

Finance Board
Thursday 12 October 2023
9.30am-11.30am

Minutes of the Finance Board
Council Chambers, Ground Floor Observatory House / Microsoft Teams

Attendees:

Commissioners:

Denise Murray Finance Commissioner, Chair
Gavin Jones, Lead Commissioner

Members:

Cllr Dexter Smith – Leader with responsibility for Improvement and Recovery
Cllr Wal Chahal Deputy Leader and Lead for Financial Oversight & Council Assets

Officers:

Stephen Brown, Chief Executive and Head of Paid Services
Sarah Hayward – ED Strategy & Improvement
Adele Taylor – Executive Director of Finance and Commercial Services and S151 Officer
Patrick Hayes – Executive Director Housing, Property & Planning
Marc Gadsby – Executive Director People and Adult Services
Hitesh Jolapara – Interim Deputy Director of Financial Management
Alistair Rush – Interim Deputy Director for Corporate Finance
Tariq Mansour – Head of Financial Governance, Internal Audit
Dean Tyler – Associate Director of Strategy & Insight

Secretariat:

Nasreen Brittain – Executive Assistant to the Commissioners (minutes)
Claire Willerton - Chief of Staff to the Commissioners

Apologies:

Cllr Pavitar Mann – Leader for the Opposition
Ged Curran, Commissioner
Stephen Taylor, Monitoring Officer

Not In Attendance:

Finance Board
Thursday 12 October 2023
9.30am-11.30am

Minutes

1. Welcome and Declaration of Interests (*Denise Murray*)

No declarations of interest expressed.

2. Minutes and Actions of the July Finance Board (*Denise Murray/Nasreen Brittain*)

Minutes approved. Actions updated.

3. Finance Update: MTFP (*Adele Taylor*)

3.1. Context is £12-£13m of savings required per year for every year.
Sustainability of the Council to be represented via the MTFP.

3.2. Assumptions:

3.2.1. Assumptions are split into 3 general categories: the underlying Budget Gap, Pressures and Financing.

3.2.1.1. The Underlying Budget Gap would reduce over the period of the MFTS in line with the figures given to DLUHC at the time the 23/24 budget was set. That included the figure for 23/24, in other words the current overspend for this year would be managed down to zero. There was an acknowledged risk with this assumption.

3.2.2. Inflationary Pressures:

3.2.2.1. Pay Award this year will be 6%; in 24/25 it will be 4%, and then 2% per year thereafter.

3.2.2.2. CPI (consumer price index) in 24/25 will be 2.9% and contract price pressures will be in line with CPI; in 25/26 CPI will be 2.2% and then falls to 2% pa and contracts increase in line with that.

The basis for the CPI assumption is HM Treasury forecasts from May 2023; a prudent approach on pay is that it will increase by more than inflation in 24/25 and then fall back in line. These assumptions are considered prudent.

3.2.2.3. Growth Pressures – the challenge has been put back to service directorates who have been asked to specify what they believe to be their growth pressures. Much of the pressures were reflective of current year situations, notably, adult social care and homelessness. Children's Trust had been temporarily funded by a £4.4m virement from Contingency, and the model made this permanent from 24/25.

3.2.2.4. Denise wanted to explore the sufficiency of the inflation assumptions further, in that many contracts will be subject to RPI, national or real living wage and the public sector general exposure to higher inflation in recent years and sought clarity from EDs, as to whether contract negotiations and price increases etc were in line

Finance Board
Thursday 12 October 2023
9.30am-11.30am

with CPI. The response was that each contractor had been requesting above inflation increases. Within Adults, Marc responded it was 7% and, in some cases, slightly higher, but overall, it was stable. Sue agreed to get the numbers for Children's Services and home to school transport. Some providers are requesting an extraordinary amount in uplift, and these are being looked at very closely. Placement panels are trying to drive down the costs of placements. Pat reported there was hyperinflation in the system due to London Borough competition. That said, through better procurement better savings were being made and better management of stock. The Council was reviewing all housing payments and there was an effort of trying to force contracts down. Adele informed that in their model they had put in a generic CPI and RPI and wider inflation pressures needed to be captured in service forecast and growth. Denise asked about interest rates, and whether there was any interest rate exposure. Alistair responded that some of the loans need to be refinanced and would be exposed to higher rates not yet captured and this would play through the next stage in the process.

