

Slough Borough Council

REPORT TO: Cabinet

DATE: 15 July 2024

SUBJECT: Financial outlook and review of the
Medium Term Financial Strategy
including re-phasing the Capital
Programme 2024/25 to 2027/28

CHIEF OFFICER: Annabel Scholes – Executive Director,
Finance & Commercial (Section 151
Officer)

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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 Timetable for production of 2025/26
Budget and 2026/29 MTFS
- 2 Detailed MTFS
- 3 Rephased Capital Programme
- 4 Funding of Capital Programme

1. SUMMARY and RECOMMENDATIONS

- 1.1. This report sets out the impact on the Council's Budget for 2024/25 and impact on the Medium Term Financial Strategy (MTFS) for 2025-29 following the Provisional Outturn for 2023/24 and the initial budget monitoring insight for the 2024/25 financial year. This includes rolling forward the MTFS for an additional year into 2028/29. It also gives a timetable for setting the 2025/26 Budget and a formal refresh of the MTFS.

- 1.2. The report also provides a recommended re-phasing of the Capital Programme for 2024/25 to 2027/28 in the light of the significant underspend/ slippage of the Capital Programme in 2023/24.

Recommendations:

That Cabinet note the following:

1. That the overspend detailed in the Provisional Outturn Report 2023/24 that was presented on Cabinet on 17th June 2024 of £15.5m reflects an underlying overspend of approximately £11.7m. These pressures contribute to an overspend in 2024/25.
2. That early indications from budget monitoring work undertaken in the year to date indicate that there are new pressures of approx. £4.1m. This equates to a forecast overspend for 2024/25 of £15.8m prior to any mitigating actions being agreed. This impacts on the overall savings requirement for 2024/25 and future years.
3. The Budget Smoothing Reserve has an opening balance in this financial year of £10.7m, and already has commitments against it of £6.0m, £4m to the Transformation Reserve approved by Council in March 2024 and £2m Upton Lodge impairment as per another report at this Cabinet, bringing the effective balance down to £4.7m.
4. The forecast budget gaps for the next 5 years are £15.0m in the current year, rising to £31.9m by 2028/29 and will require changes to the council's target operating model to achieve a balanced budget.

That Cabinet approve:

5. The timetable to produce the 2025/26 Budget and 2026/29 Medium Term Financial Strategy, as shown in Appendix 1
6. The re-phased General Fund Capital Programme for 2024/25 to 2027/28 as shown in Appendix 3

The General Fund revenue budget was approved at £162.203m and included growth (including inflation) of £18.327m, and savings of £12.206m, of which £12.183m is in the MTFs Savings Plan, and £0.023m relates to fee uplifts. This report rolls forward the period of the MTFs into 2028/29, and the tables reflect this additional year.

7. The addition of the following new projects to the capital programme, as detailed in paragraphs 4.10 and 4.15 to 4.17, and Appendix 3
- Childcare expansion
 - Upton Court Pathway
 - Cippenham Bridges
 - Swimming Pool Support Fund initiative

Commissioner Review

"This report forms part of the rolling Medium Term Financial Strategy (MTFS) and represents phase 1 of the MTFS refresh process. The report highlights the further emerging pressures, evolving assumptions, and residual risks and uncertainties in relation to the budget and MTFS approved by Council. While not an exhaustive exercise at this stage in the process, it provides a forecast outlook that allows the Council to identify and respond to issues early and to aid timely robust and methodical planning.

The outlook indicates that the scale of the budget gap is predicted to grow over the period of the strategy, noting that the figures are based upon best estimates and forecasts and will therefore be subject to change. In setting out a direction of travel both in year and beyond, the significance of the potential financial challenge cannot be underestimated. The Council needs to continue with its implementation of in year mitigation measures and asset sales, development of its new operating model and strategies, and maintain a commitment to delivering a balanced outturn, strong financial resilience and sustainability."

2. REPORT

- 2.1. The 2024/25 budget and MTFS were approved by Full Council on 7th March 2024, based on an estimated financial deficit of £348.045m, analysed as follows:

Up to 2023/24	£298.647m
2024/25	£ 23.078m
Future Years	£ 26.320m

The General Fund revenue budget was approved at £162.203m and included growth (including inflation) of £18.327m, and savings of £12.206m, of which £12.183m is in the MTFS Savings Plan, and £0.023m relates to fee uplifts.

Implications of the 2023/24 Provisional Outturn

- 2.2 The 2024/25 growth assumptions included £10.483m to address overspends within 2023/24, predominantly in Adult Social Care (£8.126m) and Homelessness (£1.4m after deducting a £1.6m savings target). The financial pressures in both areas continued to increase after the budgets were set, and analysis done as part of year end processes has quantified the revised on-going pressures, (even after allowing for the original growth assumptions). The other key area with continuing

adverse variances is the net cost of interest. The total pressure carried forward amounts to £11.6m as follows:

- Adults Services £ 4.8m
- Homelessness £ 5.6m
- Interest Costs £ 1.2m
- Total £11.6m

Implications of initial 2024/25 Budget Monitoring insight

2.3 Early budget monitoring work in 2024/25 has indicated that there is a further £4.196m of pressures, which reflects a combination of inflationary pressures greater than that allowed for in the budget, new emerging pressures, and a realisation that a number of the savings targets are not deliverable within the financial year, and where mitigating savings have yet to be found.

