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NOTICE OF MEETING

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CORPORATE OVERVIEW & SCRUTINY PANEL

will meet on

TUESDAY, 22ND OCTOBER, 2019

At 6.00 pm

in the

COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD

TO: MEMBERS OF THE CORPORATE OVERVIEW & SCRUTINY PANEL

COUNCILLORS LYNNE JONES, JULIAN SHARPE, CHRIS TARGOWSKI (CHAIR),
LEO WALTERS (VICE-CHAIRMAN) AND SIMON WERNER

COUNCILLORS

SUBSTITUTE MEMBERS

COUNCILLORS CLIVE BASKERVILLE, PHIL HASELER, GEOFF HILL,
SHAMSUL SHELIM AND JOHN STORY

Karen Shepherd – Head of Governance - Issued: 14/10/2019

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at www.rbwm.gov.uk or contact the Panel Administrator

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AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
1.	<u>APOLOGIES FOR ABSENCE</u> To receive any apologies for absence.	-
2.	<u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest.	5 - 6
3.	<u>MINUTES</u> To consider the minutes of the meeting held on 25 th September 2019.	To Follow
4.	<u>FINANCIAL UPDATE</u> To review the financial update report considered by Cabinet on 26 th September 2019.	7 - 28
5.	<u>CIPFA REVIEW</u> To consider the report.	29 - 38
6.	<u>PEER REVIEW</u> To consider the report.	39 - 48
7.	<u>MODERN WORKPLACE</u> To review the report due to be considered by Council on 23 rd October 2019.	To Follow
8.	<u>WORK PROGRAMME</u> To consider the Panel's work programme for the remainder of the Municipal year. To include consideration of items scheduled on the Cabinet Forward Plan .	49 - 50

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MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or election expenses.
- Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.
- Any beneficial interest in land within the area of the relevant authority.
- Any licence to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where:
 - a) that body has a piece of business or land in the area of the relevant authority, and
 - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

A Member with a DPI should state in the meeting: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations on the item: 'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'

Prejudicial Interests

Any interest which a reasonable, fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs the Member's ability to judge the public interest in the item, i.e. a Member's decision making is influenced by their interest so that they are not able to impartially consider relevant issues.

A Member with a Prejudicial interest should state in the meeting: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations in the item: 'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'

Personal interests

Any other connection or association which a member of the public may reasonably think may influence a Member when making a decision on council matters.

Members with a Personal Interest should state at the meeting: ***'I wish to declare a Personal Interest in item x because xxx'. As this is a Personal Interest only, I will take part in the discussion and vote on the matter.***

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Agenda Item 4

Report Title:	Financial Update
Contains Confidential or Exempt Information?	No - Part I
Member reporting:	Councillor Hilton, Lead Member for Finance and Ascot
Meeting and Date:	Corporate Overview and Scrutiny Panel 22 October 2019
Responsible Officer(s):	Duncan Sharkey, Managing Director
Wards affected:	"All"

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REPORT SUMMARY

1. Cabinet receives a monthly financial update report detailing the forecast outturn for 2019-20.
2. Cllr Jones has requested that the report be considered by the Corporate Services O&S Panel.
3. Attached is the September 2019 Cabinet report.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Corporate Overview and Scrutiny Panel notes the Financial Update report

2. APPENDICES

2.1 This report is supported by appendix A:

- September 2019 Cabinet report – Financial Update

Report Title:	Financial Update
Contains Confidential or Exempt Information?	No - Part I
Member reporting:	Councillor Hilton, Lead Member for Finance and Ascot
Meeting and Date:	Cabinet – 26 September 2019
Responsible Officer(s):	Robert Stubbs, Deputy Director and Head of Finance.
Wards affected:	All

REPORT SUMMARY

- 1 This report sets out the Council's forecast outturn for 2019-20 based on spending and commitments at the end of July 2019, month four of the financial year. An in-year overspend of £4,179,000 is projected, significantly higher than the £451,000 reported after three months of the financial year in August 2019.
- 2 The main reasons for the increased variances relate to overspends in children's Services, £1,421,000, Adults Social Care, £1,430,000, both relating to increases in demand and savings slippage and reduced parking income of £490,000. The projected overspends in children's and adult services are mirrored to some extent with the picture nationally and the need for sustainable funding regimes for these services is recognised by Government.
- 3 If the service pressures are not addressed in 2019/20 they will continue into future years and will have an impact on the Council's medium term financial planning assumptions, requiring further savings to be identified and delivered.
- 4 The council's net budget is £92,773,000. If the overspend is not reduced general fund reserves would reduce to £6,029,000, marginally above the minimum level set at Council of £5,810,000 (6.26% of net budget) in February 2019. Any reduction below the minimum level of reserves would need to be replenished in future years.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and endorses the actions proposed:

- i) The council's projected outturn position for 2019-20 and the mitigations proposed
- ii) The virements between corporate and service directorate budgets.
- iii) The projected spend on the capital programme
- iv) The projected cash-balances for the remainder of the financial year

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Cabinet are required to note the council's financial position.

3. KEY IMPLICATIONS

Table 1: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves Achieved	<£5,810,000	£5,810,000 to £6,000,000	£6,000,001 to £16,900,000	> 16,900,000	31 May 2020

- 3.1. Given the projected overspend, officers will be identifying further mitigations to reduce the overspend.

4. FINANCIAL DETAILS / VALUE FOR MONEY

Council projected outturn 2019/20

- 4.1. The Council is projecting an over-spend of £4,179,000 on service budgets at the end of the financial year as set out in the table below:

Table 2: Outturn position

Directorate	Net budget	Projected Variance
	£000	£000
Managing Director		
Adult Social Care	34,035	1,430
Childrens Services	21,980	1,421
Commissioning – Communities	12,348	685
Net cost of MD other services	6,575	227
Sub-Total	74,938	3,763
Executive Director – Communities	7,260	435
Executive Director – Place	121	(19)
Total Service Expenditure	82,319	4,179
Non service expenditure	12,116	0
Total	94,435	4,179

4.2. Managing Director’s Directorate Projected Variance £3,763,000 overspend

- 4.3. The Managing Director’s Directorate includes a significant number of demand led services, notably adult social care, children’s services and parking. Increasing demand and rising costs associated with both adult and children’s services are also being reported by authorities across the country and the need for sustainable funding regimes, particularly for adult social care, has been recognised by Government for some time.

Adult Social Care £1,430,000 overspend.

- 4.4. Adult social care services are delivered to residents through Optalis, a jointly owned company with Wokingham Borough Council. There are currently just over 2,000 people receiving services in the borough: 1,600 older people and those with physical

disabilities, 320 people with learning disabilities and difficulties and 250 people with mental health challenges. Whilst the number of older people being supported has stayed broadly similar over the last year, the cost of placements and the associated complexity of need because people are living longer is creating pressure on the budget. For people with learning disabilities and difficulties and those with mental health challenges, the increasing cost of placements is predominantly due to the lack of suitable accommodation within the borough leading to costly spot placements.

- 4.5. The main areas of pressure – domiciliary care and placements – have already been recognised with associated recovery plans in place since July. There is evidence, particularly for domiciliary care, that the action is having an impact with costs levelling off. The recovery plan includes providing more support from Occupational Therapists, increasing the use of equipment to enable people to be more independent, ensuring that all people who have the potential to become more independent receive a reablement service and commissioning a meals on wheels service.
- 4.6. Work continues with Optalis to address all areas predicting an overspend, particularly in placements. The focus is on tighter management controls and reviews, with monthly progress updates through the contract management meeting. This will also determine what impact there will be in 2020/21. The severity and urgency of the position has been highlighted to the Optalis Board, and is now an agenda item at every board meeting.
- 4.7. The forecast overspend on adult social care is £1,430,000, due to the following factors:

Provision of adult social care £1,265,000

- An increase in the number of placements for adults with a learning disability, together with an associated increased costs, has resulted in additional expenditure. This is largely due to the lack of supported living accommodation within the borough resulting in increased use of out of borough placements. Taking into account estimated future demand the projected costs to the end of the year are £827,000..
- Increased support costs for adults with mental health problems has resulted in additional costs. Again, this is largely due to lack of appropriate accommodation provision within the borough resulting in costly spot placements out of borough. The forecast overspend to year end is £495,000.
- Nursing placements, particularly for nursing dementia, are increasing significantly as people are living longer but with greater frailty and complexity of need. The forecast overspend to year end is £771,000.
- £175,000 has resulted from additional costs of care due to provider price rises above that assumed.
- There is a £656,000 pressure due to supporting an additional 44 older people at home.

