Slough Borough Council
www.slough.gov.uk

Growing a place of opportunity and ambition

Date of issue:18 September 2023

MEETING:	**CORPORATE IMPROVEMENT SCRUTINY COMMITTEE** (Councillors Manku (Chair), Shaik (Vice Chair), Escott, Hulme, Iftakhar, Mann, Matloob, Mohindra, O'Kelly and Stedmond)
DATE AND TIME:	TUESDAY, 26TH SEPTEMBER, 2023 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: **(for all enquiries)**	MANIZE TALUKDAR 07871 982 919

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.

STEPHEN BROWN
Chief Executive

AGENDA

PART I

AGENDA ITEM	**REPORT TITLE**	**PAGE**	**WARD**
	APOLOGIES FOR ABSENCE		
	CONSTITUTIONAL MATTERS		
1.	Declarations of Interest		

sustainable forest

AGENDA ITEM	REPORT TITLE	PAGE	WARD
	All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 9 and Appendix B of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.		
2.	Minutes of the last meeting held on 25 July 2023	1 - 12	
SCRUTINY CHALLENGE ITEMS			
3.	Quarterly Improvement and Recovery report	To Follow	ALL
4.	Budget Outturn Report	13 - 44	ALL
5.	Budget Monitoring Report	45 - 76	ALL
MATTERS FOR INFORMATION			
6.	Revised CISC Draft Work Programme	To Follow	
7.	Verbal updates from Chairs of Task & Finish Groups	Verbal Report	
8.	Attendance Report	77 - 78	
9.	Date of Next Meeting - 24 October 2023		

Press and Public

Attendance and accessibility: You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

Webcasting and recording: The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

AGENDA ITEM	REPORT TITLE	PAGE	WARD

Emergency procedures: The fire alarm is a continuous siren. If the alarm sounds Immediately vacate the premises by the nearest available exit at either the front or rear of the Chamber and proceed to the assembly point: The pavement of the service road outside of Westminster House, 31 Windsor Road.

Corporate Improvement Scrutiny Committee – Meeting held on Tuesday, 25th July, 2023.

Present:- Councillors Manku (Chair), Shaik (Vice-Chair), Escott, Hulme, Iftakhar, Mann, Matloob, Mohindra and O'Kelly

Also present under Rule 30:- Councillor Chahal

PART 1

1. Declarations of Interest

No declarations were made.

2. Minutes of the meeting held on 25 July

Following discussion, the minutes of the meeting held on 27 June 2023 were agreed, subject to the following sentence being inserted at paragraph 10, page 6 of the minutes, to ensure clarity of the minutes:

'A question was asked about a £34k discrepancy in the table on page 6.'

Resolved – That the minutes be agreed, subject to the above amendment.

3. Asset Disposal Programme

The Chair welcomed Committee Members, officers and the Lead Member for Financial Oversight, Council Assets, Procurement, & Revenues and Benefits to the meeting.

He advised that the Committee had received the message below from one of the Commissioners, and would be read out by the Monitoring Officer:

'I apologise to the Committee that these comments have had to be read to you on the night rather than made available to you earlier in the process. I am grateful to Stephen Taylor for bringing them to your attention.

Following discussions with the report authors and the chief executive, it has been agreed that the work programme report should be noted by the Committee but that a revised programme will be brought to the September meeting for approval of the future work programme.

The proper functioning of scrutiny is the subject of a specific direction. This is because one significant factor in Slough's past failings was the inability of the organisation to support and draw on the skills of all Councillors to constructively monitor and challenge the administration and the executive.

In response to this, and as the name of the Committee makes clear, scrutiny has been redesigned with the key aim of focusing attention upon the improvement and recovery programme.

The suggested work programme only partially does this. Its lack of focus on that agenda, the dispersal of effort on other topics and a methodology that relies upon updates from the executive without a critical commentary is not sufficient to discharge the direction. Reviewing the work programme in September will allow these shortcomings to be remedied. Members are rightly keen to start work in the task and finish groups. However, it will be important to ensure that those are focussed on the key improvement and recovery priorities. It is not obvious that either the asset disposal programme nor the performance of Adult Social Care would be in the top 3 priorities then. If members are minded to set up a task and finish group before the meeting in September then picking the Adult Social Care topic most clearly aligns with those criteria. The Asset Disposal Programme task and finish group could be agreed **in principle** this evening and confirmed (or otherwise) in September.

More generally the Committee will share the Commissioner's disappointment that these papers were not produced to the agreed timetable leaving very little time for comment from the Commissioners and subsequent discussion of the issues with the Committee's chair. The poor quality of the Asset Disposal paper and the lateness of the Scrutiny Work Programme does not indicate the level of respect that the Committee deserves. The Committee will wish to keep a careful eye on these matters in future.

Thank you for your attention and please once again accept my apologies for the late submission of this advice.'

