

The following two reports are the start of the scrutiny process for 2024/25 MTFS.

1. Revenue & Capital Budget Outturn 2022-23
2. Budget Monitoring Quarter 1

The first report covers the outturn for the financial year 2022-23 and the second reports covers the budget monitoring position as at Quarter 1.

Slough Borough Council

REPORT TO:	Cabinet
DATE:	18 September 2023
SUBJECT:	Revenue and Capital Budget Outturn 2022-23
CHIEF OFFICER:	Adele Taylor – Executive Director, Finance & Commercial (Section 151 Officer)
CONTACT OFFICER	Neil Haddock – Interim Strategic Finance Manager, Financial Planning & Reporting
WARD(S):	All
PORTFOLIO:	Councillor Smith – Leader of the Council Councillor Chahal – Lead Member Financial Oversight
KEY DECISION:	YES
EXEMPT:	NO
DECISION SUBJECT TO CALL IN:	YES
APPENDICES:	A Capitalisation Direction letter B Commissioner’s Instruction No 1 C Asset Sales D Capital Outturn

1 Summary and Recommendations

- 1.1 This report sets out the draft revenue and capital outturn position for Slough Borough Council for the year 2022/23

Recommendations:

Cabinet is recommended to:

1. Approve the carry forwards requested by departments as set in paragraphs 8.1 to 8.5 and Table 7
2. Approve the proposed additions and amendments to the Capital Programme as set out in paragraph 8.6 and Table 8

Commissioner comment

This report sets out the Council's draft financial position for 2022/23 after the end of the financial year. The position should be considered provisional until all years' accounts have been prepared and the audits signed off by the Council's external auditors which could be some way off. Associated issues may continue to be resolved or identified that could affect the financial position.

The Commissioners note the key elements of this report, summarised position for each of the ringfenced funds and refreshed assumptions relating to the capitalisation direction which at £301.9m to 31 March 2024 is higher than predicted in the budget approved by Council March 2023, which estimated a figure of £298.7m.

The capitalisation direction is based in part on assumptions, the external environment is challenging and inevitably the situation will change. The Council should take all reasonable action and necessary steps to minimise the risk to which it is exposed and mitigate pressures where possible, to remain within the original estimates and demonstrate an improving financial trajectory.

2 Report – Introduction

- 2.1 Effective management of Slough Borough Council's budget is critical to its financial recovery and the restoration of a balanced budget without the need for extraordinary use of capital receipts to support revenue expenditure. This report sets out the draft outturn position for the Council's budget in 2022/23 and makes recommendations to recognise and mitigate the risks arising from the underlying position reflected within the outturn position.
- 2.2 Slough Borough Council has been balancing its revenue budget via the support of capital receipts under a capitalisation direction authorised by the Department of Levelling Up, Housing & Communities (DLUHC) since October 2021, as set out in the [letter](#) attached at Appendix A. In support of this approach, Slough Borough Council developed a capitalisation direction model to estimate the level of capital receipts that would be required to support the revenue budget, as part of a broader financial recovery plan.
- 2.3 In 2022/23 the original estimated level of capital receipts required to balance the revenue budget was £84.1m. This report indicates that the final estimated level of capital receipts required is £59.2m, £24.9m less than originally expected. This figure is based on a working assumption that carry forward requests are approved as part of this report.
- 2.4 The improved financial position in 2022/23, where additional grants and better than expected recovery of Council Tax produced an additional £3.6m of income, means that the requirement for support from capital receipts/the capitalisation direction has reduced by the same amount.

- 2.5 2022/23 was a challenging year for the Council, not only due to the actions, savings and transformation needed due to its unique circumstances arising from the issuing of a S114 notice in 2021. In addition, national economic factors have impacted local government, such as the rise in inflation and continuing increase in demand for services, in particular in relation to children's and adult's social care. These underlying pressures are anticipated to continue throughout 2023/24.
- 2.6 In terms of the financial management and associated financial controls and processes operating within Slough Borough Council, there continues to be a lot of work undertaken to establish a solid foundation of good practice and prudent financial management. Some progress has been made in finalising Statements of Accounts for prior years but further work is needed to ensure systems, reporting, risk management and effective outturn forecasting and budget management are fully embedded. The recruitment of a permanent Executive Director of Finance & Commercial, alongside recruitment campaigns to secure permanent appointments of Deputy Directors, Strategic Finance Managers and the teams that support them are anticipated to provide a valuable source of consistent and sustained financial management good practice, advice and leadership. This will be essential to the continued improvement of financial management practices within the Council.
- 2.7 In this context, the approach being taken in 2023/24 is building and improving upon the approach adopted in 2022/23, for example by ensuring that budget monitoring is undertaken and reported to CLT on a monthly basis, with formal reports submitted to Commissioners and Cabinet on a quarterly basis, reflecting best practice. The format of reporting is also being enhanced to support greater transparency and accessibility, providing a mixture of narrative reporting alongside graphical and tabular reporting. Key to effective decision making is the provision of relevant, reliable and timely information and the approach being proposed for 2023/24 is designed to enhance these requirements.

3 GENERAL FUND

- 3.1 The budget for 2022/23 required a Capitalisation Direction of £84.1m in order to balance. The draft outturn position indicates that the Capitalisation Direction actually needed is £59.2m, a reduction of £24.9m.
- 3.2 Within this overall position there are a number of significant variations. Service departments collectively overspent by £13.2m, and Corporate Budgets collectively underspent by £33.9m. In addition, the Collection Fund (which comprises Council Tax and Business Rate receipts) and Government Grants provided £4.1m more than had been budgeted for. This amounts to an outturn position that is £24.9m better than the original budget.
- 3.3 Table 1 shows the outturn in more detail, with commentary provided from 3.7 onwards.

Table 1 – General Fund Outturn

	Budget	Outturn	Variance	Requested c/fs	Revised Outturn	Revised Variance
ED People (Adults)	28,768	34,523	5,755	14	34,538	5,770
ED People (Children)	8,047	7,972	-75	0	7,972	-75
Slough Children First	32,950	34,289	1,339	0	34,289	1,339
ED Place & Communities	17,421	15,868	-1,552	0	15,868	-1,552
ED Monitoring Officer	2,140	1,945	-195	0	1,945	-195
ED Housing, Property & Planning	-869	7,725	8,593	0	7,725	8,593
ED Strategy	16,104	12,728	-3,376	2,182	14,910	-1,194
ED Finance & Commercial (S151)	7,569	7,679	110	433	8,112	543
Service Total	112,131	122,730	10,599	2,630	125,359	13,229
Corporate Budgets	77,279	41,532	-35,747	1,810	43,341	-33,937
Expenditure Total	189,409	164,261	-25,148	4,440	168,701	-20,708
Council Tax	-65,103	-69,179	-4,076	0	-69,179	-4,076
Business Rates - Local Share	-37,326	-40,168	-2,842	0	-40,168	-2,842
Collection Fund Deficit	8,151	10,611	2,460	0	10,611	2,460
Revenue Support Grant	-6,451	-6,451	0	0	-6,451	0
Other Grants	-4,626	-4,291	334	0	-4,291	334
Funding Total	-105,354	-109,479	-4,124	0	-109,479	-4,124
Capitalisation Direction	-84,055	-53,602	29,273	-4,440	-59,222	24,833

- 3.4 Having Service departments overspend significantly with a large underspend on a Corporate Contingency budget doesn't necessarily support understanding and transparency of reporting. Subject to further discussion with Commissioners, a different approach will be adopted for 2023/24 such that transparency and ownership of budgets is increased, for example by allocating funding to support contractual inflation, whilst ensuring that Corporate Budgets continue to be used prudently to drive improved budget management across the whole Council. A cabinet decision on the virements required to facilitate this is included in the Quarter 1 Budget Management Report.
- 3.5 Significant work is underway to review and refresh the budget information held within the Council's Enterprise Resource and Planning (ERP) system, such that budget managers are supported to undertake their roles and responsibilities effectively by providing access to timely, relevant and reliable information, that in turn will support effective operational and strategic decision making.
- 3.6 The Capitalisation Direction provides the balance of funding needed to support the level of expenditure required. Slough has been able to use capital receipts for revenue purposes, which is not normally allowed under accounting rules. In that context, it can also be seen that in 2022/23 Slough Borough Council controlled its finances better than originally anticipated resulting in a reduction in the level of potential support required by £24.9m, i.e. the sum of the underspend against the budgets and enhanced levels of income.
- 3.7 In conjunction with this proposal, it is also proposed that the allocation of Corporate Budgets be reviewed with CLT, Commissioners and Cabinet, to support improved transparency and accountability in budget management. This review would be

undertaken in the context of the [Commissioners Instruction Number 1](#) attached at Appendix B.