- A number of the additional people receiving care contribute to the cost. This is projected to achieve an additional £1,659,000 of income which will be used to offset the costs of care identified above.

Other Overspends £836,000

- Staff agency costs, subscription to RIPFA, unachieved savings targets and supplies and services totalling £86,000.
- The NHS, via the CCG, is responsible for paying the element of care costs relating to continuing healthcare (CHC). Following reviews of existing cases, some cases have been assessed as no longer eligible for CHC funding with the cost of care, therefore, falling on the council. Work is ongoing with the CCG to assess the financial implications for the council and this will be confirmed at the beginning of October. The total amount currently paid by the CCG and for which there is no budgetary provision in the council is £1,500,000 and therefore, the forecast includes a provision for £750,000 pending clarification of the financial implications and outstanding disputes.

4.8. Mitigations of £671,000 have been identified as follows:

- A total of £315,000 from reductions in staffing costs and savings on contracts.
- The council will receive an additional £166,000 from the Better Care Fund due to an increased allocation from the NHS and is anticipating an additional contribution of £50,000 to the Disabled Facilities Grant, total £216,000.
- A new contractual arrangement for providing some additional services to people with a learning disability in supported living accommodation will reduce costs by an estimated £50,000.
- There is a saving of £30,000 from the equipment contract and £60,000 from the reablement service provided by Optalis, £90,000 in total.

Net Overspend for Adult Social Care £1,430,000.

Children’s Services £1,421,000 forecast overspend

4.9. The Children’s Services overspend of £1,421,000 is broken down below between the Achieving for Children (AfC) contract £1,285,000 and retained services £136,000.

Achieving for Children Contract - Children’s Services £1,285,000

	£000
Identified Pressures	605
Non-Delivery of Savings Plans	680
Total	1,285

- 4.10. The £300,000 for demographic growth for Children's Services approved as part of the 2019/20 Commissioning budget has now been added to the AfC contract to cover the additional costs. The variances below represent growth beyond this amount.

Identified Pressures £605,000

- Increased costs for placements, in particular relating to the requirement to place one young person in secure accommodation at a weekly cost of £7,400. Based on the latest indicative timescales the projected incremental cost for 2019/20 being £92,000; total pressure on the placements budget is £133,000.
- The incremental cost of interim staff employed for operational management to deal with increased caseloads and OFSTED readiness for the inspection anticipated this autumn is £165,000.
- Under achieved youth service income due to reduced opportunities for rental of 4 Marlow road, £50,000.
- Increased central AfC Business Support and overhead costs to deliver the contract with the Council, £117,000.
- Legal costs arising from complex court cases which was expected to reduce after quarter one. However, the latest indication is that activity levels have remained constant leading to a forecast £90,000 overspend for the year.
- There are potential risks relating to the ongoing funding from Continuing Health Care the impact is an estimated reduction in funding for 2019/20 of £50,000.

Non-Delivery of Savings Plans £680,000

- The planned transformation of Early Years and Youth Services to provide a first 1,000 days service and youth offer has been delayed. The implementation of a new delivery model is now being planned for full delivery in 2020/21 this has led to not achieving budgeted savings of £320,000 in 2019/20.
- Commissioning - improved financial management of placements, planned saving £460,000, 6% of the total placement budget. The ability to deliver improved management of existing care placements to reduce the cost and scale of packages for young people already in the care of the Borough has been limited; projected saving to be delivered £100,000, resulting in a projected savings shortfall of £360,000.

4.11. Children's Services – Retained £136,000

Material variances are set out below:

- Reduction in the Intensive Family Support Grant due to lower numbers of eligible families being identified as “turned around” than the full, 100%, national target, £78,000.

- In-house Fostering
- Backdated payment £30,000.
- Joint Legal Team materially higher cost in final period of 2018/19 not assumed in providing for 2018/19 liabilities, £28,000.

4.12. AfC Contract – Dedicated Schools Grant - £26,000 underspend

There are no material variances.

4.13. Dedicated Schools Grant – Retained - £5,000 overspend

Material variances are set out below:

- Early Years Block Private, Voluntary & Independent Nurseries clawback settlement 2018/19 (£435,000)
- High Needs Block £426,000 including Top Up funding £300,000, Outreach Services £76,000 and additional place funding of £40,000 reflecting indicative pupil numbers
- Others net £14,000.

4.14. Dedicated Schools Grant Risks

There are potential risks relating to the Dedicated Schools Grant including those set out below:

- High Needs Block savings target of £700,000 is built into the budget. In previous years cost saving strategies towards delivering against this target included: holding 0% inflation increases on providers, successful negotiation of rates for new high cost placements, developing a more robust tribunal process and the continuous implementation of a more collaborative and inclusive approach within schools to retain pupils with special educational needs. These strategies will continue into 2019/20 and currently are expected to deliver similar savings to previous years. Potential risk identified £200,000.
- From 2019/20 onwards, funding for special free school places is included in local authorities' high needs allocations. Funding for these places is deducted from local authorities' high needs allocations by the Education Skills and Funding Agency and paid directly to schools. The Education Skills and Funding Agency through the import/export adjustment and further adjustments in the national funding formula ensures that this change will not result in an unfunded cost for local authorities. The latest High Needs Block formula allocation suggests a potential funding shortfall of £300,000. The updated guidance is expected in due course. Potential risk identified £300,000.

The expectation is these risks will be mitigated within the Dedicated Schools Grant.

4.15. Grant Income

The grant income has reduced by £21,000 to match the favourable movement within the AfC Contract - Dedicated Schools Grant & Dedicated Schools Grant Retained. The net underspend will be a credit against the Dedicated Schools Grant reserve.

The Council will be working with Achieving for Children to help them to put their savings plans back on track and identifying mitigating savings. Progress will be reported to Cabinet as part of the monthly financial update.

4.16. **Commissioning - Communities £685,000**

4.17. The remit for this service area includes a wide range of customer facing services, namely highways; waste; parking; flooding; transport; parks and countryside. In addition to operational delivery, the service is responsible for the delivery contracts with VolkerHighways (highways maintenance), Project Centre (highways design), Tivoli (grounds maintenance) and NSL (parking enforcement). The forecast overspends in this area relate to:

- Parking £400,000 relating to under achievement of parking fees and penalty charge notice income, £76,000 relates to property costs for Hines Meadow car park which were not forecast and £14,000 for operational costs across the parking estate, total £490,000.
- Parks & Open spaces. There has been a recent trend towards people preferring cremation options over burials resulting in a potential reduction in income of £60,000.
- Although the LED programme for street lighting has been delivered, the overall saving expected has not yet been achieved due to changes in fixed and variable costs applied by the energy market resulting in an estimated £213,000 of budget pressure at year end.
- In terms of mitigations, one-off savings of £78,000 in the waste budget will reduce the overall pressure back to £685,000. Additional efficiencies across all contracts are being sought with partners.

4.18. **Other MD Services £227,000**

Material variances are set out below:

- £61,000 has already been declared in terms of overspend relating to the non-achievement of the tourism saving assumed in the budget.
- There is a further £127,000 pressure in Communications and Marketing as a result of correcting the historical treatment of accruals in tourism, the potential underachievement of income for the Guildhall and non-achievement of staffing reductions in the communications team. Actions are in place to mitigate the pressure, particularly in relation to the Guildhall and tourism; however, these actions are unlikely to mitigate the full amount.

