

## **Slough Borough Council**

<b>REPORT TO:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>24 February 2025</b>
<b>SUBJECT:</b>	<b>Budget Management Report Quarter 3</b>
<b>CHIEF OFFICER:</b>	<b>Annabel Scholes, Executive Director, Corporate Resources (S151)</b>
<b>CONTACT OFFICER:</b>	<b>Dave McNamara, Director Financial Management and Strategy Chris Holme, Director of Finance - Corporate and Commercial</b>
<b>WARD(S):</b>	<b>ALL</b>
<b>PORTFOLIO:</b>	<b>Councillor Smith – Leader of the Council Councillor Chahal – Lead Member Finance, Council Assets and Transformation</b>
<b>KEY DECISION:</b>	<b>YES</b>
<b>EXEMPT:</b>	<b>NO</b>
<b>APPENDICES:</b>	<b>1 Savings 2 Capital Programme</b>

### **1. SUMMARY and RECOMMENDATIONS**

- 1.1. This report sets out the Council's current and forecast financial performance for the financial year 2024/25 as at the end of Quarter 3, 31 December 2024. The report notes the continuing pressure on Temporary Accommodation and action being taken to contain overall expenditure within Budget,
- 1.2 The report also contains relevant information relating to management controls and activity that support current financial resilience and longer-term financial sustainability.

## Recommendations:

That Cabinet note the following:

1. **General Fund (Revenue)** – A forecast balanced outturn on an approved budget of £160.202m, subject to sustained recovery action.
  - a The current projected overspend is £5.571m. Issues relating to data quality of Temporary Accommodation mean that forecasts in relation to Temporary Accommodation rent (predominantly Housing Benefit) and Housing Benefit subsidy are being reviewed as there is a concern that these forecasts are understated.
  - b Work is being undertaken to develop a robust forecasting methodology that is expected to significantly mitigate the current forecast, but it must be assured.
  - c Alternative measures will be implemented that will seek to contain pressures within budget.
2. **General Fund (GF) (Capital)** – The revised capital budget is £27.283m with a projected outturn of £20.927m resulting in underspend of £6.356m This compares to a £10.134m forecast underspend in Quarter 2, albeit of a significantly altered budget.
3. **Housing Revenue Account (HRA Revenue)** – An underspend of £3.036m is forecast, £0.441m lower than budget. This compares to a £3.478m forecast underspend in Quarter 2.
4. **Housing Revenue Account (HRA Capital)** – The revised capital budget is £20.639m with a projected outturn of £19.757m resulting in an underspend of £0.882m. This compares to a £5.362m forecast underspend in Quarter 2.
5. **Dedicated Schools Grant (DSG)** – There is an overspend of £0.254m in the Schools Block due to higher than anticipated costs for growth in 2024/25. Further details are set out in para. 8 of this report including the risks This compares to a forecast overspend of £0.254m in Quarter 2.
6. **Council Tax and Business Rates collection** – As at the 31 December, actual Council Tax collected was 79.95% (target 81.00%) and actual Business Rate collected was 82.18% (target 84.20%).
7. **Sundry Debt** – Total outstanding sundry debt including adult social care debt as at the 30 November 2024 was £7.665m. Based on the age profile of the debt, £6.106m is the calculated bad debt provision (79.66%).
8. **Financial Resilience** – The Council remains committed to improving financial resilience, moving towards financial sustainability and improvement in governance and process as laid out in the Directions issued by Government and a capitalisation direction for exceptional finance support in 2024/25.

9. Once the Council has concluded the outstanding financial accounts, a formal financial resilience statement will be prepared.

## Commissioner Review

- 2.1. *"This quarter 3 report sets out the material financial issues identified since the 2024/25 budget was set and reflects the application of budget adjustments, derived primarily from additional mitigating savings, contingencies and reserves; to offset pressures that have emerged.*

*Commissioners note the current projected overspend within Temporary Accommodation and the areas that will be explored to mitigate the financial pressure. This represents a material risk which will continue to be closely monitored. The council's ability to control the financial outturn within budget is essential to maintaining financial grip, adequacy of reserves and to support the council on its journey to financial sustainability."*

## 3. REPORT

- 3.1. The 2024/25 budget and Medium-Term Finance Strategy was approved by Full Council on 7<sup>th</sup> March 2024, based on an estimated financial deficit of £348.045m, analysed as follows:

Financial Year	£m
Up to 2023/24	298.645
2024/25	23.078
Future Years	26.320

- 3.2. The budget was set in the context of a challenging external environment and known risks within the budget and prior year accounts still to be audited. The section 25 statement that accompanied the budget setting for 2024/25 provided a statement on the robustness of estimates and adequacy of reserves including the continued need for exceptional finance support. The current status of the Council's accounts to be audited are as follows:

Financial Year	Status
2018/19	Final Accounts signed off by the auditors
2019/20	Final Accounts signed off by the auditors
2020/21	Final Accounts signed off by the auditors
2021/22	Draft accounts published, with public inspection period set to close on 10 <sup>th</sup> February 2025
2022/23	Draft accounts published, with public inspection period set to close on 11 <sup>th</sup> February 2025
2023/24	Draft Accounts to be published in February 2025

- 3.3. The Council liaise with MHCLG to ensure that they are fully sighted on the position outlined above and the specific issues experienced. Having multiple financial years of accounts not fully cleared adds considerable risk and uncertainty to financial planning and refreshing the Medium Term Financial Strategy (MTFS).