- Savings non-delivery £2.213m
- New Pressures £8.399m
- Interest Pressures £0.512m
- Inflationary Pressures £0.950m
- Less Mitigations (£7.878m)
- Net Total £4.196m

The figure above is after netting off compensating savings in a number of areas. The Mitigations outlined, which are still subject to due diligence before being confirmed, include £3.75m of mitigations considered one-off, and which therefore re-emerge as a pressure in 2025/26. When combined with the underlying pressures rolled forward this gives an indicative overspend at this stage of the year of £15.796m. The difference between the current pressure of £15.796m and the £15.0m in the table below is explained in para 2.27

There is a contingency budget, mostly earmarked against specific pressures, and it is assumed in current forecasts to be fully utilised, and not used to offset the current forecast pressure. This will be reviewed in the Q1 report to September cabinet.

The changes outlined above can be summarised by the following table:

	Total Budget Gap	CD	Budget Gap net of CD	Savings Already Agreed	To Find
	£m	£m	£m	£m	£m
2024/25	50.3	23.1	27.2	12.2	15.0
2025/26	42.3	13.9	28.4	6.8	21.6
2026/27	33.7	9.2	24.5	1.8	22.7
2027/28	33.4	3.3	30.1	0.0	30.1
2028/29	31.9	0.0	31.9	0.0	31.9

Much of the new pressures are in Adults Services, and in Regeneration, Housing and Environment. There are also increased interest cost pressures, of which £1.2m are an ongoing impact of an overspend in 2023/24 (para 2.2) and a further £0.512m

of pressures have emerged this year due to needing to refinance loans maturing in 2024/25 at a higher interest rate than the current year.

The Adults pressures are analysed as follows:

- 2.4 Demand for long-term adult social care and support in Slough increased by around 11% for residential and nursing care and for home care around 14% during 2023/24. This coupled with legacy increases in provider rates, which in many cases had not been reviewed for multiple years, led to the increase in expenditure in 2023/24 which will continue in 2024/25.
- 2.5 In fulfilling Care Act 2014 duties, local authorities must ensure good oversight and understanding of the local care market, including setting rates that Slough Borough Council believe, based on the evidence, will support a quality, flexible and sustainable market, providing choice to those purchasing care.
- 2.6 Given the increase in National Living Wage and other cost pressures, in 2023/24 providers were routinely seeking uplifts of between 10 -12%. However, this is not affordable. It is recognised the extraordinary pressure the whole sector has faced over the last few years, and it would be disingenuous to imply that these challenges will not be with us for some time.
- 2.7 However, it is reassuring that the record levels of inflation that experienced last year are reducing, however, they are still higher than the government's own target and the legacy will impact for several years.
- 2.8 The preceding paragraphs provide the explanation for Adults Services, which is analysed as follows:
- 23/24 Ongoing Pressures £4.800m
 - Inflationary Pressures £0.550m
 - New Pressures £4.278m
 - Less Mitigations (£5.719m)
 - Forecast Overspend £3.909m
- 2.9 The new pressures in Regeneration, Housing and Environment are to be seen in with Homelessness, with a further growth in expenditure due to increased numbers of people requiring support of £0.966m (the numbers have grown from 846 in March 2024 to 867 now). There are also new pressures in Waste Disposal costs of £0.694 due to the delay in implementing the new waste contract extension which will deliver lower average disposal rates per tonnage.
- 2.10 Alongside these there are also pressures from unrealised savings of £0.818m and anticipated inflationary pressures of £0.400m. Mitigating savings for 2024/25 have been found, but there are £0.315m of savings agreed for Waste Disposal in 2025/26 that were considered unachievable when the savings assumptions were reviewed but with the waste contract report considered elsewhere on this agenda there will be an improvement in this assumption if the recommendations are approved.

- 2.11 The initial 2024/25 budget monitoring forecasts are after netting off one-off mitigations; these amount to £3.750m, and as they are one-off this directly increases the budget gap in 2025/26.
- 2.12 The implications of the revised forecasts above have been fed into the MTFs model, alongside a review of all the key assumptions in the model. This has growth assumptions, savings delivery plans and assumptions on funding from Government Grants, Council Tax, and Business Rates.

Potential additional mitigating actions

- 2.13 As a result of the implications of the 2023/24 Provisional Outturn, and early Budget Monitoring insight, an exercise of identifying possible corrective action is being undertaken, at pace. Figures arising from the exercise are only indicative at this stage, and have not yet been built into the figures presented in this report. These actions will be taken to September cabinet as part of the Quarter 1 Budget Management report for approval.
- 2.14 They are expected to provide between £10m and £12m of mitigation within the financial year, however they are not permanent reductions in expenditure. These mitigations are still subject to a due diligence process before they can be confirmed. Approximately half of the savings are considered one-off, such that there is somewhere between £5m and £6m of ongoing savings.

Assumptions: Council Expenditure

- 2.15 The growth assumptions in the current MTFs approved in March are that identified growth is fed into the model as well as an additional non specific £5m of growth for every year of the MTFs. This includes growth for the additional year of 2028/29. The current working assumption is that this will remain unchanged.
- 2.16 The assumptions around inflation for Pay were that there will be a 4% uplift in the current financial year, followed by 2% in each subsequent year. This is deemed to still be a prudent assumption and has not changed.
- 2.17 The inflation assumption on supplies and services was CPI, with identified areas having a RPI increase where this is stipulated in the contract, and insurance having a 5% increase. This has not been refreshed at this stage, but there is work on-going to address whether the assumptions remain valid.

Assumptions: Funding

- 2.18 The assumptions around funding have been based on work undertaken by Pixel, a consultancy in Local Government Finance, widely used throughout the sector.

2.19 The assumptions on Council Tax include that a 99% collection rate will be achieved, and that the Council Tax base will increase by approximately 2% per year. These assumptions will be refined over the course of the next few months and incorporate the impact of the current year's anticipated actual delivery. In addition, it is assumed that Council Tax will increase by 4.99% per year in line with Government assumptions.