- A shortfall of £50,000 in Land Charges income is being reported due to an increase in personal searches in place of official searches, and the decrease in volume of property sales within the borough.
- £23,000 overspend on audit fees due to the auditors carrying out more work than initially planned.
- Other minor variances totalling (£34,000).

4.19. **Communities Directorate projected overspend £435,000**

4.20. The estimated overspend of £435,000 is an increase of £126,000 on that previously reported to Cabinet in August. A breakdown of the projected overspends are detailed below:

4.21. Revenues and Benefits – an estimated overspend of £150,000 is being reported as a result of a reduction in outstanding Housing Benefit Overpayments, and therefore Housing Benefit Overpayment debtors. This is an improvement of £50,000 on what was previously reported and is due to continued work by the Benefits team on minimise the remaining overspend.

4.22. Communities, Enforcement and Partnerships – An estimated net overspend of £167,000 is being reported. This is an increase of £8,000 on what was previously reported to Cabinet. This is made up of the following pressures:

- £85,000 relating to the annual cost of BT networks for CCTV, and control room staffing cost,
- a net £126,000 as a result of historic savings targets which cannot be met and which were not written out in the 2019/20 budget build,
- £17,000 staffing costs relating to implementation of structural changes
- £28,000 relating to the Community Safety Partnership
- £5,000 relating to unachievable fixed penalty income
- £30,000 relating to reduced income from taxi licensing
- £10,000 relating to costs of burial of the dead under our statutory duty
- £15,000 income from reduced levels of printing re-charges
- £8,000 one-off additional cost for the secure disposal of confidential waste
- £12,000 in unachievable income for Licensing
- £2,000 for fees on Flexible Home Improvement Loans

Total Pressures £338,000

4.23. These pressures are netted of by the following mitigating underspends:

- £13,000 in lower Environmental Protection Salaries
- £31,000 in lower Community Safety salaries
- £17,000 in Community Warden salaries
- £5,000 in reduced spend relating to contaminated land
- £2,000 lower out of hours professional fees
- £17,000 in lower salaries for Trading Standards

- £55,000 in lower salaries for Commercial & Residential Services
- £19,000 from the recovery of Housing Standards legal fees
- £4,000 in recharges for Energy & Efficiency
- £3,000 for reduced spend in Food & Hygiene safety
- £5,000 in reduced spend in Head of Communities, Enforcement & Partnerships

Total Mitigations £171,000

- 4.24. Library & Resident Services – An estimated overspend of £8,000 is now being reported. This is made up of a net £3,000 pressure in libraries, a £5,000 underspend in Museums, Arts and Local Studies, and an estimated overspend in Registrars of £10,000 due to unachievable income due to a change in legislation.
- 4.25. IT – An estimated overspend of £110,000 is now being reported. This is made up of £40,000 due to increased software charges and £70,000 due to a proposed telephony saving now not being deliverable in 2019/20.

Place Directorate projected underspend £19,000

- 4.26. This underspend relates to a number of minor underspends but does not take account of the potential cost of a planning appeal that has been upgraded from a hearing to an inquiry and dates imposed on us by the Inspectorate for October 2019. The pressure will be confirmed when the total costs are known.

Council Tax and Business rates Collection Performance

- 4.27. The majority of Council spending relies on collecting Council Tax and Business Rates, the Council's budgeted share of these two precepts is £88m in 2019/20. Collection rates are therefore closely monitored and are both above the targets set for this point in the year.
- 4.28. At the end of August 2019 49.13% of Council Tax had been collected compared with 48.92% at the same point in 2018 and the target collection of 48.90%. Business rate collection was 49.39% compared to 49.77% against a target of 49.00%. The overall target for 2019/20 is 98.3%.

Revenue budget movements

- 4.29. Any virements to the revenue budget are monitored and reported to Cabinet each month, a full analysis is set out in appendix B of this report, changes since the last report are set out in table 3 overleaf:

Table 3: Revenue budget movements

	Source	Net Service Budget
		£000
Budget at August 2019		82,155
Redundancy/Severance	Provision	90
Heathrow Judicial Review	General Fund Reserve	74
Updated budget		82,319

- 4.30. Since the budget was approved the total movements are £1,164,000, some of which are ongoing, £573,000 has been transferred from the General Fund Reserve.

Revenue Reserve

- 4.31. At 31.03.19 the Council had general reserves of £7,778,000 and earmarked reserves of £5,825,000 those set aside for a specific purpose. Together, as a proportion of the Council's net revenue budget these are a measure of the Council's financial resilience. Its ability to withstand unforeseen events. In comparison to other Unitary Council's the Royal Borough's overall level of reserves is one of the lowest.
- 4.32. Given the level of uncertainty over future funding and increasing pressures other Councils have been increasing reserve levels and this Council was planning to do this in 2019/20 by increasing its reserves by £3,458,000 to £11,236,000 using the estimated surplus from business rates in 2018/19 c/fwd.
- 4.33. If the current £4,179,000 overspend is not addressed, together with £568,000 transfers agreed by Cabinet for one-off items in-year and a £460,000 provision for redundancy it is projected the general fund reserve will reduce to £6,029,000 only marginally above the minimum level approved by Council.

General Fund Reserve Projection at 31.03.20

	£000
Opening Balance 01.04.19	7,778
One-Off - 2018/19 estimate Business Rates surplus	<u>3,458</u>
	11,236
Approved transfers from General Reserve in year	(568)
Projected Year-End Deficit at Month Four	(4,179)
Year-End Redundancy Provision	<u>(460)</u>
Current Projected Balance at 31.03.20	<u>6,029</u>

Medium Term Financial Strategy

- 4.34. The Council has a medium term financial strategy (MTFP) to 2022/23 when it had assumed that if £4,155,000 of savings required in 2020/21 were achieved no further reductions would be required in the period if Council tax increased by 2.99% each year.
- 4.35. The MTFP assumptions will be reviewed over the next few months but given the pressures identified in this report it is likely that additional, ongoing savings, will be

required in 2020/21. It is planned that Cabinet will be presented with a draft budget for 2020/21 at its meeting in December 2019 that will clarify this position.

Borrowing projection

- 4.36. Throughout the year the Council’s borrowing levels are updated based on cash-flow and spending on the capital programme. Currently the Council is borrowing temporarily pending anticipated capital receipts in future years and short-term interest rates remaining low. Currently total borrowing is anticipated to increase to £189,362,000 in July 2020, the increased borrowing costs have been factored into the MTFP. A full breakdown of the estimated is set out in Appendix C.

Capital Programme

- 4.37. The approved 2019-20 capital estimate is £80,196,000, see table 4. The projected outturn for the financial year is £80,156,000, see table 5 for capital programme status, with further information in Appendices D - F.

Table 4: Capital outturn

	Expenditure	Income	Net
	£000	£000	£000
Approved estimate	80,196	(17,306)	62,890
Variances identified	(40)	0	(40)
Slippage to 2019-20	0	0	0
Projected Outturn 2018-19	80,156	(17,306)	62,850

Table 5: Capital programme status

	August 2019
Number of schemes in programme	291
Yet to start	15%
In progress	48%
Completed	15%
Ongoing programmes e.g. Disabled Facilities Grant	22%
Devolved formula capital grant schemes budgets devolved to schools	0%

5 LEGAL IMPLICATIONS

- 5.1. In producing and reviewing this report the council is meeting its legal obligations to monitor its financial position.

6 RISK MANAGEMENT

- 6.1. The increase in projected variance will require additional mitigation to reduce it during the financial year.

7 POTENTIAL IMPACTS

- 7.1. Equalities – none
- 7.2. Climate change/sustainability – none
- 7.3. Data Protection/GDPR -none

8 CONSULTATION

- 8.1 None.

9 TIMETABLE FOR IMPLEMENTATION

- 9.1 Implementation date if not called in: immediately.

10 APPENDICES

- 10.1 This report is supported by six appendices:

- Appendix A Revenue Monitoring Statement
- Appendix B Revenue movement statement
- Appendix C Borrowing forecast
- Appendix D Capital budget summary
- Appendix E Capital monitoring report
- Appendix F Major capital scheme progress

11 BACKGROUND DOCUMENTS

- 11.1 This report is supported by one background document:
 - Budget Report to Council February 2019.

