

Minutes of the Finance Board
Thursday 5 January 2023
10:30am, Council Chambers/ Microsoft Teams

Attendees:

Commissioners:

Margaret Lee – *Finance Commissioner (chair)*

Max Caller – *Lead Commissioner*

Members:

Cllr Rob Anderson – *Cabinet Lead for Finance (deputy chair)*

Cllr James Swindlehurst - *Council Leader and Lead for Council Recovery, Forward Strategy & Economic*

Cllr Zaffar Ajaib - *Lead for Customer Services, Procurement & Performance (remote attendance)*

Cllr Dexter Smith – *Conservative Group Leader*

Officers:

Marc Gadsby – *Executive Director of People, Adults*

Steven Mair – *Executive Director Finance (S.151 officer)*

Patrick Hayes – *Executive Director of Housing & Property (remote attendance)*

Andrew Fraser – *Executive Director of Children's Services (remote attendance)*

Richard West – *Executive Director of Customer and Community*

Guests:

Clare Priest – *Central Contracts Register Project Lead (joined for item 7)*

Secretariat:

Nasreen Brittain – *Executive Assistant to the Commissioners*

Claire Willerton – *Chief of Staff to the Commissioners (remote attendance)*

Apologies:

Gavin Jones – *Commissioner*

Stephen Brown – *Chief Executive and Head of Paid Service*

Meeting Minutes:

1. **Welcome and declaration of interests** (*Margaret Lee*)
 - 1.1 Margaret Lee welcomed attendees. No interests were declared.
2. **Minutes and actions of the Previous Meeting** (*Margaret Lee*)
 - 2.1. The minutes of the 17 November 2023 meeting were approved.
 - 2.2. Margaret Lee noted there was an open action to reword paragraph 6.3 of the August 2022 meeting minutes and that she had yet to speak to Cllr Smith about it. Margaret would complete these actions as soon as possible.
 - 2.3. Savio de Cruz was to confirm the status of work on Nova House and potential future disposal plans. Max was concerned about demands being placed on Homes England for finance. The Council needed to be careful how many choices it gave Homes England. Priorities needed to be clarified by the Council.
 - 2.4. The Heads of Internal and External Audit had been invited to attend the Finance Board meetings quarterly. Action closed.
 - 2.5. Steve Mair to clarify whether 31 July business case deadline was met. Steve Mair reported that 88% had been received and were working on the others. Action closed.
 - 2.6. Richard to provide strategy review of SEGRO relationship and planned next steps over next 18 months to the Finance Board. Patrick had provided a report to Commissioners. Action closed.
 - 2.7. Value for money assessment services timetable to be confirmed by Steve Mair. It was agreed to come back to this at next meeting in February.
3. **Budget Issues** (*Steve Mair*)
 - 3.1. The Council received £5.6m in the local government settlement, a good outcome. A number of items remained to be completed on budget. Three scrutiny meetings were coming up. Risk analysis would be provided in the paper. This work would be concluded by 10 February.
 - 3.2. **Council Tax:** an increase of 9.99% for next two financial years would be requested with an assessment of the impact on residents and the Council's support scheme. Three thousand five hundred people that would be taken out of paying Council Tax by this increase. Overall financial gain would improve financial capital position. More work still had to be done, however. Cllr Anderson commented it was key to have a good tax base and the increase would give the Council more of that. Fragility of the Council was still a concern. Margaret welcomed the work around the Council Tax Support Scheme and commented that collection rates needed to be closely monitored going forwards in order to see the impact of the cost-of-living crisis on residents and the Council for collection rates and cashflow.
 - 3.3. The proposal from Steve Mair was endorsed by the Commissioners but they warned of not going to contingency too quickly.
 - 3.4. Max reported that Commissioners would send their letter separately to the Directions letter commenting on the request for 9.99% Council Tax increase. Commissioners wanted to know how Improvement and Recovery Board would get reassurance from the Council on its impact on the budget and recovery. Margaret responded that there would be two sessions for the next Improvement and Recovery and Finance Board in February. At February's Finance Board, Steve Mair would present overall budget headlines and details of the assumptions in the budget regarding risks. The Board would then consider individual service reviews and assess risks; deliverability of budget and savings made in the reports, together with details of how they will be achieved and timelines. Commissioners wanted an understanding of SBC's control framework. It was agreed Steve Mair will lead on Corporate Services and Finance. At the Improvement and Recovery Board in February, all other services will be looked at in detail. The aim being to come out of these meetings with one direction and accountability for all areas.
 - 3.5. Monitoring Report was an abridged version. There was a slight improvement on overspend, Slough Children's First (SCF), and energy prices and savings were outlined. Max wanted to know what was being done in the Directorate to improve programme management; ensuring Slough Children's First (SCF) was held to account in a proper way. Subsidiary companies needed a proper

forum whereby the Council could hold them to account. All subsidiaries needed to come at least once a quarter for full reporting to the Council.