- 3.8 Service directorates were required to deliver savings in 2022/23, and progress against meeting the savings targets was monitored and reported on throughout the year. The total target was £20.0. Of this £13.5m was actually delivered, a shortfall of £6.5m. The details by Directorate are shown in Table 2 below.

Table 2 – Saving delivery Summary

Directorate	Target	Achieved	Gap
ED People (Adults)	5,900	4,243	1,657
ED People (Children)	1,109	832	277
Slough Children First	2,673	-64	2,737
ED Place & Communities	4,551	4,031	520
ED Monitoring Officer	0	0	0
ED Housing, Property & Planning	2,902	1,602	1,300
ED Strategy	1,772	1,772	0
ED Finance & Commercial (S151)	1,051	1,051	0
Total	19,958	13,467	6,491
Total excluding Slough Children First	17,285	13,531	3,754

Service Draft Outturn

- 3.9 ***People (Adults)*** – The overspend reported of £5.8m is principally driven by the increased demand for services to support vulnerable adults with learning disabilities and mental health challenges. The demand for these services is increasing nationally, in part due to the pandemic which reduced the availability of care and support during lockdown periods contributing to the further development of eligible care needs. This in turn put pressure on what continues to be a market of service provision with limited capacity.
- 3.10 This situation is exacerbated by the increasing complexity of the assessed eligible care needs of individuals and a shortage of suitably qualified staff to meet their needs. The combination of these factors is driving up the cost of care nationwide. Work is being undertaken within People (Adults) to develop alternative service delivery models that will support improved outcomes for individuals at lower cost to Slough Borough Council, linked to cost and budget improvements in 2023/24 and beyond.
- 3.11 Adults had a challenging savings target to meet in 22/23 of £5.9m and achieved £4.2m of that; the gap will have contributed to the forecast overspend. Areas where the savings target was not achieved include Reablement efficiencies, and savings from reviews within the Mental Health service area.
- 3.12 ***People (Children) excluding Slough Children First*** – There was an underspend of £0.1m, arising from a number of relatively small variations against budget. The directorate delivered £0.8m of their £1.1m savings target. The shortfall is caused by a delay on the project to reshape the Council's children's centres provision.

- 3.13 **Slough Children First** – The value of the contract with Slough Children First was increased during the year. Despite this the level of demand and complexity of needs drove costs up further, resulting in an overspend of £1.3m. The budget for Slough Children First has been increased by £4.6m in 2023/24 which, in part, addresses the budget pressures identified. A separate report on this agenda looks in more detail at the financial pressures impacting upon Slough Children First, the implications arising from the financial years 2021/22 and 2022/23 and the potential future pressures arising. The funding of prior year deficits is reflected in the separate Quarter 1 Budget Management also on this agenda.
- 3.14 Slough Children's First were set a net savings target of £2.6m. This means were asked to absorb £2.1m of growth pressures as well as deliver gross savings of £4.7m. The shortfall of £2.7m is therefore greater than the savings target because they were unable to absorb all of the growth pressures. A significant element of this was due to legal costs arising from demand levels and court delays.
- 3.15 **Place and Community** – This department covers a wide range of services, which have seen a range of variations against budget. Overall the department delivered an underspend of £1.6m, primarily made up of underspends arising from vacant posts and the additional income generated by the introduction of garden waste collection charges. However, there are some underlying pressures that will need to be addressed in the longer term, recognising that in the event that the vacancies are recruited to the headroom reduces. In particular there are a number of pressures linked to challenging income targets, and increased contractual costs, e.g. the leisure management fee.
- 3.16 Place and Community delivered £4.0m of their £4.6m savings during the year, with a saving in respect of the Leisure Management fee not having been achievable following negotiations concluded in July 2022.
- 3.17 **Monitoring Officer** - Underspend of £0.2m, arising from a number of relatively small under and overspends.
- 3.18 **Housing, Property & Planning** – The outturn position is an overspend of £8.6m, which is in part driven by the implications arising from the establishment of this department part way through the 2022/23 financial year, and also from more fundamental cost drivers such as temporary accommodation demands and associated expenditure during the year and the impact of the rise in energy prices which overspent by £0.8m. As part of the development of the Medium Term Financial Strategy (MTFS) covering the four years from 2024/25 through to 2028/29, it is planned to undertake a comprehensive review of these budgets.
- 3.19 Housing, Property & Planning met £1.0m of their £2.3m savings target in 2022/23. There was a saving requirement of £1.3 million in respect of renting out parts of Observatory House which was not met.
- 3.20 **Strategy and Improvement** – The underspend of £1.2m has been delivered mainly due to a number of vacant posts. The directorate delivered its savings target of £1.8m.
- 3.21 **Finance and Commercial** – The overspend of £0.5m has arisen primarily due to needing to clear a backlog of cases within the Revenue & Benefits service, which

required significant overtime but which has now been cleared. In addition there has been a significant increase in the insurance premium which reflects increases across the insurance market, partly arising from the pandemic and a re-evaluation of risks. A re-procurement of Slough Borough Council's external insurance is being undertaken in 2023/24, which will be underpinned by a review of the scale and scope of risks faced, alongside an assessment of the value of risks that should be self-insured, the outcome of which will be reflected in the 2024/25 budget build.

- 3.22 **Corporate Budgets** – The underspend of £34.0m has a number of different elements to explain it. The first and most significant is the Minimum Revenue Provision budget (MRP). This was set at £32.1m, but the outturn was significantly less than that at £17.7m, a one of underspend of £14.4m. This variance arose because at the time the MRP budget was set there was no expectation that capital receipts would be used to repay historical debt and thus reduce it. However, during the year we made debt repayments which significantly reduced the amount owed by the Council and thus the MRP that is required.
- 3.23 The second main variance in Corporate Budgets was with the contingency budgets, in line with the [Commissioners Instruction Number 1](#) attached at Appendix B. These amounted to £18.0m and the expenditure against them was only £5.3m, a one-off variance of £12.7m. This approach will be reviewed and discussed with the Commissioners and the outcome fed into the development of the MTFs as part of the preparation of the 2024/25 budget.

4 HOUSING REVENUE ACCOUNT (HRA)

- 4.1 The HRA accounts for revenue expenditure and income relating to the Council's housing stock and is ringfenced from the General Fund. It must include all costs and income relating to the Council's housing landlord role (except in respect of households owed a homeless duty and provided accommodation in accordance with Part 7 of the Housing Act 1996).
- 4.2 A prudent and pragmatic approach has been adopted to reflect the financial realities facing the Council, hence the HRA capital programme for the next five years has been reduced to £52.7m in comparison to £123.4m for the previous 5 year period.
- 4.3 The HRA saw an in-year surplus of £3.7m in 2022.23 with favourable variances on both the expenditure and income side. This is detailed in the table below. The surplus will be transferred to HRA general reserves at the end of the financial year.
- 4.4 Key areas of variance include –
- Repairs & Maintenance Services - £0.9m mainly due to reduced expenditure on voids, electrical works, and lift maintenance.
 - Rents and Rates and Other overspend of £1.0m which was principally caused by the increase in energy costs seen last year.
 - Supervision and Management, where there was an underspend of £1.9m.

- Rents – £1.5m over-recovery, due to annual rent increase and lower than expected rental loss from Voids and Right to Buy sales.