12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr Hilton	Lead Member for Finance and Ascot	21/08/19	23/09/19
Duncan Sharkey	Managing Director	21/08/19	20/09/19
Russell O'Keefe	Executive Director	21/08/19	20/09/19
Andy Jeffs	Executive Director	21/08/19	20/09/19
Rob Stubbs	Section 151 Officer	21/08/19	20/09/19
Kevin McDaniel	Director of Children's services	21/08/19	20/09/19
Nikki Craig	Head of HR and Corporate Projects	21/08/19	18/09/19
Louisa Dean	Communications	21/08/19	18/09/19
Hilary Hall	Deputy Director of Commissioning and Strategy(DASS)	21/08/19	23/09/19

REPORT HISTORY

Decision type:	Urgency item?	To Follow item?
For information	No	No
Report Author: Rob Stubbs, Deputy Director and S151 officer.		

Revenue Monitoring Statement 2019/20 for September 2019 Cabinet

Original Budget	SUMMARY	Revised Budget	Projected Variance
£000		£000	£000
398	Management	544	(11)
466	Communications & Marketing	475	188
1,293	Human Resources	1,241	0
1,898	Law & Governance	1,907	50
2,101	Commissioning & Support	2,016	(23)
9,826	Commissioning - Communities	10,332	685
24,526	AfC Contract - Children's Services	24,526	1,285
11,140	AfC Contract - Dedicated Schools Grant	11,140	(26)
(2,546)	Children's Services - Retained	(2,546)	136
53,293	Dedicated Schools Grant - Retained	52,717	5
29,199	Adult Social Care - Optalis Contract	29,357	2,576
16,335	Adult Social Care - Spend	16,470	393
(11,725)	Adult Social Care - Income	(11,792)	(1,539)
12,728	Better Care Fund	12,944	0
4,659	Public Health	4,659	0
(80,585)	Grant Income	(80,227)	21
1,143	Finance	1,175	23
74,149	Total Managing Director's Directorate	74,938	3,763
141	Executive Director of Communities	187	0
830	Revenues & Benefits	902	150
1,327	Communities, Enforcement & Partnerships	1,651	167
3,150	Library & Resident Services	3,200	8
1,351	ICT	1,320	110
6,799	Total Communities Directorate	7,260	435
365	Executive Director of Place	275	11
1,086	Housing	1,087	122
1,302	Planning Service	1,332	(120)
(2,546)	Property Service	(2,573)	(32)
207	Total Place Directorate	121	(19)
81,155	TOTAL EXPENDITURE	82,319	4,179

Revenue Monitoring Statement 2019/20 for September 2019 Cabinet

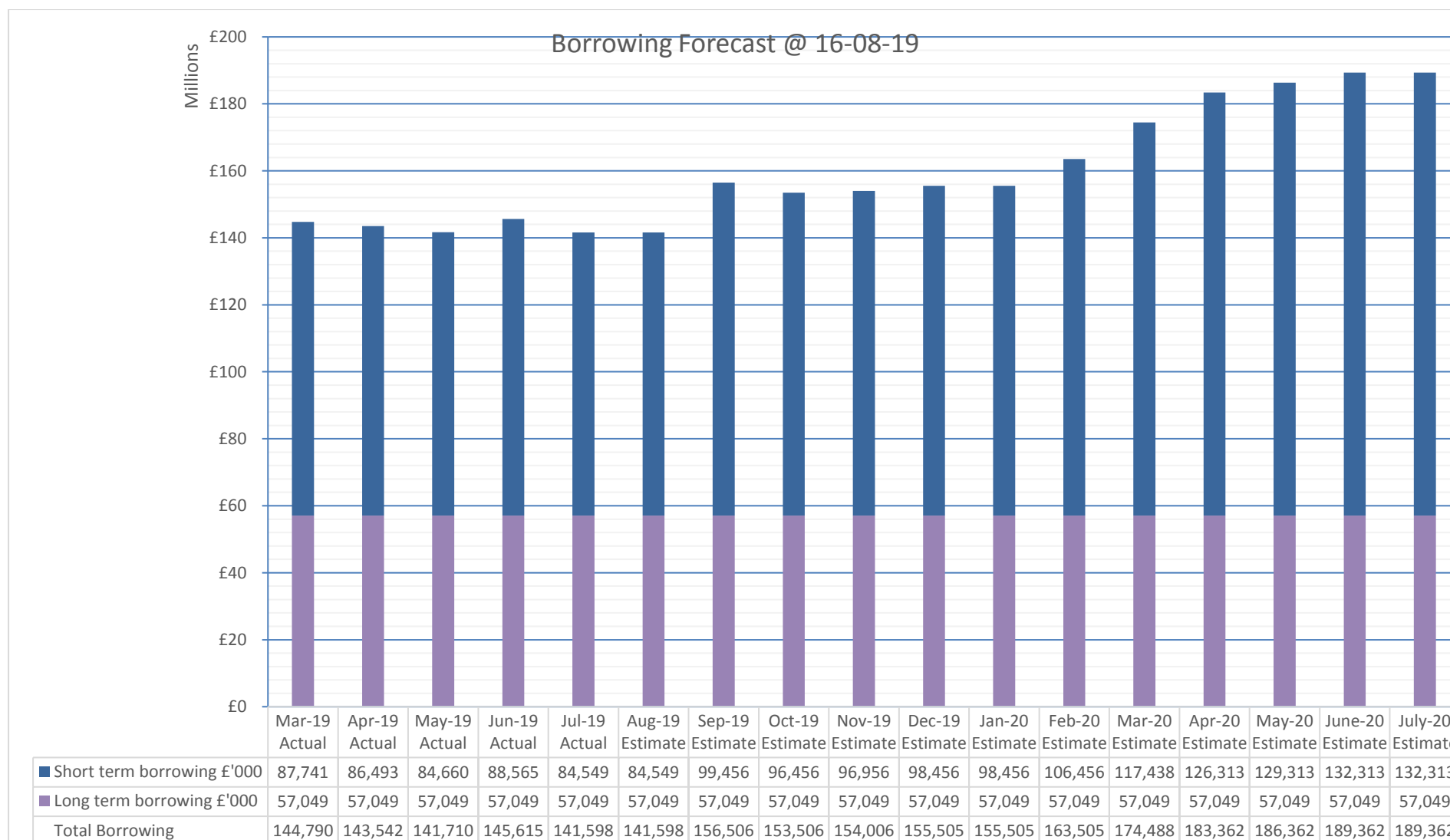
Original Budget	SUMMARY	Revised Budget	Projected Variance
£000		£000	£000
81,155	Total Service Expenditure	82,319	4,179
3,458	Contribution to / (from) Reserves	3,458	0
4,017	Pensions deficit recovery	4,017	0
300	Pay reward	0	0
	Transfer from Provision for Redundancy	(296)	0
159	Environment Agency levy	159	0
	Variance on Business Rates income	0	0
4,778	Capital Financing inc Interest Receipts	<u>4,778</u>	<u>0</u>
93,867	NET REQUIREMENTS	94,435	4,179
(1,094)	Less - Special Expenses	(1,094)	0
0	Transfer to / (from) balances	(568)	(4,179)
<u>92,773</u>	GROSS COUNCIL TAX REQUIREMENT	<u>92,773</u>	<u>0</u>
	General Fund		
	Opening Balance	7,778	10,668
	Contribution to / (from) Reserves	3,458	
	Transfers to / (from) balances	<u>(568)</u>	<u>(4,179)</u>
		<u>10,668</u>	<u>6,489</u>
	Estimated year end redundancy provision		(460)
	Projected General Fund outturn		<u>6,029</u>

Appendix B

Revenue Monitoring Statement 2019/20					
	Funded by the General Fund (1)	Funded by Provision (2)	Included in the original budget (3)	Total	Approval
	£'000	£'000	£'000	£'000	
Original Budget				81,155	
1 Advantage card updates	17			17	CLT 6th March 2019
2 Reading development officer	17			17	CLT 6th March 2019
3 Waste mobilisation	100			100	Feb 2019 Cabinet
4 Pay Reward			298	298	Feb 2019 Cabinet
5 Severance		203		203	March 2019 Cabinet
6 24 hour pot holes	365			365	May 2019 Cabinet
7 Heathrow Judicial Review	74			74	July 2019 Cabinet
8 Severance		90		90	March 2019 Cabinet
Changes Approved	573	293	298	1,164	
Approved Estimate Sept 2019 Cabinet				82,319	

NOTES

- 1 If additional budget is approved but no funding is specified, the transaction would, by default, be funded from the General Fund Reserve. Transactions in column 1 are funded by the General Fund.
- 2 A provision for future redundancy costs is created every year and this is used to fund additional budget in services for the costs of redundancy they incur during the year. Transactions in column 2 are redundancy costs funded by the provision for redundancy.
- 3 Transactions in column 3 are amounts approved in the annual budget which for various reasons need to be allocated to service budgets in-year. An example would be the pay reward budget. Pay reward payments are not approved until June. The budget therefore has to be re-allocated.