2.20 The work to date has led to an assessment that the amount of Council Tax that can be credited to the General Fund will increase in future years, as follows; note that 2028/29 is an additional year on the rolling MTFS compared to the published version

	Expected Council Tax Current	MTFS Current	Expected Council Tax Revised	MTFS Revised	Change
	£m	£m	£m	£m	£m
2024-25	81.3		81.3		0.0
2025-26	86.9	5.7	87.3	6.0	0.3
2026-27	93.0	6.1	93.9	6.6	0.9
2027-28	99.4	6.4	100.7	6.8	1.3
2028-29	106.2	6.7	108.1	7.4	2.0

2.21 There has also been some mitigation to the overall finances via the Business Rates figures. The share of Business Rates due to Slough was reduced significantly due to there being a large deficit (£5.115m), assumed to be permanent. However, it is now clear that this was not a permanent deficit. Alongside a refresh of the assumptions on year on year growth this has led to a change to the figures in the MTFS as outlined above. However, it must be caveated that there is expected to be a revaluation in 2026, and that this could have a significant impact on these assumptions. The year on year expected Business Rates figures are outlined in the table below; the figure in the MTFS shows the year on year change in the income expected. Note that the 2028/29 figures are an additional year on the rolling MTFS compared to the current published figure.

	Expected NNDR Current	MTFS Current	Expected NNDR Revised	MTFS Revised	Change
	£000	£000	£000	£000	£000
2024-25	36,306		36,306		
2025-26	37,897	1,591	41,843	5,537	3,946
2026-27	40,674	2,777	45,789	3,946	1,169
2027-28	41,369	695	46,484	695	0
2028-29	41,369	0	47,414	930	930

- 2.22 The Council also receives substantial income in the form of Government grants including the Revenue Support Grant, and other specific grants, some of which are ring-fenced. Forecasting these is subject to considerable uncertainty, both in terms of the headline amounts for these grants nationally, and in terms of how those are apportioned. A fair funding review has been promised since 2016, but has yet to take place.
- 2.23 The Council makes its own estimates of what the level of funding will be, as well as referencing the working assumptions provided by Pixel, who are experts in the field of Local Government Funding, and who produce forecasts of what the funding will be, both at a national and individual authority level.
- 2.24 The Council is assuming 2% growth, based on inflation, for grants from 2026/27 onwards. Pixel make alternative assumptions, based on a new Fair Funding formula commencing in 2026/27, with their assumptions of what the formula would produce. There is a significant difference between the 2 sets of figures, with funding under the proposed Fair Funding being far more generous to Slough than currently. It would not be prudent to use the higher figures at this stage, as there is no certainty over whether, when, or how, any new formula would be introduced.
- 2.25 It is considered prudent to take the Pixel figures at a national level for 2025/26 and inflate those by 2% per annum thereafter. There are some differences between the total figures this method produces compared to the current MTFS model.

	2025/26			2026/27			2027/28			2028/29		
	Current MTFS Grant	Expected Grant Revised MTFS	Change	Current MTFS Grant	Expected Grant Revised MTFS	Change	Current MTFS Grant	Expected Grant Revised MTFS	Change	Current MTFS Grant	Expected Grant Revised MTFS	Change
Revenue Support Grant	7.823	7.212	-0.611	7.823	7.356	-0.467	7.823	7.503	-0.320	7.823	7.653	-0.169
Social Care Grants	18.147	18.131	-0.016	18.367	18.414	0.047	18.587	18.703	0.116	18.587	18.997	0.410
Other Grants	0.740	1.273	0.533	0.740	0.456	-0.284	0.740	0.456	-0.284	0.740	0.456	-0.284
Total	26.710	26.616	-0.094	26.930	26.226	-0.704	27.150	26.662	-0.488	27.150	27.106	-0.044
Public Health Grant	8.269	8.378	0.109	8.269	8.546	0.276	8.269	8.716	0.447	8.269	8.891	0.622
Grand Total	34.979	34.994	0.015	35.199	34.772	-0.427	35.419	35.379	-0.041	35.419	35.997	0.578

- 2.26 The changes outlined above give rise to the figures shown in the table below; this summarises the refreshed MTFS as it stands at this stage and highlights the budget gap that has emerged. A more detailed analysis is provided in Appendix 2. It should be noted that the report approved by Full Council in March showed a budget gap to be addressed in 2026/27 of £2.827m, growing by £9.030m in 2027/28.

MTFS Scenario Planning		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Underlying Gap	Underlying gap rolled forward	31.575	23.078	13.909	9.151	3.260
PRESSURES						
Prior Year Gap b/f		0.000	15.024	21.603	22.726	30.097
Pay Award	4% in 24/25, then 2% pa	2.660	1.383	1.411	1.439	1.468
Contract Inflation	CPI & RPIX - keep under review	1.812	1.496	1.428	1.466	1.506
Growth	Growth and Pressure submissions	13.855	7.281	6.703	6.703	5.000
New Pressures	23/24 ongoing impact and 24/25 emerging pressures	14.321	4.065	0.000	0.000	0.000
CD Adjustments	MRP, Assets, Time Limited Budgets, Pension Deficit Companies, Reserves, Interest	3.420	1.837	-2.887	0.733	0.685
	TOTAL GROWTH/PRESSURES	36.068	31.086	28.258	33.067	38.756
FINANCING						
Grants	Revised estimates, drawing on Pixel	-3.012	-0.264	0.390	-0.436	-0.444
Council Tax	Increase by max allowed 4.99	-9.429	-6.015	-6.938	-7.730	-8.698
Business Rates	Based on revised estimates	-5.715	-5.537	-3.946	-0.695	-0.930
Reserves	From Smoothing Reserve and carry forward	0.821	0.000	2.000	0.000	0.000
	TOTAL FINANCING	-17.336	-11.817	-8.494	-8.861	-10.072
Savings	Savings Target	-27.230	-28.439	-24.522	-30.097	-31.945
	NET BUDGET GAP	23.078	13.909	9.151	3.260	0.000
	Savings Proposed	-12.206	-6.836	-1.796		
	Gap to be closed	15.024	21.603	22.726	30.097	31.945

