

Slough Borough Council

REPORT TO: Cabinet

DATE: 18 September 2023

SUBJECT: Budget Monitoring Quarter 1

CHIEF OFFICER: Adele Taylor – Executive Director, Finance & Commercial (Section 151 Officer)

CONTACT OFFICER: Neil Haddock, Interim Strategic Finance Manager, Financial Planning & Reporting

WARD(S): All

PORTFOLIO: Councillor Smith – Leader of the Council
Councillor Chahal – Lead Member Financial Oversight

KEY DECISION: YES

EXEMPT: NO

DECISION SUBJECT TO CALL IN: YES

APPENDICES:

- 1 People (Adults)
- 2 People (Childrens)
- 3 Place & Community
- 4 Housing, Planning & Place
- 5 Strategy & Improvement
- 6 Finance & Commercial, & Corporate Budgets
- 7 Capital Projects detail, General Fund & HRA
- 8 Contingency Budget (Inflation) Proposed Virements detail
- 9 Contingency Budget (General) Potential calls detail

1 Summary and Recommendations

1.1 This report sets out the forecast position of the Council for the financial year 2023/24 as at the end of the first quarter, June 30 2023.

Recommendations:

Cabinet is recommended to **agree** the following:

1. That Lead Members work with individual Executive Directors to reduce the forecast overspend ahead of the Quarter 2 monitoring report for Cabinet

2. To authorise a virement from centrally held budgets to Adult Social Care allowing expenditure against the 2 ring fenced grants, of £1.2m and £0.6m, that have been awarded this year.
3. To authorise a virement from centrally held budgets to service directorates in respect of inflationary pressures, amounting to £3.3m of the £5.3m available, and allow the balance of £1.9m to be added to the General Contingency
4. To authorise a virement from centrally held budgets to service directorates in respect of pressures, other than inflation, amounting to £1.6m of the £12.4m available.
5. To authorise the funding of the one-off payment of £5.312m to Slough Children First in respect of prior year deficits from the Budget Equalisation Reserve, subject to the Slough Childrens First Business Plan (elsewhere on the agenda) being agreed.
6. To delegate the Executive Director of Finance and Commercial, in consultation with the Lead Member for Finance and Finance Commissioner, to allocate the pay inflation of £2.8m held centrally to departments once the pay award is known.

That Cabinet **note** the following.

1. Service revenue budgets are forecast to overspend by £24.4m in 2023/24; centrally held contingencies once allocated will mitigate this in part, and reduce the forecast overspend to £8.4m. Corporate underspends in respect of interest costs and the Minimum Revenue Provision (MRP) amount to £3.1m and reduce the overall forecast to an overspend of £5.3m
2. Medium Term Financial Strategy Savings (MTFS) of £19.7m are expected to be delivered against planned savings of £22.4m.
3. That the Capital programme is forecast to underspend by £17.2m

Commissioner Review

In the challenging social and economic climate with risks inherent in several of the Council's operations and financial pressures carried forward from previous years, it is important that members and officers fully understand the budget and are accountable for the delivery of it. This includes the delivery of savings and the need to manage in-year pressures. Clear transparent reporting is needed to identify issues as they arise and take the urgent corrective action required to support the Council's overarching aim to be a Council that lives within its means, which is essential to its long-term financial sustainability.

The commissioners are content with this report recognising that overall, this leaves the Council with an in-year deficit still to be addressed.

2 Report – Introduction

2.1 The 2023/24 budget and Medium-Term Finance Strategy were approved by Full Council on 9th of March 2023 based on an estimated financial deficit in the Capitalisation Directive (CD) of:

- £267.1m up to 2022/23
- £31.6m for 2023/24
- £58.4m for post 2023/24

2.2 The General Fund revenue budget was approved at £143.4m and included growth of £12.2m and savings by Directorates of £22.4m. The budgets set were and are cash limited budgets and all budget holders need to manage in year pressures within those cash limited budgets. The forecasts in this report are against those cash limited budgets. However, a significant proportion of the General Fund budget is currently held centrally and needs to be distributed to directorates. There is a permanent budget of £22.2m held centrally, intended for distribution as follows:

- £12.4m general contingency
- £ 6.9m for contract inflation
- £ 2.8m for pay inflation

2.3 In addition, the Adult Social Care budget contains income for three grants. Two of these are ring-fenced and carry expenditure commitments but with no allowance made for the associated expenditure. Virements in respect of these will increase the spending power of the Directorate to rectify this position. The other grant where the income should instead be treated in the accounts as “Sources of Finance” is an accounting adjustment with no impact on the position. The grants are as follow:

Market Sustainability & Improvement Fund	£1,207,019
Adult Social Care Discharge Fund	£ 559,310
Social Care Grant	<u>£7,759,622</u>
Total	<u>£9,525,951</u>

2.4 The outturn for 2022/23 and the Quarter 1 forecast for 2023/34 will inform the updating of the Capitalisation Direction model and the Medium Term Financial Strategy (MTFS) in the context of the following:

- 2018/19 Accounts awaiting final sign-off from the auditors, Grant Thornton.
- 2019/20 Accounts prepared with external audit expected to begin July 2023
- 2020/21 Accounts partially prepared but yet to be fully completed, in light of 2019/20 waiting audit.
- 2021/22 to be completed.
- 2022/23 to be completed.
- 2023/24 budget delivery/forecast.
- 2024/25 - 2028/29 MTFS work is at a very early stage, in line with other local authority timelines.

2.5 Having multiple financial years actively being worked on is an extremely challenging environment and adds considerable risk and uncertainty to financial planning. In this context the period 3 forecast for 2023/24 is indicating that:

- Service budgets are forecast to overspend by £24.4m before allocation of centrally held budgets. Issues remain to be resolved in respect of funding inflationary uplifts and pressures for 23/24 which are in part dependent upon the outturn for 2022/23 and the impact this has on reserves and contingencies. At this stage there is £16.0m that can be distributed which reduces the forecast overspend to £8.4m. This is reduced to £5.3m once Corporate underspends on interest and the MRP amounting to £3.1m are taken into account.
- £15.6m savings, 70% of the £22.4m total savings required in 2023/24, have been identified as delivered or on track to be delivered, with a forecast that £19.6m (88%) will eventually be delivered. Savings are classified as being B(lue/delivered) R(ed) A(mber) G(reen) or Mitigating savings.
- There is inconsistency between the reporting that savings are being delivered and the significant overspend that is being forecast. This suggests that the overspends reported are too pessimistic, the savings being delivered is too optimistic, or that the delivery of savings is not feeding through to the forecasts. It could also suggest that existing pressures within the system had not been fully recognised previously. Deep dive reviews per directorate at a line by line level to assess this in detail have been undertaken to identify actions to manage the resulting overspends, but the impact of these actions will only be included in forecasts once there is evidence that these will deliver real cashable reductions in spend.
- The Housing Revenue Account is forecasting a surplus of £0.1m for the year.
- The Dedicated Schools Grant is forecasting a carry forward deficit of £12.8m at the end of year inclusive of Safety Valve funding.
- Corporate Budgets will play a critical role in determining the overall outturn position for 2023/24. These budgets, alongside the one-off reserves and provisions on the Balance Sheet, provide the means to manage the financial risks of the Council, whether those take the form of inflation, pay awards, other budget pressures and/or changes in circumstances during the year. These will also be subject to that deep dive review.
- The Capital Programme (General Fund) is showing an underspend of £17.2m against a budget of £36.3m, of which £11.4m is due to slippage on timescales where the budget will need to be rolled forward into next year, and £5.6m is identified as savings on the programme.
- The Capital Programme (HRA) is showing a minor underspend of £61k against a budget of £10.1m.
- The funding available and the estimated commitments against that funding are being reviewed to ensure prudent and transparent financial management are

undertaken in 2023/24, which in turn will inform the development of the MTFs and the budget for 2024/25. Potentially the Corporate Budgets counterbalance the forecast overspend relating to service budgets in 2023/24, however further work is required to ensure that any financial commitments and risks are built upon robust assumptions.