The above figures are as at the 16th of August 2019, March to July 2019 are actual figures and August 2019 to July 2020 are projections based on current information held.

Portfolio Summary	2019/20 Original Budget			New Schemes – 2019/20 Approved Estimate			Schemes Approved In Prior Years			Projections – Gross Expenditure				
	Gross £000's	Income £000's	Net £000's	Gross £000's	Income £000's	Net £000's	Gross £000's	Income £000's	Net £000's	2019/20 Projected (£'000)	2019/20 SLIPPAGE Projected (£'000)	TOTAL Projected (£'000)	VARIANCE Projected (£'000)	VARIANCE Projected (%)
Communities Directorate														
Revenues & Benefits	170	0	170	170	0	170	69	0	69	239	0	239	0	0%
Communities, Enforcement & Partnerships	3,649	(1,255)	2,394	13,673	(1,365)	12,308	3,825	(1,211)	2,614	17,498	0	17,498	0	0%
ICT	506	0	506	506	0	506	139	0	139	645	0	645	0	0%
Library & Resident Services	435	0	435	443	0	443	834	(104)	730	1,277	0	1,277	0	0%
Total Communities Directorate	4,760	(1,255)	3,505	14,792	(1,365)	13,427	4,867	(1,315)	3,552	19,659	0	19,659	0	0
Place Directorate														
Property	1,425	0	1,425	6,153	0	6,153	14,001	(159)	13,842	20,154	0	20,154	0	0%
Housing	0	0	0	35	(35)	0	381	(356)	25	416	0	416	0	0%
Planning	947	0	947	947	0	947	1,673	(729)	944	2,620	0	2,620	0	0%
Total Place Directorate	2,372	0	2,372	7,135	(35)	7,100	16,055	(1,244)	14,811	23,190	0	23,190	0	0
Managing Director														
Human Resources	0	0	0	0	0	0	15	0	15	15	0	15	0	0%
Adult Social Care	220	(200)	20	220	(200)	20	0	0	0	220	0	220	0	0%
Commissioning – Communities	17,224	(8,109)	9,115	18,310	(8,230)	10,080	2,391	(1,086)	1,305	20,661	0	20,661	(40)	0%
Law and Governance	46	0	46	77	0	77	10	0	10	87	0	87	0	0%
Green Spaces & Parks	425	(85)	340	499	(159)	340	213	(114)	99	712	0	712	0	0%
Non Schools	787	0	787	787	0	787	271	(162)	109	1,058	0	1,058	0	0%
Schools – Non Devolved	4,334	(973)	3,361	4,334	(973)	3,361	9,284	(1,487)	7,797	13,618	0	13,618	0	0%
Schools – Devolved Capital	195	(195)	0	196	(196)	0	740	(740)	0	936	0	936	0	0%
Total Managing Director	23,231	(9,562)	13,669	24,423	(9,758)	14,665	12,924	(3,589)	9,335	37,307	0	37,307	(40)	(0)
Total Committed Schemes	30,363	(10,817)	19,546	46,350	(11,158)	35,192	33,846	(6,148)	27,698	80,156	0	80,156	(40)	(0)

Portfolio Total	(£'000)	30,363	(£'000)	80,196	(£'000)	80,156
External Funding						
Government Grants	(9,686)		(13,019)		(13,019)	
Developers' Contributions	(846)		(1,887)		(1,887)	
Other Contributions	(285)		(2,400)		(2,400)	
Total External Funding Sources	(10,817)		(17,306)		(17,306)	
Total Corporate Funding	19,546		62,890		62,850	

Capital Monitoring Report - Projected Outturn 2019/20

At 31 August 2019, the approved estimate stood at £80.196m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	80,196	(17,306)	62,890
Variances identified	(40)	0	(40)
Slippage to 2020/21	0	0	0
Projected Outturn 2019/20	80,156	(17,306)	62,850

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £80.156m

Variances are reported as follows.

CD78	PAVE Dedworth	(40)	0	(40)	Slippage no longer required
		(40)	0	(40)	

There is no slippage to report this month.

Overall Programme Status

The project statistics show the following position:

Scheme progress	No.	%
Yet to Start	44	15%
In Progress	139	48%
Completed	43	15%
Ongoing Programmes e.g.. Disabled Facilities Grant	64	22%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	0%
Total Schemes	291	100%

Major Capital Scheme Progress																		
Project	CAPITAL SCHEME	TOTAL SCHEME VALUE	2019/20			APPROVED SLIPPAGE			TOTAL BUDGET			PROJECTIONS		PROJECT STATUS				
			APPROVED ESTIMATE			FROM PRIOR YEARS			2019/20			2019/20 Projected Variance Underspend as negative	2020/21 SLIPPAGE Projected	Yet To Start	Preliminary / Feasibility Work	Work On-site	Ongoing Annual Programme	Expected Completion
			Gross	Income	Estimate	Gross	Income	Estimate	Gross	Income	Estimate							
		£'000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000					
Communities Directorate																		
Communities, Enforcement & Partnerships																		
CT52	Disabled Facilities Grant	600	600	(600)	0	0	0	0	600	(600)	0	0	0					
CZ18	Braywick Leisure Centre	36,386	10,000	0	10,000	(325)	0	(325)	9,675	0	9,675	0	0					
Place Directorate																		
Property																		
CI29	Broadway Car Park & Central House Scheme	35,313	4,664	0	4,664	0	0	0	4,664	0	4,664	0	0					
Non Schools																		
CT61	Afc Case Management System	460	460	0	460	0	0	0	460	0	460	0	0					
Schools – Non Devolved																		
CSJX	St Peters Middle	2,700	2,700	(39)	2,661	0	0	0	2,700	(39)	2,661	0	0					
CSJR	Works to explore expansions for all Schools	500	500	0	500	475	0	475	975	0	975	0	0					
Commissioning – Communities																		
CF05	Waste Vehicles	4,500	4,500	0	4,500	0	0	0	4,500	0	4,500	0	0					
CD42	Maidenhead Station Interchange & Car Park	4,500	3,050	(2,442)	608	280	0	280	3,330	(2,442)	888	0	0					
CF09	Maidenhead Local Plan Site Works	2,165	2,165	(1,765)	400	(60)	0	(60)	2,105	(1,765)	340	0	0					
CD12	Roads Resurfacing–Transport Asset & Safety	1,900	1,900	(1,750)	150	0	0	0	1,900	(1,750)	150	0	0					
CC62	Maidenhead Missing Links (LEP Match Funded)	2,151	1,418	(891)	527	610	(510)	100	2,028	(1,401)	627	0	0					
CC89	Elizabeth Bridge	850	850	(50)	800	0	0	0	850	(50)	800	0	0					