The Chair thanked the Commissioner for his comments. He emphasised the importance of reflecting seriously on the Commissioner's comments regarding the asset disposal report. Although the Commissioner was critical of the report, on 13 July the Commissioners' office had advised that that they were content with the asset disposal report. The Committee agreed with the Commissioner's revised assessment of the report, i.e., that it was not of sufficiently high quality. Members would have an opportunity to discuss this further under the relevant agenda item.

In the Chair's view, the process of producing the work programme had not been disrespectful to either the chair or the Committee. It had been produced with the assistance of the Council's statutory scrutiny officer, his team and the CfGS (the Centre for Governance & Scrutiny). It was regrettable that report timescales had not been adhered to and therefore the Commissioners had insufficient time to fully comment. Going forward this would be rectified.

Regarding the content of the work programme, it was Members' understanding that this process should be member-led, as per the directions. In any case, it was not intended to be a static document, and would be reviewed (and improved on as Scrutiny Members developed their knowledge base) at regular intervals, as recommended by the CfGS. The Committee would give due regard to the Commissioner's comments.

At the recent CISC work programming workshop, budget & savings delivery, asset disposal, and the Government intervention in SCF (Slough Children First) had been identified as the three top areas of focus – and all three were critical to the Council's recovery. These topics had been scheduled to be considered by the Committee within its first 3 meetings. In the Chair's view, the proposed T&F (task & finish) groups should be launched at the meeting.

A Member asked to what degree the Committee was obliged to follow the Commissioner's advice.

The Monitoring Officer reminded Members that the Commissioners had the powers of the Directions from the Secretary of State, and emphasized the importance of giving substantial weight to the Commissioners' advice.

The Chair stated that the Committee would focus on improvement and recovery, follow the Directions and respect the Commissioner's views, however, the process should be independent and member led.

A Member stated that the Commissioner had provided constructive criticism and had highlighted weaknesses in the work programme and Slough's past failings. It was important for the committee to understand how the scrutiny of specific areas would contribute to improvement. The work programme needed to be reviewed. He was happy to follow the Commissioner's advice that the asset disposal T&F group be agreed in principle at the meeting. Councillors needed to consider their skill sets and how they could best contribute to the scrutiny process. The Committee needed to provide critical commentary as flagged up by the Commissioner. He added that the Commissioner had asked Members to move at pace but asked that a work programme be submitted in September. He stressed the importance of making informed decisions. The Asset Disposal programme was fundamental to the Council's financial recovery and therefore needed to be monitored, which was the rationale behind the proposed T&F group.

The Chair stated that the Committee agreed with the Commissioners. The work programme represented cross-party involvement and reiterated that it would be reviewed. The asset disposal programme was crucial to improvement and recovery. The vice chair echoed the Chair's comments.

A member stated that the Committee should focus on the four priority areas identified by Commissioners for improvement; namely, IT, finance, HR and culture change.

A Member endorsed the Commissioner's comments and agreed that the work programme only partially focussed on improvement and recovery. She was of the view that it was singularly focussed on assets at the expense of other topics which were more pertinent to the improvement and recovery outcomes.

At the work programming workshop, her group had not identified the asset disposal strategy as a priority area. She was not suggesting that it should not be looked at, but Members should consider where their efforts would best spent. In her view, it would not be a T&F on asset disposal. She agreed that the report was inadequate and Members should share and endorse the Commissioner's concerns regarding the report. The Committee should set out its expectations of the standard and quality of reports required, to enable it to fulfil its function. The Commissioner's considered advice would allow Members a role in representing their residents. However, the Commissioners could choose to use their formal powers, therefore, the Committee could not afford to disregard the Commissioner's advice.

The Monitoring Officer confirmed that the Commissioners had reserve powers which would allow them to the exercise all aspects of the scrutiny function. His earlier statement about the importance of giving 'substantial weight' to their advice related to the message he had read out.

A Member stated that the Scrutiny committee and the Audit committee were the main fora for scrutinising the Council's performance. However, it was crucial that all Councillors be involved in this function. She proposed establishing a robust framework to undertake the work, to review the work programme, following which key areas of investigation could be identified.

She pointed out that children's services (which had been under intervention since 2015) and adult social care, were the two single largest areas of spend for the Council. In her view CISC alone was not a sufficiently resourced forum to undertake this scale of work.

A Member stated that the committee should take Commissioner's guidance seriously focussing its efforts on improvement & recovery.

The Chair moved discussion to the substantive item – the asset disposal report. He stated that this item had both strategic and political implications, would have an impact on residents and was central to the improvement and recovery journey and therefore had been identified as a priority area of focus at the work programming workshop.

He stated that Members had expressed concerns regarding the quality of the report. He was disappointed with its poor quality and lack of structure, and the fact that it was not presented on the corporate template. It failed to provide the level of detail necessary to enable the Committee to sufficiently scrutinise key issues. He proposed the following motion.

