

Finance Board held on Thursday 20 June 2024 – Minutes

Present

Attendees:

Commissioners:

Denise Murray Finance Commissioner, Chair

Ged Curran, 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:

Will Tuckley, Interim Chief Executive and Head of Paid Services

Sue Butcher – Executive Director Children's Services and Chief Executive Slough Children's Services

Patrick Hayes – Executive Director Housing, Property & Planning

Marc Gadsby – Executive Director People and Adult Services

Sukdave Ghuman, Monitoring Officer

Secretariat:

Mandy Brown - Chief of Staff to the Commissioners

Nasreen Brittain – Executive Assistant to the Commissioners (minutes)

Also Present:

Andrew Merritt-Morling Programme Manager

Deemple Brain Programme Manager

Chris Holme – Head of Financial Governance

Dave McNamara – Interim Finance Director

Peter Hopkins – Property Director John Hickson Finance Lead

Marcus Richards - EY Corporate Finance Practice

Mark Halligan – Interim Property Director

Neil Hoskinson – Associate Director for Education and Inclusion

Not In Attendance:

Gavin Jones, Lead Commissioner

Annabel Scholes – Interim Executive Director of Finance and Commercial Services (S151 Officer); Cllr Pavitar Mann – Labour Group Leader, Tessa Lindfield – Director of Public Health, Cllr Rob Anderson, deputising for Cllr Mann, Leader

Minutes

1. Welcome and Introductions

None.

2. Declarations of Interest:

No declarations of interest.

3. Minutes of the Meeting held 16 May 2024

Minutes of the meeting held on 16 May 2024 approved. Actions updated.

4. DSG Safety Valve Update: Sue Butcher/Neil Hoskins

4.1 Latest DfE monitoring done for safety valve agreement and submitted to DfE. Reporting for 22/23 had inconsistencies. 23/24 more confidence of accuracy.

4.2 Systems are being put in place to have accuracy and consistency going forward. The reported position and brought forward values for 2022/23 were begin validated which could result in a re-alignment of the brought forward value. Had a strong year in DSG and a good SEND panel process as well. Average costs of plans had also come down. EHCP position remains a concern, EHCP process had been changed. There have been discussions around the requirement for an EHC plan transformation team to oversee the DSG Recovery Plan and the Safety Valve Agreement. Concern was about the number of staff churn, reliance on interims and consistency in managing new demand for plans and the backlog. Managing demand for EHC plans has been moved to amber as a result of the level of backlog cases and recent changes to staffing. Monitoring report has been submitted to the DfE, now awaiting their response.

4.3 **SEND Update:** The resilience shown during the recent staffing changes was encouraging, an established team of educational psychologists, accurate case tracking and refreshed operational processes.

4.4 **Immediate Actions & Priorities:**

- a. To further increase the impact on outcomes for CYP, future SEND strategies were being realigned and updated by all multi-agency partners, CYP and their families. These strategies would be informed by lived experiences of CYP and their families with leaders swiftly improving the engagement and participation of CYP and their families in all the current and ongoing development activities.
- b. Improved sufficiency planning, capital projects and commissioning (in partnership with health) will ensure appropriate places and therapies were available when required.

4.5 Denise thanked the team for the presentation and prior to going to questions requested a copy of the full report be sent to commissioners post the meeting.

Action: Sue Butcher to send the report that had come through from Neil Hoskinson.

4.6 Denise sought an update on the tracking and monitoring for the safety valve: Dave MacNamara responded that they were looking to recruit a finance lead. Neil reported two officers were now supporting the programme. They had decided to do this within the current envelope and the safety valve payment would fund it. the additionality would therefore only be in the finance role.

Action: Neil Haddock to provide Denise with the resource plan prior to the next meeting.

4.7 **EHCP Update:** backlog plan for a team has been done. The 20-week target was also being met. If the team is in place, the backlog will be cleared by December 2024, and no further backlog will be created. In total the backlog was 170 cases.

4.8 Sue said staffing remained a challenge. Currently still reliant on interim staff and hybrid working and they are in discussions with HR about different plans that could be attractive to new staff, e.g., compressed hours.

5 year sufficiency strategy work had begun and in relation to capital sufficiency strategy funding, the capital plan would be going to September Cabinet for approval. The long-term programme would also be aligned to the Estate strategy.