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Report Title:	CIPFA Review of Financial Governance July 2019
Contains Confidential or Exempt Information?	No - Part I
Member reporting:	Councillor Hilton, Lead Member for Finance and Ascot
Meeting and Date:	Corporate Overview and Scrutiny Panel 22 October 2019
Responsible Officer(s):	Duncan Sharkey, Managing Director
Wards affected:	"All"

REPORT SUMMARY

1. The purpose of the report is to share with the Overview and Scrutiny Panel the Chartered Institute of Public Finance and Accountancy (CIPFA) review of Financial Governance undertaken in July 2019 requested by the Portfolio Holder and Managing Director. The report is attached as appendix A and the CIPFA consultants who undertook the review will be available to answer Member questions at the meeting.
2. The report is a summary of an initial six days work and represents the issues raised at the time it was prepared.
3. The Council has accepted the recommendations in the review:
 - A detailed review of the way financial management operates within the Royal Borough is undertaken as a matter of urgency.
 - The Council put in place measures that ensure that they comply with all applicable local government financial legislation, regulations and codes of practice.
 - A fundamental review of the financial resilience of the Council is undertaken that includes both the medium term financial plan and the capital programme.
 - The capital programme is reviewed to ensure all schemes have appropriate and robust business cases, have clear delivery outcomes and that risks are appropriately managed.
 - The role and support to the current s151 Officer is reviewed.
4. CIPFA have been engaged to support the Council to fulfil these objectives and to give further support to the finance team and the Council up to the approval of the 2020/21 budget in February 2020. This has included updating the financial update reports to Cabinet in September and October 2019.
5. CIPFA will produce a final report after their work has been completed.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Corporate Overview and Scrutiny Panel notes the CIPFA report

2. APPENDICES

2.1 This report is supported by appendix A:

- CIPFA Review of Financial Governance

Royal Borough of Windsor and Maidenhead

Review of Financial Governance

Member Summary

July 2019

Contact details

In the first instance please direct all enquiries to:
John O'Halloran, Director Business Advisory and Consultancy – CIPFA
020 7543 5600 / john.o'halloran@cipfa.org



Contents

1. Introduction	3
2. Conclusions	4
3. Recommendations	6
Appendix A – Key Officers and Members Interviewed	7

1. Introduction

- 1.1. CIPFA were asked by the Managing Director and s151 Officer to review the governance, approval and management processes in relation to a £350k capital scheme (Clewer and Dedworth Neighbourhood Improvements) approved in the 2018/19 budget.
- 1.2. The Managing Director was concerned that the scheme did not appear to meet the Council's overall objectives, that it didn't go through a proper prioritisation process, no business case or plan had been produced as to what the scheme would deliver, or a plan of how it would be managed prior to approving the spend.
- 1.3. This issues raised highlighted further concerns about financial monitoring in the Council, as well as the effectiveness of financial governance and the role of the finance function in overseeing the financial governance of the Council.
- 1.4. This report, as well as looking at the processes around the Clewer and Dedworth scheme gives an overview of the Council's financial monitoring processes, governance and the role of finance in comparison to statutory and recommended practice.

2. Conclusions

- 2.1. Through the course of our work examining the Clewer and Dedworth scheme, CIPFA has identified a number of wider financial and governance issues. We believe the Council needs to address these issues urgently in order to demonstrate that it is managing its finances in a legal, transparent, professional and competent way.
- 2.2. In summary they include:
- The 2018/19 and 2019/20 budget reports did not include a statement on the robustness of estimates and level of reserves and therefore they did not comply with the requirements of the Local Government Act 2003
 - The Medium Term Financial Planning (MTFP) process is limited and does not link to, or reflect the corporate plan in a way that it should in order to reflect best practice. Potential savings of £4.2m are required in 2020/21 based on current assumptions but no explanation is given of how these will be achieved or the plan to deliver them
 - The level of reserves held by the Council are low compared to other unitary authorities and represent a risk to ongoing sustainability if unforeseen events occur
 - The budget monitoring reports to Members for revenue spend were inadequate in 2018/19 because they did not identify £8m of known service overspends until the end of November 2018
 - The Treasury Management Strategy does not comply with the Code of Practice and is inadequate as it does not set out the Council's borrowing intentions and risks clearly
 - The spreadsheet that estimates the cost of debt charges in the MTFP has an error in it that could lead to a £700k budget shortfall in 2020/21
 - The Council's Capital Strategy is not compliant with CIPFA's Prudential code and the budget report does not reference affordability in relation to its capital plans, a requirement of the 2003 Local Government Act
 - The £48k of spending charged to the Clewer and Dedworth Neighbourhoods Capital Improvement scheme appears to be Ultra Vires
 - The approval of the Clewer and Dedworth Neighbourhoods Capital Improvement scheme for £350k did not go through an appropriate prioritisation process and the approval process used for the scheme is questionable
 - The overall Capital Programme approval and monitoring process has significant weaknesses, the scheme examined, included in the capital programme had not been through a prioritisation process and had no business case.
 - It appear to us that Members were able to circumvent the Council's approved policy framework to include additional schemes in the capital programme without appropriate challenge from Officers

- The capital monitoring process does not highlight scheme variances or slippage in year and contains no explanations of either
- Given the weaknesses identified in this report the effectiveness of the role of finance in challenging budgets and supporting departments is questioned
- The role of managers in budget management is not clear based on the interviews carried out. Expenditure on the Clewer and Dedworth scheme was authorised by the manager of the scheme causing it to overspend. This was not questioned by her Manager, Director or the finance team.

3. Recommendations

- 7.1. A detailed review of the way financial management operates within the Royal Borough is undertaken as a matter of urgency.
- 7.2. The Council put in place measures that ensure that they comply with all applicable local government financial legislation, regulations and codes of practice.
- 7.3. A fundamental review of the financial resilience of the Council is undertaken that includes both the medium term financial plan and the capital programme.
- 7.4. The capital programme is reviewed to ensure all schemes have appropriate and robust business cases, have clear delivery outcomes and that risks are appropriately managed.
- 7.5. The role and support to the current s151 Officer is reviewed.

Key Members and Officers Interviewed

Officers

Duncan Sharkey	Managing Director
Rob Stubbs	Head of Finance (s151 Officer)
Mary Severin	Monitoring Officer
Andy Jeffs	Executive Director of Communities
Hilary Hall	Director of Strategy and Commissioning
Ruth Watkins	Corporate Accountant
Zarqa Raja	Group Accountant
Stuart Taylor	Lead Accountant – Adults & Health
Ben Smith	Head of Commissioning
Vikki Roberts	Principal Communities Officer
Catherine Hickman	Lead Specialist, Internal Audit

Members

Councillor Dudley	Leader of the Council
Councillor Hilton	Lead Member for Finance
Councillor Targowski	Chair of Overview and Scrutiny

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Report Title:	Local Government Association Peer Review Follow Up Visit
Contains Confidential or Exempt Information?	No - Part I
Meeting and Date:	Corporate Overview and Scrutiny Panel - 22nd October 2019
Responsible Officer(s):	Duncan Sharkey, Managing Director
Wards affected:	None

www.rbwm.gov.uk



REPORT SUMMARY

The Local Government Association (LGA) undertook a peer review of the Royal Borough of Windsor and Maidenhead (RBWM) in September 2017. On 10-11 June 2019 the same team visited to assess progress.

The team found positive progress in relation to the original findings of the Peer Review and offered further comments. The team particularly highlighted a perceived lack of robustness in our finance management and position amongst other themes.

1. DETAILS OF RECOMMENDATION

RECOMMENDATION:

That the Panel note the positive progress identified in the Follow Up visit and consider the further themes discussed by the Peer Review Team.

2. CONTEXT

2.1 LGA Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team, who are existing or former local government staff used their experience and knowledge to reflect on the information presented to them by people they met, things they saw and material that they read. The process effectively provides a supportive reflection on the Borough to aid in future improvement.

2.2 In this case, RBWM were fortunate the original peer team could return to complete the follow up. A Follow Up visit lasts for twenty-four hours, in a light touch way assesses progress, and offers any further insights garnered.

