

Public Document Pack

CABINET

THURSDAY, 1 DECEMBER 2022

PRESENT: Councillors Andrew Johnson (Leader of the Council; Growth & Opportunity) (Chairman), David Cannon (Anti-Social Behaviour, Crime, and Public Protection), David Coppinger (Adult Social Care & Maidenhead), Samantha Rayner (Deputy Leader of the Council; Business, Corporate & Residents Services, Culture & Heritage, & Windsor), Phil Haseler (Planning, Parking, Highways & Transport), David Hilton (Asset Management & Commercialisation, Finance, & Ascot) and Gurpreet Bhangra (Environmental Services, Parks and Countryside)

Also in attendance: Councillors L Jones and Price

Also in attendance virtually:

Councillor Donna Stimson (Climate Action & Sustainability)

Councillors Sharpe, Tisi and Werner

Officers: Tony Reeves, Andrew Durrant, Andrew Vallance, Adele Taylor, Kevin McDaniel and Karen Shepherd

Officers in attendance virtually: Emma Duncan, Becky Hatch, Chris Joyce, Chris Wheeler, Alysse Strachan and Adrien Waite

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Stuart Carroll and Councillor Donna Stimson joined the meeting remotely.

DECLARATIONS OF INTEREST

No declarations were made.

MINUTES

RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 27 October 2022 be approved.

APPOINTMENTS

No appointments were made.

FORWARD PLAN

Cabinet noted the Forward Plan for the next four months including the following additional changes:

- 'Housing Allocations Policy' was withdrawn from the agenda and would be considered by Cabinet in January 2023
- 'Corporate Plan Review' would be considered by Cabinet in January 2023
- 'Stakeholder Masterplan Document for land in Maidenhead' would be considered by Cabinet in January 2023
- 'A Vision for Windsor' would be considered by Cabinet in February 2023

CABINET MEMBERS' REPORTS

HOUSING ALLOCATIONS POLICY

This item had been withdrawn from the agenda and would be considered by Cabinet in January 2023.

HIGHWAYS MAINTENANCE CONTRACT - PROPOSAL AND RECOMMENDATION FOR RE-PROCUREMENT AND FUTURE SERVICE DELIVERY

Cabinet considered approval of proposed service groupings for re-procurement and the proposal to strengthen the client team by bringing highways inspection, programme management and quality monitoring back 'in house'.

Councillor Haseler, Cabinet Member for Planning, Parking, Highways & Transport explained that the cabinet paper outlined options and recommendations for the future highway maintenance service delivery model, when the current Volker Highways contract expired on 1 April 2024. It was recommended that a procurement exercise was undertaken in order to obtain contracted services for the majority of activities and functions. It also recommended strengthening the in-house client team by delivering highway inspections, programme management and quality monitoring 'in house'. It was suggested that re-procurement be undertaken for three separate contract groupings:

- Highway maintenance
- Street cleansing (including public conveniences)
- Highways professional services

Councillor Haseler explained that in 2017, the Council entered a five-year highways management and maintenance contract with Volker Highways Ltd to provide a range of services with further 2 year extension until 31 March 2024. This was the maximum that the contract could be extended. The current commissioned service contained the following core elements:

- Highway and Bridge Inspections
- Highway and Bridge Repairs
- Drainage and gully clearance
- Winter Service
- Street Cleansing
- Project Delivery
- Tree Inspections

Within the Cabinet report table two set out where the services sat prior to outsourcing in 2017 and recommendations of where they should sit going forward based on the review. The rationale for bringing certain aspects back in house was to provide greater quality and cost control for the Council. The proposal recommended that the majority of elements were delivered by external providers because they were specialist technical activities e.g. technical bridge assessments or construction functions such as winter gritting delivery/ road resurfacing. A paper recommending award of the contracts was planned to be considered by Cabinet in September 2023 with any cost implications being considered in the budget setting process for 2024/25.

Councillor Johnson seconded the proposal.

Councillor Rayner commented that Highways was the one aspect of Council delivery that affected every resident and noted that the Residents Survey showed that 89% of those that responded were satisfied with the area they live in.