3 GENERAL FUND

- 3.1 Service departments are collectively projecting an overspend of £24.4m at the end of month 3, before allocation of centrally held budgets which will need to be formally agreed by cabinet. Centrally held budgets amounting to £16.0m are potentially available to reduce the underspend to £8.4m; at this stage it is recommended that virements totalling £6.6m are made, £6.1m to service directorates and £0.5m to a Corporate budget for bad debt provision. As this movement of £0.5m is within Corporate budgets, this does not show up in the table below.
- 3.2 The predominant theme emerging is of unrealisable income targets being reported, some of which date back to previous years too. There are also service pressures leading to overspends where expenditure is greater than budgeted for, most notably in People (Adults) as well as homelessness, highways maintenance, and contract inflation unbudgeted for.
- 3.3 Slough Children First is a wholly owned company providing statutory social care services for the Council. There is a separate report on the Cabinet agenda on its business plan and financial situation, which includes that it has significant unfunded deficits from the two previous financial years totalling £5.312m and is projecting a significant shortfall in funding this year, despite the contract sum being increased.
- 3.4 The company has been encouraged to submit in-year contract change requests in year at the point it submits that additional funding is required. This should avoid a future situation where there are unfunded deficits in previous years. Where there are underspends, these tend to be around staffing, partly where vacancies are being held, but also notably where vacancies cannot be filled. In Finance this is leading to a significant overspend with the bulk of posts being held by interims.
- 3.5 There are options for addressing some of this service overspend. Centrally held contingency budgets amount to £21m and it is proposed that £16.0m can be distributed which will mitigate the current position. The balance of the total contingency proposed to be retained centrally. Further work is underway to establish the full extent of the headroom available, including the potential use of one-off reserves and contingencies derived from the final outturn position for Corporate Budgets in 2022/23.

Table 1 – General Fund Forecast

Service Budgets	2022-23	2023-24				
	Draft Outturn	Current Budget	Projected Outturn	Variance	Potential Virements	Adjusted Variance
	£'000	£'000	£'000	£'000	£'000	£'000
People (Adults)	34,538	16,638	27,883	11,245	(3,425)	7,820
People (Children)	7,972	7,820	7,092	(728)	(357)	(1,085)
Slough Children First	34,289	36,067	40,514	4,447	0	4,447
Place & Community	15,868	13,784	16,515	2,731	(1,194)	1,537
Housing, Property & Planning	1,945	3,536	7,533	3,997	(11)	3,986
Strategy & Improvement	7,725	11,599	11,849	249	(146)	103
Monitoring Officer	14,910	1,839	1,653	(186)	0	(186)
Finance & Commercial (S151)	8,112	4,299	6,973	2,674	(1,009)	1,665
Total Service Budgets	125,359	95,581	120,012	24,430	(6,142)	18,288
Corporate Budgets						
Other Corporate Budgets	16,572	22,851	6,851	(16,000)	6,142	(9,858)
Pension Deficit	4,914	5,014	5,014	0	0	0
Minimum Revenue Provision	17,699	13,393	12,147	(1,246)	0	(1,246)
Capital Financing	4,156	6,539	4,648	(1,891)	0	(1,891)
Total Corporate Budgets	43,341	47,796	28,660	(19,136)	6,142	(12,994)
Total Expenditure	168,700	143,378	148,672	5,294	0	5,294
Financing						
Council Tax	(69,179)	(72,995)	(72,995)	0	0	0
Business Rates	(40,168)	(30,591)	(30,591)	0	0	0
Collection Fund Deficit	10,611	0	0	0	0	0
Revenue Support Grant	(6,451)	(7,302)	(7,302)	0	0	0
Other Government Grants	(4,291)	(914)	(914)	0	0	0
Total Financing	(109,478)	(111,802)	(111,802)	0	0	0
Capitalisation Direction	(59,222)	(31,575)	(36,870)	(5,294)	0	(5,294)
Total Funds	(168,700)	(143,378)	(148,672)	(5,294)	0	(5,294)
Total	0	0	0	0	0	0

- 3.6 Within the People (Adults) Directorate there are forecast overspends related to the costs of services for all areas of on-going long-term support and care, including Older People, People with Learning Disabilities, and Mental Health. There is also a significant overspend, caused by both staffing and operational pressures, in respect of short-term services, which support Hospital Discharge. This should be funded from the Better Care Fund, and Hospital Discharge grant.
- 3.7 In addition, within Adults an element of the overspend will be in respect of uplifts that have already been paid to some providers, but where the budget has not yet been distributed.
- 3.8 There are underspends in Children's services in Children Management, and School Effectiveness, as well as on the Dedicated Schools Grant (DSG). The largest underspend is due to holding vacancies in School Effectiveness. The Children's company (SCF) are forecasting an overspend of £4.4m in line with the expectations outlined in their business plan, although this is after significant in-year action to manage further pressures of around £1.6m. If these actions do not result in SCF

being able to contain their overspend to £4.4m this could increase their request for additional contract sums by up to £1.6m and a subsequent pressure on Council finances.

- 3.9 Within Place and Communities, the significant pressures mostly arise from unachievable internal recharge income targets and contract inflation which has had to be paid but which is not yet funded.
- 3.10 Within Housing, Planning & Property, the significant pressures also arise from unachievable income targets, particularly in respect of recharges to the Housing Revenue Account (HRA). There is also significant demand for Temporary Accommodation. The pressure was initially reported as being £2.1m in period 3; however, corrective action in the form of work starting on auditing use of temporary accommodation, the management of voids for Council owned stock, which should help bring expenditure levels down and on ensuring improved rent collection from service users and this pressure is now being reported as £1.6m. Pressure on non-HRA housing costs has also been reduced by agreeing a recharge for asset contract management should be transferred to the HRA (£300k)
- 3.11 The most significant variance in Strategy and Improvement relates to the risk that the savings item in respect of support services will only be partly delivered in year.
- 3.12 Within Finance the most significant pressure is from staff costs due to the number of interim staff in senior positions in Finance. Recruitment for these posts is active and the forecast assumes all senior positions will be replaced with permanent staff by December 2023. There are also pressures from significantly increased costs of insurance (£0.9m) and Housing Benefit subsidy claims from the DWP (£0.8m)
- 3.13 Corporate Budgets show an underspend of £16m reflective of the expectation that release of the Contingency budget will reduce Service overspends by that amount.
- 3.14 The Capital Financing budget line comprises budgets for Interest charges on short and long term, market and PWLB loans, and interest earned on investments. The favourable variance of £1.9m is nearly all explained by a £2.0m underspend on the interest costs of Market Loans, due to having been paid down debts from the proceeds of asset sales. This has also impacted on the Minimum Revenue Provision budget, which is showing an underspend of £1.2m
- 3.15 The summary for savings is shown in the next table

The table shows some savings have already been delivered, and confidence that a significant proportion will be delivered in the year. There are some risks in People (Adults) and in Place & Community of non-delivery. At this stage only one saving is considered undeliverable, the vacancy factor within Finance and Commercial.

With finance being reliant on interims at present there is in fact an overspend against budget and this saving cannot be achieved this year.

Table 2 – Saving delivery Summary

2023-24 Savings	Savings Target	Already Delivered	On Track	Some risk	Major Risk	Mitigating Savings	Savings Forecast	Over / (Under) delivery
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Budgets								
People (Adults)	5,688	298	2,254	2,536	0	613	5,701	13
People (Children)	805	480	115	0	0	105	700	-105
Slough Children First	0						0	0
Place & Community	3,700	785	2,440	200	275	0	3,425	-275
Housing, Property & Planning	750	50	120	200	380	0	370	-380
Strategy & Improvement	1,823	818	1,005	0	0	0	1,823	0
Finance & Commercial (\$151)	7,506	12	7,095	0	399	0	7,107	-399
	20,272	2,443	13,029	2,936	1,054	718	19,126	-1,146
Corporate Budgets								
Other Corporate Budgets	2,150	0	133	368	0	37	537	-1,613
Total Corporate Budgets	2,150	0	133	368	0	37	537	-1,613
Total	22,422	2,443	13,162	3,304	1,054	755	19,663	-2,759

- 3.16 Elements of savings items within Place are considered undeliverable this year, and the full saving from charging for green waste is not considered achievable, with perhaps £275k unlikely to be delivered.
- 3.17 Corporate Budgets show an underspend of £16m reflective of the expectation that release of the Contingency budget will reduce Service overspends by that amount.