2.3 As a Follow Up visit does not explore in the same depth as a full peer review it is not usual to prepare an action plan in the same way as was done for the full review. The themes discussed should be borne in mind when developing and designing future actions.

2.4 In this case management action had already started to address some of the issues identified by the peers in particular with the management restructuring just

completed, the engagement with CIPFA to assist the Council in better planning and management of finances, work on the Borough Local Plan, proposals for master-planning both Windsor and Maidenhead, a organisational development project to re-establish organisational values and behaviours and work to grow capacity around mobility, sustainability and economic development.

3. LEGAL IMPLICATIONS

3.1 There are no legal implications arising from this report. The report is the advice of the LGA from the peer team. It is entirely the decision of the organisation how much we engage with or change because of this advice.

4. POTENTIAL IMPACTS

4.1 Equalities None arising from this report.

4.2 Climate change/sustainability None arising from this report.

4.3 Data Protection/GDPR None arising from this report

5. CONSULTATION

5.1 The report has been published on the Council's website and all staff and Members received a copy at that time.

6. APPENDICES

6.1 This report is supported by one appendix which is the LGA Peer Review Follow Up Report.

Corporate Peer Challenge: Follow Up Visit **Royal Borough of Windsor and Maidenhead Council**

10-11 June 2019

Feedback Report

1. Introduction and purpose

The Royal Borough of Windsor and Maidenhead received an LGA Corporate Peer Challenge in September 2017. Feedback from the Peer Challenge concluded that the Council should consider the following three main recommendations:

- **Pause:** now is the moment to pause on the change you have focused on designing and delivering. This does not mean stop improving services, but will allow you time to;
- **Embed:** establish and share with all partners clear lines of accountability for council service areas, whether commissioned or directly provided and clarity over the location of statutory roles (Director of Children's Services, Director of Adult Social Care and Director of Public Health). Ensure these are widely understood. Consolidate the good services that you have without seeking further immediate change. Where services fall short of expectation identify clear pathways for improvement and ownership for who is accountable for that improvement. Refresh your governance to help you underpin this;
- **Explain:** the organisation, its partners and the residents of the Royal Borough need to better understand the changes that are taking place – and why. The new operating model is not widely understood by staff and the residents that we spoke to. By investing more time in explaining what changes have taken place, and why, you will be able to reflect upon their success and consider how the borough can best deliver high performing services and value for money. This will also be an opportunity for you to build and further deepen trust between yourselves and all of your partners.

Having implemented the three key recommendations actively promote, to all parties a single vision for the borough – bringing together your ambitions for people and for place.

The purpose of the follow up visit on 10-11 June 2019 was to help the Council take stock of progress made against the recommendations identified in September 2017. This report provides a written summary of the key observations made by the peer team during their visit to the Royal Borough of Windsor and Maidenhead.

The principles of peer challenge

Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read. The process is not designed to provide a technical assessment or due diligence on specific proposals. Neither is it intended to provide prescriptive recommendations. The peer challenge process provides feedback, observations and insights from experienced practitioners that will help validate, reality check and further develop the Council's current plans, proposals and evolving thinking about the future.

Scope and focus

The peer team were asked to consider the progress made since September 2017 and provide observations about whether the Council is still on track to deliver its ambitions. In doing so peers considered the recommendations identified by the original peer challenge and the three key recommendations made at that time. Alongside these, recommendations included:

- Undertake a full Constitutional review and update the Constitution and associated protocols to reflect the new operating model
- Recognise that members and officers have distinct roles, but can lead and deliver together adopting a 'one-team' approach
- Use the constitutional modernisation to empower a refreshed leadership culture
- Strengthen scrutiny to ensure decision-making is inclusive and robust and adequately support the scrutiny function
- Invest more time in understanding what residents' value including engaging positively with residents and community groups using tools such as Residents Surveys
- Focus on the Borough Local Plan delivering the council's vision including driving economic growth and enhancing cultural and heritage assets and engaging positively with business and the community
- Ensure interaction with safeguarding boards is regular and consistent.
- Link the medium term financial strategy to the single overarching council vision and ensure that financial strategies and decisions are effectively communicated alongside corporate priorities
- Ensure that future transformation needs of services are adequately planned for
- Develop a 'one-team' approach to leadership.

Peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the Council's requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the Council. The peers who undertook the follow up visit to the Royal Borough of Windsor and Maidenhead were the same as the original peer challenge:

Gillian Beasley:	Joint Chief Executive, Peterborough Borough Council and Cambridgeshire County Council
Cllr David Renard:	Leader, Swindon Council
Anna Rose:	Head of Planning Advisory Service
John Skidmore:	Director of Adults, Health & Customer Services, East Riding of Yorkshire Council
Clare Hudson:	LGA Programme Manager

The team spent 24 hours onsite at the Royal Borough on 10th and 11th June 2019 during which they spoke to more than 40 stakeholders including councillors, senior officers, managers, frontline staff as well as partners. Peers prepared for their visit by reviewing a range of documents and information in order to ensure they were familiar with the Council, the challenges it is facing, and the recent progress and developments made.

2. Key findings and observations

The Council has clearly embraced the findings from the CPC in 2017 and evidenced its proactive response through an Action Plan, the implementation of which has been carefully monitored. Since the 2017 challenge there has been a new Managing Director, who took up the post in February 2019. He has made a strong impression throughout the organisation and has made it clear he will work to ensure there is a supportive culture within the Council with members and officers working collaboratively together. The Managing Director's early plans to reshape the organisation provide an opportunity for an organisational 'reset' that will help deliver the council's ambitions.

In 2017 there were clear instances of members and officers not always working positively together. Whilst this follow up visit was very much a snapshot in time there was a universal recognition that the culture within the Council feels more positive and open. The Council has undertaken a significant programme of governance modernisation including adopting a revised constitution. Progress in this area is commendable but it is too early for the peer team to be able to comment upon the full impact.

In 2017 the peer team advised the council to 'Pause, Explain, Embed'. During our follow up visit there was a sense that whilst the Council has invested time and energy in embedding and explaining, the pace of change has not abated. This is not dissimilar to many councils and the Royal Borough has faced a boundary review as well as submitting its Borough Local Plan for examination. The changes made have not included structural changes to the Council or its service provision model and in the peer team's view the time feels right for the organisation to now restructure around the operating model and use this opportunity to establish greater connections between service areas.

In 2017 the peer team reflected that the Royal Borough provides generally good and valued services delivered by committed and skilled officers. This remains the case, but the Council's leadership must now consider if it wants to move towards delivering universally great services alongside major regeneration – for people and for place. To do this well, risks need to be better understood, shared, and clearly managed.

2A. Understanding and managing risk

The peer team recommends that the council ensures it has a better understanding of and plans to mitigate risk. These should include:

The future vision - The Borough Local Plan is at critical phase in its development and was submitted for examination by the Planning Inspector on the 31st January 2018. The Plan itself is outside the scope of this peer challenge and no comment will be made on its content. The Local Plan and the subsequent wider vision for regeneration throughout the borough need stronger alignment to ensure that the Council is appropriately communicating and engaging with its residents and partners on its future vision for both people and place.

Financial management – the Council has a strong record of delivering within budget and low levels of council tax. However, this was tested in the financial year 2018-19 when the

council faced an unexpected and significant overspend. This has prompted the Council to assess its current approach to financial management and strategy. The current culture of financial management and budgetary control is not robust enough and needs greater resource and grip given the scale of risk the Council is now exposed to.

Commissioned services – many services provided by the Council, and notably those services that are people-focused, are now commissioned to external providers. In 2017 the peer challenge focused on steps the Council needed to take to provide greater assurance that these services were being effectively monitored and sufficiently linked to the Council's corporate oversight. Whilst there are now clearer reporting mechanisms there remains further scope to ensure a better connection between commissioned services and the corporate centre of the organisation – and importantly - with each other.

Member and officer relationships – the Royal Borough has prided itself on being a strongly member led council. This remains the case, but the Council needs to adjust to the changed political balance and reduced number of councillors and scrutiny panels. In our previous report the peer team focused on the potential for a rebalance of member officer relationships and a strengthened scrutiny function under a refreshed constitution. This is yet to fully materialise, but the Council is cognisant of changes that it needs to make.