3.2.2.5. Pressures: loss of income, this was the projected loss of income from asset sales, based on current forecasts of when sales would happen. It represented a slight re-phasing of the last submitted CD model.

Reserves: this was an increase from a £1m transfer to reserves to a £2m transfer to reserves.

Companies: minimum revenue spend consequences of anticipated of the different companies outturn positions, and in 2028 would need to impair the loan made to SCF.

Minimum revenue provision: the figures had been re-calculated based on asset sales to date, forecast timing of future sales, and the forecast gap in this and future years based on p5 monitoring.

Transformation budgets: underspend on those would be carried over into 24/25 and would not exist beyond that timescale. It was assumed that any unspent Transformation budget at the end of the financial year would be carried forward to next year. The ending of these budgets could equally be treated as a saving or, as in the model, an in effect "negative pressure".

3.2.2.6. Assets such as the Moxy were being reviewed, currently not worth selling at the present time due to price/value that could be achieved below reserved price. It was assumed the other assets that were not in the original plan, would now be considered for sale. Now

Finance Board
Thursday 12 October 2023
9.30am-11.30am

looking at the real revenue benefit to selling a particular asset. Alistair responded this was reflecting a broader piece of work, to ensure best value, and best consideration and had engaged with valuers to get revised valuations. This gave the opportunity to compare and contrast with the previous work Avison Young had done and assess whether it was better value to have a capital receipt or not. Denise responded she recognised the need for the best value approach being adopted but wanted clarity on the target. The figures from asset sales of £348m were net however the reported figures are currently gross. If that were not to be achieved; this would present a risk to the capitalisation direction financing which would then need to be built in to the MTFP. Adele responded the market was changing.

Action: Alistair confirmed a briefing note re net asset sales to target would be produced for the Commissioners.

Denise asked whether there was any evidence that the prices being achieved were as a consequence of the number of assets being taken to sale and sloughs financial position and giving an impression of a fire sale. Pat felt this was not the case, and assets had been put up for sale over a longer period of time to prevent that image and to not flood the local market. He felt there was no evidence in the market that Slough was not performing well, and the Council had done surprisingly well with smaller assets of £2-3m. Commissioners wanted to know what the Leader thought about how this impacted on community asset transfer, having heard the asset sales challenge. Cllr Chahal responded that this would be led by what would emerge in the coming weeks. Pat went on to report that the community assets would be in addition to the overall number of approx. £400m. Some of the community assets had detrimental constructs, so this could be of benefit to the Council and the local users, e.g., being able to get grants. Some of the leases did not benefit the Council, e.g., full repair leases. A lot of potential savings were still to be achieved around this.

3.2.2.7. MTFs Assumptions - Funding:

3.2.2.7.1. Revenue Support Grant would increase by the value of CPI in September according to the LG finance settlement announced in December 2022, currently using Pixel's forecast for Slough.

3.2.2.7.2. Council tax would increase by the maximum allowed, 4.99%, each year, including increasing the Adult Social Care precept by 2% in 2024/25. The MTFs assumed the

Finance Board
Thursday 12 October 2023
9.30am-11.30am

Government would extend beyond 24/25 the ability of Councils to increase the precept by 2% and 3% general limit. There was an acknowledged risk with this. The figures were based on Pixel's forecast and expectations on tax base and collection rates.

3.2.2.7.3. Social care grant figures were mostly based on Pixel's model, which were based on Government announcements of the totality of those grants in future years. Had however departed from Pixel's model in respect of the Market Sustainability grant; the MTFS assumed the grant would end and would not be replaced, whereas Pixel had assumed it would continue. The assumption was considered more prudent.

Denise requested a view from Marc based on industry discussion and impact if grant ceased. No information was being shared, and it was not anticipated there would be any reforms this side of the general election and would then need to look at how long it would take to implement. The approach to understanding current market costs and prices, and the work done nationally, was not truly indicative of the real cost of social care as prices were higher than suggested. Market sustainability and reform would depend on accurate figures of the costs. There was a lot of work to be done and it would take quite some time to see significant change. Denise asked whether Market sustainability had a corresponding expenditure item in the adult's budget, and did it also reverse back out. Alistair reported that the approach being taken was to correct the budget at its base and were taking appropriate account of the pressures if that funding was to cease. Had a zero-based approach.

