

Finance Board held on Thursday 29 August 2024 – Minutes

Present:

Attendees:

Commissioners:

Denise Murray Finance Commissioner, Chair
Gavin Jones, Lead Commissioner
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
Cllr Rob Anderson; Tessa Lindfield, Director of Public Health

Officers:

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
Mayuri Patel, MHCLG (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:

Will Tuckley, Interim Chief Executive and Head of Paid Services
Nasreen Brittain, Executive Assistant to the Commissioners

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 18 July 2024.

4. Finance Update, Monitoring & savings Forecast 24/25. Sensitive and Commercially Confidential Papers (Annabel Scholes)

4.1 Starting off on a positive note, the Q1 update for 24/25 reflects a balanced position, though it was not an easy report to compile and took considerable time to present accurately. While we haven't completed full due diligence on the indicative mitigations, the report highlights the intense work that has been done. It fairly reflects the hard work of the Senior Leadership Team (SLT) and conveys a positive message, acknowledging the many challenges we face but also showing our commitment to addressing them. Moving into Q4, three specific areas have emerged from Q1, and we have initiated star chambers starting in September to scrutinize the quality of the forecasts, with a dedicated team from the senior leadership working on this.

4.2 Between periods 3 and 4, we have encountered further pressures in adult services, with additional cases identified that were not included in previous metrics. We need to revisit the mitigations and conduct further due diligence. Given the work done so far, we are in a position to develop mitigations to offset these pressures. All CLT members are fully committed to identifying these mitigations. Our savings target is £12.2 million, but we have identified that one of these savings, related to council tax, is not deliverable within this financial year. It will be delivered next year, and we have taken money out of contingencies to offset this. We have achieved £9.6 million in savings so far, and further work is being done to identify additional mitigations. It is important to note that many of these are one-off mitigations, which will require significant challenge.

4.3 The design authority is currently examining the new authority for the budget, although the team has not yet been assembled. This will be the next piece of work. Due diligence has been conducted on both sides, but we cannot continue to accept pressure forecasts and mitigate them without reliable systems and metrics. While the forecasts are made with the best of intentions, we must acknowledge that optimism bias can creep in. Therefore, we are being as rigorous as possible by thoroughly reviewing each of the directorate leads. We will also need to assess our ability to use various funding sources and have detailed plans to support this effort.

4.4 To address the backlogs, an intervention team has been established with the goal of eliminating the backlog within six months, although the outcomes remain uncertain. Case officers are rigorously tackling this issue. There is a risk associated with annual reviews, which have not been conducted for several years despite previous commitments. School transport is another challenge, as each child's need for transport is being reassessed to identify potential efficiencies and necessary changes. In public health, there is a decreasing underspend, with plans to allocate in-year savings to the public health reserve. A £140,000 underspend is ring-fenced, posing a risk of defunding the licensing scheme. Efforts are being made to maximize the use of grants. The HRH budget for this year shows a surplus of £2.4 million, with the current forecast maintaining this surplus. A fundamental review of recharges is underway to better align with original assumptions.

5. Finance Improvement Plan: (Annabel Scholes)

5.1 Vicky is the strategic lead on the finance improvement plan. The executive summary highlights improvements in financial positions, including the introduction of a grant register and the

acknowledgment that such a register is necessary. Assurance value should be recognized as a key area. Some areas have been distracting, particularly in assessing financial liabilities and dealing with cumulative losses. Efforts are being made to balance these challenges and bring in additional resources.

5.2 The two tables indicate that we are making progress in several areas. However, the number of green indicators has decreased, particularly in the area related to procurement. This reflects the complex challenge we face in sharing information within the authority.

5.3 We are starting to see staff turnover, with the resignations of two individuals who felt the pressure was not aligned with where they wanted to apply their skills. We are conducting an assessment and will return in September with a resources plan. Despite the challenges, we have seen some positive changes and have brought in new skills. Resource management remains difficult, and we need to address wellbeing in the next report. With contracts ending in September, we have had to make pragmatic decisions, including going out for an s151 officer and stabilizing the situation by extending contracts. While we have received positive applications, they lack the necessary experience, making senior-level recruitment particularly challenging. We are exploring every avenue and are committed to presenting a plan in September.

6. *Asset Disposal Programme: (Pat Hayes)*

6.1 The team has been working non-stop with finance to identify income opportunities, uncovering properties that were not previously listed. A key issue relates to assurances, as end-of-year evaluations have revealed some discrepancies in the numbers. There has been no specific due diligence around the amber indicators. The current papers are outdated, and the position has changed significantly, requiring political sign-offs for a more accurate reflection of the situation, accounting for revenue implications.