Collaborative leadership – the Council accepted the peer team's suggestion in 2017 that it must establish a one-team approach to leading the Council with members and officers working collaboratively rooted in a culture of trust and integrity. The instability within the management team in 2018 and more recently Cabinet – due to the recent elections - have hindered potential progress on this crucial shift but there are already signs that the Council is willing to move towards this approach, and it now needs to identify the steps it will take to get there.

Alongside the key risk areas identified above set out below are the peer team's reflections and recommendations on the core elements of peer challenge.

2B. Understanding of local place and priority setting

The Council undertook a resident's survey in 2018 which showed many positive results. Residents value many of the council's services. The leadership of the Council is now rightly focused on delivering its manifesto commitments from the recent all out elections in May 2019. The Leader speaks compellingly about the regeneration of many areas of the borough. This is often rooted in physical change meaning that the overall vision for people *and* place feels underdeveloped. This could result in developments taking place that are disconnected from each other and from the council's commissioned services. The Council should articulate an overarching vision of what the borough will be like in the future pulling together the physical regeneration and people centred plans in a vision for the entire borough.

The Royal Borough has a good relationship with its partners and this is allowing regeneration to happen at pace. However, the Council has to be careful that development happens within the context of the vision that the Borough Local Plan is seeking to deliver. The Local Plan should be a blueprint for the future *including* regeneration. Senior officers and leaders need to spend more time articulating and collaboratively delivering the vision

for people and place under a one-team approach. To achieve this the Council must invest more time and resource in agreeing and communicating the vision for the borough with the Leader and Managing Director both being highly visible enablers of change.

2C. Organisational leadership and governance

Colleagues and partners value the more positive and open culture that is emerging. This should be consolidated by developing a consistent and collaborative approach to communicating the Council's vision both internally and externally. The Managing Director and Senior Leadership Team need to be visible and approachable in communicating the vision. This will be critical in tackling the silo working that remains a consistent feature through the Council and requires sustained effort to be broken down.

There are still too many instances of announcements being made publicly without having gone through the agreed internal procedures. This approach risks undermining how well the Council can communicate its overall vision as well as potentially fostering a culture of mistrust. The Council is ready to move on from this and should focus on communicating and leading under a 'one-team' approach.

Following the governance changes Member - Officer protocols are clearer and should provide a solid foundation for the future. Members and officers now need to make them a reality and model the appropriate behaviours to enable this to become 'the new normal'. The reduction in the number of scrutiny panels presents potential for scrutiny to be a positive influence. The Council must now ensure that the supporting infrastructure is appropriate and well-resourced with papers prepared carefully and circulated on time. Scrutiny should move away from verbal only updates and build a deeper level of analysis with a focus on forward looking scrutiny and debate. Collectively senior managers and portfolio holders must come together to agree a clear understanding of roles and responsibilities and how they will work to deliver the council's ambitions and ensure service levels are maintained and improved where needed.

2D. Financial Planning and Viability

The Council has managed an overspend in 2018-19 but will want to avoid this going forward. The Council will need to develop a greater understanding of why and how unplanned spend has grown over the past year and ensure it will not recur in 2019-20. The culture of budget development has been rooted in an approach of finding efficiencies in service areas rather than a council wide budgeting approach that identifies and plans savings with a view towards future transformation.

This is borne out in the Council's limited future savings plans, because budget challenges have tended to be dealt with in-year by finding efficiencies, there is not clear evidence of a future pipeline of savings. As a result the Council has currently identified limited savings options for the future. The capital programme varies significantly in scale and scope year on year and the majority of planned capital spend is centred in the forthcoming regeneration of Maidenhead town centre. The number and complexity of capital schemes the Council is now engaged in, either singularly or with partners, will require a strengthened approach to capital financial management. The Council should use a

refreshed and more detailed Medium Term Financial Plan to set out a narrative for the financial strategy for the future – and how it will be delivered.

2E. Capacity to deliver

To further embed the progress made the Council needs to:

- Establish a clearer vision bringing together elements of people and place
- Share this vision with partners
- Introduce consistently strategic oversight of services, this must address the current disconnections between service delivery and siloes that predominate
- Collaboratively plan with partners – the future of commissioned services will require a much deeper approach to collaborative planning. The Council should be leading discussions with Achieving for Children and Optalis on issues such as transitions services, all age learning disabilities and demand management
- This clearer vision and collaborative plan should be consistently communicated by members and senior officers
- The Council should build on the refreshed culture to move from a culture of finding efficiencies to one of change for transformation

In everything the Council does over the coming years there are four key principles the peer team recommends the Council should put at the heart of its culture:

People – Place – Change - Transform

3. Next steps

We appreciate the Council will want to reflect on these findings and suggestions with the senior managerial and political leadership in order to determine how the organisation wishes to take things forward.

As part of the peer review/challenge process, there is an offer of further activity to support this. The Local Government Association (LGA) is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Mona Sehgal is the main contact between your authority and the LGA. Her contact details are: Tel. 07795 291006 and Email. Mona.sehgal@local.gov.uk.

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform ongoing consideration.

Clare Hudson

On behalf of the peer team

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Agenda Item 8

WORK PROGRAMME - CORPORATE OVERVIEW AND SCRUTINY PANEL

DIRECTORS	<ul style="list-style-type: none"> • Duncan Sharkey (Managing Director) • Russell O’Keefe (Executive Director) • Andy Jeffs (Executive Director)
LINK OFFICERS & HEADS OF SERVICES	<ul style="list-style-type: none"> • Elaine Browne, (Head of Law) • Nikki Craig, (Head of HR, Corporate Projects & ICT) • Catherine Hickman, (Lead Specialist Audit and Investigation) • Barbara Richardson, (Managing Director RBWM Property Co) • Ruth Watkins, (Chief Accountant and Deputy S151 Officer) • Karen Shepherd (Head of Governance)

MEETING: Special Meeting- 18th November (TBC)

ITEM	RESPONSIBLE OFFICER
Review of Contracting Process	Duncan Sharkey , <i>Managing Director</i>
Final Statement of Accounts	Julian Reeve & Jonathan Gooding , <i>Deloitte</i> ; Ruth Watkin <i>Chief Accountant, Deputy S151 Officer</i>
External Audit IAS260	Auditors ; Ruth Watkins , <i>Chief Accountant and Deputy S151 Officer</i>
Annual Governance Statement	Elaine Browne , <i>Head of Law</i>
Annual Governance Statement; progress report on GDPR compliance	Karen Shepherd , <i>Head of Governance</i>
Work Programme	Clerk
TASK AND FINISH	
TBC	

MEETING: 4th FEBRUARY 2020

ITEM	RESPONSIBLE OFFICER
Performance Q3 Report	Rachel Kinniburgh , <i>Strategy and Performance</i>
Budget Report	Lead Officers & Finance
Annual Trusts Report	Karen Shepherd ; <i>Head of Governance</i>
2019/20 Interim Audit and Investigation Report	Catherine Hickman , <i>Lead Specialist Audit and Investigation</i>
Annual Scrutiny Report (Draft)	Chairman & Lead Officers
Work Programme	Panel clerk
TASK AND FINISH	
TBC	

MEETING: 22nd APRIL 2020

ITEM	RESPONSIBLE OFFICER
Annual Scrutiny Report (Final version for approval and submission for Full Council)	Chairman & Lead Officers
Key Risk Report (Bi-Annual)	Steve Mappley , <i>Insurance and Risk Manager</i>
Annual Governance Statement; Progress report- Health and	Nikki Craig , <i>Head of HR, Corporate</i>

Safety Update	<i>Projects & ICT</i>
Annual Governance Statement; Progress report- Business Continuity Plans	David Scott; Head of Communities
Work Programme	Panel clerk
TASK AND FINISH	
TBC	

ITEMS SUGGESTED BUT NOT YET PROGRAMMED

ITEM	RESPONSIBLE OFFICER