## **4. GENERAL FUND**

### **4.1. Summary**

- 4.1.1 The council's financial position continues to be really challenging. Having identified pressures of £11.423m in Quarter 1, offset by specific mitigations; these seem to have held during Quarter 2 upon which a Budget reset was implemented to recognise ingrained pressures within Adult Social Care and Temporary Accommodation, offset by favourable variances, mainly within Corporate Services.
- 4.1.2 The Minimum Revenue Provision (MRP) assumptions have been revisited providing a forecast saving against budget, assessing the financial risk against data metrics including refreshing the PFI contract assumptions
- 4.1.3 Focussed pressure has been maintained throughout the year in order to deliver a forecast balanced outturn. There is a specific emphasis on Temporary Accommodation and the need to ensure that we are maximising Housing Benefit subsidy to reduce our overall loss.
- 4.1.4 The council's approach remains to challenge all expenditure decisions through the established Recruitment Panel, Expenditure Control Panel and Directorate Panels. As part of approving expenditure, in advance of any contractual commitment, Directors and the Chief Finance Officer (S151) now approve all purchase orders as part of gaining assurance that the council's spend remains within budget for 2024/25.
- 4.1.5 The council continues to see an increased demand on services and recruitment challenges (agency and interim offset in part by vacancies), whilst still actively managing delivery of savings and mitigating actions. The council remains in recovery and government intervention has been extended by a further two years, recognising the need that over the medium to longer term the council needs to spend within its available resources. The intention is to achieve sustainability by setting a balance MTFS over the next few years.
- 4.1.6 Table 1 summarises departmental and non-departmental financial performance year to date and projected outturn totalling £5.571m.
- 4.1.7 To continue the drive to achieve a balanced outturn the following activities have been agreed by the corporate leadership team and all budget holders are expected to deliver against these mitigations.

	<b>£m</b>
P9 Forecast	5.571
<i>Mitigation Action Plan</i>	
NNDR Levy Account Surplus	-0.254
Temporary accommodation review	-2.500
Balance Sheet review	-2.000
Year to date underspends – all services	-0.817
<b>P9 revised forecast</b>	<b>0.000</b>

4.1.8 The council is moving towards year-to-date commitment accounting and budget profiling as part of its improvement journey and therefore the year-to-date position is based upon the finance position as the month end has closed. To support the improvement journey, the council have reintroduced the no Purchase Order / no pay policy from 1 January 2025 and a dedicated email address to submit invoices to. All suppliers have been notified of this change.

4.1.9 Based on approval of the recommendations earlier in this report, the Council has a forecast balanced position for 2024/25 albeit with risks still to manage.