4 HOUSING REVENUE ACCOUNT (HRA)

- 4.1 The HRA accounts for revenue expenditure and income relating to the Council's housing stock and is ringfenced from the General Fund. It must include all costs and income relating to the Council's housing landlord role (except in respect of households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers).
- 4.2 A prudent and pragmatic approach has been adopted to reflect the financial realities facing the Council, hence the HRA capital programme for the next five years has been reduced to £52.7m in comparison to £123.4m for the previous 5 year period.
- 4.3 The HRA is currently forecasting an in-year surplus of £0.9m, £0.1m in excess of the budget. The surplus will be transferred to general reserves at the end of the financial year.

Table 3 – HRA Forecast

Description	Budget £'000	Forecast £'000	Variance £'000
Total HRA Expenditure	40,355	40,087	(268)
Total HRA Income	(41,156)	(41,006)	150
(Surplus)/Deficit for the year	(801)	(919)	(118)

4.4 Key areas of variance include –

- Repairs & Maintenance Services - (£0.5m) underspend, mainly arising from lower than expected costs for Hawker House and Asbestos Management.
- Other Services - £0.2m overspend, mainly from additional costs for Building & Window Cleaning. These will be fully offset by underspend elsewhere.
- Rents – £150k under-recovery, the projected rent from Land has been adjusted downwards to reflect realistic expectations. This will be fully offset by underspend elsewhere.

5 DEDICATED SCHOOLS GRANT (DSG)

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

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

5.2 The overall provisional DSG deficit in 2022/23 was £0.1m and represents a better position than previously forecast of £1.6m. The High Needs Block has a provisional deficit of £0.4m, the Central School Services Block a provisional deficit of £0.4m and the Schools Block is a deficit of £15k. The Early Years Block has a provisional surplus of £0.7m, which gives the overall provisional deficit position for 2022/23. The overall cumulative deficit is forecast to reduce to £12.8m by year end. Any additional Government funding forecast (£3.2m in 2023/24) is subject to the council managing its DSG recovery plan as part of the grant conditions and close monitoring by the DfE.

Table 4 DSG

Cumulative forecast brought forward	£m
Deficit carried forward from 2021/22	25.470
In Year forecast deficit/(surplus)	0.097
Safety Value Funding	-12.800
Cumulative Forecast carried forward	12.767

6 ASSET SALES

- 6.1 The Council's financial recovery plan is heavily dependent on the delivery of the asset disposal strategy. The Asset Disposal programme yielded capital receipts of £195m in 2022/23 and is forecast currently to yield £383.9m in total. However, a complication has been identified in relation to the pipeline of disposable assets in that some of them are designated as belonging to the HRA, as such these assets will need to be declared surplus to the needs of the HRA and transferred to the General Fund before they can be sold to benefit the recovery of the Council. This in turn requires the HRA to be suitably compensated from the General Fund for the value of the assets transferred, which consequently may adversely affect the total value of the capital receipts achieved. Further work is being undertaken to determine the impact of this situation.
- 6.2 The forecast is subject to a more detailed review of the assets already identified for disposal in terms of:
- Further due diligence information that has been discovered, some of which impacts directly on values achievable and timescales for completion of transactions.
 - Changing market and economic conditions, which are generally having a negative impact on values – e.g. increasing interest rates, declining appetite for developers/investors entering the market and lenders tightening criteria for loans
- 6.3 The current forecast also includes operational and community assets, some of which we are likely to retain. The Estate Strategy (in development) will inform which operational and community assets will be retained, and which can be sold. This will clearly have a significant impact on the overall disposals forecast.

7 CAPITAL PROGRAMME

- 7.1 The General Fund capital budget in 2023/24 is £36.3m pending approval of slippage requests of £3.9m and approval of a draw down from "Grants and Contributions" reserve of £0.7m.
- 7.2 The budget is forecasting an underspend of £17.1m for 2023/24. Of this, £11.4m is due to delayed starts on various projects and the budget will need to be slipped to future years. Included in this is £2.6m within Childrens Services which will be used in 2024/25 on SEN projects in various schools that are unable to be completed this year due to capacity. Also included is the A4 Cycle Lane project (£6.6m), with preliminary designs being submitted to Cabinet in July; this the project will continue into 2024/25.
- 7.3 There have been savings identified of £5.6m arising from 2 areas; first, the Nova House loan (£4.6m) and secondly the Hub Development (£1.0m). Further reductions to the capital programme relating to the Urban Trees Challenge Fund (£0.1m) are due to this being reclassified as a revenue project, as it did not meet the criteria to be classified as capital.

- 7.4 The slippage and release from reserve figures are subject to approval in the 2022/23 Outturn Report which is also being reported to Cabinet today.
- 7.5 The Capital HRA budget in 2023/24 is £10.1m pending approval of slippage requests of £1.3m.
- 7.6 The budget is forecasting an underspend of £61k, all due to slippage on projects.
- 7.7 The table below summaries the financial position for capital expenditure.

Table 5: Capital Programme

CAPITAL	Current Budget	Slippage to be approved	Release from Reserves to be approved	Revised Budget pending approval	Actuals to date	Projected Outturn	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							0
Adults	1,169	476		1,645	121	1,616	(29)
Children Services	4,323	100		4,423	18	1,929	(2,494)
Housing, Property & Planning	8,479	520		8,999	265	3,270	(5,729)
Place & Communities	22,346	2,855	677	25,878	1,029	16,963	(8,915)
GF Total	36,317	3,951	677	40,945	1,433	23,778	(17,167)
Housing Revenue Account:							
RMI Capital Programme	6,154	1,022		7,176	457	7,277	101
Planned Maintenance Capital	3,139	245		3,384	44	3,222	(162)
Affordable Homes	800	0		800	131	800	0
HRA total	10,093	1,267	0	11,360	632	11,299	(61)
CAPITAL Total	46,410	5,218	677	52,305	2,065	35,077	(17,228)

8 VIREMENTS

- 8.1 A significant proportion of the budget is held centrally, and needs distributing to directorates. There is £22.2m held centrally intended for distribution as follows:

- £12.4m general contingency
- £ 6.9m for contract inflation
- £ 2.8m for pay inflation

- 8.2 The Adult Social Care budget contains income for three grants. Two are ring-fenced and carry expenditure commitments where no allowance was made for the expenditure, mainly increased fees to providers. Virements in respect of these increase the Directorate's spending power in line with grant requirements. The other where the income should instead be treated in the accounts as "Sources of Finance". A virement here is an accounting adjustment. The grants are as follow:

Market Sustainability & Improvement Fund	£1,207,019
Adult Social Care Discharge Fund	£ 559,310
Social Care Grant	<u>£7,759,622</u>
Total	<u>£9,525,951</u>

- 8.4 It is recommended that Cabinet authorises virements from the centrally held Inflation Contingency to increase the Adult Social Care expenditure budgets by £1.8m in respect of the first two grants and authorises the movement of the Social Care grant to “Sources of Finance” to ensure its proper accounting treatment.
- 8.5 It is recommended virements are authorised in respect of contract inflation. The principle applied in arriving at these recommendations is that the increase in cost is on the basis of contractual increases that are unavoidable, where a corresponding decrease in volume is not viable, or where refusing fee uplifts could lead to higher prices due to the risk of provider withdrawal (in particular for Social Care).
- 8.6 The table below summarises the proposed virements by Directorate, with Appendix 8 providing the detail by contract. As can be seen there is £1.9m that can be retained. In the light of the overspend on service budgets contained within this report it is proposed that this is added to the General contingency.