Councillor Hilton reflected that Customer Enquiries was proposed to move in house and supported the paper as he considered it was optimum for the Council to own that interface.

Councillor L. Jones agreed with the recommendation as she had previously called in the outsourcing decision in 2017 and supported the change which she hoped would provide better ongoing customer service.

Councillor Werner stated that he considered it was the wrong decision in 2017 and supported the move to bring these services back in house.

Councillor Johnson commented that the administration was not ideologically opposed to outsourcing when it was appropriate and provided best value.

Councillor Hasler concluded by thanking colleagues for their support and the officer team for pulling the proposals together including market and external engagement.

RESOLVED UNANIMOUSLY that

- i) the report be noted and**
- ii) the proposed service groupings for re-procurement and the proposal to strengthen the client team by bringing highway inspections, programme management and quality monitoring back 'in house' be approved.**

2022/23 MONTH 6 BUDGET MONITORING REPORT

Cabinet considered details of the Month Six forecast outturn against budget for the 2022/23 financial year as at the end of September. It included the revenue and capital budgets along with the forecast financial reserve position at year end.

Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance & Ascot advised the meeting that the current forecast was an overspend on service budgets of £1.301m and including unallocated contingency and changes to funding budgets, this was reduced to an underspend of £0.966m which was a reduction of £1.299m from the position reported in month four. Given the current economic climate and challenges in setting 2023/24 it was important that the Council managed down any potential overspends during the current year and services were working on this. He detailed the Council-wide actions being taken to manage spending including:

- invoices without a purchase order expenditure requiring Director approval;
- the Section 151 Officer and Chief Executive approving all recruitment requests and undertaking a monthly review of agency, consultant, and overtime spend; and
- a renewed focus on debt recovery.

He stated that the Council was working on delivering a balanced budget without requiring any use of the contingency.

Achieving for Children reported an overspend which had been mitigated by one off ear marked reserves, an underspend from Learning Disability demographic growth reducing the spend by £553k. This budget pressure was a result in part from hospitals discharging patients into residential care to free up hospital beds which they were funded to do. However these costs were transferred to the Council. He stated that once in Care Homes many do not leave which had increased the numbers within care and detailed in Appendix D.

Optalis would use a lower cost option and discharge older people into their own homes, supported by the Reablement team which usually enabled them to become independent and lead a better quality of life. The directorate was implementing a series of actions to address

the level of spend including working with the Integrated Care System to secure additional resources from the one-off £500m national winter support fund where allocations were still to be announced. A review of use of accommodation by some residents with learning difficulties would be undertaken and a Supported Lives scheme designed to reduce costs and improve quality of care provided would be relaunched.

Children's Services had a projected an overspend of £225k. £400k overspend on Home to School Transport. Since the start of the academic year there had been an increased volume of the current and planned cohort including the loss of an established bus route.

There was a continued pressure of £250k on the Legal Services contract due to high volumes and increased complexity and duration of the legal process.

An overspend of £169k was forecast due to the impact of the unfunded National Transfer Scheme for unaccompanied asylum-seeking children. It was understood that the Borough was currently supporting 35 young people which met the national 0.1% ratio set by the Home Office.

The £2.45m Dedicated Schools budget deficit was a concern. Alongside the Deficit Management Plan, Achieving for Children was participating with the Department for Education Delivering Better Value (DBV) in SEND support programme. The programme would provide dedicated support and funding to help local authorities with substantial deficit issues to reform their high needs systems.

In Achieving for Children a deficit recovery plan had been implemented and so far indicative in year mitigations of £481k were reflected in the reported budget outturn.

The Place directorate forecast an overspend of nearly £1.4m. The directorate was implementing a series of actions to address this overspend including engagement with significant contractors so that opportunities for efficiencies could be identified as part of contract procurement, consultancy spend would be reviewed to ensure it was achieving value for money and Section 106 monies would be scrutinised to ensure that they had been properly applied and reflected in the forecast outturn.

