentiality.
- 6.9. Cllr Ajaib asked what the shortfall is over the 5-year period. Max Caller advised the board to review the report and advised that it is in everyone's interest to bring the assets disposal programme forward due to economic pressures. Inflation and interest rates pressures will have an impact on the market in the short and medium term.

7. Update on the central contracts register (CCR) project

- 7.1. Clare Priest presented an update on the central contracts register project and confirmed that the contract review meetings with directorates have concluded, with follow up meetings with IT, corporate operations, and People (children). A separate meeting was also held with Slough Children First.
- 7.2. Clare confirmed that the report details any changes in the data presented including contracts reviewed and their respective categories, whilst no further savings have been identified, opportunities to obtain best value have been identified through contract re-procurement and the potential to combine contracts.
- 7.3. Clare stated that the impact of the council's restructure needs to be addressed and work is commencing to disaggregate the registers so they reflect the new structure of the organisation and the savings align to the appropriate directorate. New leads for directorates will be identified through this process.
- 7.4. Clare responded to Margaret's earlier query on if money was being taken out of the budget where contract savings were identified and she confirmed that a savings tracker is in place and this is being validated with finance to ensure that savings are taken from the base budget and to make sure there is no double counting with savings already put up by service areas.
- 7.5. Clare mentioned that Procurement is underway for a managed service for agresso and this is a key dependency for the implementation of the register on the finance system. It is preferable to ensure that is in place before pressing ahead with the implementation.
- 7.6. Clare confirmed that work continues to embed good governance in procurement and contract management into the organisation, processes and procedures documentation has been drafted and further training takes place in September. Targeted emails have been sent to those AD's and GM's who haven't yet had opportunity to attend training, to ask them to sign up and Clare will arrange further sessions where there is demand.
- 7.7. Cllr Ajaib updated the board on the work being done on inflationary policy to help in future contract negotiations. This is to mitigate blanket acceptance of increases.
- 7.8. Margaret asked that training is a mandatory requirement for officers involved in procurement.
- 7.9. Cllr Anderson asked if we know what inflation level there is on current contracts, and Margaret iterated that just because CPI is 10% it does not mean that the overall costs of the contract have

gone up by 10%. As council tax can only go up by 2%, inflation puts pressure on the council.
Clare responded that the inflationary impact on contracts is currently being looked into.

The meeting closed at 11:35am

Ref: SBC/FB/07

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