Table 6: Virements from Contingency (Inflation)

Directorate	22/23 Cost (£m)	% Uplift	Increase (£m)	Notes
Place & Communities	8.96	13.33	1.19	RPI and RPI + x% in contracts; plus Business Rates and Council Tax costs for internal buildings
People (Adults)	34.56	4.80	1.66	Uplift of 4.8% on care expected on top of Market Sustainability Grant
People (Children)	3.74	9.56	0.36	Adoption Agency, Home to School
Housing Property & Planning	0.11	10.10	0.01	CPI
Corporate Resources	0.42	12.06	0.05	Renewal Prices
Total Bids Available			3.27	after allowing for Adults grants
Remaining Budget			5.15	
			1.88	

- 8.7 It is recommended allocations are made from general contingency to address pressures that have arisen, and currently showing in Directorate overspends. The principle applied is that pressures either had to have been identified as calls on the contingency budget when setting the approved Council budget, or that pressures that have emerged are considered unavoidable. In addition, pressures need to be considered permanent in order for a permanent budget virement to be approved.
- 8.8 The table shows £1.6m where a virement is considered appropriate to address the budget pressure that has arisen. Appendix 9 shows a full list of identified potential calls on the Contingency budget in future periods, amounting to £8.0m

- 9.2 The table below shows at a very highly summarized level, the changes to the Budget Gap model brought about by the slightly better than expected outturn position, and the current forecast overspend position. This year's overspend is, within the model, treated as a permanent feature; it rolls forward and therefore adds to the Budget Gap by a similar figure in future years meaning it takes one further year to completely clear the Budget Gap, and the total Budget Gap increases.

	Up to 2021/22 £m	Outturn 2022/23 £m	Budget 2023/24 £m	Projected 2024/25 on £m	Total £m
Original submission	223.1	84.1	78.5	396.2	781.8
January 2023 revised submission	210.5	56.6	31.6	58.4	357.1
July 2023 revised position	210.5	59.2	36.9	86.2	392.7
Change since January	0.0	2.6	5.3	27.8	35.7

- 9.3 There are many assumptions contained in the model, which are outlined below the next table, which details the different cost drivers and funding flows that comprise the estimated Budget Gap.

Reason for capitalisation adjustment	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Note
Roll forward of budget pressures	59,202	36,870	29,373	23,212	18,454	12,563	2,595	-	1
Forecast Outturn Position	5,249	-	-	-	-	-	-	-	2
Emerging Pressures, Contingencies, and Provisions	10,722	(976)	400	2,100	(5,000)	-	-	-	3
Additional Growth for new years of MTFs	9,718	14,000	11,400	11,400	11,400	11,400	11,400	11,400	4
Companies	(3,352)	(1,230)	(700)	(1,113)	4,580	(5,000)	-	-	5
Minimum Revenue Provision (MRP)	(4,280)	(2,871)	(745)	(434)	36	734	411	187	6
Fund Redundancy Costs for 2 years	(7,500)	-	-	-	-	-	-	-	7
Settlement	(4,067)	80	84	89	93	98	-	-	8
Council Tax	(6,400)	(3,600)	(3,700)	(3,900)	(4,100)	(4,300)	(4,600)	(4,800)	9
Savings required	(22,422)	(12,900)	(12,900)	(12,900)	(12,900)	(12,900)	(9,806)	(6,787)	10
Budget Gap	36,870	29,373	23,212	18,454	12,563	2,595	-	-	
Total all years	392,638								

1. The following year's budget gap rolls forward and is then subject to incremental changes
2. It is assumed that every financial year balances against the assumptions made in the model, that there is no over or underspend.
3. The Emerging Pressures covers this year's contingency budget, the loss of income from assets as they are sold, the removal of time-limited Transformation budgets, and the transfer of debt from short to long term.
4. There is additional growth required every year to cover pressures from demography, inflation and other new pressures of £10m (this was included in the original model)
5. In addition there is £1.4m per year included to reflect pay up lifts; this is higher (£2.8m) in 2024/25 and other on-going changes of £1.2m in 2024/25

6. The Companies line is mostly in respect of the repayment of a loan to Slough Children First
7. The Minimum Revenue Provision requirements will reduce every year as capital asset sales are used to pay down debt
8. The creation of a reserve to fund redundancy and other transition costs.
9. The Settlement figure reflects the increase in Grant funding this financial year, offset by the costs of the Council Tax Support Scheme which is expected to increase slightly each year
10. Council Tax has been assumed to increase by 4.99% every year from 2024/25 onwards.
11. Savings of £12.9m are required every year until 2028/29, the final year when a Capitalisation Direction would be needed.

10 IMPLICATIONS OF THE REPORT

10.1 Financial Implications

10.1.1 These are fully set out within the report.

10.2 Legal Implications

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

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

10.2.3 The Council's best value duty requires it to keep under review its services to ensure continuous improvement. This includes having a financial strategy and budgets which are clearly aligned with strategic priorities and a robust process for reviewing and setting the budget. There should be a robust system of financial controls and reporting to ensure clear accountability and a clear strategy to maintain adequate reserves. There should be collective accountability for the budget and MTFs both at officer and political level. Regular financial reporting to Cabinet ensures

members are aware of the issues mid-year and the mitigating measures in place, as well as providing for public accountability.

10.3 Risk Management Implications

10.3.1 There is clearly a risk that the revenue savings for 2023/24 will prove difficult to deliver. Realising the forecast outturn depends on:

- achieving the predicted level of savings shown in Table 2
- absorbing within existing expenditure any emerging cost pressures
- Achieving the planned level of asset sales
- the Capitalisation Direction being sufficient to cover on a permanent basis any deficits, shortfalls in savings delivery, new pressures, cost of living and economic impacts that may arise

10.3.2 To mitigate these risks the Council is

- Progressing with the preparation and audit of prior year accounts in order to establish with certainty the historic financial position
- Moving forward with the Finance Improvement Plan
- Undertaking Deep Dive Reviews of directorate budgets, led by the Executive Director of Finance and the relevant service Executive Director to seek opportunities for both immediate and longer-term savings

10.4 Environmental implications

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

10.5 Equality implications

10.5.1 There are no specific identified equality implications from this report. Equality impact assessments are undertaken for any savings proposals, or, where relevant, any corrective actions to reduce the overspend.

10.6 Procurement implications

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

10.7 Workforce implications

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

10.8 Property implications

10.8.1 These are set out within the report.

Appendix 1 Adult Social Care

Table 1 – Monitoring Forecast

PEOPLE (Adults)	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Risks £'000	Opps £'000	Notes
Commissioning	(934)	(1,689)	(1,340)	(406)	223	0	0	1
Community Team for People with Learning Disabilities	11,526	2,601	12,780	1,254	2,209	0	0	2
Localities Social Work	13,831	6,059	19,879	6,048	2,305	0	0	3
Mental Health	4,565	1,355	6,628	2,063	2,323	0	0	4
People Adults Management	(12,229)	(558)	(12,233)	(4)	(481)	0	0	5
Public Health	0	(668)	0	0	(596)	0	(596)	6
Rehabilitation, Recovery and Reablement & Long Term Occupational Therapy	(550)	997	1,828	2,378	1,938	0	0	7
Safeguarding Partnership Team	428	121	342	(86)	0	0	0	8
Grand Total	16,638	8,218	27,883	11,245	7,921	0	(596)	

Notes

1	The projected outturn reflects additional receipt of grants including the Rough Sleeping Drug and Alcohol Treatment Grant (£0.475m) and Supplementary Substance Misuse Treatment and Recovery Grant (£0.296m).
2	The projected outturn reflects an overspend relating to Direct Payments to clients of 11% which demonstrates the drive to increase independence and choice by giving individuals the control to purchase and manage their own support to meet their needs; the overall projected expenditure is significantly lower than 2022/23 reflecting the planned delivery of the Transformation Savings plans relating to reduced reliance upon Nursing and Residential care.
3	The projected outturn reflects an overspend relating to payments to third party organisations who provide accommodation and support which is reporting a 26% against budget; the overall projected expenditure is in line with 2022/23 reflecting increased service cost pressures which offset against the Transformation Savings plans which include increasing Health contributions and reduced reliance upon Nursing and Residential care.
4	The projected outturn reflects an overspend relating to payments to third party organisations who provide accommodation and support which is reporting a 45% against budget; the overall projected expenditure is significantly lower than 2022/23 reflecting the planned delivery of the Transformation Savings plans relating to increased scrutiny and review of care packages.
5	No material projected variance reported for this service area.
6	Public Health projected outturn should match the budget, however, there may be opportunity to invest some of the Public Health grant in prevention programmes within Adults on a replacement funding basis, however, would have to consider impact on other funding streams. This strategy is reflected as an opportunity rather than included within the projected outturn whilst discussions are ongoing.
7	The projected outturn reflects increased employee and operational costs of 90%. The short-term service supports Hospital discharge and other temporary services and should be funded from the BCF and the discharge fund.
8	No material projected variance reported for this service area.