Table 3 HRA Outturn Position

Income/Expenditure Category	Budget £'000	Outturn £'000	Variance £'000
Expenditure			
Repairs and Maintenance	10,304	9,423	(881)
Supervision and Management	9,631	7,748	(1,883)
Rents, Rates, Taxes and Other Charges	521	1,490	969
Provision for doubtful debt	1,338	1,382	44
Interest payable and similar charges	4,593	4,608	15
Capital grants and contribution	656	609	(47)
Depreciation, Impairment and Revaluation losses	9,113	9,113	0
Transfer to / from Reserve	0	0	0
Total HRA Expenditure	36,156	34,372	(1,783)
HRA Income			
Dwellings Rents	(34,608)	(36,137)	(1,529)
Non-dwellings Rents	(1,628)	(1,253)	375
Charges for Services and Facilities	(2,495)	(2,705)	(210)
Contributions towards Expenditure	(86)	(114)	(28)
HRA Investment Income	(15)	(557)	(542)
Transfer to / from Reserve	0	0	0
Total HRA Income	(38,833)	(40,766)	(1,934)
(Surplus) or deficit for the year on HRA services	(2,677)	(6,394)	(3,717)

5 DEDICATED SCHOOLS GRANT (DSG)

5.1 Dedicated schools grant (DSG) is paid in support of local authority schools' and education providers and covers four distinct funding blocks:

1. Early Years Block (EYB) – Funding for pre-school aged children
2. Schools Block (SB) – Funding for mainstream schools
3. High Needs Block (HNB) - Funding children with Special Educational Needs and Disabilities
4. Central Schools Services Block (CSSB) – Funding services provided by the Local Authority to support schools and education providers.

5.2 The outturn for the DSG in 2022/23 is a deficit of £0.1m. Table 3 below outlines the final outturn position for the 4 DSG blocks.

Table 4 Dedicated Schools Grant

Block	Budget	Outturn	Variance	Cumulative (Surplus)/ Deficit
Schools	37,960	37,975	15	134
High Needs	23,619	24,026	407	25,870
Early Years	14,461	13,746	(715)	(825)
Central School Services	1,024	1,414	390	388
Total	77,064	77,161	97	25,567

- 5.3 The overspend on the High Needs Block is principally caused by increased demand for in borough SEND placements and places at Special Schools. Although, due to tight financial management these overspends have come down considerably over the last 2 years. The underspend on the Early Years Block was due to lower numbers of pre-school children than expected.
- 5.4 The DfE have been tapering down the historic Central Schools Block (CSSB) spend by 20% for a number of years. Historic spend included in the CSSB DSG in 2022-23 was £40k or 4% of the total CSSB allocation of £1,024k. The reduction of 20% (£8k) of historic spend in future years will be managed by looking at savings in other areas during each year of the reductions. For 2023-24 the CSSB budget has been balanced and will be approved by schools forum in September. Note that the 2022-23 CSSB budget included a credit budget of £337k in error. Actual expenditure against the CSSB DSG allocation of £1,024 was an overspend of £53k. This has led to an overall overstated overspend of £390k. This budget anomaly has been corrected in 2023-24.
- 5.5 All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve.
- 5.6 Slough's original deficit management plan was shared with the DfE in July 2021. The plan indicated that the deficit could potentially grow to £43m by 2024/25 if no mitigating actions were taken. Action is now being taken to reduce this significantly and it is anticipated that the annual in year deficit will be eliminated by 2026/27.
- 5.7 To this extent the DfE agreed a safety valve management plan with Slough where it would write-off the historic deficit between 2022/23 and 2026/27. The first payment of £10.8m was made in March 2023 with further payments due as follows:

Year	Safety Valve funding
2022/23	10.800
2023/24	3.240
2024/25	3.240
2025/26	3.240

2026/27	6.480
Total	27.000

5.8 The estimated cumulative deficit when the Safety Valve was agreed stood at £27,600k. The provisional outturn deficit is £25,567k, a reduction of £2,033k. The High Needs deficit needs to reduce by £10.800k to £15,070k as the first safety valve payment of £10,800k was received in late March 2023. Therefore, the net DSG deficit reduces to £14,767 from the £25,567k stated in the table.

5.9 This is predicated on the authority undertaking to reach a positive in-year balance on the DSG by the end of 2025/26 and in each subsequent year.

6 ASSET SALES

6.1 The Council's financial recovery plan is heavily dependent on the delivery of the asset disposal strategy. The Asset Disposal programme yielded capital receipts of £195m in 2022/23 and is forecast currently to yield £383.9m in total. The level of capital receipts achievable from the Asset Disposal Programme will be kept under review reflecting due diligence and market conditions, which could alter the total achieved.

6.2 The receipts have been applied to pay down loans that were due which has had significant beneficial impact on the outturn for 2022/23, which also feeds through into 2023/24.

6.3 More detail on the asset sales is provided in Appendix C

7 CAPITAL PROGRAMME

7.1 The General Fund capital programme saw an underspend of £12.0m against the budget of £28.7m. There are carry forward requests amounting to £4.0m and if these are accepted then the final outturn is an underspend of £8.1m (small difference due to rounding).

7.2 There were significant variances in Capital Schemes in Children's Services, Housing, Property & Planning and in Place & Communities. The most significant of these were a £5.5m underspend on remedial works at Nova House, and £1.1m underspend on Langley High Street Improvements, which was due to the budget being overstated. £1.7m underspend on Zone 1 - Sutton Lane Gyrotory (MRT) which has been partially carried forward, and £1.3m overspend against budget related to Additional Transport & Highways Grant funded projects. The grant funding was received for this after the budget was set and has been further profiled into future years. Full detail is provided in Appendix D.

Table 5 General Fund Capital Outturn

Service Area	Budget £'000	Outturn £'000	Variance £'000	c/f Request £'000	Revised Variance £'000
General Fund:					
Adults	1,825	1,350	-475	475	0
Children Services	1,731	613	-1,118	100	-1,018
Housing, Property & Planning	11,084	4,166	-6,918	520	-6,398
Place & Communities	14,015	10,487	-3,528	2,859	-669
Finance & Resources	0	5	5	0	5
General Fund Total	28,655	16,621	-12,034	3,954	-8,080

- 7.3 The budget for HRA Capital schemes was £10.7m in 2022/23 and the outturn pending approval of carry forward requests was £9.3m, an underspend of £1.4m. This was mostly due to an underspend on the Affordable Homes project and the RMI Capital Programme. The summary is shown in the table below.

Table 6: Capital (HRA)

Service Area	Budget £'000	Outturn £'000	Variance £'000	c/f Request £'000	Revised Variance £'000
Housing Revenue Account:					
RMI Capital Programme	5,302	3,584	-1,718	1,022	-696
Planned Maintenance Capital	1,918	1,666	-252	245	-7
Affordable Housing	3,500	2,794	-706	0	-706
HRA Total	10,720	8,044	-2,676	1,267	-1,409

8 Carry Forward Requests (Revenue and Capital)

Revenue

- 8.1 There are 7 carry forward requests coming from service and corporate departments, amounting to a total of £4.4m. As a working assumption the reported outturn has assumed they will be approved. Of the 7 requests 2 are particularly significant. These are both Transformation budgets.
- 8.2 The first is the IT Transformation Fund. A budget of £3.5m for 2022/23 and £1.0m for 2023/24 was created during the 2022/23 financial year, a total of £4.5m for the programme as a whole. As of the end of the year only £1.6m of the fund had been spent as the programme was slower to start than the budget timetable had allowed for. The Transformation of IT is considered essential to Slough Borough Council's recovery and as such a carry forward of the balance is requested.