**Table 1: Forecast Outturn**

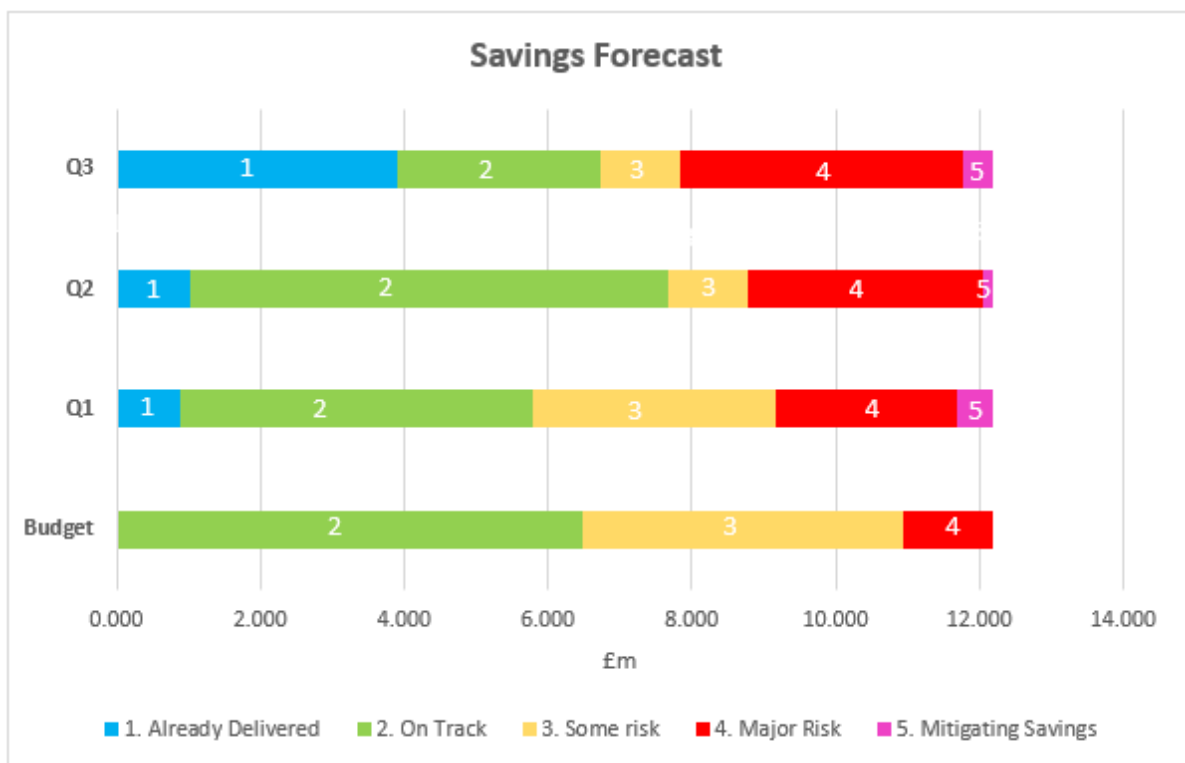
Q2 Restated		Full Year				Movement
Forecast Outturn	Service Budgets	Original Budget	Current Budget	Forecast Outturn	Variance	Forecast Outturn Q3 v Q2
£m		£m	£m	£m	£m	£m
41.992	Adults Services	35.572	42.203	44.566	2.363	2.574
11.869	Children's Services	10.452	11.989	11.951	(0.038)	0.082
36.877	Slough Children First	39.043	36.791	36.229	(0.562)	(0.648)
0.792	Public Health & Public Protection	1.350	0.900	0.715	(0.185)	(0.077)
19.096	Regen, Housing & Env	14.583	19.401	22.514	3.114	3.418
5.945	Chief Executive's Office	3.419	6.070	6.041	(0.029)	0.096
1.885	Law and Governance	2.173	1.916	2.060	0.144	0.175
17.769	Corporate Resources	13.320	18.048	17.502	(0.547)	(0.267)
<b>136.225</b>	<b>Total Service Budgets</b>	<b>119.913</b>	<b>137.318</b>	<b>141.578</b>	<b>4.260</b>	<b>5.353</b>
	<b>Non Dept Budgets</b>					-
12.308	Other Non Dept Budgets	16.433	7.978	9.972	1.994	(2.336)
(3.000)	Housing Benefit, DHP & HSF	(0.761)	(3.021)	2.146	5.167	5.146
(11.190)	Contribution to / from Reserves	(1.000)	(7.690)	(11.425)	(3.735)	(0.235)
16.356	Minimum Rev. Provision	16.114	16.114	14.501	(1.613)	(1.855)
9.503	Capital Financing	9.503	9.503	9.002	(0.501)	(0.501)
<b>23.977</b>	<b>Total Non Dept Budgets</b>	<b>40.289</b>	<b>22.884</b>	<b>24.196</b>	<b>1.311</b>	<b>0.219</b>
<b>160.202</b>	<b>Total Expenditure</b>	<b>160.202</b>	<b>160.202</b>	<b>165.774</b>	<b>5.571</b>	<b>5.572</b>
	<b>Financing</b>					
(82.424)	Council Tax	(82.424)	(82.424)	(82.424)	-	0.000
(36.306)	Business Rates	(36.306)	(36.306)	(36.306)	-	-
(7.786)	Revenue Support Grant	(7.786)	(7.786)	(7.786)	-	0.000
(10.608)	Government Grants	(10.608)	(10.608)	(10.608)	-	(0.000)
<b>(137.124)</b>	<b>Total Financing</b>	<b>(137.124)</b>	<b>(137.124)</b>	<b>(137.124)</b>	<b>-</b>	<b>(0.000)</b>
<b>23.078</b>	<b>New Total Expenditure</b>	<b>23.078</b>	<b>23.078</b>	<b>28.650</b>	<b>5.571</b>	<b>5.572</b>
(23.078)	Capitalisation Direction	(23.078)	(23.078)	(23.078)	-	(0.000)
<b>(160.202)</b>	<b>Total Funds</b>	<b>(160.203)</b>	<b>(160.203)</b>	<b>(160.203)</b>	<b>-</b>	<b>(0.001)</b>
-	GAP	<b>(0.000)</b>	<b>(0.000)</b>	<b>5.571</b>	<b>5.571</b>	<b>5.571</b>
-	<b>Total</b>	-	-	-	-	-

4.1.10 Key variances and movement since Quarter 2 mainly focus on Adult services demand and Temporary Accommodation the two of the key demand led services that have been highlighted throughout this financial year. IT is important to note the positive contribution from Slough Children’s First that has enabled the council to mitigate some of these pressures.

4.1.11 Underpinning the forecast is approved savings within the 2024/25 budget of £12.183m. £8.249m of savings are expected to be delivered and these are included within the forecast, compared to £8.921m in Quarter 2. Further detail can be seen in Appendix 1, however, Directorates are expected to identify alternative mitigating savings to ensure that they remain within their budgets.