Table 2 – ASC Saving RAG Rating.

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
People (Adults)									
Reablement Efficiencies	650			300			300	(350)	1
Accommodation with Support	652	205	447				652	-	2
Joint Funding	330	18	285	27			330	-	3
Practice and Process Development	810		405	405			810	-	4
Better use of Disabled Facilities Grant and equipment	100		100				100	-	
Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	250						-	(250)	5
Mental Health	500	75	194	231			500	-	
Transitions	400			400			400	-	6
Diverting demand	270		270			163	433	163	7
Review of hospital discharge/6-week review	350			350			350	-	
Financial Assessments	150		150			150	300	150	
Direct Payment recoupment	200		200			300	500	300	8
Levying the OPG determined charge rate	100		100				100	-	9
Further cost reductions, efficiencies and vacancy factor	300			300			300	-	
Assistive Technology	420			420			420	-	10
Reduce Block Beds	206		103	103			206	(0)	
People (Adults) Total	5,688	298	2,254	2,536	-	613	5,701	13	

Notes

1. The reablement service model is predicated on recruiting staff, which is proving difficult, resulting in reduced throughput of clients than planned or required
2. The project has already delivered efficiencies from activity that commenced towards the end of 2022/23.
3. Ongoing work from 2022/23 to recover costs from the ICB.
4. Agreed validation methodology, initial analysis supports delivery through tracking clients from contacts through to end provision, if any. More clients were diverted away from requiring a paid support package however, some question about the value of the impact is being reworked
5. This is part of the wider Corporate exercise on integration.
6. Linked with Accommodation with Support/Shared lives, potential for this workstream to be at risk due to procuring additional provision.
7. Mitigating savings due to additional savings from client reviews
8. This over achieved in 2022/23 and is currently projecting £70k recouped so far in 2023/24.
9. This savings will be delivered through the Appointee Team, to be transferred to Finance (under Andy Jeffs).
10. Delays in progressing the workstream will likely impact delivery.

Appendix 2 Children

Table 1 – Budget Monitoring Position

PEOPLE (Childrens)	Current Budget	Actuals to date	Projected Outturn	Variance	Previous Variance	Risks	Opps	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Centres / Family Hubs	524	(77)	524	0	8			
Early Help Hub	156	(342)	167	11	11			
Inclusion	1,199	324	1,234	35	24			3
People Children Management	2,521	(1,040)	2,397	(124)	2,836			1
Music Service (Traded)	0	30	0	0	0			
School Effectiveness	279	108	99	(180)	(180)			2
School Services	3,477	226	3,480	3	4			
Grand Total	8,156	(771)	7,901	(255)	2,704	0	0	
DSG	(336)	(6,578)	(809)	(473)	552			4
General Fund & DSG Total	7,820	(7,349)	7,092	(728)	3,256	0	0	

Notes

1	The underspend of £124k represents the additional contribution being made by the 3 PFI schools in 2023/24 from their delegated schools budget. This will contribute to closing the historical gap of £1.2 million on the schools overall PFI contract.
2	The £180k underspend in the School Effectiveness area is due to holding vacancies against a savings relating to the restructure of the Education and Inclusion Directorate which has been delayed.
3	Expecting Inclusion services to Overspend in SEND area due to high staff turn over and additional cost of recruiting interims.
4	The underspend on the DSG is due to a savings on the schools growth fund which is used to fund bulge classes. This funding is unlikely to be needed in the next academic year. The DSG is ring-fenced so has to stay the overall DSG reserves.

Table 2 – Savings Position

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
People (Children)									
Home to School Transport - various initiatives to reduce spend	595	480	115				595	-	1
Education & Inclusion Staff Restructure	210				0	105	105	(105)	2
People (Children) Total	805	480	115	-	-	105	700	(105)	

Notes

1. On track - £480k already delivered is the 2022-23 outturn underspend
2. Staff restructure is delayed. £105k expected to be saved from one-off staff savings in 2023-24. Full on-going savings to be achieved in 2024-25.

Appendix 3 – Place & Community

Table 1 – Budget Monitoring Position

PLACE & COMMUNITIES	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Risks £'000	Opps £'000	Notes
Carbon & sustainability	184	28	228	44	94			
Community Safety, Housing Regulation & Enforcement	1,528	(564)	1,740	212	374			1
Economic Development	44	100	44	0	0			
Environmental Services	10,676	2,017	11,767	1,091	658	400		2
Learning, Skills & Employment	79	(306)	67	(12)	(900)			
Localities, Libraries & Leisure	88	160	(851)	(939)	122			3
Place Management	(848)	59	922	1,770	1,849			4
Public Protection	547	104	475	(72)	308			
Transport & Highways Operations	1,486	(618)	2,123	637	1,762			5
Grand Total	13,784	980	16,515	2,731	4,267	400	0	

Notes

1	£140k budget pressure carried forward from last year in Resilience & Enforcement as double recharge built in for HRA
2	Contract Inflation of £800k already in spend, Cemeteries over by £350k due to grounds maintenance, licencing, and unrealistic income targets. Lower than budgeted take-up of Green Waste Service (14,000 customers budgeted but 8,500 taken up) £275k. Alternate Weekly Waste forecast needs further examination hence £400k is a risk.
3	Underspend in Leisure Services due to £700k increased management fee income contract increase
4	£2.1m unachievable internal recharge income target/ £425k line for unspecified saving / £160k HRA recharge line will not be made offset slightly by Project Work not being spent of £300k
5	Bus Lane enforcement fines under by £230k due to increased compliance. Multi Storey parking fees under recovered by £100k and £250k inflation required

Table 2 – Savings Position

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Place & Community									
Reduce staff costs in Planning Development	100	100					100	-	1
Adopt fortnightly waste collections	424		424				424	-	2
Chalvey HWRC Management Fee	40		40				40	-	3
Borough Wide Controlled Parking Zones	200			200			200	-	4
Dimming of streetlighting and park lighting after midnight	25	25					25	-	5
Stop Bus Subsidy - Service 4, 5 and 6	160	160					160	-	6
Government tapering of concessionary fares	300	300					300	-	7
Library Service model	276		276				276	-	
Improve Trade Waste Business	10		10				10	-	8
Increase charges for Parking permits	48		48				48	-	9
Streetworks Section 50 licences	35		35				35	-	10
Streetworks Road Closure fees	65		65				65	-	11
Transport and Highways grant swap	1,071		1,071				1,071	-	12
Green waste collection charges	700		425		275		425	275	13
Reduce Highways maintenance works	100	100					100	-	14
All leisure services to be externally funded	20		20				20	-	
Stop SBC funded CCTV Monitoring of public spaces	26		26				26	-	
Delete vacant AD post	100	100					100	-	15
Place & Community Total	3,700	785	2,440	200	275	-	3,425	275	

