

Finance Board held on Thursday 18 July 2024 – Minutes

Present:

Attendees:

Commissioners:

Denise Murray Finance Commissioner, Chair
Gavin Jones, Lead Commissioner

Members:

Cllr Dexter Smith, Leader with responsibility for Improvement and Recovery

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
Marc Gadsby, Executive Director People and Adult Services
Annabel Scholes, Interim Executive Director of Finance and Commercial Services (S151 Officer)
Patrick Hayes, Executive Director Housing, Property & Planning,
Sukdave Ghuman, Monitoring Officer

Secretariat:

Mandy Brown, Chief of Staff to the Commissioners
Nasreen Brittain, Executive Assistant to the Commissioners (minutes)

Also Present:

Chris Holme, Interim Finance Director
Sonia Khan, Director of Strategy, Change and Resident Engagement
Kelly Evans, Director of Public Health
Andrew Merritt-Morling, Programme Manager
Deemple Brain, Programme Manager
Stephanie Clarke, Programme Manager
Dave McNamara, Interim Finance Director
Peter Hopkins, Property Director John Hickson Finance Lead
Alex Pilgerstorfer, Finance Business Partner
Mike Smith, Head of Financial Governance
John Hickson, Interim Strategic Finance Manager

Not In Attendance:

Cllr Wal Chahal, Deputy Leader and Lead for Financial Oversight & Council Assets
Ged Curran, Commissioner
Cllr Rob Anderson; Tessa Lindfield, Director of Public Health

Minutes

1. **Welcome and Introductions**

1.1 None.

2. **Declarations of Interest**

2.1 No declarations of interest.

3. **Minutes**

3.1 Two sets of minutes approved from Finance Board held on 20 June 2024 and Exceptional Board held on 26 June 2024.

4. **Finance Update: Monitoring and Savings Forecast 24/25: (Annabel Scholes) Sensitive and Commercially Confidential Papers (no paper circulated for this meeting)**

Action: Annabel to provide Denise/Nasreen the Monitoring and Savings Forecast 24/25 report for circulation to the Board.

4.1 P3 Monitoring and delivery. Council still projecting over £15m pressure. CLT are exploring mitigations, and some difficult decisions will need to be made to remain on budget. Some of the pressures are national pressures, not exclusive to Slough. Need to get behind the data and articulate that information better.

4.2 Capital projecting £2m under spend in general fund and HRA will be £8m. Need to look at how the capital programme is being developed.

4.3 Cash: have had to borrow £24.5m short term borrowing from local authorities whilst awaiting interest rate changes. This will drop over time but may need to refinance again on 31 July.

4.4 Reserves: position as at 31 March - smoothing reserve goes down to £6m and after Upton Lodge, that goes down to £4m.

4.5 CLT will be discussing the above in more detail and will also be looking back at all the contingencies that had been set aside. The slides Annabel shared with the Board would be circulated to board members in confidence.

4.6 Assurance sought as to whether the process for monitoring and tracking savings delivery was being changed to involve more rigour and provide greater assurance. Annabel responded that she would prefer to use a design authority and would be looking at all the proposals on the table ensuring there was no duplication and that cross cutting proposals had collective ownership.

4.7 Clarity sought on the driver for the additional short-term borrowing, was it the lack of capital receipts or unplanned or non-notified contract payments or other cash receipts? Annabel responded that additional cost pressures was one reason, partially mitigated by the capital programme which had not had the spend that was expected and Capital receipt from the disposal programme would also be different to what was projected.

4.8 Clarity sought on the medium/longer term demand pressures in adults and children's, how mature were the Services in Slough to be able to get ahead of the demand curve and mitigate this before it becomes a problem. In other Authorities, services that had been modernised had been much more effective at mitigating the issue. Will Tuckley said all Councils were asking this question. Demand changed over time, so mechanisms currently in place may need to change to match that. Will believed through the design process, the Council would be able to get ahead of the demand curve. Temporary Accommodation and adult social care work had the potential to have an affect on demand.