2.27 The figures laid out above are based on current estimates, and certain assumptions, which are explained throughout. However, there are clearly elements of uncertainty and risk with any forecasts. Note, for presentational purposes, the impact of interest costs and the savings on the pension deficit cost are shown in the CD adjustments block above, but feed into the forecast overspend of £15.796m, and reconcile as follows:

Item	£m
New Pressures	14.321
Interest	1.712 (see paras 2.2 and 2.3)
Pension Deficit	(0.314)
MRP Increase	0.077
Net Pressure	15.796

The difference between the forecast for the year of £15.796m overspend and a gap to be closed of £15.024m is explained by a potential reduction in the loss of income from asset sales from £1.283m to £0.511m (within the CD adjustments figure above, which is in the MTFS table above, but not incorporated into the monitoring forecast position).

- 2.28 In particular, there are risks around inflation, demand, savings delivery and discovery.
- 2.29 Whilst inflation has reduced significantly over the last 12 months, inflationary pressures on salaries and prices are still working through council contracts and Adult Social Care provider uplifts in particular. Contracts maintained on the Council's contracts register will attract increased funding through contractual inflationary uplifts. The process of building the 2024/25 budget involved engaging with services on their contractual obligations so this risk is somewhat mitigated and services will be expected to contain spending pressures within budgets.
- 2.30 The areas cited below as key pressures for Slough are common to all Councils with these service responsibilities, and have been identified in previous reports to Cabinet and Full Council:
- Children's Social care rising demand for residential placements combined with a poorly functioning market, although Slough Children First's sufficiency strategy appears to be bucking this pressure to date.
 - Adult Social Care demand driven by a changing population with increasingly complex needs
 - Delivery of services for children and young people with special educational needs and disabilities (SEND), including provision of home-to-school transport
 - Increasing levels of homelessness have required local authorities to spend more in fulfilling their responsibilities to those requiring support.
- 2.31 Delivery of agreed savings will require steadfast commitment. It is imperative that robust action is taken to deliver planned savings and contain financial pressures over the next year. Consequently, if overspends emerge, then CLT will be required to develop and implement plans to mitigate fully any overspend, within 2024/25, in consultation with elected members.

2.32 The Council is going through a three-stage process of Discovery, Recovery and Transformation. Whilst it had been anticipated that the Council had completed its discovery process through the production of the 2022/23 Draft Accounts and 2023/24 Budget, a number of events have been identified that have prior-year impact necessitating draw-downs from the Budget Smoothing Reserve. Should this continue in to 2024/25 it will impact on the MTFS and will require funding

3. TIMETABLE

3.1 The proposed timetable for the production of the 2025/26 Budget and MTFS though to 2028/29 is given in Appendix A. The timetable allows for:

- Initial consideration of potential savings, income generation including a review of fees and charges, led by CLT;
- Approval of those proposals that are deemed worthy of further exploration, leading to the development of formal proposals
- A round of Star Chamber sessions for each Directorate led by the Lead Member for Finance, Council Assets and Transformation
- The Cabinet meeting on November approving Draft Proposals for consultation, and the Council Tax base
- A 6 week public consultation period
- Wider member engagement including the Council's Corporate Improvement Scrutiny Committee
- Sign off of the final Budget for recommendation to Full Council by Cabinet in January
- The Council meeting of 27 February 2025 approving the Council's budget, MTFS, and Council Tax Resolution.

3.2 A more detailed work plan sits behind the formal timetable to ensure the delivery of the timetable presented here.

4. CAPITAL

4.1 Due to delays in starting projects and capacity, the requested carry forward from 2023/24 is much higher than previous years, £22.9m as approved by Cabinet at its meeting on June 18th 2024. As a result of this the capital programme needs to be re-phased into a more realistic programme as not all this slippage can be delivered in 2024/25.

4.2 There are also a number of new projects that are requested to be added to the programme, details in paragraphs 4.9 and following. New projects were presented

and agreed at Capital Board in May 2024, all are fully funded by external grants and s106 monies.

- 4.3 Due to the level of General Fund carry forward from 2023/24 it is recommended that the capital programme budget is revised up to 2027/28 to give a more realistic plan of spend over the next 4 financial years.
- 4.4 The HRA carry forward request is relatively low, as approved by Cabinet at its meeting on June 18th 2024, so there is no proposal to rephase the capital programme for this fund.

Table 1 – General Fund Carry Forwards 2023/24

2023/24	
£000s	
<u>Carry Forward</u>	
General Fund	
Regeneration, Housing & Environment	19,649
Adults	0
Children's Services	3,293
Total General Fund	22,942
HRA	310
Total Carry Forward	23,252
External funding including capital receipts	-23,252
<u>Borrowing Requirement</u>	
General Fund	-
HRA	-
Total Borrowing Requirement	-

- 4.5 The table below summarises the changes to the capital programme arising from the review of the programme. Overall, the capital budget increases by £32.9m over a four-year timescale, this includes £22.9m which has been carried forward from 2023/24. Almost all other increases are fully funded by external grants and reflect how and when the Council plan to spend the funding.