Income from Pay and Display car parks had increased which was good news for both the Council and retailers and was averaging at 92% of the profiled budget.

Planning was reporting an overspend of £0.321m, mostly due to pressures in the tree team inspection programme. The forecast assumed that works commissioned were delivered; if they were not this overspend may reduce.

The risk of increased utility costs, as previously reported by Leisure Focus Trust and discussions were ongoing in respect of what further actions could be taken to mitigate the pressure but the Council may be exposed to an estimated additional cost of £0.350m. This pressure was yet to be included in the budget.

The Resources directorate reported an underspend of £0.451m which was a favourable movement of £0.290m from the previous month. This was due to several smaller variances in HR, Corporate Projects, IT, Libraries and Residents Services. Libraries and Residents Services had also received an important contribution from parishes towards the running costs of services.

The Governance, Law, Strategy and Public Health directorate forecast an underspend of £0.319m. Non-staff costs in relation to Operation London Bridge total over £1m and would be refunded by central government. However, the staff payroll costs were to be met from the Council's contingency budget.

Due to the recent reorganisation a number of virements were shown on page 68 of the Cabinet report which had no impact on the budget outturn.

Capital expenditure was currently projected at £49.74m. Appendix E provided details of the capital budget and further information on variances. The inflation and additional costs due to the inclusion of an air source heat pump had increased the cost of Windsor Girls' School expansion by £140k. £40k of these costs would be met by Section 106 contributions held for carbon offsetting and the remaining £100k would be vired from the new primary places capital budget which in turn would be replenished by £100k virement from Charters PD needs works by means of Capital allocation. These movements preserve the capital allocation for the same work.

Due to economic climate and the sharp rise in interest rates capital budgets had been reviewed and £3.7m net budget savings had been identified which reduced interest rate costs by £95k in 2022-23. Slippages of £2.8m generate a further saving of £72k in the current year. Two affordable housing schemes had been rephased to 2024-25.

Councillor Johnson, Leader of the Council seconded the proposals and commented that the Council was trending towards mitigating identified costs and achieving a balanced budget.

Councillor Rayner congratulated the Finance team and noted that 70% of those that responded to the Residents' Survey had a fair or great deal of trust in the Council.

Councillor Hilton added that although the budget position was driven by the Finance team it was supported by each of the directorates.

Councillor L. Jones asked a series of questions:

- although delays to recruitment was helping the financial situation how was this not affecting delivery of services
- was the increases of parking charges going to continue?
- although the anticipated overspends were reducing was it going to be possible to put the contingency into reserves?
- was the size of the reablement team increasing to increase their capacity?
- disappointed that Supporting Lives was being mentioned as it had never achieved proposed savings over the previous five years and asked what was being done differently?

Councillor Johnson replied that work within service departments was ongoing to avoid spending the contingency with the budget which would mean that this could be transferred to reserves and this was the ambition of the administration.

Councillor Hilton reiterated this position as set out in the report that the intention was for the contingency monies to be used to increase reserves. He agreed that progress on Supported Lives had slowed due to the pandemic but would now be driven forward.

Adele Taylor, Executive Director of Resources clarified that additional steps had been introduced on the recruitment process and the Chief Executive along with the S151 Officer were regularly considering alternative options when vacancies arose before recruitment was undertaken as well as agency costs but a freeze was not in place.

Councillor Johnson acknowledged that there had been a boost to parking charge increases due to recent events but believed it would continue. Andrew Durrant, Executive Director of Place Services confirmed that the report contained further projection of growth in parking income.

Kevin McDaniel, Executive Director of People Services responded to the question on reablement explaining that Optalis was restructuring the way it works in order to increase capacity such as utilising the Winter Support Plan funding in order to get out to people more quickly. Supported Lives was a relaunch of a different approach to ensure it was an early

conversation rather than an alternative to other options to encourage people to lead richer lives.

Councillor Price asked a series of questions:

- had the impact of increasing footfall within Windsor been experienced by businesses?
- do the Council staff have the capacity and skill set for commercially minded projects?
- clarification requested regarding use of contingency funds versus use or replenishment of reserves?