Ged wanted to know what Paul Moffat's view was in relation to the financial situation. Sue responded that Paul's view accords with the Commissioners, and the need for a plan to be designed and wanted to see the focus on **all** areas. Ged asked about the degree of confidence to deliver. Neil responded he was grateful to finance colleagues for their help, and he was very close to knowing the correct picture by end August. The report at that point would be more accurate and well informed.

4.9 Denise stated that Paul Moffat needed to be made fully aware of **all** the current financial issues including the broader issues re the DSG. Sue and Neil confirmed they would provide that update on Friday when they meet with him.

5. **Finance Update: 23/24 Outturn: (Annabel Scholes)**

5.1 Monitoring report was approved by Cabinet on 17 June. End of year financial position reflected £15.1m overspend. This was in line with previous reporting. Recurring expenditure impacting 24/25 £11.5m. Adults and homelessness remained the concern and costs of interest on borrowing also remained an issue as it was still higher than desired. Refinancing debt had historic higher levels of interest. Denise reiterated the significance of the overspend, and whilst the council had been forecasting the potential of variance on this scale, the previous figures contained material movements attributed to the balance sheet, which did not materialise and based on the reassurances given by Officers at the time the forecasted service outturn was considered a worst case scenario. It was, therefore, disappointing to see the mitigations had not materialised and service overspend variance this high. Similarly for delivery of savings, assurance was provided that the mitigations were recurrent. This therefore presents a significant challenge for 24/25, with diminishing reserves and we will need to understand what will be different and how we will be assured.

5.2 ***Update in relation to the mitigations, including the People Too programme. (Marc Gadsby/Pat Hayes/Tessa Lindfield)***

1. Marc Gadsby reported that People Too ceased work at the end of the last financial year. Achieved £350,000 of savings by not continuing working with them. Service movements in adults from P9 was 1.9%, which was not that much of a movement. Biggest challenges were provider uplifts, as there was no standardised practice and some costs were assigned to previous years.
2. There were some discussion in relation to the assumptions underpinning the utilisation of BCF and HRA recharges
3. Pat responded that temporary accommodation challenge was increasing, no fault evictions were driving landlords to increase rents and purge stock. Movement from London to Slough was also driving demand up. His team had moved 47 families out of temporary accommodation and 6 families had been moved out of Borough. Needed to still move the most costly families as well to reduce the cost of temporary accommodation.
4. Also looking at options to lease back right to buy properties. Other properties that exist within the HRA were also being looked at where appropriate. There were also significant numbers presenting from hospitals and probation service. Visiting

programme aims were due to complete next month and will see an ongoing improvement over time.

5. Pat said he would come back on the question re GF / HRA recharge variance, Chris said some work had been done on this.

Action: Pat Hayes to update the Board on the material GF / HRA variance

6. Tessa said a review of expenditure associated to the delivery of public health outcomes and ensuring compliance with the grant was an active piece of work and people were bidding for grants. The previous plans had significant investment of £400,000 from the grant as well as one-off investments. There was a new structure, which was being recruited to and they were in the process of recommissioning major services as well. It was a state of flux at the moment, however.

Action: Tessa agreed to bring something back to a future Board including details of the overarching fund.

7. Denise asked Will Tuckley to outline what the planned approach was to in year recovery and mitigations across the council and what will be different in 24/25: Will responded this had been discussed at Cabinet and in depth at CLT and provided an overview which included reducing the pressure points, permanent reductions in some areas of expenditure, and looking at more efficient one-off ways to reduce spend and develop a clear plan for 24/25. He did however not want to solely focus on in-year and not look at future years. Ged wanted the Council to look at how the reserves held will be spent and wanted to ensure this would be part of the strategic discussions that were being had.
8. Denise also wanted to know about the tracking and monitoring of savings and mitigations of demand pressures as the 23/24 process including ECP had not worked. Officers needed to take this away and update at the next Board. Need to see improved forecasting and monitoring of risks, savings and a clear process for seeking supplementary estimates e.g. Cabinet and Council approval (subject to the value) before the spend is incurred. Given the significant challenges in adult social care and housing / homelessness, Denise wanted to see a dashboard for each of these service areas that brought all this information together and present it at the monthly finance boards going forward. (action for marc and pat). The risk is they monitor at the bottom line and are unable to truly identify the costs and demand drivers, inherent risks, actual savings deliver or benefit realisation.