3.2.2.7.4. Savings

This would become the figure needed to save to bring the Council back to the capitalisation direction assumptions as outlined for the later years in the 23/24 budget report. The level of savings required was the balancing figure, required to ensure the Council stuck to the trajectory for a reducing budget gap in line with the last submission to DLUHC. The spreadsheet then gave the value of all savings proposed and gives the remaining gap.

3.2.2.8. High level summary brought pressures through from CD model. and at a very high level the current outlook for the MTFS following the first round of savings and pressures submissions.

Finance Board
Thursday 12 October 2023
9.30am-11.30am

Growth submissions amounted to £15.7m and savings offered up to £10.98m. This was very nearly £3 growth for every £2 savings. The requirement was the other way round.

There was a £7.5m gap for the next year, £6.9m in 25/26, £5.4m in 26/27 and £12.1m in 27/28. This assumed that all savings were delivered in full on 1 April 2024.

Savings target for 24/25 was £18.487m. In bridging the gaps officer only review meetings have already taken place. Income had not been covered in this, fees and charge information had not been included at this stage. Adele wanted people to look at this information and not make assumptions on CPI. Gavin asked re savings offered, what should be inferred from the fact that it was very front loaded, with not as many savings in later years. Alistair responded it was reflective of the early stages of the recovery, 24/25. Anticipated that as we went through the process, the numbers would change. Would see a transition from looking at one year ahead, to a more transformative method. Gavin asked where the transformative opportunities were. Pat responded that the service priority was primarily to get through this year. The recent CLT meeting was focussed on future years and savings. There was still a lot of detailed thinking to be done, and work was being done on future years as well. Sarah responded they had proposals ongoing for the future and data capacity, customer services work was ongoing. Did not have a fully multifunctional library, needed to look at community volunteers' option, for example. Gavin asked whether capacity had been built in to resource the transformation. Adele responded they had seen the growth for capacity, but not the savings. Sue commented that the sufficiency strategy in children's services was built in and set out plans for savings and better use of resources for the next couple of years and included a market strategy. Marc confirmed that the market position statement would be going to December Cabinet. Denise reflected that if the year five position was included that would increase the gap to £42m and as such was the ambition for a 5-year balanced budget that takes the council to the end of the proposed CD. Adele felt that even to get a four-year budget was a very tough ask, but for year five, it would be too much, they would be able to do a forecast but nothing more. Capitalisation direction drops out entirely in 28/29 so the direction of travel needed to recognise that. Alistair responded that this was implied in the model but recognised more work was still required. SCF business plan and assumptions of efficiencies in the children's trust, together with other companies' finances could not be separated from the Council's, and so the same rigour needed to be applied to companies as well. The current MTFP scenario planning

Finance Board
Thursday 12 October 2023
9.30am-11.30am

table reflected SCF with no changes. The business plan was also on the agenda for December cabinet to ensure they are aligned.

3.2.2.9. Savings by Directorate.

The IT transformation budget included actual business cases, this reflected the original decisions taken at the time and had gone from a generic provision to specific. Gavin commented that Commissioners were not seeing clearly enough evidence that the IT plan was going to deliver the fit-for-purpose solutions the Council required. Sarah responded that the figure of £2.294m in the ED Strategy was mainly for IT. It was agreed to take this offline for further discussion. Commissioners would want to see in more detail whether the IT plan would be robust enough to support the organisation, and if it falls short, that there will be money put to one side to ensure it can meet the objectives, as it was a Direction. Denise, recognise the importance of IT and the need to have resource allocated properly. Alistair, there is discussion ongoing about making IT improvements while balancing the budget. Gavin: whether the compromises being made, will still leave a viable IT function that can support the organisation and deliver its services, that is what Commissioners will be looking at.