Councillor Johnson challenged the statements made that reserves had gone down or that the Council had failed to deliver commercialisation and gave the example of investment in the tennis courts.

Councillor Hilton clarified that within the budget there was an amount identified for contingency. The ambition was for the contingency funds not to be utilised and therefore added to reserves. The Executive Director of Resources gave the example of the death of Her Majesty the Queen where contingency funding was utilised for the council's role in the state funeral arrangements. A minimum amount of reserves were calculated and this changed each year. Previously unused contingency funds had been added to General Fund reserves. As part of the balanced budget a line of funding was identified for contingency but it was part of the financial strategy not to need that funding. She clarified that due to the size of Council the optimum level of reserves would be £15m. Earmarked reserves were ring fenced for specific activities or projects that occurred over a number of years but were not included in the calculations for the General Fund monies.

Councillor Rayner responded to the queries regarding increased footfall in the town and reported that independent businesses had seen an increase, national chains stated that their Windsor stores were the highest grossing and representatives at the Tourism and Partnership Board had endorsed the comment that it had been a successful year.

RESOLVED UNANIMOUSLY that:

- i) the forecast revenue outturn for the year be noted as an overspend on services of £1.301m which reduced to an underspend of £0.876m that would be transferred to general fund reserves, when considering unallocated contingency budgets and changes to funding budgets (as set out in the Cabinet report at paragraph 4.1);**
- ii) four budget virements (as set out in the Cabinet report at paragraph 4.1) be approved;**
- iii) the forecast capital outturn was expenditure of £49.744m against a budget of £59.978m (as set out in the Cabinet report at paragraph 14) be noted; and**
- iv) two capital budget virements (as set out in the Cabinet report at paragraphs 14.2 and 14.3) be approved.**

COUNCIL TAX BASE 2023/24

Cabinet considered the report dealing with the statutory requirement to set the Council's tax base for 2023/24 noting that the tax base was used by Thames Valley Police, Berkshire Fire and Rescue Authority, local Parish Councils as well as the Royal Borough for setting precepts and Council Tax for the coming year.

Councillor Hilton, Cabinet Member for Asset management & Commercialisation, Finance and Ascot advised the meeting that under Government regulations it was necessary for the Council to review its Collection Fund and decide the following:

- the Council Tax Base to be used for setting its 2023/24 Council Tax
- its Council Tax Collection Rate for 2023/24; and
- the estimated Council Tax deficit for 2022/23.

He explained that provision had been made in the proposed 2023/24 tax base for new properties that were likely to be occupied before the end of the next financial year. The growth in local development continued and this was estimated at 1,089 additional properties. Appendix D set out the Band D equivalent properties that were included in the CTB1 return at 69,605.09. The estimated impact of additional properties and revaluations adjusted for non-collection and reductions for valid discounts was 305 which gave a tax base of 70,250.20 properties.

He stated that a review of eventual collection rates had been carried out which revealed the assumptions to calculate the tax base at 99.5% were adequate.

It was explained that although Business Rate tax base could be estimated using the previous year's returns it was not possible to calculate the actual Business Rate tax base until Department for Levelling Up, Communities and Housing (DLUCH) published the NNDR1 return in January. Therefore, this would be included in the Budget report along with other assumptions about income.

Councillor Johnson seconded the proposals.

RESOLVED UNANIMOUSLY that:

- i) the report be noted;**
- ii) the Council Tax base for the whole of the Borough area, for 2023/24 at 70,250.20 as detailed in the Cabinet report and appendices be approved. This was an increase of 513.88 over the 2022/23 base, a 0.74% increase;**
- iii) the Council Tax collection rate of 99.5% for 2023/24 be noted; and**
- iv) an estimated deficit on the Council Tax Collection Fund in 2022/23 of £1.989m, of which the Council's share is £1.58m be noted.**

2023/24 DRAFT REVENUE BUDGET

Cabinet considered the proposed draft revenue budget for 2023/24 based on the current information available.