- 8.3 The second is also a Transformation budget, this one for the wider Transformation Programme. The budget was also created during the 2022/23 financial year, and is for £2.5m in each of 2022/23 and 2023/24, a total of £5.0m. The programme was slower to start than the budget timetable had allowed for and as at the end of the financial year there was a balance of £1.8m against this code. The programme remains a 2 year programme, and carrying forward the underspend from last year will allow it to continue.
- 8.4 The full carry forward request for revenue items is given in the table below. Other than the 2 mentioned above, 3 are requests to carry forward specific funding received, and the final two (Elections and Member laptops) are to carry forward a small element of underspend to cover anticipated additional costs in 2023/24. Lastly, there is a request to carry forward the 3 years of Matrix rebates paid at the end of 22/23. The rebate had not been accounted for in the budget and the services were recharged at cost. The rebate was intended to be used as a resource to provide effective contract management. The carry forward is necessary to provide the funding resources to procure and deliver a new temporary labour contract including any transition arrangements due this financial year 23/24.
- 8.5 The Proceeds of Crime Act carry forward request is in respect of ring-fenced income that was not fully spent in 2022/23.

Table 7: Revenue carry-forward requests

Carry Forward Requests - Revenue					
Directorate	Service Area	Heading	Description	Amount	Total
People (Adults)	Strategy & Commissioning	Drug and Alcohol Team	Underspend from Public Health funded detox/rehab budget	14,323	
	Total People (Adults)				14,323
Strategy & Improvement	Election	Elections	Election Cost	30,000	
	IT	Members support	Member Laptops	50,000	
	IT	IT Transformation Fund	Work programme for remediation and modernisation of service	1,881,591	
	IT	DLUHC - ICT GRANT	c/f of DLUHC grant to reduce Cyber Risks and attacks	200,000	
	Total Strategy & Improvement				2,161,591
Finance & Commercial	Finance	Matrix Contract Management	Matrix Rebate	281,115	
	Fraud	POCA	Proceeds Of Crime Activity Funds	152,362	
	Total Finance & Commercial				433,477
Corporate Budgets	Below the line	Transformation Fund	Senior Management and PMO Office fund	1,809,837	
	Total Corporate Budgets				1,809,837
Grand Total					4,419,228

Capital (General Fund)

- 8.6 The carry forward requests for Capital (General Fund) amount to £4.0m and are detailed in the table below. As a working assumption, as with the revenue carry forwards requested, the outturn figures are presented on the basis that the carry forward requests are approved.

Table 8 Capital (General Fund) carry forward requests

Capital SUMMARY - Carry Forward Request			
Directorate	Service Area	Description	Amount
People (Adults)	HOLD Ownership	HOLD grant to be carried forward	204,488
People (Adults)	Disabled Facilities Grant	Balance to be carried forward, grant funded	271,779
People (Children)	Schools Modernisation Programme	Fully grant funded, £750k received pa. Council agreed March 23. Request c/f to 24/25	90,000
People (Children)	Special School Expansion	Fully grant funded, slippage, £415k already slipped to 23/4, Council agreed March 23	10,000
Housing, Property & Planning	Corporate Assets Stock Condition Improvement	C/fs reqd for: soundproofing Cippenham contact centre, Westpoint Allotments, Defects	247,146
Housing, Property & Planning	Britwell Hub	Budget required to pay the outstanding balance of estimated final account sum for the GP Hub at Britwell.	272,617
Place & Communities	Refuse Fleet & Grounds Plant Maintenance	Slippage. Budget found to offset cost increase from underspent DfT Grant	114,000
Place & Communities	Flood Defence Measures	Grant funded (DEFRA), grant claimed by drawdown quarterly in advance	766,014
Place & Communities	Sutton Lane MRT	Snagging work on A4 London Soad / Sutton Road, delay to Foxborough cycle scheme	867,661
Place & Communities	Stoke Road	Delays caused by weather, NWQ junctions and Slough Station Northern forecourt	393,382
Place & Communities	Langley	Resurfacing works slipped due to low temperatures	510,878
Place & Communities	A4 Safer Road	Speed reduction measures slipped to 23/24	136,712
Place & Communities	Traffic Signals Maintenance Grant	Slippage. Budget found to offset cost increase from underspent DfT Grant	66,000
GRAND TOTAL ALL SERVICE DEPARTMENTS			3,950,676

8.6 The carry forward requests for Capital (HRA) amount to £1.3m and are detailed in the table below. All of them relate to ongoing works that have already been commissioned.

Table 9 Capital (HRA) carry forward requests

Capital (HRA) c/f Requests	
Service Area	Amount
Kitchen & Bathroom Replacement	31,297
Roof Replacements	136,383
Structural	108,593
Garage & Environmental Improvements	526,669
Capitalised Repairs	209,610
FRA & Asbestos Removal Works	173,295
Decarbonisation works	80,994
TOTAL HRA	1,266,841

9 FUNDING

9.1 Funding from Council Tax and Business Rates receipts and Government Grants was £4.1m in excess of that budgeted for, and this contributed to the Capitalisation Direction being less than had been expected when it was originally set. However, it should be noted that a review of the accounting treatment of the Collection Fund in previous years is underway that still may yet impact on this position, and therefore the Capitalisation Direction. The draft final position for the Capitalisation Direction is £59.2m against the original budget of £84.1m.

- 9.2 The first table below shows the budgets and outturn figures for the major funding stream blocks. The second table gives an update on the Capitalisation Direction.

Table 10 : Funding

	Budget	Outturn	Variance	Requested c/fs	Revised Outturn	Revised Variance
Council Tax	-65,103	-69,179	-4,076	0	-69,179	-4,076
Business Rates - Local Share	-37,326	-40,168	-2,842	0	-40,168	-2,842
Collection Fund Deficit	8,151	10,611	2,460	0	10,611	2,460
Revenue Support Grant	-6,451	-6,451	0	0	-6,451	0
Other Grants	-4,626	-4,291	334	0	-4,291	334
Funding Total	-105,354	-109,479	-4,124	0	-109,479	-4,124
Capitalisation Direction	-84,055	-53,602	29,273	-4,419	-59,202	24,853

Capitalisation Direction

- 9.3 The Capitalisation Direction (CD) model shows the annual budget gap in Slough's finances for a period projected forward until the year 2028/29.
- 9.4 The annual budget gap exists primarily because of the significant unfunded debt as well as other financial pressures that built up prior to 2017. The total deficit was originally estimated to be £782m. This was subsequently revised downwards and at the time of the last budget setting and period 9 budget management report was estimated to be £357m in total, and £57.0m for 2022/23. There were some minor adjustments that needed to be made to that published figure and the correct figure at that time was actually £60.5m for 2022/23 and a total of £361m. The actual draft outturn position shows a requirement for £59.2m.
- 9.5 The changes in the Budget Gap model from the time of budget setting to the end of the financial year is shown in the table below

Table 11 : Capitalisation Direction Summary

	Up to 2021/22 £'000	Forecast 2022/23 £'000	Budget 2023/24 £'000	Projected 2024/25 on £'000	Total £'000
Original submission	223.1	84.1	78.5	396.2	781.8
January 2023 submission	210.5	56.6	31.6	58.4	357.1
Jan 2023 post adjustments	210.5	60.5	31.6	58.4	361.0
Position after 2022/23 outturn	210.5	59.2	32.2	62.9	364.8
Change	0.0	(1.3)	0.6	4.5	3.9

- 9.6 The Budget Gap model is both a dynamic forward looking model and a look back to the past. This remains necessary as, with the accounts for the past not all having been closed, previous years' figures are still subject to change. Looking forward, it builds in assumptions as to what pressures and savings there might be on annual budgets.

- 9.7 It is therefore of note that the budget gaps shown in the table above are not budget gaps against which savings requirements are to be established, but gaps after assuming a level of growth and savings in each of the following financial years that are already extremely challenging. It is also worth noting that a reduction in the budget gap is therefore not an underspend, it is a reduction in the previously predicted shortfall of funding.
- 9.8 The budget gap needs to be funded. The gap changes in the light of changing circumstances; for example, control of in year budgets, delivery of savings, achievement of capital receipts and the optimal strategy for utilizing those capital receipts, linked to the Treasury Management strategy. On this basis the Budget Gap model will be maintained month to month and reported on as part of the budget management cycle.
- 9.9 Given the above it is worth emphasizing that none of the numbers are completely fixed; this is a dynamic and fluid environment that we are working in, and the model reflects that.
- 9.10 The 22/23 budget contained an assumption that capital receipts of £84.1m would be required to balance the budget. The total funding including capital receipts required was £189.4m. In relation to this the outturn expenditure was £168.7m with funding excluding capital receipts totaling £109.5m. Therefore the revised capital receipt requirement is £59.2m, a reduction of £24.9m for the year.