Action: Overview of the revised tracking and monitoring process for savings, ECP process and Supplementary to be provided for the next Board.

Action: Pat Hayes and Marc Gadsby to produce a dashboard that brought all the competing challenges within social care and housing together to present monthly at future Finance Boards going forward.

6. Finance Update (Annabel Scholes/Marcus Richards) EY Balance Sheet Review **Sensitive and Commercially Confidential Papers**

6.1 Balance Sheet Review Outcome:

1. Audit backlog: Significant amount of work required to complete this. Chris Holmes reported that 19/20 and 20/21 accounts provided to the May Audit committee, with minor adjustments made after that meeting. Publication for 20/21 public inspection had been delayed from last week, and they were hoping to get them out when the S151 officer returned from leave.

21/22 accounts had proven more challenging than anticipated. This was a period where record keeping was at its worst. Basic bookkeeping had not been undertaken. The collection fund was incorrectly recorded, requiring a reset of the whole books. Chris was hopeful this had now been addressed and hoped to have a report for the July Audit Committee and then out for public inspection in the 3rd week of July. Chris confirmed he was still confident of meeting the 30 September deadline.

In line with DLUHC's request for additional assurance, EY have been conducting extensive work on the balance sheet review. Marcus went through the process undertaken, challenges/issues with record keeping, risks of single point of failures and silo working practices which have not been reconciled or reflected in ledgers etc. DLUHC deadline is end June 2024 to complete the review, further edits required to complete the report to the deadline. There will be some caveats to the conclusion of the work, collection fund work done extensively but not yet complete. This is likely to have a material impact +/- on the financials of the Council. DSG 22/23 and previous years' still work in progress. Amendments have been made to the balance sheet position as a result of the work done in 16 different areas.

Denise reflected on the governance of the report pre and or post submission to DLUHC and it was agreed that with its intrinsic alignment with the accounts as a minimum it should be shared with the Audit Committee. Consideration should also be given as to whether a summary report should go to Cabinet to highlight any residual risk of historic years and MTFS impact.

Action: It was agreed the Monitoring Officer will take this item away and schedule this for where it will go post audit committee.

Current assessment is of up to £3m of Section 106 risks. Marcus responded that this is likely to shift on the balance sheet but will ensure this is reflected accurately in the final report. The balance sheet overall received a significant movement as a result of this work. Ged asked for reassurance that when 24/25 is audited there will be proper record keeping. Chris said this was a fair challenge and responded that business as usual had not been undertaken properly, however, he assured a firm grip was being taken on this, assurance mapping. Reporting processes will be upgraded. Denise said there is and has been heavy reliance on interim staff and a strategic partner over the years and to date. Corporate memory and transition of data to ledgers had been a key issue, and a full audit trail of the changes made had not been maintained. This would need to change going forward. Need to have proper handovers to prevent gaps in knowledge, full audit trails, posting to ledgers and utilisations of the new models developed for areas such as asset disposals, cash flow and processes agreed etc. Need a clear transition plan to prevent the loss of corporate memory when staff leave. Better documentation and knowledge transfer needed to happen. Chris agreed and said all the procedure notes will be fully comprehensive, so handovers were better, and would absolutely document in a micro-management way, so anyone coming into the role knows exactly what they are required to do. Denise said this was not just an issue in finance, it was across the organisation. This must be addressed by **all** executive teams.

2. Marcus reported that Treasury Management primarily focused on a refresh of the cashflow forecast, with some deterioration evident in the cash position. The key drivers of the cause of the deterioration are set out in the report.
3. Chris Holme reported that since this report was put together, the cash position had deteriorated significantly. The Council had falling significantly below the liquidity balance, and he had had to undertake a range of emergency measures. This was largely due to the fall in anticipated capital receipts from asset disposals. As a result, the Council is in breach of one of the liquidity metrics in the treasury management strategy and was also having to temporarily go back to short term borrowing.
4. Denise stated that this will need to be reported to Audit and Corporate Governance Committee. The critical focus needed to be on the asset sales programme and ensuring there is an accurately forecasted pipeline with an appropriate level of optimism bias applied. This was the first time in 24/25 that the liquidity balance has been breached, but the cashflow forecast indicates that it will recur throughout the year if anticipated capital receipts are not realised. Need to respond immediately to

mitigate financial risks and then further action needs to be undertaken to prevent it from occurring again.