NOTES

1. Confirmation required on whether there is a reduction in spend. Saving needs moving to Housing, Property & Planning
2. Goes live in 26th June - £700k a year - pro rata savings in MTFS- includes agency staff and reduction in fleet. Check £0.5m in capital programme
3. Household waste management centre- new charge introduced for tipping waste. 28% of waste RBWM. Management fee charge- possibly higher.
4. Consultation starting - implement 6 zones by July / August, further 4 next year. Resident permits to be issued. Enforcement and permit fee income. Based on lowest uptake level. This is fully year effect.
5. May be challenged by members; a further £100k is planned in 24/25
6. Bus operators now receive subsidy from Heathrow - external funding received
7. Paying on tapering basis DfE changed rules
8. Businesses contribute to trade waste- under consideration for scrapping the scheme
9. Existing residence permits - fee increase 300-400%
10. Generated by applications - S50 - road closures/licence to do work - Council fee charged- charge doubled in the last year
11. Generated by applications - S50 - road closures/licence to do work - Council fee charged
12. Highway maintenance block - Grant utilised to resurface the roads- - Eligible Transport highway expenditure chargeable to grant
13. Based on 50% of households (14,000 of 28,000) taking up the subscription service. Currently at 8,500
14. Residual saving is linked to grant swap (12 above)
15. Post has been deleted

Appendix 4 - Housing, Planning and Property

Table 1 Budget Monitoring Position

HOUSING PLANNING & PROPERTY	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Risks £'000	Opps £'000	Notes
Housing (excluding HRA)	882	2,769	3,823	2,941	3,247			1
Planning	523	(66)	760	237	(57)			2
HP&P Management	706	190	716	10	197			3
Property	(4,146)	(936)	(3,615)	531	1,396			4
Building Management	5,571	(309)	5,849	278	592			5
Grand Total	3,536	1,648	7,533	3,997	5,375	0	0	
Housing Revenue Accounts (HRA)	(801)	(7,798)	(919)	(118)	(118)			

Notes

- The projected £2.9m adverse variance to budget is an improvement of £829k compared to p3. It is due to increased confidence of management to deliver the Temporary Accommodation service with lower overall cost and higher rent income collection levels by a combination of a greater focus on user eligibility, appropriate property use and recognising full rent collection from service users (a net minimum benefit of £500k). Advanced review work in progress has already shown there are a considerable number of vacant properties incurring costs and rent collectable is not fully on the current system. Homeless Prevention Grant received (£1.03m to date) will also support prevention work to achieve the above initiatives. Pressure on non-HRA housing costs has also been reduced by agreeing a recharge for asset contract management to the HRA (£300k). The resultant projected adverse variance to budget shown this period (£2.9m) mainly relates to currently unachievable recharge income and legacy savings targets (£2.1m); excluding these leaves a forecast balance of £800k attributable to underlying homeless cost increases incurred.
- The £237k forecast overspend within Planning is due mainly to unachievable income. Planning relies heavily on income generation to balance its budget but the national economic situation has impacted negatively on the income to be generated. For instance, £278 Inspection Fees income are expected to reduce by £30k, Building Control Fees are expected to be down by £190k, Local Land Searches Fees are expected to reduce by £35k. Further adding to the pressure is the unachievable legacy savings in the budget of £102k. Some of the overspend is offset by staffing underspend in the Planning Policy Team.
- The period 4 projected variance to budget is currently a nominal overspend of £10k as it has been agreed to recharge a portion of Executive Director & Assistant Director (Housing) salary to HRA.
- The projected £531k adverse variance is an improvement of £500k compared to p 3, and is due to a realistic assessment of income achievable this year based on year to date and the potential to review rent increases and collection levels. The remaining £531k projected variance to budget is due to a combination of factors such as legacy income budget issues in respect of recharges to Capital and HRA which are not realisable. Underspend in staffing costs is helping to offset some of the overspend.
- The £278k forecast overspend is the TUPE implication of taking on 35 extra staff following the decision to end the Bouygues contract by bringing the facilities management function in-house. The timing of the delivery of the asset disposal programme will also impact on the overspend. Depending on when the restructure of the service is implemented, a part year savings may be achieved, though the forecast assumes a worst case scenario of the restructure not being completed in 2023/24.

Table 2 – Savings Position

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Housing, Property & Planning									
Reduce spend on repairs and maintenance at Corporate Buildings	280			100	180		100	(180)	1
Reduce spend on cleaning at Corporate Buildings	200			100	100		100	(100)	2
Corporate Contract efficiencies	50	50					50	-	
Savings from reduction in building management costs	100		60		40		60	(40)	3
Savings from additional efficiencies in facilities management	100		60		40		60	(40)	3
Reduce spend on repairs and maintenance at Corporate Buildings	20				20		0	(20)	1
Housing, Property & Planning Total	750	50	120	200	380	-	370	(380)	

NOTES

1. This is dependent upon the timing of the sale of Corporate Buildings, with prospects are that this will be slower than envisaged
2. This is dependent upon the timing of the sale of Corporate Buildings, with prospects are that this will be slower than envisaged
3. Dependent upon a restructure and review of TUPE'd Ts and Cs, the saving delayed until probably October, and therefore the full year effect would not come in until 2024/25

Appendix 5 – Strategy & Improvement

Table 1 Budget Monitoring Position

STRATEGY & IMPROVEMENT & MONITORING OFFICER	Current Budget	Actuals to date	Projected Outturn	Variance	Previous Variance	Risks	Opps	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Chief Executive	352	43	352	0	0			
Communications	235	94	235	1	0			
Customer Services	1,964	179	2,087	123	(16)			1
HR Core	2,369	530	2,271	(98)	(83)			2
IT	6,454	3,271	6,502	48	47	500		3
Strategy	(500)	(5)	(368)	133	133			4
Strategy & Innovation	725	234	769	44	36			5
Grand Total	11,599	4,348	11,849	249	117	500	0	
ED Monitoring Officer								
Democratic Services	1,839	848	1,653	(186)	(52)			6
Grand Total MO	1,839	848	1,653	(186)	(52)	0	0	
Grand Total	13,438	5,195	13,502	64	65	500	0	

Notes

1	Cabinet approved £0.136m overspend on additional 18 interim staff for the contact centre from April to June however underspends within the overall service (from vacancies within the year and unfilled posts for all year) has offset this overspend to nil with further surplus of £0.016m in P2. However, a further extension for 12 of the supplementary staff has been approved from July to October at a cost of £0.134m resulting in the P3 overspend of £0.123m
2	Underspend £0.098m arises from reduced spend on the training programme £0.067m which is directly attributable to posts filled by interim staff when recruitment of permanent staff was unsuccessful and £0.031m from part year vacancies.
3	The £0.048m adverse variance arises from £0.100m forecast spend on IT hardware equipment refresh for staff for ageing equipment without an allocated budget. The initial outlay for all staff laptops was capitalised, and laptops should be refreshed on a 4year cycle (300 per year). This is offset by underspends from staff vacancies as a result of challenges in attracting and recruiting staff with the necessary skillset. It is anticipated that last financial year's underspend arising from delays on the modernisation programme (due to the nature of the projects) will be carried forward in earmarked reserves to be utilised in this financial year.
4	The Service estimates that there are risks in the delivery of the full £0.265m Support Services saving thus it projects a 50% achievement of the saving consequently creating a pressure of £0.133m
5	The £0.044m pressure is due to one post that transferred from the Children's directorate without a corresponding budget to fund the post
6	The £0.186m underspend results from posts unfilled for part of the year due to challenges in recruiting staff with the right calibre coupled with the contribution of grant £0.080m received from the government and the parishes to cover part of the all-out elections in May. Forecast assumes that all vacant posts (4fte) will be filled within the year

Table 2 Savings

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Strategy & Improvement									
Events and Slough Citizen	150	150					150	-	1
IT contract savings	505		505				505	-	2
Vacancy factor	500		500				500	-	3
Reduction in services and efficiencies	668	668					668	-	4
Strategy & Improvement Total	1,823	818	1,005	-	-	-	1,823	-	