6.2 Next steps include an upcoming cabinet committee meeting at the beginning of September, preceded by a member briefing. We will move into private sessions to provide an update on the work done so far. It is important to articulate that the figures were not known at the time and to gather input. We have a general plan for disposable assets and are considering targeting an operations model. It is crucial to involve members and commissioners, starting with a briefing and then moving into a party session to manage confidential information. Everyone understands that Slough is in a difficult position and that we may be taken advantage of. We need to have clear confidentiality conversations, understand the impact on the public, and ensure transparency while controlling the flow of information. We have a good data set to support these conversations.

6.3 We need to return to strategic discussions with the information that will enable us to make informed decisions. It's important to highlight and recognize the risks in terms of trust and confidence. Our goal is not to lose the narrative or undermine trust and confidence. We must ensure we have a clear mission statement and an emerging position to guide our actions.

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

7.1 We have started new audits and spent more time discussing the size of the team. Slough should have six auditors but currently has only three. We are marketing to bring in apprentices and it looks like we will be in a position to recruit soon. In risk management, we have recruited a new risk manager and are building on other activities. We now have an approved risk appetite statement, which helps us identify target risks. This is supported by plans to have a corporate risk director session, bringing together a group to review the corporate risk register. There has been a lot of good material in meetings, and we aim to present Q1 risk updates. We are making progress in tracking through finance improvement plans and addressing outstanding audit actions, although it has been more challenging recently. The process is manual, so there is potential for errors, but we have done as much as possible in a short period of time.

7.2 The assurance CLT is developing and is on the agenda. We cannot disagree with the recommendations; they need to be implemented. The proposal is to take these back through the CLT

to identify the key issues that need to be addressed and determine what actions can be taken. We need to put a proper resource plan behind them, review, sign them off, set a date, and hold everyone accountable. Other areas are likely doing the same. We have a good team, but they lack experience in risk-based audits, so apprentices will need training. It is critical to recruit people, including graduates, although internal audit is not seen as an attractive post, which will be a challenge. Our current risk management system is not fit for purpose, so we need to consider investing in a system that can handle both functions and follow up on that.

8. Refresh Rolling MTFs & Capital Strategy Budget Report (Annabel Scholes)

8.1 Fundamentally, the challenges are not going away, and the numbers are moving to a position that isn't stable, necessitating a refocus. The target operating model is a key piece of work, but it won't get us across the line with the 25/26 budget. We have valuable information that needs to be utilized differently, and we need to explore options and quick wins in that space. This will likely mean a different direction of travel, as we face a £22.7 million gap to close. It's important to accept that we need to step back and reassess the approach we've taken.

8.2 We need to reflect that the report is a snapshot. Conversations about asset disposals have strategic implications; their impact on 24/25 is minimal, but the impact on 25/26 is significant. We must reflect and amend our approach to take us to the new position, adding significant elements. There is still a considerable amount of work to be done regarding workable savings and ensuring they are deliverable with proper business cases. Normally, we have options, but given the scale, the opportunities for that are limited. The timing of the target operating model won't provide us with assurance for 25/26, as it only provides indicative targets for the directorate. This is not the preferred approach, but we have no other options and will come back with proposals based on that.

8.3 The workshops have assessed our current position and begun identifying opportunities, particularly around optimizing digital and customer access. It has been suggested that we increase cross-departmental work and start redesigning processes to better understand the scale of our operations. One key area is temporary accommodation, which we recognize as necessary. This focus will provide us with valuable insights into immediate wins.

9. Subsidiary Companies and Trust Update (Annabel Scholes/Sukdave Ghuman)

9.1 We have spent a considerable amount of time on this, conducting a high-level assessment and preparing key reports for the cabinet committee. We are still in the discovery phase. It has been fully briefed that we have statutory recommendations from three years ago that haven't been closed. We have put a plan in place, but external auditors are not comfortable, so we have implemented appropriate reporting measures. The accounts were due to expire, and we worked hard to get them over the line and filed. The assurance letter we issued had some stipulations, indicating there is still work to be done from the company's perspective. Additionally, the 23/24 accounts are due in December.

9.2 The Children's first annual report has been provided, and going forward, annual reports for 23/24 will be produced. The GI was effectively filed, and the 23/24 accounts need to be filed by December. The company report is due next month. A review of high-level documents was conducted, which was very light touch, covering company governance, oversight, performance, and financial governance. The term "shareholder" refers to interested parties. We are now moving into the meeting and due diligence phase. A roadmap has been designed based on the experience of companies, capturing all necessary elements and putting them into a high-level roadmap.

9.3 We sat down with six trusts to discuss the key issue of suspensions within the trusts. All the trusts are facing financial shortfalls and do not have enough money to cover the costs, which is a critical part of the strategic plan. We now have 13 sets of accounts to maintain, and updating these is one of the main priorities. Additionally, we need to address the position of cross-subsidies that we need to work through.

10. AOB

10.1 None.

(Meeting closed at 11.30am)

Date of next meeting

Thursday 26 September 2024 at 11am in the Council Chambers.