4.1.12 The next graph shows the direction of travel of delivering the savings since the budget was set and Quarters 1 - 3 performance. £6.726m (55%) has either been delivered or is on track. However, there has been a deterioration in delivery savings with £3.934m now at major risk of non-delivery.

Table 2 Summary of Savings Forecasts



## 5. CAPITAL PROGRAMME

5.1. The General Fund capital budget was originally £23.3m in 2024/25. There were carry forwards from 2023/24 of £22.9m increasing the programme to £46.2m. Subsequently, there has been a further refresh to the phasing of the capital programme up to 2027/28 to form a more realistic plan of spend over

the course of the programme, including a revision of the approved budget for 2024/25 at November Cabinet. The total budget for 2024/25 is now £27.283m.

- 5.2. The GF capital spend up to the end of December 2024 is just £7.793m. The programme has continued to be monitored monthly and project managers within each of the Directorates are forecasting spend to significantly increase from during the final quarter of the financial year. Nevertheless, expenditure to date remains relatively low compared to the current budget, and profiled assumptions for the previous quarter. Programme spend for the final quarter must be closely monitored, to ensure project delivery within reasonable timelines and financing implications for both this and the next financial year.
- 5.3. The full year forecast for 2024/25, as at Quarter 3, is £20.927m.
- 5.4. The underspend in Children's programme (£1.6m) relates primarily to delays in commencement of the two major schemes, Arbour Vale and Haybrook. The Arbour Vale classroom project is due to complete and occupied by the beginning of the summer term, but site re-provision of the car park at the school is now not likely to commence until early 2025/26. Following Cabinet approval of the Haybrook College SEND project in November 2024, the project is now expected to start on site in January 2025. These are both grant funded, through SEN Expansion, and the slippage will need to be reflected in the 2025/26 programme. and A4 Cycle Lane project (£0.5m) are due to delays in procurement which have pushed the projects back. The DfT grant forecast has been reduced by £0.5m to reflect revenue use of the funding, this is transferred to revenue to net off costs when they are incurred.
- 5.5. Elsewhere in the Regeneration and Environment programme the flood defence works (Sponge City) forecast has been reduced to £0.762m (down from £1.3m). This is a more realistic projection given the current position of commissioning assessments for the next phases of work and delays to the Destination Farnham Road highways scheme commencement (on which some of the Sponge spend is contingent). The Destination Farnham Road improvements scheme is now forecast to spend just £0.48m compared to the £2.19m assumed in the November report, a £1.761m underspend against the current budget for the year. There has been minimal spend on the scheme due to the design works being undertaken and some surveys. Part of the scheme will now be undertaken at the same time as the A4 Cycle Lane construction works, with works due to escalate in Q4 and continuing into 2025/26. It is important to note the Levelling Up funding for this project is strictly time limited and further delays puts the grant funding at risk. A number of the major infrastructure schemes overlap, particularly on and around the A4. As a result, officers are planning the works to ensure the implementation of one programme of works rather than having multiple phases of works with unnecessary disruption to the network. Quarterly meetings are held with the DfT to keep them updated on projects and they monitor the highway infrastructure projects on behalf of all Government Departments.



Q2 £m	CAPITAL	Original £m	Current £m	Forecast £m	Variance £m
1.679	Adults and Children Social Care	1.140	1.679	1.679	0.000
7.948	Childrens Services	3.720	7.948	6.259	(1.689)
15.622	Regeneration, Housing and Environment	18.431	17.346	12.679	(4.667)
0.045	Corporate Resources	0.000	0.310	0.310	0.000
<b>25.294</b>	<b>HRA Total</b>	<b>23.291</b>	<b>27.283</b>	<b>20.927</b>	<b>(6.356)</b>

## 6. HOUSING REVENUE ACCOUNT (HRA)

- 6.1. The HRA forecast is a surplus of (£3.036m), £0.441m lower than budget. The ongoing pressure on housing management staffing and support costs is fully offset by underspend in utility costs, repairs and management and additional lease renewal income for two car parks. HRA reporting will be developed further in 2025/26 to ensure there is full oversight of delivery plans which are important to our social housing residents.
- 6.2. The HRA surplus will be transferred to the HRA general reserves at the end of the year to meet future & exceptional housing stock management, maintenance and improvement needs.

Q2 Forecast £m	CAPITAL	Original Budget £'000	Current Budget £m	Forecast Outturn £m	Variance £m
	<b>Expenditure</b>				
13.390	Repairs & Maintenance	13.586	13.586	13.414	(0.172)
6.706	Housing Management	6.571	6.501	6.830	0.329
3.181	Central Support Recharges	2.781	2.781	3.181	0.400
4.072	Estate Services	3.917	3.987	4.166	0.179
14.999	Capital Charges	14.999	14.999	14.468	(0.530)
<b>42.348</b>	<b>Total HRA Expenditure</b>	<b>41.854</b>	<b>41.854</b>	<b>42.060</b>	<b>0.206</b>
	<b>Income</b>				
(40.783)	Rents - Dwellings	-40.783	-40.783	-39.787	0.997
(2.964)	Service Charges Income	-2.964	-2.964	-3.191	(0.226)
(2.078)	Non-Dwellings & Other Income	-1.584	-1.584	-2.119	(0.536)
<b>(45.827)</b>	<b>Total HRA Income</b>	<b>-45.331</b>	<b>(45.331)</b>	<b>(45.096)</b>	<b>0.235</b>
<b>(3.478)</b>	<b>HRA (Surplus)/Deficit</b>	<b>-3.477</b>	<b>(3.477)</b>	<b>(3.036)</b>	<b>0.441</b>