4.9 It was recognised that the Council cannot sustain a £15m overspend going forward in relation to budget and that a key element was demand management as well as savings. These service variables need to be captured in the dashboard that Commissioners have requested be produced for Temporary Accommodation, Adult and Children Social care. It was also about the capacity to change, need to modernise and change the service model. SBC needs to think about how it creates the bandwidth to do this. Sue said in children's SEND pressures remained, however there are things that can and should be done, but this can only happen once the bandwidth is there.

4.10 Marc said commissioning was key to managing demand going forward. Need to ensure we have a good temperature check on this. Seeing lower placement of people with less complex needs, and greater demand for assisted living. Also looking at how best available resources were being used.

4.11 It was important to not overlook the Council's assets. The property estate and surplus assets, needs to be a key part of the crosscutting conversations on meeting demand going forward.

5. Finance Improvement Plan: (Annabel Scholes)

5.1 Challenge is around managing resources and meeting challenging deadlines. We've been talking to all interim agencies as costs are very high. Feedback is that the organisation needs to hold onto who it has got, Hybrid working can be an issue. Having to dive into challenges that are not necessarily on the improvement plan, such as companies, which need to be addressed but deviate resource from the original improvement plan. Have a few areas that are going backwards, but more areas are going forward overall. The resource challenges across the Council was acknowledged.

5.2 Companies and Trusts - update sought re the overdue filing. JEH and Trust: Chris Holme responded that a lot of work has been done over the past couple of weeks on JEH accounts issue but will need to be fully resolved by next week so the accounts can be signed off. The governance of the Companies needs to be reviewed which Sukdave will be picking up. Corporate knowledge was currently held with individuals not the Company, which was not satisfactory, and he hoped to have further information for September.

5.3 Annabel said an assurance letter is required in order for the external auditors to be satisfied and improvements need to be made before this could be provided.

Outcome: It was confirmed that JEH sat with Pat Hayes under Property.

5.4 A governance review was previously undertaken and given the challenges a refresh of this review will need to be completed. Sukdave responded that compliance and secretarial functions are completed in relation to Companies and close monitoring of the action plan with continued updates to Commissioners will also be required going forward.

Action: Sukdave to provide continued updates to Commissioners regarding the Companies governance review and action plan.

6. Asset Disposal Programme: (Pat Hayes/Peter Hopkins)

6.1 Peter provided an overview of the position and 29 August date confirmed for Asset Committee to meet. Cabinet approved Upton Lodge and Stoke Wharf disposals. Forward plan with further assets disposal was being rolled out. Reconciliation of Land registry dump takes place Friday 19 July. Interviewing next week for two permanent heads of service as well.

6.2 Clarity sought on when the revenue implications attributed to the long list would be fully articulated as some asset values had significantly reduced the value of the estate. Pat responded that the impairment issue has recently been raised. The price paid for the assets pre-Covid was higher than they are now. The pandemic had impacted market prices and office, and large scale developments had not fully recovered. However the demand for smaller sites remains strong and competitive and will see the residential private market improve over the coming months.

Denise outlined that the recognition of impairment and other revenue implications on disposal are long standing accounting practices, which need to be taken account of in the decision to sell certain assets or not. The refreshed asset disposal pipeline with assets revalued and revenue implications

including HRA, clearly outlined is therefore key to the future financial strategy and the accounts and a significant risk to ongoing financial sustainability.

6.3 Annabel said the financial strategy would follow the updated position re the assets as a different conversation will have to be had for that.