- 3.6. A joint piece of work for back-office costs had been identified, which could go a considerable way to reducing costs. Andrew Fraser reported that he and Board Chair had no issue in providing an open book for inspection. Max responded it needed to be formally reported for the Cabinet to see.
- 3.7. Cllr Swindlehurst felt that he needed surety on demand to see what the real budget requirements for Slough Children's First (SCF) were. He lacked that surety regarding what was demand-driven spend, and what was not and did not have adequate faith in the organisation to manage itself to work within its budget. The current arrangement was too far removed from the Council. Margaret summarized the three main points made by Cllr Swindlehurst as: proper governance of companies through sub-committees; more detail for members on SCF budget/demand, again through subcommittee; and the need to have realistic and achievable governance in place.
- 3.8. Andrew Fraser stated that the independent report from DfE identified a lack of funding of £5m and reflected that post COVID-19 demand and complexity of need had increased. Partnership with SCF has not happened in Slough.

Outcome: Sub-committees to be set up to address issues raised.

- 3.9. Responses to questions from Max were that profiling everything would come back through Cabinet and Council. Sarah Hayward and Pat Hayes were working on this. Richard West reported on Support Services and reflected there was no money for Highways and would be providing more detail on this in due course. Reporting would need to include details on better budgeting to avoid overspend on projects.

4. **Internal Audit Update** (*Steve Mair*)

- 4.1. Page 10 in the pack gave an update on internal audit. Recruitment offers for posts of S.151 and DCS have been made. Pre 2021/2022 recommendations outstanding had been significantly reduced. Carmel Booth was dealing with the subsidiary companies. Cllr Swindlehurst was pleased to see the number of outstanding recommendations had reduced. Margaret expressed concern at the amount of time draft reports were taking to complete. There would be thirty further internal reviews to be started for 2023. Better planning and completion was needed going forward.
- 4.2. Progress Report – Daniel Harris: The process to be followed for 2023/24 was discussed. There were more requests for audit history than the budget allowed. Daniel would meet with Margaret in February to review draft recommendations.
- 4.3. Role of external auditors was to provide independent objective advice and agree actions. Assurance opinions from the slide presentation would change as new Head of Internal Audit came on board. Slide 11 detailed the timeline, driven by the Audit and Governance Committee scheduled for early March. Draft plan would be submitted to that committee for approval. If emerging risks occurred, the plan could be amended throughout 23/24.
- 4.4. Margaret reported there needed to be a change in culture in the internal audit, so it had been changed from green to amber by the Commissioners on the recovery programme reporting. She remarked that internal audit could be a very valuable tool in helping identify where the issues were within the organisation. The picture on internal audits for 2018-2023 showed reds and ambers with a couple of green ratings. The point to note was that in 2018/19 it was known there were problems in the authority in the internal control before the financial breakdown occurred. Question was, what visibility did SBC have of the internal audit? Cllr Swindlehurst responded that he recalled asking questions around the number of amber and red ratings and had been reassured they would be worked through; but follow up had not happened. Margaret's point was about the reports themselves which showed clear and serious flags in 18/19 that the control environment was very poor, and nothing was done about changing it. This would be a crucial piece in the cultural change going forward. The internal control

framework would need to be good. Internal audit could give early warning signs. From a cultural change point of view, Margaret wanted everyone to use internal audit as a tool for checking what was working well and where the problems lay so they could be tackled much sooner. Margaret asked the Councillors if they got reports for their areas. Cllr Anderson responded that he did, however, Cllr Ajaib responded that he had not seen one for some time. Cllr Swindlehurst felt that across the service directorate this was unreliable and inconsistent. Margaret felt it was important to build controls to avoid difficult remedial work later on.

- 4.5. Cllr Anderson agreed that the Council could take that approach to internal audit as part of the cultural change, and it might be good to bring an overview to future meetings with proposals.