## 7. CAPITAL PROGRAMME (HRA)

- 7.1. The current HRA capital budget for 2024/25 is £19.76m, as reflected in the HRA business plan, however, as reflected in the draft HRA business plan, which is a separate report on this agenda, the revised assessment for the year is reduced to £19.757m.
- 7.2. The HRA capital spend up to the end of December 2024 is just £7.054m, which is relatively low compared to the current budget, and profiled assumptions for the previous quarter, but the forecast for the year is £19.757m. The key capital projects are all committed, and officers forecast significantly increased spend to meet targets during the final quarter of the financial year, however ongoing monitoring is required to track contractor progress.
- 7.3. The table below summarises the position for capital; a more detailed breakdown, by individual project, is provided in the Appendix 2.

Q2 £m	CAPITAL	Original £m	Current £m	Forecast £m	Variance £m
11.481	RMI Capital Programme	14.263	8.879	10.360	1.480
4.102	Planned Maintenance Capital	2.880	6.702	5.339	(1.362)
4.058	Affordable Homes	7.550	5.058	4.058	(1.000)
<b>19.641</b>	<b>HRA Total</b>	<b>24.693</b>	<b>20.639</b>	<b>19.757</b>	<b>(0.882)</b>

## 8. DEDICATED SCHOOLS GRANT

- 8.1. DSG balances for the 4 blocks are separately included and are currently forecast net nil, with the exception of a £0.254m overspend in the Schools Block due to higher than anticipated costs for growth in 2024/25. This will be funded by the £0.253m underspend in the 2023/24 Schools Block relating to growth.
- 8.2. At present, the DSG High Needs Block (HNB) budget is forecast to be on budget but there is an acknowledged, as yet unquantified, pressure due to the backlog and additional new EHCP plans. In addition there will be a requirement for Out Of Borough placements, which could also increase the forecast significantly. A new resource has been recruited for the High Needs Block to analyse the data and support future forecasts and plans.
- 8.3. Cost allocations into the HNB from other areas require reviewing to ensure compliance with DSG guidance and this could have repercussions for the General Fund forecast, both for 2024/25 and future years.
- 8.4. In addition to the budgeted DSG blocks, there are scheduled DSG Safety Valve payments of £2.070m due in 2024/25 subject to criteria being met. This is less than the original allocation as the DfE have re-profiled the payments.

<b>Q2 Forecast £m</b>	<b>Childrens' Services - DSG</b>	<b>2024/2025 Allocation £m</b>	<b>Projected Outturn £m</b>	<b>Variance £m</b>
0.840	DSG: CSSB	0.840	0.938	0.098
21.810	DSG: Early Years	21.810	21.823	0.013
27.755	DSG: High Needs	27.755	27.755	-
43.129	DSG: Schools	42.875	42.875	-
(3.240)	DSG: Safety Valve Payments	(3.240)	(2.070)	1.170
<b>90.294</b>	<b>DSG Total</b>	<b>90.040</b>	<b>91.321</b>	<b>1.281</b>

## 9. COUNCIL TAX AND BUSINESS RATES PERFORMANCE

- 9.1. Performance data is collated on collection rates for Council Tax and Business Rates and reported on an on-going basis. The collection rate achieved compared to the rate assumed in setting the budget impacts on the following year's budget. Further information can be seen within the main budget report elsewhere on this cabinet agenda.
- 9.2. In respect of Council Tax, December collection is 79.95% and 1.05% behind target, which equates to £1.010m in cash terms. It is also behind the position in December 2023, which was 81.00%. In 2024/25 prepayments are down £0.525m compared to 2023/24. It is noted that for all the authorities in Berkshire receipts are lower than where they were at the same point in 2023.
- 9.3. In respect of Business Rates, December collection is 82.18% and 2.02% below target, or £2.408m in cash terms. It is also 1.92% behind the position in December 2023 which was 84.10%. Some of the in-year shortfall can be attributed to the amount requiring collection increasing by £1m from November to December 2024, which is good news, however, due to instalment plans means the amount will be paid over the remainder of the year. This equates to 0.84% of the shortfall. We continue to take appropriate recovery action as required.

## 10. SUNDRY DEBT AND ADULT SOCIAL CARE DEBT

- 10.1. The current position as at the 30 November 2024 for sundry and adult social care debt is shown in the next table including a current assessment of the bad debt provision requirement.