The Budget Gap Model revisions

- 9.11 The table below shows, at a very highly summarized level, the changes to the Budget Gap model brought about by the slightly better than expected outturn position.

Table 12 Detailed Summary of Budget Gap

Reason for capitalisation adjustment	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Note
Roll forward of budget pressures	59,202	32,219	24,722	18,561	13,803	7,912	(2,056)	0	1
Forecast Outturn Position	0	0	0	0	0	0	0	0	2
Emerging Pressures, Contingencies, and Provisions	10,935	(976)	400	2,100	(5,000)	0	0	0	3
Additional Growth for new years of MTFS	9,718	14,000	11,400	11,400	11,400	11,400	11,400	11,400	4
Companies	(3,352)	(1,230)	(700)	(1,113)	4,580	(5,000)	0	0	5
Minimum Revenue Provision (MRP)	(3,895)	(2,871)	(745)	(434)	36	734	411	187	6
Fund Redundancy Costs for 2 years	(7,500)	0	0	0	0	0	0	0	7
Settlement	(4,067)	80	84	89	93	98	0	0	8
Council Tax	(6,400)	(3,600)	(3,700)	(3,900)	(4,100)	(4,300)	(4,600)	(4,800)	9
Savings required	(22,422)	(12,900)	(12,900)	(12,900)	(12,900)	(12,900)	(5,155)	(6,787)	10
Budget Gap	32,219	24,722	18,561	13,803	7,912	(2,056)	-	-	
Total all years	364,822								

- 9.12 The model has been reset to show the budget gap rolled forward from the 2022/23 financial year, and then adjusted for this and future years on the basis of a number of assumptions.

9.13 The figures are all incremental figures. This means they show they change year on year from today's base position. Using one figure as an example, in 2022/23 a £7.5m budget was to allow the creation of a reserve to meet redundancy costs. This was a one-off budget, it has been reduced in 2023/24 by £7.5m to become zero. The table therefore shows a reduction of £7.5m in that budget this year.

9.14 The model assumes the following:

1. The following year's budget gap rolls forward and is then subject to incremental changes.
2. It is assumed that every financial year balances against the assumptions made in the model, that there is no over or underspend.
3. The Emerging Pressures covers this year's contingency budget, the loss of income from assets as they are sold, the removal of time-limited Transformation budgets, and the transfer of debt from short to long term.
4. There is additional growth required every year to cover pressures from demography, inflation and other new pressures of £10m

In addition there is £1.4m per year included to reflect pay up lifts; this is higher (£2.8m) in 2024/25.

There is an additional pressure in 2024/25 of £1.2m to cover the costs of introducing the new senior management structure.

5. The Companies line is mostly in respect of the repayment of a loan to Slough Children First. Provision for repayment of the loan is not made within the Slough Children First business plan.
6. The Minimum Revenue Provision requirements will reduce every year as capital asset sales are used to pay down debt.
7. The creation of a reserve to fund redundancy costs.
8. The Settlement figure reflects the increase in Grant funding this financial year, offset by the costs of the Council Tax Support Scheme which is expected to increase slightly each year.
9. Council Tax has been assumed to increase by 4.99% every year from 2024/25 onwards.
10. Savings of £12.9m are required every year until 2028/29, the final year when a Capitalisation Direction would be needed.

10 RESERVES

10.1 The table below shows a summary of the reserves held by the Council. As there are several years of unaudited accounts prior to 2022/23 the figures as at 31 March 2022 (and therefore by extension at 31 March 2023) are subject to change. The table shows, subject to the caveat above, that there are £53.5m of reserves, of

which the largest item is the General Fund General Reserve, called the Budget Smoothing Reserve, which is £38.6m

Table 13 Summary of Reserves

	Balance at 31 March 2022	Movements in 2022-23	Balance at 31 March 2023
Budget Smoothing Reserve	-38,604,000	0	-38,604,000
Better Care Fund	-4,670,451	39,100	-4,631,351
Restructuring Reserve	4,153,647	-7,500,000	-3,346,353
Contain Outbreak Management Fund	-3,334,448	337,666	-2,996,781
Other	-1,859,693	542,891	-1,316,802
Public Health Reserve	-392,661	-862,378	-1,255,039
Slough Children's First Reserve	-609,945	-608,232	-1,218,177
Proceeds of Crime Reserve	-171,514	0	-171,514
	-45,489,064	-8,050,953	-53,540,017

11 IMPLICATIONS OF THE REPORT

11.1 Financial Implications

11.1.1 These are set out within the report.

11.2 Legal Implications

11.2.1 Section 31 of the Local Government Finance Act 1992 requires the Council to set a balanced budget at the start of each financial year. Section 28 of the Local Government Act 2003 requires all local authorities to review actual expenditure against this budget on a regular basis during the year. Where it appears that there has been a deterioration in the financial position, the local authority must take such action as is necessary to deal with the situation.

11.2.2 The Secretary of State for Levelling Up, Housing and Communities made a direction under s.15 of the Local Government Act 1999 on 1 December 2021 (which has subsequently been updated). The Direction required an action plan to achieve financial sustainability and to close the long-term budget gap. This report contains significant information on the work undertaken to achieve financial sustainability and to close the long-term budget gap, although the Council will still need a capitalisation direction for some years to come. In addition, the appointed commissioners have reserve powers to exercise the function of proper administration of the Council's financial affairs and all functions associated with the strategic financial management of the Council, including providing advice and challenge of the budget and scrutinising all in-year amendments to annual budgets.

11.3 Risk Management Implications

11.3.1 The 2022/23 outturn is subject to External Audit which may lead to revisions to the numbers presented and a consequent impact on the Council's finances.

11.3.2 There are a number of significant variations to budget included in this report with the consequence being these could impact over more than one year. These are managed through the revised Budget Management process for 2023/24 and need to be considered as part of the Budget Setting process for 2024/25.

11.4 Environmental implications

11.4.1 There are no specific environmental implications arising from this report.

11.5 Equality implications

11.5.1 There are no specific equality implications from this report.

11.6 Procurement implications

11.6.1 There are no specific procurement implications arising from this report.

11.7 Workforce implications

11.7.1 There are no specific workforce implications arising from this report.

11.8 Property implications

11.8.1 These are set out within the report.

Appendix A : Capitalisation Direction Letter

ANNEX

PROPOSED INTERVENTION PACKAGE

1. The Secretary of State is considering exercising his powers of direction under section 15 of the Local Government Act 1999 ("the 1999 Act") in relation to Slough Borough Council ("the Authority") to secure its compliance with the Best Value duty. He is doing so in circumstances in which he is satisfied that the Authority are failing to comply with their best value duty, having had regard to a range of evidence, including the reports produced by the Chartered Institute for Public Finance Authority (CIPFA) and Jim Taylor for the external assurance review commissioned by the then Secretary of State as a condition for an in-principle agreement to exceptional financial support.
2. The report of the governance review ("the Report") was submitted on 9 September 2021. The Report sets out a picture of serious failings by the Authority, particularly focussed in the three areas of administration of financial affairs and corporate governance, democratic services and scrutiny, and service reform, encompassing service transformation, IT, HR, procurement, internal audit and the revenues and benefits service, leading to the conclusion that the Authority has failed in compliance with its best value duty over a number of years.
3. The Report notes the concerted efforts from the Authority over recent months following the issuing of statutory recommendations by the external auditor in May and July, and the issuing of a Section 114 notice by the Interim Section 151 Officer in July. The significant indicators of poor culture and weak governance, however, are such that the Report concludes that the Authority has failed its best value duty and is "unable to respond to the difficulties on its own". The financial review undertaken by CIPFA confirms a budget shortfall identified for 2021-22 of £111m against a budget of £134m and concludes there is a need for ongoing oversight of SBC's financial plans.
4. The package outlined below is intended to oversee and support the Authority to deliver the significant rapid change that is required. This includes securing as soon as practicable that the Authority's financial management is exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Slough. The Secretary of State has also considered that the Authority will soon be seeking considerable exceptional financial support from the Government.
5. In the light of the conclusions and evidence in the Report, including the recommendations made by Jim Taylor and CIPFA, the Secretary of State is minded to put in place the intervention package set out below.