Councillor Johnson, Leader of the Council set out the budget consultation process including an opportunity for discussion at the Overview and Scrutiny budget challenge session, the public consultation, further meeting of Cabinet in February as well as a full debate at Council. He reiterated that the Local Government Financial Settlement was not anticipated until late in December which therefore meant that element of the draft balanced budget proposals were based on assumptions. He was proud to reflect that the Council was proposing a balanced budget with an accompanying low level of Council Tax. He regretfully acknowledged that residents would be asked to contribute a higher level of Council Tax for the reprioritised budget focusing on key areas such as Adult Social Care and Children's Services. He stated that this needed to be benchmarked against rocketing financial pressures as the Council was not immune to the rising costs being experienced by residents including increasing fuel costs, inflation and borrowing costs as well as obligations to support asylum seeking children. He acknowledged it had not been an easy process to deliver the budget proposals.

Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance & Ascot presented the Cabinet report reiterating that like other organisations local government was facing significant financial challenges such as high interest rates, inflation and additional uncertainty around funding levels. The Autumn Statement had confirmed that Council tax could be increased by up to 2.99% before a referendum was required and a further 2% for adult social care precept. He confirmed that it was proposed to increase Council Tax by those levels. He explained that a 4.99% increase for a Band D property would mean £58.09 increase to £1223.11 which was still lower than others in Berkshire. He noted that precepts from the Police and Fire & Rescue Service would be added to this figure. He advised that for every 1% Council Tax was increased the Council would raise £831K. The budget had been set whilst pressures on services such as Adult Social Care, Children's Services and housing were increasing. Recruitment challenges remained across services and the risk that some income budgets may not recover to pre-pandemic levels. The medium-term financial strategy was aligned to the Council's Corporate Plan for the period 2021-2026, "Building a borough of opportunity and innovation" which set out the Council's overarching strategy and priorities.

The budget proposals would be consulted on until February 2023. The outcome of the consultation would be fed back to Cabinet alongside analysis from engagement with other key stakeholders such as businesses and partner organisations.

He explained that within the Cabinet report:

- Table three was the draft revenue Budget for 2023/24
- Table four set out Service Department growth above £0.100m
- Table five set out Service Department savings above £0.100m
- Individual budget growth requirements were shown in Appendix C
- Equality Impact Assessments were appended to the report at Appendix D to explore the impact of proposed changes

Cabinet members were asked to note the EQiA on page 172, relating to savings proposal reference AHH30S, had not been taken forward but demonstrated how reliant local authorities were on central funding as such considerations may have been required to achieve a balanced budget.

He explained that Table six listed fees and charges income which included both statutory and discretionary fees.

Appendix B set out the detail of the Medium-Term Financial Plan which detailed the assumptions made. Including the allowed Council Tax and Adult Social Care precepts into the Medium-Term Financial Plan results in the savings previously reported at the July meeting reduced from £10.4m to £4.68m over the period 2023-24 to 2027-28.

He concluded that the budget worked hard to maintain residents' services whilst focusing efficiencies on back-office functions. Councillor Hilton moved the recommendations within the Cabinet report which were seconded by Councillor Johnson.

Councillor Rayner congratulated the team involved in developing the proposals acknowledging the challenges of the financial context. She referenced a number of Council initiatives demonstrating support and protection of vulnerable residents including the 'Cost of Living' and 'Here to Help' campaigns and Warm Places. She noted that the proposals included 3% pay increase for appreciated Council staff, £206K growth bid for the upcoming election, £114K for ICT to support business continuity as well as increases in income from the Registrars of £55K. She concluded by saying that it was clear that the Corporate Plan was integral to the budget setting process and encouraged residents to participate in the consultation. She quoted that 50% of respondents to the Residents' Survey believed that the Council offered value for money.

Councillor Coppinger commented on the challenges facing Adult Social Care services and highlighted that Optalis would require £4m to stay balanced and deliver its services.

Councillor Johnson concluded the discussion by advising that as there would be further opportunities for questions and debate on the proposals he would not be accepting questions or comment from non-Cabinet members.