At 30 November 2024	Total	Provision Required	
	£m	%	£m
Not Due	0.694	0%	0.000
0 - 29 Days	1.286	5%	0.064
30 - 59 Days	0.727	15%	0.109
60 - 89 Days	0.345	50%	0.172
90 - 119 Days	0.173	75%	0.130
120 - 365 Days	1.137	100%	1.137
Over 366 Days	3.304	100%	3.304
Adult Social Care secured debt	0.836	5%	0.042
Balance outstanding	7.665		4.958
Bad Debt Provision			6.106
<b>Increase (+) / Decrease (-) in Provision</b>			<b>-1.149</b>

- 10.2. The total level of Adult Social Care debt included above is £4.223m.
- 10.3. The net bad debt provision for accounts receivable debt and court costs debt were £5.486m higher than needed at year end 2023/24. An independent review of the debt provision has been undertaken as part of the balance sheet review. Based on this review and the Councils assessment, a prudent approach has been taken to release £3.500m of the bad debt provision as part of the recovery actions and continue to review the provision each month to assess any further release later in the financial year. The current budget assumes a £0.500m contribution to the provision which will now not be made and instead contribute towards the recovery action, meaning that in total there is a total of £4.000m one off recovery action following this review.
- 10.4. As at the 30 November 2024 the balance outstanding for Sundry Debts was £7.665m. Applying the formula used to estimate the level of provision required suggests this requires a provision of £4.958m. The current provision is £6.106m.

## 11. FINANCIAL RESILIENCE AND SUSTAINABILITY

- 11.1. The Council remains committed to improving financial resilience, moving towards financial sustainability and improvement in governance and process as laid out in the Directions issued by Government and a capitalisation direction for exceptional finance support in 2024/25. Once the Council has

concluded the outstanding financial accounts, a formal financial resilience statement will be prepared.

11.2. In summary:

- a) The Expenditure Control Panel (ECP) has been reviewed and relaunched requiring the S151 Officer to approve all spend in alignment with existing internal controls. The council has reintroduced the no Purchase Order, no pay from 1 January 2025 to strengthen internal control and governance.
- b) The current assumption on the capitalisation direction is £348.045m of exceptional finance support can be repaid primarily through asset sales and capital receipts is under review due to the realisation that the asset assumptions need revising.
- c) Asset sales are expected to contribute towards repayment of the capitalisation debt. Following the detailed asset review, the General Fund assumptions for further disposals over the period to 2027/28 are projected to be lower, and this is being reflected in updated Treasury Management Strategy assumptions.
- d) An independent assurance review of the balance sheet and ledger was commissioned to provide assurance for exceptional financial support. The report has been shared with MHCLG (then DLUHC) and provides recommendations and next steps which has also been reported to members of the Audit and Corporate Governance Committee on 10 July and 30 September, and incorporated into the Council's Financial Improvement Plan (FIP);
- e) An issue has been identified as part of preparing prior year statement of accounts with cash / Income reconciliation. This work is ongoing, and to date £0.800m has been identified as duplicated cash since January 2024 and therefore this remains a risk that until this exercise is completed, this is a managed risk within 2024/25;
- f) The following table provides an overview of reserve balances during 2024/25. The general fund reserve will be £22.000m.

	Balance at 1/4/2024 £m	Transfers (to) /from reserves (24/25 Budget) £m	Transfers (to) /from reserves (Recovery Actions) £m	Other forecast movements	Forecast reserve position as at 31/3/2025 £m
<b>MTFS Reserve</b>					
- Test and trace support grant	(0.385)		-		(0.385)
- Contain Outbreak Management Fund	(0.376)		-	0.376	(0.000)
- Client Management SCF	0.059		-		0.059
- Transformational Reserve	(2.660)		-		(2.660)
- Directorate Carry forwards	(3.792)	3.792	-		(0.000)
<b>MTFS Reserve total</b>	<b>(7.154)</b>	<b>3.792</b>	<b>-</b>	<b>0.376</b>	<b>(2.985)</b>
Better Care Fund	(5.302)		2.817		(2.485)
Public Health Reserve	(2.543)		0.081	1.933	(0.529)
Public Health Contingency Funding	(0.008)		-		(0.008)
Proceeds of Crime POCA	(0.324)		-		(0.324)
Insurance	(0.232)		-		(0.232)
Budget Smoothing reserve	(7.749)	2.000	-		(5.749)
Redundancy/Severance Payments	(5.915)		-		(5.915)
<b>Earmarked reserves total</b>	<b>(29.226)</b>	<b>5.792</b>	<b>2.898</b>	<b>2.310</b>	<b>(18.226)</b>
Unallocated general fund balance	(21.000)	(1.000)	-		(22.000)

11.3. As part of the Council's recovery, we are developing a financial resilience tracker.

11.4 The council members and officers continue to manage financial risks within the forecasts and continue to undertaken monthly reporting. Risks include:

- a) Cash / income reconciliation including ensuring that all income is coded correctly;
- b) Increased demand on social care budgets and temporary accommodation including Housing Benefit Subsidy loss;
- c) Increasing demand for Education Health & Care Plans (EHCPs);
- d) Increasing demand for provision for children with Special Educational Needs;
- e) Improving data metrics to and data quality to improve forecasting;
- f) Savings associated with operational assets which have not yet been disposed; and
- g) Realisation of capital receipts;

## 12 IMPLICATIONS of the RECOMMENDATIONS

### 12.1 Financial implications

This is a financial report and therefore considers the financial implications throughout the report.