**Outcome/Action: Overview of internal audit to be added
to the Finance Board agenda**

5. Disposals Programme Update (*Patrick Hayes/Cllr Rob Anderson*)

- 5.1. The sale of seven out of borough assets had now been completed, achieving £172m. Montem Lane and TV University site would go through at end of this financial year, taking SBC over the £200m target. The marketing process for next thirteen sites had also started. The Adelphi would be completed in the next few weeks. Then could move onto the Bath Road sites.
- 5.2. Max congratulated the Authority on what had been achieved in the past few months regarding asset sales. Getting the out of borough properties sold had been a very positive move and had made a significant difference to the Council's budget.
- 5.3. Cllr Swindlehurst commented that SMP and Capital Road were good residential sites, and it was becoming clear that the Council would pay for its capitalisation through the asset sales and reduce the overall debt; and was a good milestone to have reached.
- 5.4. Pat Hayes reported a new Director of Property would be starting on Monday 9 January, so more resource would be available to work on raising the profile of Slough together with additional internal expertise.
- 5.5. Cllr Anderson agreed with Max's comments and felt there was a real need to keep the momentum going. Being able to do business with the Council needed to be a straightforward process. Cllr Ajaib concurred with both Max and Cllr Anderson. Margaret congratulated Pat Hayes for his contributions so far to SBC.

6. Dedicated Schools Grant Safety Valve update (*Steve Mair/Andrew Fraser*)

- 6.1. Steve Mair met with DFE colleagues, and the outcome was positive. Nationally the government had announced an extension on funding. If that proposal were to be successful, the Council would receive £27m. The assessment team were extremely complimentary about Slough and reported they had witnessed the best working relationship between Finance and Council. Liton Rahman, Chelsea Barnes, Claire Goss, and Harpreet Deo were specifically mentioned by the assessment team.

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

- 7.1. Progress on contract register had been made and review meetings were now business as usual. Claire Priest had continued to have monthly meetings with Jane Senior. A review was carried out as to whether the CONTROCC system could be used for contract management but concluded it is not suitable. Next steps were to speak with Simon Sharkey-Wood in IT to see what can be used, e.g. office 365/SharePoint. There was a task and finish group looking specifically at contract management and Claire was working on the report with the Chair of that committee.
- 7.2. Another round of recruitment would be needed, and Claire would meet Mike Thomas to discuss this matter. A procurement officer and communication strategy analysis specialist had been appointed. The next round of training had also been arranged.
- 7.3. Meaningful KPI development was underway. The contract register would be uploaded into Agresso. Claire would be liaising with directorates to work on their plans for next cabinet in April and would finalise the service agreements with HB Law.

7.4. A task and finish group had been set up to look at streamlining processes around governance, particularly Cabinet and procurement reporting. Max asked Claire to expand on red rating on documents around recruitment. It needed it to be a quicker process, and Max would like to see a plan for it to move to green. Claire responded that she wanted to review the rating on this item. She would meet the team to find out what the real issue was as she did not think this was a red rating but wanted more information before downgrading it.

Action: Claire Priest

7.4.1 Margaret wanted to know what the scale of the issue was regarding procurement posts that are currently vacant. Claire reported there were three management roles and one other role vacant. She would be speaking with the network of procurement managers before broadening to London networks to find candidates. She would also look at how the roles were being marketed.

Action: Claire Priest

8. Risk register

8.1 Monthly reporting now being done with a heavy focus on SCF. Health and safety actions due for completion in March. More work would be done in relation to cybersecurity and digitization. Page 42 of risk register showed a table summarizing the overall position.

8.2 Cllr Swindlehurst wanted to know why the risk on cost of living had been downgraded as he felt the impacts had still not fully worked their way through. Steve Mair responded that projections on inflation were that it was coming down and he would speak with Stephen Brown regarding Council Tax and see if it needed to be regraded. Margaret wanted to know if there was a way of grading the risks differently so that more accuracy was given. Steve Mair agreed to develop a relative scale.

8.3 Max asked about emergency planning and wanted to know whether a date had been set for a tabletop exercise later in the year. He would like to observe the exercise.

Action: Steven Mair

8.4 **Cybersecurity risk:** trend was downward. Collecting leavers' equipment, closing accounts, and deleting passwords required more focus. Steve Mair reported that improvement was not quick enough. Margaret wanted to see IT systems as a higher priority. Daniel Harris reported that on page 69 of the Corporate Risk Register under cyber risk there was an action plan to achieve improvements in relation to the proper functioning of the Authority's IT is in the Directions from DLUHC, this action needed to be followed through. Other actions needed to be completed by 2022 and if they were outstanding then they would not be assurance controls.

8.5 Marc Gadsby reported that Frimley Trust had recently declared a critical incident. He was acutely aware of SBC's circumstances while managing a struggling market with increasing demands on beds. He could not purchase beds at £1500 per week to manage patients discharged back into the community. This risk would be added to the register.

Action: Marc Gadsby

AOB:

Segro removed from today's agenda.

The meeting closed at 11.25am.

Ref: SBC/FB/11