RESOLVED UNANIMOUSLY: That the draft budget that would be consulted on prior to final budget setting during February 2023 be agreed including:

- i) the draft budget and revised Medium Term Financial Plan set out in Appendices A and B of the Cabinet report;**
- ii) proposed growth and budget pressures set out in Appendix C of the Cabinet report; and**
- iii) proposed savings set out in Appendix D of the Cabinet report.**

DRAFT CAPITAL PROGRAMME 2023/24 - 2025/26

Cabinet considered the report detailing the draft capital programme for 2023/24 onwards including proposed new capital bids and planned expenditure for bids previously approved by Council. Together with the capital strategy and capital cashflow, it provided an overview of the Council's proposed capital planning and expenditure.

Councillor Hilton advised that the report set out the draft Capital Strategy and proposed capital programme for 2023/24 – 2025/26. Once agreed the Council could confirm the implications on its future borrowing and the implications on its final revenue budget and Medium Term Financial Strategy. He explained the programme was linked closely to two other strategies: the draft Treasury Management Strategy setting out how the Council would fund and afford its planned level of capital investment in 2023/24 and beyond and the Medium Term Financial Strategy 2023/24 – 2027/28 which sets out the Council's revenue spending for the next fiscal year and indicative spending plans for 2024/25 – 2027/28. Both were reviewed by the Audit and Governance Committee in October.

The draft Capital Strategy as set out in Appendix B provided a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; along with an overview of how associated risk was managed and the implications for future financial sustainability. It demonstrated how revenue, capital and balance sheet planning were fully integrated. The draft strategy was also reviewed by Audit and Governance Committee in October.

He stated that the current volatile political and economic climate created a high level of uncertainty and had driven the high level of interest rates and increased borrowing costs. The Capital Review Board had met regularly to review the existing capital programme to ensure that unnecessary schemes were dropped and agreeing optimal financing arrangements on all schemes to reduce the pressure on the revenue budget.

Councillor Hilton advised that with interest rates at 5% a £10m increase in capital expenditure would result in an increase in annual borrowing costs of £500,000 on the revenue budget so for 2023/24 the Council had focused on:

- fully funded schemes, where the cost of the scheme is fully or largely met by external funding.
- unavoidable capital investment – predominantly relating to immediate requirements to replace or enhance essential fixed assets for service delivery, such as IT assets for business continuity.

Using this strategy, the Capital Programme was prioritised into four key areas: regeneration schemes, major strategic acquisitions, efficiency projects and operational schemes. These would be funded by:

- capital grants
- developer contributions in the form of s106 & CIL
- partner contributions, and
- capital receipts

Table 3 set out the 2023/24 Capital programme in detail with sources of funding. The total draft Capital Programme for 2023/24 was currently £40,950,000, of which the largest share (£13,756,000) related to the ongoing cost of existing capital schemes. New capital investment amounts to £13,357,000 for fully funded schemes and £3,377,000 for corporately funded schemes. The net cost of the 2023/24 programme to be funded from borrowing was currently £27,593,000.

The overall three-year draft Capital Programme would increase expenditure by £62,838,000, of which the largest share of £47,518,000 related to schemes approved in previous years. The Capital cash flow information was detailed at Appendix E. Councillor Hilton concluded by reflecting that the £3,377,000 for corporately funded schemes was approximately £3m less than previous years and demonstrated how the Council had decided to manage its budget to keep interest costs down.

Councillor Johnson, Leader of the Council seconded the report stating that it reflected the current economic climate and would be further discussed as part of the Overview and Scrutiny discussions being held on 14 December.

UNANIMOUSLY RESOLVED that the report be noted including:

- i) the draft Capital Strategy 2023/24 – 2025/26 (as set out in Appendix B of the Cabinet report);**
- ii) the proposed new schemes (as set out in Appendix D of the Cabinet report); and**
- iii) the capital cash flow (as set out in Appendix E of the Cabinet report).**

The meeting, which began at 7.00 pm, finished at 8.22 pm

CHAIRMAN.....

DATE.....