### 12.2 Legal implications

12.2.1 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.

12.2.2 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 improve financial sustainability and to close the in-year and longer term budget gap, although there are significant risks and 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.

12.2.3 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.

### 12.3 Risk management implications

12.3.1 There are significant risks related to the monitoring of the Council's financial position and implementing mitigation and recovery proposals. In the first instance it is imperative that budget holders have a clear understanding of their budget position and make reasonable assumptions including consideration of spending pressures and compensating mitigation to determine their forecast. Whilst the financial monitoring of complex budgets is difficult, it is important to determine a baseline so that members and senior officers can see the scale of mitigation and recovery actions, and the resultant impact on service delivery necessary to deliver a balanced budget.

12.3.2 Budget holders, supported by Finance, need to ensure that forecasts are accurate and are reviewed in light of changing circumstances throughout the year,

12.3.3 Actions taken by departmental management teams to identify mitigations and recovery actions similarly need to be monitored and included in regular reports.

12.3.3 Steps taken to develop and monitor the effectiveness of regular budgets, mitigations and recovery actions.

12.4 Environmental implications

There are no specific environmental implications arising from this report.

12.5 Equality implications

There are no specific equality implications arising from this report.



## Appendix 1 – Savings & Mitigations

### Summary of Savings Forecasts

Q2 Savings Forecast	2024-25 Savings	Savings Target	Already Delivered	On Track	Some risk	Major Risk	Mitigating Savings	Q3 Savings Forecast	Over / (Under) delivery
£m		£m	£m	£m	£m	£m	£m	£m	£m
	<b>Service Budgets</b>								
2.828	Adults Services	2.888	1.290	0.799	0.104	0.309	0.386	2.579	(0.309)
0.084	Children's Services	0.692	0.084	0	0	0.608	0	0.084	(0.608)
3.592	Regeneration, Housing & Environment	4.436	1.276	1.046	0.847	1.267	0	3.169	(1.267)
0.144	Public Health & Public Protection	0.144	0.114	0.030	0	0	0	0.144	0
0.076	Chief Execs Office	0.076	0.040	0	0	0	0.036	0.076	0
0.039	Law and Governance	0.039	0.039	0	0	0	0	0.039	0
1.908	Corporate Resources	2.908	1.057	0.701	0.150	1.000	0	1.908	(1.000)
<b>8.671</b>		<b>11.183</b>	<b>3.900</b>	<b>2.576</b>	<b>1.101</b>	<b>3.184</b>	<b>0.422</b>	<b>7.999</b>	<b>(3.184)</b>
	<b>Corporate Budgets</b>								
0.250	Non Departmental Budgets	1.000	0	0.250	0	0.750	0	0.250	(0.750)
<b>0.250</b>	<b>Total Corporate Budgets</b>	<b>1.000</b>	<b>0</b>	<b>0.250</b>	<b>0</b>	<b>0.750</b>	<b>0</b>	<b>0.250</b>	<b>(0.750)</b>
<b>8.921</b>	<b>Q3 Total</b>	<b>12.183</b>	<b>3.900</b>	<b>2.826</b>	<b>1.101</b>	<b>3.934</b>	<b>0.422</b>	<b>8.249</b>	<b>(3.934)</b>
	<b>Q2 Total</b>	<b>12.183</b>	<b>1.037</b>	<b>6.642</b>	<b>1.098</b>	<b>3.262</b>	<b>0.144</b>	<b>8.921</b>	<b>(3.262)</b>