Table 2 - Summary of changes in Capital Programme

	2024/25	2025/26	2026/27	2027/28	Total
	£000s	£000s	£000s	£000s	£000s
Capital Programme 24/25 Approved					
General Fund	23,291	9,352	6,276	4,191	43,109
Total	23,291	9,352	6,276	4,191	43,109
Capital Programme 24/25 Revised					
General Fund					
23/24 Slippage	12,137	10,207	599	-	22,943
Revised budget	22,551	19,141	6,276	4,317	52,285
New Projects	740	-	-	-	740
Total	35,428	29,348	6,875	4,317	75,968
Change	12,137	19,996	599	126	32,859
Borrowing					
Capital Programme 24/25 Approved	-	-	-	-	-
Capital Programme 24/25 Revised	-	-	-	-	-
Change	-	-	-	-	-

4.6 The revised capital programme and the proposed funding is set out in the table below, see Appendix B for detailed breakdown by project.

Table 3 – Proposed Capital Programme 2024/25 to 2027/28

	2024/25	2025/26	2026/27	2027/28	Total
	£000s	£000s	£000s	£000s	£000s
Expenditure					
General Fund					
Regeneration, Housing & Environment	24,375	24,209	3,819	1,355	53,757
Adults	1,589	1,140	1,140	1,140	5,009
Children's Services	9,464	3,999	1,916	1,822	17,201
Total expenditure	35,428	29,348	6,875	4,317	75,968
External funding including capital receipts	-35,428	-29,348	-6,875	-4,317	-75,968
Borrowing Requirement					
General Fund	-	-	-	-	-
Total Borrowing Requirement	-	-	-	-	-

4.7 The only increase to the capital programme which is not funded by external grants is the Asset Disposal project. The costs of sales for the Disposal project are

netted off from the capital receipt from the sale. . Further details on this are provided in section 4.11.

Key Changes

Adults

Disabled Facilities Grant – increase £0.5m

4.8 There is a requirement to drawdown on the Disabled Facilities Grant reserve to enable the service to satisfy the equipment forecasted for 2024/25. This is due to an increase in the number of users in the borough, and ability to clear backlog following an increase in staff.

Childrens

Special School Expansion-Primary, Secondary & Post 16 – increase £4.8m

4.9 There is a requirement within the borough to provide 38 additional special needs places for September 2024. An additional 4 blocks of classrooms and teacher car park are required at Arbor Vale School to facilitate this. This is fully grant funded from the Department of Education.

Haybrook College Annex project will increase capacity (6 classrooms) and enhance specialist SEND facilities at the school. This is fully grant funded from the Department of Education.

Both projects are planned for summer 2024 ahead of the September 2024 term intake.

This was approved by Cabinet at the meeting held on the 3rd June 2024.

Childcare Expansion (new project) - £0.2m

4.10 The Department for Education have allocated additional funding from the Childcare Expansion Capital Grant to support the development of new early years and childcare places. The purpose of the capital funding is to ensure that additional early years and childcare places can be created and that families are able to access places in high quality, local provision. Early Years Capital Funding will support the development of places as identified in the prioritisation matrix, to enable providers to expand or adapt their space and facilities.

Regeneration, Housing & Environment

Asset Disposals

4.11 Rephasing of the cost of sales in line with the revised forecast for disposals up to 2025/26. This is estimated at 2.5% of expected gross capital receipts based on expected receipts of £32m in 2024/25.

Flood Defence Measures (Sponge City Project) - increase £3.4m

4.12 The budget for this project has been realigned to match the funding that we actually receive and when we intend to utilise it. The project is fully externally funded by the Environment Agency.

Destination Farnham Road - £7.9m moved to 2025/26

4.13 This project has experienced major delays due to capacity, but works are now accelerating following completion of consultation and design phases. This project is due to complete by the end of 2025 and the budget has been rephased to reflect this. This is fully funded by the Levelling Up Fund grant

A separate paper went to Cabinet on this project on the 20th May 2024.

DSO Food/Fibre vehicles and Caddies – additional £2.1m funding received

4.14 Additional funding has been received from Defra to update food vehicles and caddies . There is an approximate lead time of 9-12 months, so the majority of this funding has been added to 2025/26.

Upton Court Pathway (new project) - £0.1m

4.15 The Parks Team has been instructed to procure a path extension in Upton Court Park following enquiries from members responding to complaints from park users about the condition of the current route and its unsuitability and potential danger to park users. S106 has been allocated to this project and will cover the entire cost, to be completed in 2024/25.

Cippenham Bridges (new project) - £0.2m

4.16 Replacement of life expired bridges in Cippenham Meadows estate, not requested in the original budget but urgent works are required. This will be funded by S106.

Swimming Pool (new project) - £0.3m

4.17 Sports England have awarded Slough £0.3m as part of the Swimming Pool Support Fund initiative which must be spent before the end of March 2025. This will be used to install Photo Voltaic panels at Langley Leisure Centre, currently leased by Everyone Active

Capital Programme Funding 2024/25 to 2027/28

4.18 Appendix 4 summarises the funding of the proposed capital programme for General Fund.

4.19 This shows that the entire capital programme of £76.0m will be fully funded from capital grants, capital receipts and developer contributions without recourse to any external borrowing.

5. ASSET SALES

5.1 The Asset disposal programme forecast has moved by £8.8m (net) over 2024/25 and 2025/26. The main impact of this is timing differences as assets have been pushed back in the forecast to later expected completion dates, impacting the cashflow, MRP and interest expectations. At this stage the potential cash flow implications of any asset sales have not been factored into the interest costs, and therefore there may be some mitigation arising from these. Work to examine this will be undertaken as part of the MTFS process.