5. Marcus reported an outstanding debt owed to the Council has been repaid, which has helped. Denise said a review of cash balances / reserves held within subsidiaries was also required and to ensure subsidiary loans are being repaid as planned. As the Council could temporarily minimise short term borrowing if there were surplus funds in the companies not required in the short term. Chris said the minimum was taken from the market at this stage. Dave Hounsell reflected this information was very sobering and would need to be reflected in the transformation programme and would need to revisit some of the timelines and workstreams and the impacts across the programme.

6.2 **DLUHC Report:**

1. The deadline remained as end June. Detailed reporting covered in item above.

7. **Asset Disposal Programme: Pat Hayes Sensitive and Commercially Confidential Papers**

- 7.1 The numbers were now all reported net and recent transactions were beginning to be progressed. SUR joint venture had a much clearer exit plan. Stoke Wharf offer received and aiming for July cabinet to get that approved.

Now using EY model to generate de minimis values. Will need to retain more of the assets that are generating the highest returns. The financial target will need to be changed and will be done via MTFS.

On the strategic front, the estate strategy was key as it would likely give the Authority the direction of travel. The 'to be' workshops taking place in June and July. Estates work and TOM work was also very closely aligned.

Pat said the offer on Stoke Wharf was above market expectations and other issues that were delaying progress had also been resolved. HRA was ongoing.

- 7.2 Cllr Chahal sought clarity on how the increase resources were being deployed and . Asset Disposal Committee discharging its function. He was keen to see pace injected into this area. Pat advised that more resources were in place and would provide a separate cabinet member briefing on progress and any relevant issues outside this meeting.

- 7.3 Denise said the EY asset disposal framework and red book valuations needed to be presented within decision papers, with the options available clearly laid out for the decision makers. Need dialogue on the pipeline options and assets being taken through and avoid predetermination.

Denise wanted to see a refreshed asset disposal plan coming through to Cabinet and net numbers needed to exclude HRA 'no detriment' reimbursements. The asset sales is of such significance to the Council that it needed to be a separate report, not included in the MTFS, providing visibility on the pipeline and all the options available for consideration in meeting the net target. This need to be aiming for July. Also need to consider the approach re the Estates Strategy which has been tabled for Cabinet for some time with no visible progression. Recognising that it is aligned to the TOM, consideration will need to be given to which elements or principles attributed to the operational estate could be taken forward for members approval so the programme can move forward simultaneously. The same with HRA assets. It now had to hit July Cabinet. Cannot repeatedly delay this. Governance was not the barrier. The urgency of pace needed to be factored in and the right governance needed to be followed to allow for good, evidenced based, decision making.

Action: Pat to produce a revised asset disposal plan, including all the options available to the Council in achieving optimum capital receipts, refreshed net target and the associated Cabinet report for the next available Cabinet.

- 7.4 It was agreed that due to time restrictions, the remaining agenda items would be carried forwards to an exceptional finance board before the July meeting, which Nasreen would arrange. Cllr Chahal requested that Officers utilise Cabinet Members more to get things moving.

Exceptional Finance Board to be scheduled to cover the residual items

8. **Finance Update: Refresh rolling MTFS and CS Outline Plan: (Annabel Scholes) Sensitive and Commercially Confidential Papers**
- 8.1 To be covered in the exceptional finance board.
9. **Finance Update: Finance Improvement Plan 24/25: (Annabel Scholes)**
- 9.1 To be covered in the exceptional finance board.
10. **24/25 Internal Audit Overview: (Mike Smith)**
- 10.1 To be covered in the exceptional finance board.
11. **Internal Audit Monthly Actions: (Mike Smith)**
- 11.1 To be covered in the exceptional finance board.
12. **Risk Management Update: (Mike Smith)**
- 12.1 To be covered in the exceptional finance board.
13. **AOB**
- 13.1 None.

The Meeting opened at 10am and closed at Meeting closed 11.30am.

Date of next meeting: exceptional board to be scheduled before 18 July.

Next scheduled Finance Board, Thursday 18 July 10am in the Council Chambers.

Finance Board approved minutes 20 June 2024