Notes

1. Budget has been removed, and activities have ceased
2. Some savings have been delivered, other elements are on track, but at this stage not yet delivered. Should be able to split of this for p4
3. Vacancy factor is mostly on track; some of this saving is wrt the removal of AD posts which is now subject to a separate Corporate exercise; this will constrain the possible savings for that Corporate exercise, need to avoid double counting
4. Budget removed, posts deleted and therefore delivered

Appendix 6 – Finance

Table 1 Budget Monitoring Position

FINANCE OUTTURN 2023-24	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Risks £'000	Opps £'000	Notes
Commercial	751	212	808	57	147			1
Finance	481	5,071	1,255	774	1,076			2
Financial Governance	697	1,936	1,572	875	617			3
Revenues, Benefits & Charges	1,663	19,836	2,416	753	202			4
Strategic Finance	41	185	215	174	101			5
Transactional Services	665	118	707	42	89			6
Grand Total	4,299	27,358	6,973	2,674	2,230	0	0	

Notes

1	The £0.057m overspend arises from 2 TUPE transfers from the outsourced RSM procurement now transferred inhouse. The 2 staff are paid on a day rate basis however efforts to recruit permanently has failed on 2 rounds of recruitment and the service is now progressing on a third recruitment campaign. The forecast assumes that one of the TUPE staff will be in post till year end
2	The overspend stems from the following: staff costs for finance are above budget (£3.9m) by £0.346m. Forecast assumes a 64% (31fte) permanent staff against 36% (18fte) interim staff across the financial year with permanent staff replacing all interim staff on the SFM and FM levels from December 2023. There is one fte over establishment working on the asset disposal. The £0.235m Support Services saving is currently proposed as unachievable. The Forecast takes account of a contribution from corporate budgets of £0.231m to cover: the costs for the NED for SCF (£0.023k), £0.128k to bridge the DFE grant gap in relation to additional overhead costs for running SCF, £0.050m for finance recruitment support and £0.030m for CIPFA training.
3	The overspend of £0.025m arises from a legacy income budget issues from court proceeds in the Investigations – Corporate Fraud service which is not expected to be delivered. There is also a £0.500m (30%) increase in the insurance premium and £0.350m Imprest claims which are not budgeted for
4	The £0.753m pressure arises from the amount of Housing Benefit subsidy recovered from the DWP being less than that which is actually paid to residents. This is due to a combination of local authority error payments and claimant overpayments being made. Claimant overpayments can be recovered from them, and this is actively progressed. Any payments recovered go to offset the loss in subsidy from the DWP. The budget assumes we recover a total of £0.410m more than actually paid. Currently the council is only collecting 71.5% of debt invoiced in-year which is well below other councils. A project will commence soon that once complete will increase this to 96.5% initially, and then eventually to over 100%, which the budget assumes.
5	The £0.026m surplus variance stems from a one-off credit arising from closure of unused SBC bank accounts. There is also a £200k overspend forecast due to needing to bridge the savings gap against the External audit fees budget.
6	The £0.042m pressure is generated mainly from the use of interim staff. Of the 15fte posts within the service only 2 (13%) are interim. The reduction from last month is because the forecast assumes that both interim staff will be replaced by permanent staff in Dec 2023.

Table 2 Savings

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Finance & Commercial									
Staffing reduction - Fraud dept	12	12					12	-	1
Vacancy factor	399				399		-	(399)	2
Increased taxbase and collection rate	917		917				917	-	3
Reduced audit fee, reduced duplicate payments and income	400		400				400	-	4
Single Person Discount monitoring and other initiatives	600		600				600	-	5
Budgeted overheads cleanse	788		788				788	-	
Efficient working practices in Revenues and Benefits	440		440				440	-	6
Revenues and Benefits agency savings	450		450				450	-	
MRP reduction as a consequence of asset disposal decisions	3,500		3,500				3,500	-	7
Finance & Commercial Total	7,506	12	7,095	-	399	-	7,107	(399)	
Other Corporate Budgets									
Fees & Charges increases	900					37	37	(863)	8
Review of Strategic Commissioning	750						-	(750)	
Support Services	500		133	368			500	-	9
Other Corporate Budgets Total	2,150	-	133	368	-	37	537	(1,613)	
Finance & Commercial & Other Corporate Budgets Total	9,656	12	7,228	368	399	37	7,644	(2,012)	

Notes

1. Relevant post holder has started working 4 days a week in January 23
2. Given recruitment problems in finance, and the use of interims, it is unlikely this can be met this year
3. Assumes increase in no of properties + Collection rate. Confident will be delivered but need to check assumptions and monitor
4. Savings taken out of Audit budget. There is accrued provision of £1.7m to cover prior years. £100k overpayment is one off.
5. Confident will be delivered but need to check assumptions and monitor
6. If delivery is delayed then the balance will be delivered in 24/25. Service is projecting a pressure of £201k in P2 budget monitoring
7. Dependent on Asset sales
8. £0.037m of this saving relates to the Registrars in S&I which is currently flagged as unachievable however some posts are being held unfilled for part of the year to cover this
9. Savings split £0.265m to S&I of which 50% is currently tagged as unachievable and £0.235m to Finance, currently flagged as unachievable

Appendix 7 – Capital Monitoring

Table 1 – General Fund

CAPITAL PROJECTS	Current Budget	Slippage - to be approved	Reserves release - to be approved	Revised Budget	Actuals to date	Projected Outturn	Variance	Notes
	£'000	£'000		£'000	£'000	£'000	£'000	
GENERAL FUND								
Learning Disability Change Programme	29	0		29	0	0	(29)	
HOLD (Hold Ownership for people with Long-term Disabilities)		204		204		204	0	
Disabled Facilities Grant	1,140	272		1,412	121	1,412	0	
Adults TOTAL	1,169	476		1,645	121	1,616	(29)	
Primary Expansions	167	0		167		80	(87)	
Schools Modernisation Programme	810	90		900	10	772	(128)	
SEN Resources Expansion	1,250	0		1,250		466	(784)	
Special School Expansion-Primary,Secondary & Post 16	1,675	10		1,685	8	531	(1,154)	
Secondary Expansion Programme	315	0		315		0	(315)	
Schools Devolved Capital	80	0		80		80	0	
323 High St/Haybrook	26	0		26			(26)	
Children's Services TOTAL	4,323	100		4,423	18	1,929	(2,494)	1
Loan to GRES-for Nova House remedial work	5,000	0		5,000	400	400	(4,600)	2
Capital Works following Stock Condition Survey	400	247		647	14	647	0	
Hub Development	1,047	273		1,320		273	(1,047)	3
B4899 Localities Strategy North (Britwell)					40		0	
B4902 Localities Strategy Central (SMP)					(670)		0	
Thames Valley University Site	0			0		100	100	
Leisure Centre Farnham Road	100			100			(100)	
Asset Disposal				0	480		0	4
Urban Tree Challenge Fund	82			82	0		(82)	5
Cornwall House-Fire Strategy	950			950	1	950	0	
Office Accommodation Strategy	900			900		900	0	
Housing, Property & Planning TOTAL	8,479	520		8,999	265	3,270	(5,729)	
Refuse fleet & Grounds Plant equipment		114		114	85	114	0	
Local Sustainable Transport Fund	222	0		222		222	0	
Flood Defence (Sponge City)	1,482	766		2,248	148	1,221	(1,027)	
Zone 1 - Sutton Lane Gyrotary (MRT)		868		868	164	868	0	
Zone 4 - Stoke Road (Stoke Rd TVU junction)	2,500	393		2,893	180	2,893	0	
Langley High Street Improvements LEP		511		511	79	511	0	
A4 Safer Roads	1,511	137		1,648	1	1,000	(648)	
A4 Cycle Lane	10,168	0		10,168	150	3,568	(6,600)	6
Electric Vehicle Network	157	0		157		157	0	
Car Club	100	0		100		100	0	
Carbon Management - Public Sector Decarb. Scheme	22	0		22		22	0	
Reading Archives - Extension (SBC Contribution)	188	0		188		188	0	
Traffic Signals Maintenance Grant		66		66	56	66	0	
Cemetery Extension	100	0		100		100	0	
Additional Transport & Highways Grant funded projects	2,489		(545)	1,944	164	1,943	(1)	
Patching, surfacing and highway replacement works			261	261		261	0	
LTP Implementation Plan	139		284	423	2	284	(139)	
Eden School			308	308		308	0	
Emergency Active Travel Fund			369	369		369	0	
DSO Replacement Fleet	500			500			(500)	
Destination Farnham Road	2,768			2,768		2,768	0	
Place & Communities TOTAL	22,346	2,855	677	25,878	1,029	16,963	(8,915)	
GENERAL FUND TOTAL	36,317	3,951	677	40,945	1,433	23,778	(17,167)	