5.2 The MRP impact of these changes has been applied to the main MTFS model and are included in the figures shown in the MTFS Summary table, and detailed table in Appendix 2.

5.3 HRA sales won't contribute to the CD, but subject to the no detriment principle any excess HRA receipts will be applied to support GF debt reduction. No assumption has been included here, although it does reflect that element of the Akzo Nobel receipt that is required to be applied to the HRA. A paper recommending the no detriment principle is also included in the July Cabinet meeting papers.

5.4 Review work is ongoing, in conjunction with the Property Services, to assess viability using agreed net present value methodology means the forecast for the disposal programme is subject to change as a result of this work.

5.5 The total GF receipts in the Revised section of the table below align with the assumptions for utilisation of capital receipts to finance the CD, and current capital programme.

Table 4 – Asset Disposal forecast movement

	<i>Actual</i> 2022/23 £000s	<i>Actual</i> 2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
Asset Disposals 24/25 Approved							
General Fund	149,648	24,694	94,500	39,218	0	0	308,060
Total	149,648	24,694	94,500	39,218	0	0	308,060
Asset Disposals 24/25 Revised							
General Fund	149,648	24,694	39,512	102,976	0	0	316,830
Total	149,648	24,694	39,512	102,976	0	0	316,830
Change	0	0	-54,988	63,758	0	0	8,770

6 IMPLICATIONS of the RECOMMENDATIONS

6.1 Financial implications

6.1.1 The financial implications are fully set out within the report.

6.2 Legal implications

6.2.1 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.

6.2.2 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.

6.2.3 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.

6.3 *Risk management implications [Mandatory]*

6.3.1 The report highlights the risks of the Council not balancing its budget in both the current financial year, and over the Medium Term as the implication of the Provisional Outturn for 2023/24 and early Budget Monitoring insight. Paragraphs 2.28 and 2.33 also explains that any forecasts are subject to a degree of uncertainty, and consequent risks.

6.3.2 Over the course of the next few months, including the first formal Budget Management report of the year to Cabinet in September, and leading up to the report to Cabinet in November containing the draft budget proposals for 2025/26 and MTFS for 2026/27 - 2028/29, mitigations to ensure a balanced budget will be developed and proposed to Cabinet.

6.4 *Environmental implications [Mandatory]*

6.4.1 There are no environmental implications arising directly out of this report.

6.5 *Equality implications [Mandatory]*

6.5.1 There are no equality implications arising directly out of this report.

Appendix 1: MTFS and Budget Timetable (HRA and Capital will be shown in the detailed guidance)

2024-25 Budget Build Timetable	Meeting Date	Action outside of meeting	CLT	Star Chambers	Lead Members & Directors	Formal Public Meeting
<i>Revised Budget Gap to CLT</i>	19th Jun		19-Jun			
<i>Cabinet: MTFS Refresh, and Process for 25/26</i>	15th July		19-Jun		2-Jul	15-Jul
Scrutiny: <i>Provisional Outturn, MTFS Refresh, and Process for 25/26</i>	30th July					30-Jul
<i>1st Round Savings and Growth proposals and revised Budget Gap to CLT</i>	7th Aug		7-Aug			
<i>Fees and Charges</i>	7th Aug		7-Aug			
<i>Inflation</i>	7th Aug		7-Aug			
<i>2nd Round Savings and Growth proposals and revised Budget Gap to CLT</i>	28th Aug		28-Aug			
Star Chambers <i>with Cllr Chahal and relevant members</i>				by 20th Sept		
<i>Updated Financial Assumptions</i>		20th Sept				
<i>3rd Round Revised Budget Gap to CLT (Briefing Note/Table)</i>	25th Sept		25-Sep			
<i>4th Round Revised Budget Gap to CLT (Briefing Note/Table)</i>	2nd Oct		2-Oct			
Cabinet <i>incl schedule of Fees and Charges, Draft Budget and MTFS, proposals for consultation and setting Council Tax Base</i>	18th Nov		23-Oct		5-Nov	18-Nov
<i>Public Consultation</i>	19 Nov - 31 Dec					
Scrutiny: <i>Budget Setting Proposals incl Schedule of Fees and Charges</i>	17th Dec		4-Dec			17-Dec
<i>Provisional LG Finance Settlement</i>		w/c 16/12				
<i>Updated Financing Assumptions</i>		20th Dec				
<i>Revised Budget Gap to CLT (Briefing Note/Table)</i>	8th Jan 2025		8-Jan			
<i>5th Round Proposals if necessary to bridge any gap</i>	8th Jan 2025		8-Jan			
Final Report: Budget, MTFS, Savings, Council Tax Resolution: Cabinet	20th Jan 2025		18-Dec		7-Jan	20-Jan
Licensing Committee <i>(sub section of Fees and Charges)</i>	5th Feb					5-Feb
<i>Council Meeting - Budget</i>	27th Feb					

Appendix 2: Detailed MTFS

Note, the darker shaded figures are where changes have been made to published figures