## Appendix 2– Capital Monitoring

### Table 1 – General Fund

CAPITAL PROJECTS	Original Budget	Current Budget	Forecast Outturn	Variance
	£'000	£m	£m	£m
<b>GENERAL FUND</b>				
Disabled Facilities Grant	1.140	1.679	1.679	0.000
<b>Adults &amp; Children Social Care TOTAL</b>	<b>1.140</b>	<b>1.679</b>	<b>1.679</b>	<b>0.000</b>
Primary Expansions	0.000	0.167	0.000	-0.167
Schools Modernisation Programme	1.368	1.406	1.411	0.005
SEN Resources Expansion	1.220	1.127	0.627	-0.500
Special School Expansion-Primary,Secondary & Post 16	1.013	4.904	3.882	-1.022
Secondary Expansion Programme	0.000	0.005	0.000	-0.005
Schools Devolved Capital	0.119	0.119	0.119	0.000
Childcare expansion	0.000	0.220	0.220	0.000
<b>Children's Services TOTAL</b>	<b>3.720</b>	<b>7.948</b>	<b>6.259</b>	<b>-1.689</b>
Capital Works following Stock Condition Survey	0.400	0.055	0.055	-0.000
B4899 Localities Strategy North (Britwell)	0.000	0.094	0.092	-0.002
Thames Valley University Site	0.000	0.000	0.000	0.000
Asset Disposal	1.912	0.708	0.924	0.216
Cornwall House-Fire Strategy	0.000	0.130	0.110	-0.020
Strategic Asset Management Plan	2.000	0.015	0.015	0.000
Reading Archives - Extension (SBC Contribution)	0.055	0.022	0.044	0.022
Reception Works		0.050	0.050	0.000
New Horizon Lift		0.007	0.007	0.000
Creative Academy		0.050	0.050	0.000
Zone 1 - Sutton Lane Gyrotory (MRT)	0.000	0.281	0.317	0.036
Zone 4 - Stoke Road (Stoke Rd TVU junction)	0.000	0.956	0.882	-0.074
Langley High Street Improvements LEP	0.000	0.131	0.070	-0.061
A4 Safer Roads	0.000	0.859	0.678	-0.181
A4 Cycle Lane	0.000	3.906	3.525	-0.381
Additional Transport & Highways Grant funded projects	2.489	1.582	0.567	-1.015
Patching, surfacing and highway replacement works	0.000	0.522	0.050	-0.472
LTP Implementation Plan	0.139	0.173	0.023	-0.150
Destination Farnham Road	7.482	2.186	0.478	-1.708
Parlaunt Road	0.000	0.000	0.000	0.000
Burnham Station	0.400	0.376	0.339	-0.037
Upton Court pathway	0.000	0.075	0.071	-0.004
Cippenham Bridges	0.000	0.150	0.140	-0.010
Parks-Playground Equipment		0.150	0.150	0.000
Flood Defence (Sponge City)	1.537	1.513	0.762	-0.751
Electric Vehicle Network	1.117	0.000	0.100	0.100
Car Club	0.000	0.000	0.000	0.000
Carbon Management - Public Sector Decarb. Scheme	0.000	0.055	0.000	-0.055
Cemetery Extension	0.000	0.070	0.070	0.000
Swimming Pool Support Fund	0.000	0.295	0.295	0.000
Refuse Fleet & Ground		0.720	0.720	0.000
DSO Replacement Fleet	0.500	1.123	1.003	-0.120
DSO Food/Fibre vehicles and Caddies	0.400	1.092	1.092	0.000
<b>Regeneration, Housing &amp; Environment TOTAL</b>	<b>18.431</b>	<b>17.346</b>	<b>12.679</b>	<b>-4.667</b>
IT Infrastrucure Refresh	0.000	0.045	0.310	0.265
<b>Corporate Resources TOTAL</b>	<b>0.000</b>	<b>0.045</b>	<b>0.310</b>	<b>0.265</b>
<b>GENERAL FUND TOTAL</b>	<b>23.291</b>	<b>27.018</b>	<b>20.927</b>	<b>-6.091</b>

**Table 2 – HRA**

CAPITAL PROJECTS	Original Budget £'000	Current Budget £m	Forecast Outturn £m	Variance £m
<b>HRA</b>				
<b>RMI Capital Programme</b>				
Commissioning of Repairs Maintenance and Investment Contract	0.250	0.100	0.100	0.000
Boiler Replacement and heating	0.618	0.617	0.618	0.001
Kitchen & Bathroom Replacement	1.000	1.000	0.834	-0.166
Electrical Systems	0.328	0.328	0.328	-0.000
External rendering, repairs and redecoration of housing block	0.985	0.500	0.504	0.004
Garage & Environmental Improvements	0.500	1.022	1.295	0.273
Capitalised Repairs	0.103	0.102	0.102	0.001
FRA & Asbestos Removal Works	2.000	2.000	1.638	-0.362
Major Aids & Adaptations	0.308	0.307	0.307	0.001
De-carbonisation Works	8.171	2.905	4.634	1.729
<b>RMI Capital Programme Total</b>	<b>14.263</b>	<b>8.879</b>	<b>10.360</b>	<b>1.480</b>
<b>Planned Maintenance Capital</b>				
Windows and Door Replacement	0.328	0.679	0.679	0.000
Roof Replacement	2.000	5.200	3.902	-1.298
Structural	0.083	0.355	0.289	-0.065
Security & Controlled Entry Modernisation	0.407	0.408	0.408	0.000
Capitalised voids	0.062	0.061	0.061	0.001
<b>Planned Maintenance Capital Total</b>	<b>2.880</b>	<b>6.702</b>	<b>5.339</b>	<b>-1.362</b>
<b>Affordable Homes</b>				
Tower and Ashbourne	0.000	0.000	0.000	0.000
Garrick House	1.000	1.808	0.808	-1.000
Empty Property Acquisitions	1.500	1.500	1.500	0.000
The Foyer, Beacon House	3.300	0.000	0.000	0.000
Rigby Lodge	1.750	1.750	1.750	0.000
<b>Total Affordable Homes</b>	<b>7.550</b>	<b>5.058</b>	<b>4.058</b>	<b>-1.000</b>
<b>HRA TOTAL</b>	<b>24.693</b>	<b>20.639</b>	<b>19.757</b>	<b>-0.882</b>