7. Internal Audit Improvement Plan & Outstanding Management Actions: (Mike Smith)

7.1 Internal audit maturity assessment update:

1. IA Independence issue remained a concern. Experiencing issues around resourcing in all areas which was impacting delivery. Has been trying to get benchmarking information re staffing levels for the function and has reached out to CIPFA to get assistance with this.
2. Corporate risk register - has had good engagement with CLT to revisit the corporate risk register and revalidate it. Workshops to be arranged to update Q1 as well as the whole year going forwards. Going in the right direction generally.
3. Planned audits outlined, however sign off of TOR etc delaying progress.
4. Feedback on management audit system software was requested at the previous meeting and summary provided. Mike did not feel the system met SBC's needs and would want to consider alternatives.
5. Outstanding audit recommendations: a small number have been closed. And there was ongoing activity in this area. He was hopeful that with the level of focus a more positive picture will be reflected in the next report.
6. Commissioners reflected on the range of concerns outlined in both this presentation and recent A&CG Committee annual report and stated an effective internal audit function and A&CG committee was fundamental to the Council's improvement. Clarity was sought on how the Council was going to support both these functions to work effectively and achieve their objectives.

Will responded that Mike was working on this with the existing resources, although recognised this was not sufficient. A rolling programme of internal audit was the preferred method and will seek to ensure these are progressed. Risk appetite workshop with CLT was being undertaken, with a wider workshop where risk assessment will be considered. A wider issue was the need to enhance the team and the proposal to train and upscale junior staff is ongoing, however recognised that they will need to go out to market for more experienced staff.

The issue of independence was being worked through. As requested, Mike had produced a schedule of issues with a set of proposals to address these which will be discussed with the statutory officers. The audit committee reported that there was a very clear requirement to have more support from officers to enable members to provide good work and this was going to be done and was working with the Chair of the committee to deliver it.

7. Training plan for audit committee: draft training plan produced as a starter, Mike Smith met with chair of audit committee, and they were very keen for Officers to provide more training. Very pleased with level of engagement being received. Quite optimistic about the direction of travel and Annabel met with treasury management advisors in this regard. Commissioners asked officers to reflect on the Chair's comments on the style of training required and to consider whether in addition to this an external advisor pre committee would be beneficial to review papers with the members, assist with identify pertinent points and structuring questions. Mike said the Chair would like to have a pre-meeting to go through the agenda for meetings.

Earlier point reiterated re external/independent person being assigned to the committee. Will said this type of support has been provided to Scrutiny Committee and will follow up with the LGA on whether this could be done for audit committee and other committees where required. Commissioners confirmed they could support and assist with this as well, should it be required.

Action: Will to work with Statutory Officers to resolve the Internal Audit Independence Issues

Action: Will to confirm whether additional external support is required for the Audit & Corporate Governance Committee.

8. Audit & Corporate Governance Committee – Annual Training Programme (Mike Smith)

See item above.

9. Risk Management Update (Mike Smith)

See item above.

10. Procurement and Contract Management Update (Annabel Scholes/Chris Holme)

10.1 Update provided on progress made since the last report in January and noted that since then, the Head of Commercial Services has left the organisation and we currently have acting up arrangements in place until December, by which time we will have determined the future operational arrangements for Procurement, Contract Management and any wider commercialisation requirements.

10.2 Key focus will be responding to the Procurement Act changes, draft procurement rules to be put forward to CLT over the summer and presented to Council September for implementation from October. Still a number of issues that need to be addressed. One is inadequacy of data held on contracts. Need to regularize the contract registers and reconcile that with the data held in the financial systems, move to a Category Management model and align it to the strategic commissioning.

10.3 Commissioners stated that in the early stages of the intervention the procurement area was deemed to have made the most progress from transitioning back in house. Had there been fallback since then? Chris Holme responded that progress had been made, but it was not as comprehensive as stated or as mature as was reported at the time. Category management, risk and skills to be enhanced.

10.4 Clarity sought on whether the Team were CIPS qualified or learning & development plan in place to achieve this. A number were qualified, and acting head had made good progress and focus on skills set, but still more work to be done and resources would need to be looked at for this team.

10.5 Commissioners said they appreciated the honest approach to where the Council was.

10.6 Revenue and Benefits item for noting was recorded with thanks to the team for their sustained improvements on processing claims and change in circumstances.

11. AOB

11.1 None.

(Meeting closed at 11.19am)

Date of next meeting

Thursday 29 August 2024 at 10am in the Council Chambers.