MTFS Planning		2024/2 5 £m	2025/2 6 £m	2026/2 7 £m	2027/2 8 £m	2028/2 9 £m	Notes and assumptions
Underlying Gap	Underlying budget gap brought forward	31.575	23.078	13.909	9.151	3.260	"Minded to" Approved Capitalisation Direction
	Target Budget Deficit	23.078	16.917	9.151	3.260	0.000	"Minded to" Approved Capitalisation Direction
	Reduction in special support from 25/6		(3.008)				In line with extra Council Tax raised by 8.5% increase
	Total C/F 2024-25	23.078	13.909	9.151	3.260	0.000	
PRESSURES							
Prior Year Gap b/f			15.024	21.603	22.726	30.097	Savings gap from previous year carried forward
Pay Award	6% in 23/24, 4% in 24/25, then 2% pa	2.660	1.383	1.411	1.439	1.468	23-24 pay award assumed 6% - 24/25 4% then 2%
Contract Inflation	CPI & RPIX - keep under review	1.812	1.496	1.428	1.466	1.506	CPI mainly, some contracts RPI, insurance assumed at
Growth	Growth and Pressure submissions	13.855	7.281	6.703	6.703	5.000	Current pressures, estimated new pressures, make senior restructure permanent ; add £5m unspecified
	Impact of 23/24 Overspend	10.400					From Provisional Outturn report
	Agreed Savings considered unachievable	2.213	0.315	0.000			From Budget Monitoring insight
	New Inflationary Pressures	0.950					From Budget Monitoring insight
	New Pressures	8.322					From Budget Monitoring insight
	Mitigations	(7.564)	3.750				From Budget Monitoring insight
	Children's Company	4.447					23/24 virement was one-off but ...
	Contingency	(1.471)					... made permanent for 24/25 from contingency
	Contribution to General Reserves	1.000					Agreed as part of CD requirement
	Reduction in contingency	(2.618)					In line with lower level of savings required
	DSG Accounting adjustment	0.336					correction of error
Loss of income	Loss of income from asset disposals	0.511	(0.155)	0.000	0.000	0.000	Updated with the latest sales forecasts
Companies (incl SCF)	Savings / Pressures Council companies	(1.471)	(0.497)	0.680	0.796	0.812	SCF business plan - Year four Loan default
MRP	Adjustments required to correct MRP	2.799	1.630	(1.630)	0.000	(0.025)	Updated following specialist advice
Interest Costs		2.965	0.000	0.000	0.000	0.000	Borrowing of £75m @ 5.1%; this excludes the 23/24 impact on 24/25 which is included above
Interest Pressures		1.712	0.669	(0.061)	(0.063)	(0.101)	Pressures from 23/24; 24/25 pressures; ongoing
ICT Transformation	Remove budget	(1.000)	0.000	0.000	0.000	0.000	Budget was time limited to 2 years
Transformation	Remove budget	(2.500)	0.000	0.000	0.000	0.000	Budget was time limited to 2 years
New Transformation Project		2.000	0.000	(2.000)	0.000	0.000	2 year time limited project funded from Budget Smoothing
Pension Deficit		(0.314)	0.190	0.124	0.000	0.000	Estimates of annual cost of meeting deficit revised
	TOTAL GROWTH/PRESSURES	39.044	31.086	28.258	33.067	38.756	
FINANCING							
RSG	As per LG Finance Settlement Dec 2023	(0.484)	0.574	(0.144)	(0.147)	(0.150)	Pixel to 25/26, then 2%;
Business Rates Grant	As per LG Finance Settlement Dec 2023	(0.068)	0.000	0.068	0.000	0.000	Based on Pixel forecasts
New Homes Bonus	As per LG Finance Settlement Dec 2023	(0.496)	(0.027)	0.528	0.000	0.000	Based on Pixel forecasts
Services Grant	As per LG Finance Settlement Feb 2024	1.013	0.000	0.221	0.000	0.000	Based on Pixel forecasts
Housing Benefit Grant	Estimate	0.030					Estimate
Council Tax	Increase by 8.50% pa in 24/25	(9.429)	(6.015)	(6.938)	(7.730)	(8.698)	4.99% increases including 2% ASC precept continuing
Business Rates	Based on revised estimates	(5.715)	(5.537)	(3.946)	(0.695)	(0.930)	updated with latest forecast
Social Care Grant	Increases based on Government figures	(2.384)	(0.811)	(0.219)	(0.223)	(0.228)	Based on Pixel forecasts to 25/26, 2% thereafter (except
Market Sustainability Discharge Grant	£1.265bn in 23/24, £1.877bn in 24/25	(0.608)	(0.440)	(0.045)	(0.046)	(0.047)	iBCF, held flat and Workforce Fund removed). Pixel
ASC Workforce Fund	£0.4bn in 23/24 and £.683bn in 24/25	(0.373)	0.000	(0.019)	(0.019)	(0.019)	assumes new funding formula introduced in 26/27 which
iBCF		0.358	0.440	0.000	0.000	0.000	would see grants increasing by £3m, assumption not used
		0.000	0.000	0.000	0.000	0.000	
Transformation c/f	Use of c/f Transformation fund	(0.179)					To fund 2 posts from Transformation for 2 years
Reserves	Draw Down (from) / give to Reserves	1.000		2.000			Use of Budget Smoothing Reserve; New Improvement Project funded from reserves £2m pa for 2 years
	TOTAL FINANCING	(17.336)	(11.817)	(8.494)	(8.861)	(10.072)	
Savings	Savings Target	(27.230)	(28.439)	(24.522)	(30.097)	(31.945)	
	NET BUDGET GAP	23.078	13.909	9.151	3.260	0.000	Revised Capitalisation Direction
	Savings Offered Up	(12.206)	(6.836)	(1.796)			
	Gap to be closed: cumulative	15.024	21.603	22.726	30.097	31.945	
	Gap to be closed: annual increase	15.024	6.579	1.123	7.372	1.847	