3.2.2.10. In Adults' pressures, Marc reported that pressures were from children transition into adults. £8m was the current deficit of the actual adult social care budget. Needed to be transparent about how much it cost the Council to deliver this service and realign budgets accordingly. Adele had asked EDs to provide gross pressures and savings and were having regular review meetings to ensure this happened. Commissioners recognised it was a work in progress and a journey. The scale of the gap, however, was a concern for Commissioners. Adele indicated that a big change had been made last year on the council tax reduction scheme, so wouldn't be able to make another one too soon, only minor tweaks. It was also costing less than anticipated and not as many residents had come forward as expected. In other areas, there wasn't anything controversial in the savings that had come forward, and now discretionary areas of spend were also being looked into. Sarah Hayward was looking at the spend in Libraries. Some of the growth would reduce over time and could see some reduction in the gap, although there was more work still to be done. There was a great deal of work to be done still on income. Inflational contracts and growth would be revisited to ensure there was no double count. Denise responded that the council would need to demonstrate that all the difficult decisions had been taken before a request to increase the CD could be contemplated, for example would need to show that council tax had been looked at before asking for any additional exceptional support.

Finance Board
Thursday 12 October 2023
9.30am-11.30am

Everything else must have been considered before that could happen and the timeline for any requests was short.

3.3. Scrutiny: MTFP Engagement plan:

3.3.1. Adele confirmed would have Q2 budget monitoring for the meeting in December and had agreed that all scrutiny members would be directly involved with the budget numbers and how it worked. Scrutiny members would be asked to consider their KLOE over the budget for 30th January meeting to ensure that relevant officers were available to answer questions. It was hoped the finance settlement would have been received by then too. When the draft papers were published in December, all scrutiny committee members would be directly contacted, and a budget briefing offered to ALL members post December cabinet meeting. Gavin felt that the sessions had been described as a 'learning event' rather than Scrutiny and wanted to know how that would be addressed going forward. Adele responded they would be providing a pack ahead of the meeting and would be scrutinising the numbers in the budget. Training on how to do this had been done with members. Gavin agreed to take this matter offline with the Monitoring Officer to discuss whether proper scrutiny training and engagement would be happening rather than a learning event. **Action: Nasreen to arrange GJ/ST meeting.**

3.3.2. Consultation with Business and the public:

The shape of the engagement required would depend in some respects on proposals coming forward. The challenge sessions with the services would highlight both specific items that needed to be directly consulted on as well as a wider brief on messages. More work to be done between the finance and comms team as the shape of the budget emerged.

Denise thought the public consultation should be done in its entirety; this engagement was important in beginning to get the trust back from residents and it would also provide the opportunity to get questions in before cabinet. Adele confirmed this would be happening. Public consultation would start after December cabinet and papers. There were two types of consultation, specific and non-specific. The corporate plan was being reviewed to decide what to include to get soft engagement. Commissioners wanted to see the indicative dates of the public consultation. All of cabinet were intending on being at the meeting in December. **Action: Adele to provide Commissioners with indicative dates of the public consultation.**

3.3.3. HRA overview of process and engagement: Hitesh responded there was a lot of money involved. Key challenges were the rent levels. However, there not massive pressures around HRA. The placement of the MRI contract over the next 12 months and rent would go to the cap maximum.

Finance Board
Thursday 12 October 2023
9.30am-11.30am

3.3.4. Staff Roadshows were being organised to get the staff engaged in the process. Ensure staff were aware of what was happening, as many were local residents as well. Denise asked about the approach to alternate budget options, how much time and resources had been set aside to support the Opposition should they wish to produce an alternative budget. Adele recognised this was something that needed to be done.

Action: Adele to provide Commissioners with the plan for detailed party group support for alternative budget.

3.3.5. Summary of next steps and bridging the gap: first review meetings had taken place, looked at the gaps identified. CLT had looked at the impact. Returns expected on Wed of week commencing 16 October. Next round of review meetings would be in week of 23 October. Member challenge meeting would be in mid-November. Officer to Commissioner discussion would also be built in. Proposals around growth and upfront investment to be looked at and what that meant re the impact for years 2 and 3.

Denise thanked everyone for the work which had gone into the pack and felt progress had been made, but the challenges could not be underestimated.

4. AOB:

4.1 Alistair Rush and Hitesh Jolapara would be leaving the organisation from end October and the new staff will have started for the November Board. Adele thanked both for their hard work and support, which had been invaluable. Denise extended her gratitude and thanked them for their engagement. Cllr Chahal and Marc Gadsby echoed their gratitude as well.

Meeting closed at 10.58am