6. The Report identifies three key areas where the Authority needs support, as the Authority is failing to deliver and which, together, have led to its failure to comply with its best value duty. Examples of the ways in which the Authority is failing to deliver in each of these areas are included, but not limited to, below:

- a. **Administration of financial affairs and corporate governance**

The Authority's financial reporting and governance arrangements do not provide the overview and scrutiny or assurance necessary for the Authority leadership, both officers and members, to fulfil their responsibilities or have confidence in the evidence presented to them to support decision making.

This culminated on 2 July 2021 with a Section 114 notice being issued on the basis that the Authority could not meet its immediate liabilities. The Authority's "outstanding past liabilities of approximately £52.8m exceeded the usable reserves" and if the use of capital reserves to offset Minimum Revenue Provision had been known at the time, the Authority "would have had difficulty in setting a legal budget in the three financial years of 2019-20, 2020-21 and 2021-22" (1.9).

The Report states: "The Council's financial accounts for 2018-19 had not been completed and signed off by external auditors. The Council has yet to prepare financial accounts for 2019-20 and 2020-21" (1.8) and "The auditors identified substantial weaknesses in the arrangements for preparing accounts and the financial information contained within them. This has resulted in Grant Thornton issuing four Section 24 statutory recommendations concerning the Council's arrangements for financial reporting and the management of its reserves. This was followed by two further Section 24 statutory recommendations in July 2021, due to inadequate arrangements in financial management and the capacity of the Council to manage its finances" (1.8).

Corporate governance processes are inadequate and poorly understood by officers and members. The Report states: "It has not been clear how capital projects have been prioritised or where the decision-making sits with these capital decisions" (6.31); "There are recent instances where the correct financial approvals have not been sought by officers and significant decisions have been taken with a confidential report, which has not aided transparency" (6.41); and "Some members feel let down by the information given to them by officers...some members now have limited confidence in officer reports due to the current situation" (5.2).

- b. **Democratic services and scrutiny**

The necessary administrative functions to support a healthy democracy are not functioning in this Authority: reports to support decision making do not contain

key information, decisions are taken in the wrong meetings and decisions are not properly scrutinised. The interim Head of Democratic services left the organisation in July 2021 and the current Monitoring Officer has been available one day per week from the shared legal service “which is insufficient resource, considering the challenges” (4.24). “Some cabinet reports, often when the project is led by consultants, have not had comprehensive internal legal advice.” (4.59) “There are also vacancies for Scrutiny officers, democratic services officers and a new role of elected member business partner. In addition, service heads for finance and legal have left.” (4.26); “The scrutiny function is under resourced and there is no permanent statutory scrutiny officer. All seven meetings of Scrutiny Committees were cancelled in June and July of 2021.” (4.56); “Elected Members indicate they require additional scrutiny resource to carry out their function effectively... It is acknowledged that some reports have not been given enough scrutiny.” (4.56) “There is no scrutiny forward plan.” (4.56)

c. **Service Reform**

The transformation programme embarked on by the Authority in 2019, which was necessary to modernise service delivery, was executed poorly and has resulted in an Authority operating at a sub-optimal level as essential components necessary for effective service delivery are not present, and some services showing clear signs of failure: “The new structure has approximately 300 agency staff, many in critical areas such as social work and environment and approximately 300 substantive vacancies (4.11); “A phone system was not funded and there was no adequate digital solution in place” (4.12); “The Wifi and in some cases, phone signal, do not work effectively in the new council HQ; children’s social workers have been unable to work from the new building for many months”. “Whilst SBC are aware of most, if not all issues facing its Council Tax and Business Rates services, there is a considerable lack of resource, accountability and ownership required to address these issues. Resource issues are not limited to revenues services but include other internal departments such as IT or Logistics that revenues services are heavily reliant upon and who should be held more accountable for key activities and ensuring appropriate service delivery.” (7.17)

7. In light of the conclusions and evidence in the Report and the finance review the Secretary of State is minded to implement an intervention package with a particular focus on the above areas to address the circumstances of the Authority.

Overall purpose and approach

8. The Secretary of State’s proposals reflect the main findings of the Report: that there have been “years of inadequate corporate governance and action” and

“sustained and systematic failure across some functional processes, governance and certain services”.

9. The Secretary of State’s proposals for intervention are designed to make sure that the Authority has made sufficient improvement within the next three years to be able to comply with its best value duty on a sustainable basis. The Secretary of State is mindful of the scale of the financial challenge facing the Authority and considers it likely that financial sustainability will not be possible without more fundamental changes.

Commissioners

10. The proposed intervention package accordingly involves putting in place Commissioners who between them will have experience to work closely with the Authority on the functions within scope of the Report’s recommendations. The Secretary of State will also seek advice from the Commissioners to help determine whether financial sustainability is possible or if more fundamental changes will need to be considered.
11. The Secretary of State does not propose a wholesale transfer of functions at this stage. Nevertheless, he does propose that some functions, reflecting the failings outlined above, should be transferred to the Commissioners. Where functions have been transferred, the Secretary of State proposes that the Commissioners will act jointly or severally and that the Authority is to provide the Commissioners with such assistance and information, including any views of the Authority’s Members on the matter in question as the Commissioners may request. It is envisaged that, in exercising any function, the Commissioners will have regard to any views of the Authority’s Members and Officers arrived at through their normal processes of consideration. In particular, the Secretary of State is mindful that the Interim Section 151 Officer and his team have taken considerable steps to improve the finance functions and envisages that the Commissioners would be building on the work they have started.
12. The Secretary of State is also mindful of the arrangements that are already in place in relation to the Authority’s children’s social care functions, and the Children’s Services Commissioner whom the Education Secretary has appointed to oversee improvements in the delivery of children’s social care functions and to work with Slough Children First, the Children’s Trust that transferred into the ownership of the Authority in April 2021. The Secretary of State intends the Commissioners to work as a team to oversee and support the Authority.
13. The Secretary of State proposes that his Directions to the Authority should be in place for an initial period of 3 years. If the Secretary of State considers at any time that it would be appropriate to change the Directions or withdraw them, then he will do so. His concern will be to make sure that the Directions operate for as long,

but only as long, and only in the form, as he considers they should operate in order to secure stability for the Authority.

Functions to be exercised by the Commissioners

14. For the reasons set out above, the Secretary of State considers that the proposed intervention includes the transfer to the Commissioners of the following functions:

- a. All functions associated with the governance and scrutiny of strategic decision making by the Authority;
- b. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
 - i. providing advice and challenge to the Authority on the preparation and implementation of a detailed plan to close its short and long-term budget gap in response to the section 114 notice;
 - ii. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, limiting future borrowing and capital spending;
 - iii. scrutiny of all in-year amendments to annual budgets;
 - iv. the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty; and
 - v. providing advice and challenge to the Authority on the preparation of an outline asset disposal plan.
- c. All functions associated with the oversight of collection of revenues (council tax and business rates) and the distribution of benefits (housing benefit and council tax support) by the Authority; and
- d. All non-executive functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers. For this purpose –
 - i. "statutory officer" means any of: the head of paid service designated under section 4(1) of the Local Government and Housing Act 1989; the chief financial officer designated as having responsibility for the administration of the Authority's financial affairs under section 151 of the Local Government Act 1972; the monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989; and the scrutiny officer designated

under section 9FB of the Local Government Act 2000 (and the expressions “statutory officer” and “statutory office” are to be construed accordingly); and

- ii. for the avoidance of doubt, the following are included: the functions of (a) designating a person as a statutory officer and removing a person from a statutory office; (b) the functions under section 112 of the Local Government Act 1972 of (a) appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and (b) dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.