Appendix 3: Rephased Capital Programme

General Fund Capital Programme	Approved to approve					Revised				Revised
	23/24	23/24	24/25	23/24	24/25	24/25	25/26	26/27	27/28	Total 24/25-27/28
	Budget	Forecast	Budget	Slippage	Total	Budget	Budget	Budget	Budget	Budget
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Primary Expansions	167	80	-	167	167	167	-	-	-	167
Schools Modernisation Programme	900	750	1,368	291	1,659	1,608	820	840	860	4,128
SEN Resources Expansion	1,250	355	1,220	1,057	2,277	1,527	1,350	100	0	2,977
Special School Expansion-Primary,Secondary & Post 16	1,685	236	1,013	1,504	2,517	5,818	1,400	857	843	8,918
Secondary Expansion Programme	315	40	-	275	275	5	310	-	-	315
Schools Devolved Capital	80	354	119	-	119	119	119	119	119	476
323 High St/Haybrook	26	-	-	-	-	-	-	-	-	-
Childcare expansion	-	-	-	-	-	220	-	-	-	220
Children's Services TOTAL	4,423	1,815	3,720	3,294	7,014	9,464	3,999	1,916	1,822	17,201
Loan to GRES-for Nova House remedial work	5,000	400	-	-	-	-	-	-	-	-
Capital Works following Stock Condition Survey	647	100	400	-	400	400	400	400	-	1,200
Hub Development	1,320	-	-	-	-	-	-	-	-	-
B4889 Localities Strategy North (Britwell)	-	375	-	150	150	150	-	-	-	150
Leisure Centre Farnham Road	100	22	-	-	-	-	-	-	-	-
Asset Disposal	-	820	1,912	-	1,912	908	1,571	-	-	2,479
Urban Tree Challenge Fund	82	-	-	-	-	-	-	-	-	-
Compulsory Purchase Order Reserve	0	1	-	-	-	-	-	-	-	-
Cornwall House-Fire Strategy	950	250	-	900	900	900	-	-	-	900
Estates Strategy	900	300	2,000	-	2,000	2,000	2,000	-	-	4,000
Refuse fleet & Grounds Plant equipment	114	172	-	-	-	-	-	-	-	-
Local Sustainable Transport Fund	222	222	-	-	-	-	-	-	-	-
Flood Defence (Sponge City)	2,248	1,000	1,537	620	2,157	1,671	3,844	1,218	-	6,732
Zone 1 - Sutton Lane Gyrotory (MRT)	868	868	-	210	210	210	-	-	-	210
Zone 4 - Stoke Road (Stoke Rd TVU junction)	2,837	437	-	2,118	2,118	2,118	-	-	-	2,118
Langley High Street Improvements LEP	511	511	-	186	186	186	-	-	-	186
A4 Safer Roads	1,648	150	-	1,602	1,602	830	712	-	-	1,602
A4 Cycle Lane	10,168	568	-	9,513	9,513	5,285	4,228	-	-	9,513
Electric Vehicle Network	157	157	1,117	157	1,274	1,274	1,117	-	-	2,390
Car Club	100	100	-	100	100	100	-	-	-	100
Carbon Management - Public Sector Decarb. Scheme	22	22	-	22	22	22	-	-	-	22
Reading Archives - Extension (SBC Contribution)	188	188	55	188	243	243	11	-	-	254
Traffic Signals Maintenance Grant	66	66	-	-	-	-	-	-	-	-
Cemetery Extension	100	100	-	100	100	100	-	750	-	850
Upton Court pathway	-	-	-	-	-	75	-	-	-	75
Cippenham Bridges	-	-	-	-	-	150	-	-	-	150
Swimming Pool Support Fund	-	-	-	-	-	295	-	-	-	295
Additional Transport & Highways Grant funded projects	1,943	106	2,489	-	2,489	2,489	-	-	-	2,489
Patching, surfacing and highway replacement works	261	261	-	261	261	261	-	-	-	261
LTP Implementation Plan	423	284	139	379	518	288	369	139	139	935
Eden School	-	40	-	-	0	-	-	-	-	-
DSO Replacement RCV's	-	-	-	-	0	-	-	1,200	1,200	2,400
DSO Replacement Fleet	500	200	500	500	1,000	1,200	500	-	-	1,700
DSO Food/Fibre vehicles and Cuddies	-	-	400	-	400	400	1,600	100	-	2,100
Destination Farnham Road	2,768	118	7,482	2,644	10,126	2,360	7,858	13	16	10,246
Burnham Station	-	-	400	-	400	400	-	-	-	400
Regeneration, Housing & Environment TOTAL	34,204	7,898	18,431	19,650	38,080	24,375	24,209	3,819	1,355	53,757
GENERAL FUND TOTAL	40,272	11,152	23,291	22,944	46,234	35,428	29,348	6,875	4,317	75,968

Appendix 4:Funding Of Capital Programme

	23/24 Budget £000s	23/24 Outturn £000s	24/25 Budget £000s	23/24 Slippage £000s	24/25 Total £000s	24/25 Budget £000s	25/26 £000s	26/27 £000s	27/28 £000s	Total £000s
Expenditure										
General Fund	40,272	11,152	23,291	22,944	46,234	35,428	29,348	6,875	4,317	75,968
	40,272	11,152	23,291	22,944	46,234	35,428	29,348	6,875	4,317	75,968
Funding										
General Fund										
Government Grant	-30,667	-9,337	-18,112	-21,606	-39,717	-30,402	-24,954	-5,725	-4,317	-65,398
Capital Receipts	-9,348	-1,558	-4,767	-1,338	-6,105	-4,701	-3,982	-1,150	-	-9,833
Developer contributions (s.106)	-257	-257	-412		-412	-325	-412	-	-	-737
	-40,272	-11,152	-23,291	-22,944	-46,234	-35,428	-29,348	-6,875	-4,317	-75,968
Net financing need for the year	-	-	-	-	-	-	-	-	-	-

Note that the capital receipts figure in the table above is included within the total Capital Receipt forecast in the Asset Disposal strategy as included in table 4.