Notes

1	Childrens' Services have a forecast underspend of £2.6m. This is to be used in 24/25 on SEN projects in various schools that were unable to be completed in 23/25 due to capacity.
2	Loan to GRE5-for Nova House remedial work. No further costs expected for this project. Mediation now reached on insurance so will repay bulk of loan to GRE5 - budget of £4.6m no longer required.
3	Hub Development. Budget duplication has now been amended to correct figure.
4	Asset Disposal. The forecast for this is currently being worked on to validate the expected net receipts for 23/24
5	Urban Tree Challenge Fund. This has been reclassified and will now sit within the PLACE revenue forecast.
6	A4 Cycle Lane. Preliminary designs for this project have been submitted to Cabinet for approval in July, the project will therefore have a delayed start and run into 24/25.

Table 2 - HRA

HRA							
RMI Capital Programme							
Commissioning of Repairs Maintenance and Investment Contract	250			250		50	(200)
Boiler Replacement and heating	317			317	65	317	0
Kitchen & Bathroom Replacement	415	31		446	1	446	0
Electrical Systems	138	0		138	1	138	0
External rendering, repairs and redecoration of housing block	2,134	0		2,134		2,519	385
Garage & Environmental Improvements		527		527	264	527	0
Capitalised Repairs	100	210		310	38	300	(10)
FRA & Asbestos Removal Works	2,000	173		2,173	70	2,180	7
Major Aids & Adaptations	300	0		300	18	300	0
Decarbonisation Works	500	81		581		500	(81)
RMI Capital Programme Total	6,154	1,022	0	7,176	457	7,277	101
Planned Maintenance Capital							
Windows and Door Replacement	842			842		842	0
Roof Replacement	1,726	136		1,862		1,800	(62)
Structural	211	109		320	37	240	(80)
Security & Controlled Entry Modernisation	300			300	7	300	0
Capitalised voids	60			60		40	(20)
Planned Maintenance Capital Total	3,139	245	0	3,384	44	3,222	(162)
Affordable Homes							
Tower and Ashbourne	0			0	24		0
Affordable Homes	800			800	107	800	0
Total Affordable Homes	800	0	0	800	131	800	0
HRA TOTAL	10,093	1,267	0	11,360	632	11,299	(61)
CAPITAL PROJECTS TOTAL							
	46,410	5,218	677	52,305	2,065	35,077	(17,228)

Appendix 8 – Detailed Bids for Inflation Funding

Directorate	Contract	22/23 Cost	% Uplift	Increase	Notes
Place & Communities	Parking	1,942,396	12.60	244,742	RPIx
Place & Communities	Cemeteries & Crematorium	84,082	13.50	11,351	RPI
Place & Communities	Waste Disposal	5,682,098	14.20	806,858	RPI
Place & Communities	Maintenance	325,456	2.00	6,509	CPI capped
Place & Communities	Traffic Signals	284,000	13.40	38,056	RPI
Place & Communities	Business Rates	35,000	10.00	3,500	Business Rate increase
Place & Communities	Business Rates	59,700	10.00	5,970	Business Rate increase
Place & Communities	Business Rates	140,900	10.00	14,090	Business Rate increase
Place & Communities	Business Rates	6,000	10.00	600	Business Rate increase
Place & Communities	Business Rates	49,100	10.00	4,910	Business Rate increase
Place & Communities	Business Rates	50,400	10.00	5,040	Business Rate increase
Place & Communities	Business Rates	8,700	10.00	870	Business Rate increase
Place & Communities	Business Rates	101,000	10.00	10,100	Business Rate increase
Place & Communities	Council Tax	7,500	15.00	1,125	Council Tax increase
Place & Communities	Council Tax	3,600	15.00	540	Council Tax increase
Place & Communities	Council Tax	3,600	15.00	540	Council Tax increase
Place & Communities	Street Lightng	177,000	22.32	39,506	
People (Adults)	All Care Contracts	27,316,100	4.80	1,311,173	Further uplifts beyond 4.8%
People (Adults)	Direct Payments	5,340,800	4.80	256,358	are funded from use of
People (Adults)	Other Contracts	1,899,600	4.80	91,181	MS&IF and Discharge Fund
People (Children)	Adoption Agency	580,600	18.02	104,624	Historic under funding, 5% in year
People (Children)	Home to School Transport	3,157,400	8.00	252,592	Fuel and cost of living pressures
Housing Property & Planning	APAS	53,194	10.10	5,373	CPI
Housing Property & Planning	AI validator	15,000	10.10	1,515	CPI
Housing Property & Planning	Chatbot	18,600	10.10	1,879	CPI
Housing Property & Planning	Agile Assets	16,194	10.10	1,636	CPI
Housing Property & Planning	Land Charges Software	9,020	10.10	911	CPI
Corporate Resources	IT	323,995	14.13	45,796	Based on renewal prices
Corporate Resources	Finance - Audit Fees	98,193	5.20	5,106	Based on renewal prices
Original Budget Available				6,918,000	
less funding specific Adults grants				1,766,329	
Budget Available				5,151,671	
Total Bids				3,272,450	
Available				1,879,221	

Appendix 9 – Detailed Potential Calls on Contingency Funding

Directorate	Identified Pressure	Bid (£)	Approved Amount (£)	Notes
Corporate	SCF Non Exec Director	23,000	23,000	Identified as a call on contingency in budget build papers
Corporate	External Auditors Fees	200,000	0	Audit fees budget cut by £250k, but one off money required; as a one off should not be funded by permanent virement from Contingency
Corporate	Reduction in DFE grant for running SCF company	128,000	0	Could be funded from a balance sheet reserve for Client Management of SCF but obviously that's one-off
Corporate	HR support to finance recruitment	50,000	0	One off, therefore should not be funded from a permanent virement from contingency
Corporate	Revs and Bens icloud system	131,000	131,000	Previously identified as a possible call on contingency when building 23/24 budget. Considered essential expenditure
Corporate	Insurance Premium increase	500,000	500,000	New pressure. Considered unavoidable. Is showing as an overspend on this year's budget
Corporate	Insurance imprest	350,000	350,000	New pressure. Considered unavoidable. Is showing as an overspend on this year's budget
Corporate	Training	30,000	0	Not identified as a call on contingency in budget build papers
Corporate	Council Tax support scheme	440,000		To be confirmed
Corporate	Bad Debt Allowance	500,000	500,000	In base budget but needs re-coding to avoid confusion
Housing, Property & Place	Temp Accommodation	1,063,000		Identified as a potential call on contingency in budget build papers, but costings need to be provided to evidence the bid
Housing, Property & Place	Housing needs officers	308,000		Identified as a potential call on contingency in budget build papers, but costings need to be provided to evidence the bid
All	Non-deliverability of 23/24 savings	3,000,000		Some savings targets considered high risk; these need to be accepted as non deliverable for budget to be diverted to them
Housing, Property & Place	Rent reductions from asset disposals	1,200,000		A consequence of asset sales; authority to vire money in respect of losses here should be delegated to the s151 officer
Strategy & Improvement	Annual cost of laptop refresh on cyclical	100,000	100,000	Previously identified as a possible call on contingency when building 23/24 budget. Considered essential expenditure
Total Bids		8,023,000	1,604,000	
Budget Available		12,435,000	12,435,000	
Balance Available		-4,412,000	-10,831,000	

In the table above one-off pressures are highlighted in blue