Directions to the Authority

15. The proposed Directions also set out actions which the Authority must undertake in order to effect the changes which are needed as well as supporting and facilitating the work of the Commissioners.

- a. Within three months from the date of these Directions undertake an assessment of the **functional capability** of all service areas identifying the gaps in capacity and capability, and within six months from the date of these Directions prepare and agree action plans to the satisfaction of the Commissioners.
- b. To undertake in the exercise of **any of its functions** any action that the Commissioners may reasonably require to avoid so far as practicable incidents of poor governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.
- c. Within three months from the date of these Directions prepare and agree an **Improvement Plan** to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with, resource allocated accordingly, and as a minimum, the following components:
 - i. An action plan to deliver **financial sustainability** and to close the long-term budget gap.
 - ii. An action plan to achieve improvements in relation to the proper functioning of **democratic services**, to include rapid training for council officers, a revised term of reference for the Audit and Corporate Governance Committee, and the agreement of an Annual Governance Statement for 2020-21.

- iii. An action plan to achieve improvements in relation to the proper functioning of the **scrutiny** function, to include a review of the Council strategic risk register to make it fit for purpose.
 - iv. An action plan to achieve improvements in relation to the proper functioning of **internal audit**, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice.
 - v. An action plan to achieve improvements in relation to the proper functioning of the **procurement and contract management function**, which includes an independent review.
 - vi. An action plan to achieve improvements in relation to the proper functioning of the Authority's **IT**.
 - vii. A suitable **officer structure** and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer term contract status of interim position.
- d. During the Direction Period report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals, or at such intervals as the Commissioners may direct, and adopt any recommendations of the Commissioners with respect to the Improvement Plan and its implementation.
- e. Within six months devise and then implement a programme of cultural change to rebuild trust between officers and members, to the satisfaction of the Commissioners. This should make sure both Members and Officers understand the scale of the challenge and their respective roles in driving improvement and the way in which the Authority and its activities are regulated and governed and the way in which this is monitored, and breaches rectified.
- f. Following the review of Council companies within six months consider the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First through which the Authority delivers functions under Direction, and therefore is outside the scope of this work). For those companies that it is agreed to continue, make sure that the Directors appointed by the Authority are appropriately skilled in either technical or company governance matters to make sure each Board functions effectively under the terms of an explicit shareholder agreement and a nominated shareholder representative. For those companies which it is determined not to continue with in this form, to establish a plan to internalise, close or sell as appropriate.

- g. Within six months take steps to enable better and evidence-based decision making, including enhancing the data and insight functions to enable better evidence-based decision making.
- h. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:
 - i. to any premises of the Authority;
 - ii. to any document relating to the Authority: and
 - iii. to any employee or member of the Authority.
- i. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;
- j. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;
- k. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request; and
- l. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of this Direction

Duration of intervention

16. The Secretary of State proposes that the Commissioners will be in place for an initial period of three years, only be extended if the Authority fails to make satisfactory progress in implementing and embedding the changes necessary to deliver Best Value in its governance and operations.

Appendix B : Commissioner's Instruction 1

Slough Borough Council Best Value Commissioners

Letter to Steven Mair S151 Officer SBC

Commissioner's Instruction no 1

Dear Steve,

Instruction under powers provided by the Best Value Directions

As you know, the current Directions imposed on Slough Borough Council contain provisions to enable Commissioners to intervene in matters relating to the approved budget.

Commissioners are aware that there are corporate budgets which now provide more resources than was anticipated when the budget was set. I am writing to require that no action is taken to allocate any of these unplanned additional resources to services unless specifically agreed by Commissioners.

It may be that towards the year end it would be appropriate to use this money to offset increases in energy costs which are running far above predicted levels and potentially to offset national pay awards that are agreed above provision but only to the extent that it supports increased payments to permanent directly employed staff in post and not temporary, agency or contract staff.

Commissioners remain concerned that the council, at service level, is forecasting overspends in year with no sign of mitigating savings being created and that the forecast budget gap for next year is not covered by deliverable proposals. Acceleration in the delivery of capital receipts is not a tool to close this gap as this needs to be used to reduce the overall time and amount that Slough requires government support, and this also does nothing to reduce the base expenditure requirements to affordable levels.

This Instruction will be published on the SBC Commissioners web pages, and you may also want to report it to Cabinet.

Commissioners will keep this matter under review and will update this Instruction as appropriate.

Yours sincerely



Max Caller CBE
Lead Commissioner



Margaret Lee FCPFA
Finance Commissioner

Max Caller CBE
Lead Commissioner
Slough Borough Council

Margaret Lee FCPFA
Finance Commissioner
Slough Borough Council

Observatory House
25 Windsor Road, Slough,
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Appendix C: Asset Sales

Asset Disposals Programme - 2022/23

Property	Completion Date	Acquisition Price	Net Book		Capital Receipt	Costs of Disposal	Profit / (loss) on disposal
			Value 31st March 2022				
21 Roydsdale Way Euroway Bradford	15-Nov	12,746,000	13,518,700		14,476,630	49,896	908,034
Akzo Nobel (Unconditional Sale)	24-Nov	40,900,000	23,856,000		143,737,616	99,192	119,782,425
Odeon, Churchill Way West, Basingstoke	25-Nov	8,480,000	3,940,600		3,565,133	19,880	-395,347
Wickes Wolverhampton	9-Dec	6,959,000	7,150,200		6,774,612	18,540	-394,128
Lavender Farm	15-Dec	N/A	6,325,000		1,775,000	20,871	-7,986,371
129 Stoke Road, Gosport, Hampshire	16-Dec	3,710,000	2,884,700		1,889,041	35,406	-1,031,064
SUR - North West Quadrant site (former Thames Valley University) P1	17-Mar	28,092,000	20,548,349		22,820,327	541,512	1,593,065
Totals		100,887,000	78,223,549		195,038,359	785,297	112,476,614

Appendix D – Detailed Capital Outturn

General Fund Capital Programme	Budget	Spend	Variance	c/f	Comment
Care Act: Social Care IT	0	8	8	0	
Learning Disability Change	7	0	(7)	0	Project completed
Ownership for people with /t Disabilit	224	20	(204)	(204)	Carry Over £204k
Disabled Facilities Grant	1,594	1,322	(272)	(272)	Carry Over £272k
Adults TOTAL	1,825	1,350	(475)	(476)	
Primary Expansions	172	0	(172)	0	To address H&S issues with playground surface after completion of an expansion project. SBC considering how to proceed. Aim was to complete work this year but unable to start due to timing around school holidays. Required budget already included in 23/24 so no c/f reqd
Schools Modernisation Programme	900	587	(313)	(90)	Delay in annual programme of conditions work in Schools due to staff shortage in Highways, budget re-profiled to future years
SEN Resources Expansion	0	11	11	0	This is the final payment for works at Marish Primary School.
Special School Expansion	400	8	(392)	(10)	Carry Over £10k to complete works
Secondary Expansion Programme	150	7	(143)	0	This funding is for s278 highway works to support DfE expansion of the school. Works delayed by resource pressures in Highway team (already 2 years late). Budget has already been included in future needs, no requirement for carry forward.
Schools Devolved Capital	80	0	(80)	0	This has been charged direct to 87000 ZBAL A6110 so not required
323 High St/Haybrook	29	0	(29)	0	This spend is committed within lease provided to the school. It is hoped it won't be claimed given other investments being made by SBC at school's other sites. Project delayed til 23/24 - already included in future budget, no requirement for carry forward.
Children's Services TOTAL	1,731	613	(1,118)	(100)	
Loan to GRES-for Nova House remedial work	8,500	3,023	(5,477)	0	Final costs for Nova House for the cladding (delete reference to Nova House). Delay in project included in 23/24 budget (£1.6m). Funding will come from insurance repayments in 23/24.
Works following Stock Condition Survey	737	284	(453)	(247)	Carry Over £247k for: soundproofing Clippenham contact centre, Westpoint Allotments, Defects
Localities Strategy North (Britwell)	1,047	774	(273)	(273)	Budget required to pay outstanding balance of estimated final account for GP Hub at Britwell approved by ECP. Includes estimated cost to NHSE of £249,982 to be reimbursed to SBC. Through negotiation hopeful of reducing these sums. The retention held on agreed final account sum due for payment in 23/24 after completion of Defects Liability Period. Carry over £273k Kier
Localities Strategy Sth (Chalvey)					
Localities Strategy Cent (SMP)					
Thames Valley University Site	104	0	(104)	0	Ongoing security costs£36,680+ legal fees pending demolition, full amount committed as project spend; included in 23/4 - no c/f
Leisure Centre Farnham Road	100	0	(100)	0	Set aside for works to Centre to replace water supply, pushed to 23/24 due to delays with Thames Water. No need for slippage.
St Martins Place	20	19	(1)	0	
Urban Tree Challenge Fund	185	0	(185)	0	To be moved revenue-not a capital cost therefore no carry forward required.
CPO Reserve	391	66	(325)	0	Completing Dawes Moor and Elliman Ave and final costs to be confirmed. Budget included in 23/24 - no slippage required.
Housing, Property & Planning TOTAL	11,084	4,167	(6,917)	(520)	
Wheeled Bins & Containers	40	0	(40)	0	Included in 23/24 budget - no carry forward required.
Refuse fleet & Grounds Plant	582	468	(114)	(114)	Redesign of the DSO
LTP Implementation Plan	0	15	15	0	Reduce 23/24 budget to cover overspend
LED Upgrade	103	0	(103)	0	Budget included in 23/24 - no carry forward required.
Colnbrook By-pass	115	0	(115)	0	Budget included in 23/24 - no carry forward required.
Flood Defence (Sponge City)	1,000	223	(777)	(766)	With no contracts in place in 2021/2, spend of grant was limited (<£15k). Project delayed since Sept 21 due to difficulty in procuring project partners under Council procurement rules. Contract for technical consultancy (with Atkins) was not entered into til April 22. The Atkins contract & specific work with other partners in preparation of an OBC formed most spend in 2022/3. Total grant is £7,902k but funding is drawn down as spend occurs. Further claims to be made 2023/4
Zone 1 - Sutton Lane Gyrotory	3,800	2,113	(1,687)	(868)	Carry forward £868k aligned with LEP business case.
Zone 2 - Foxborough (MRT)	980	0	(980)	0	Design work on cycle lane in this year Foxborough combined with (Zone 1) as it's MRT project and costs of cycleway also
Zone 3 - Park & Ride (MRT)	0	(85)	(85)	0	Budget / forecast reprofiled to nil. Currently working on an alternative project as the Park & Ride is not going ahead
Zone 4 - Stoke Rd (Stoke Rd TVU jn)	2,500	2,424	(76)	(397)	Budget for Stoke Rd should have been £2.82m (actual grant value) which would have resulted in variance of £397k - this needs c/f
Zone 7 - Off Road Cycle Route	150	0	(150)	0	Completed budget not required
Burnham Station LEP	50	0	(50)	0	Completed budget not required
Langley High St Improvements LEP	2,809	1,671	(1,138)	(511)	To be completed end of December 2023
A4 Safer Roads	200	63	(137)	(137)	Carry forward required to complete works due to delayed start.
A4 Cycle	0	54	54	0	Overspend to be covered by 23/24 budget
Carbon Management - Public Sector Decarb. Scheme	619	587	(32)	0	The scheme was £1.076m project funded by grant from Salix (on behalf of BEIS) for heat decarbonisation measures e.g. solar panels, air source heat pumps & building insulation. Project originally planned for 6 sites, replacement 6th site was required as scope of works at this site was less than original site resulting in £131,067 underspend. Funding window closed June 2022, and terms of grant required the underspend to be returned. £900,867 was spent on project (excl underspend). As per contract with main contractor, a 5% retention has been kept back from payments to cover any defects that need remedying in the 12 months post completion. The £44,395 retention will become due in 2023/24
Development Old Library Site	185	0	832	0	Two potential costs retention and operator an amount of money 489k. Income from the hotel will be used to plug the gap in future years potentially in revenue.
A4000 General		545		0	outstanding monies due to Cycas are required as set out in c/f of £185k
Old Library Site (Residential)		473		0	Costs to be funded by sale of Novus apartments
Bridge Capital Works	0	8	8	0	Overspend due to salary recharge in 21/22 not accounted for. Covered by DfT grant
Reading Archives - Extension	200	12	(188)	0	£188k has been slipped into 23/24 to complete works
Community Investment Fund Cabinet	0	25	25	0	DMA parks signage which was committed
Traffic Signals Maintenance	475	409	(66)	(66)	Project underway and works commissioned
Cemetery Extension	207	115	(92)	0	Further emergency cost (ground caving in at graveyard) come to light so budget fully spent. Is included in 23/24 so no c/f
Transport & Highways Grant funded	0	1,367	1,367	0	Fully grant funded but grant received after budget had been set.
Place & Communities TOTAL	14,015	10,487	(-3,528)	(-2,859)	
IT Infrastructure Refresh	0	5	5	0	Library final kiosk costs
Finance & Commercial TOTAL	0	5	5	0	
GRAND TOTAL	28,655	16,621	(12,034)	(3,955)	

SLOUGH BOROUGH COUNCIL
HRA Fund Capital Expenditure
Tracker 2022/23

HRA Capital Programme	Revised Budget	Spend	Variance	Carry Forward	Comment
RMI Capital Programme					
Boiler Replacement and heating	447	378	(69)		Carry forward not required sufficient budget in 2023/24
Kitchen & Bathroom Replacement	478	447	(31)	(31)	Kitchen and bathroom replacement programme 2022/23 ongoing and carry forward required for 2023/24
Electrical Systems	195	257	62		Overspend funded from P409 (Boiler replacement and heating project - above)
Garage & Environmental Improvements	1,085	560	(525)	(527)	De-designated improvements at Kennedy and Apsley. Stratfield Road security works. Clarendon Court security upgrade. Brammas Close and Spackmans Way.
Capitalised Repairs	422	212	(210)	(210)	Provision for other issues which come from repairs/disrepairs
FRA & Asbestos Removal Works	1,884	1,711	(173)	(173)	Ongoing FRA works programmes
Major Aids & Adaptations	691	0	(691)		Carry forward not required sufficient budget in 2023/24
Decarbonisation Works	100	19	(81)	(81)	Carry forward required for 2023/24 to complete works
RMI Capital Programme	5,302	3,584	(1,718)	(1,022)	
Planned Maintenance Capital					
Windows and Door Replacement	181	173	(8)		Carry forward not required sufficient budget in 2023/24
Roof Replacement	796	660	(136)	(136)	Roof replacement at Kendal Close
Structural	115	6	(109)	(109)	Structural works from voids and repairs
Security & Controlled Entry Modernisation	766	769	3		Overspend funded from P433 (Capitalised Voids - below)
Capitalised voids	60	58	(2)		Underspend used to offset Security & Controlled Entry Modernisation - above
Planned Maintenance Capital	1,918	1,666	(252)	(245)	
Tower and Ashbourne	2,500	212	(2,288)		£800k allowed for Tower & Ashbourne in 2023/24 already built into budget, no carry forward required
Akzo Nobel	0	2,191	2,191		Overspend funded from capital receipt from sale of asset (143m)
RMI Remodelling and Investment	0	91	91		Overspend to be covered from P575 (Affordable Homes) see below
Affordable Homes	1,000	300	(700)		No carry forward allowed as no new Housing projects.
Total Affordable Homes	3,500	2,794	(706)	0	No carry forwards required as £800k budget built into 2023/24
HRA GRAND TOTAL	10,720	8,044	(2,676)	(1,267)	