'That Cabinet should ensure that reports to the Committee about their portfolio areas should be of sufficient quality and depth to respect the role of the Committee in the Council's recovery process, by allowing and assisting the Committee to do its job well. And as a minimum, be presented on the agreed corporate template, unless previously agreed by the Chair.'

He advised that Members could vote on the motion at conclusion of the asset disposal item. (However, the Chair did not return to this motion later in the meeting, it was not seconded or voted on)

He also proposed that the asset disposal T&F group discussion should be brought forward as a matter of urgency and could also be voted on at the end of the item.

The draft terms of reference for the T&F group were tabled.

The Chair invited the Lead Member to present the report.

The Lead Member for Financial Oversight, Council Assets, Procurement, & Revenues and Benefits reminded Members of important role played by the

Commissioners' and their reserve powers, in the light of which their guidance could not be ignored.

He went on to say that the document was not a full report and was intended to act as a briefing note. It had been produced in response to the questions submitted, within tight timescales. He would respond to each question in turn.

- *How confident are we that asset disposals will do what we need for our improvement and recovery?*

The Lead Member replied that he was very confident, adding that the current challenges had been brought about by the actions of the previous administration, namely asset disposal at pace. The Council had set an asset sales target of £400M (of which £200M had been achieved, with no losses made on those sales) in a relatively short time span. An additional £100m worth of assets would be sold by the end of financial year. Therefore, three quarters of the commitment had already been achieved. The intention now was to move from a reactive to a pro-active approach, to ensure best value for the Council and its residents.

- *How well has the asset disposals programme gone so far?*

It had gone as well as could be expected, under the circumstances – namely poor market conditions, economic decline and poor record keeping at the Council. All assets sold to date had been commercial assets, the sale of which had not impacted residents. His administration was committed to preserving community assets and there were no plans to sell cemeteries or the crematorium.

- *What will be the impact on residents of selling these assets?*

The Lead Member stated that it would be nil, as none were community assets and were on the whole commercial/business assets, many of which could be developed for the benefit of slough. Those assets awaiting sale were also commercial, operational or development assets.

- *What obstacles were there to achieving the targets set for asset disposal receipts?*

The Lead Member responded that poor record keeping and unfavourable market conditions would have an impact, however, he was confident that sales' targets would be met.

The Executive Director of Housing advised that market conditions and the UK economy were the biggest challenge. However, prices in Slough had maintained their levels due to local factors and its location. Inflation, Brexit, the energy crisis, the war in Ukraine and other global and national economic factors all played a part. Sale performance to date had been strong, with assets achieving more than the stated guide price, and if this continued, he expected to exceed targets.

- *Why did paragraph 4.6 mention that Slough had a poor reputation in the development and investment industry, when he had stated that Slough had positive points as an investment area?*

The Executive Director of Housing clarified that in locational terms Slough had a positive industrial and commercial history, and the prices offered reflected the positive side of this. Its proximity to London, for example, meant there were alternative locations for investors. This was particularly true of the office market, with investors preferring South-East and London locations. Most global/international investors had little knowledge of Slough. These challenges were being addressed. He had attended a successful event in Central London to promote Slough and to increase the marketability of assets. Slough had many positives which were recognised by others; however, its reputation and image were less good than they should be and this too was being addressed.

- *The report did not set out how the asset disposal programme was contributing to improvement and recovery; there were no figures provided about how revenue would be generated to clear the debts. What were the timelines for achieving this?*

The Executive Director of Finance & Commercial clarified that the Council's debt and the deficit (the latter was explained in section 1 of the report) were two separate things. The capitalisation direction from Central Government, allowed Slough to use its capital receipts (which had been factored into the MTFS) to support revenue costs, otherwise the Council would have been in a deficit/negative budget position, which is not permitted under law.

The sale of assets was supporting the current financial position. The September budget monitoring report to Cabinet would clearly set out the outturn position for the last financial year. The deficit was being reduced, and the figures for this had not changed since being reported to Council in March 2023. However, the model was being updated. She clarified that the timing of the briefing note to scrutiny was out of sync with the September Cabinet report, which would provide more detailed figures and information.

She added that the Council had set a balanced budget in March 2023 and formulated an MTFS (medium term financial strategy). Timelines would become clearer in September. The capitalisation directive would remain in place for the next three years and the Council could achieve a balanced budget on the premise that it was reducing its debt and selling assets. She clarified that the Council's debt would never be reduced to zero, as debt levels fluctuated daily as part of the Council's cash flow and treasury management strategies. Whereas the deficit budget would come down to zero in the future. Further training on budgets and finance was planned for scrutiny Members in September.

The Lead Member added that the asset disposal strategy was projected to achieve £400m.

- *Could she provide further clarification on the figures in the report relating to the deficit and debt? Could a list of all the assets be provided?*

The Executive Director of Finance and Commercial reiterated that the deficit was different from the Council's debt.

The Executive Director of Housing advised that the asset disposal programme was not linked to the Council's debt. The total value of assets had been estimated and he was confident that an additional £300m worth of assets would be sold this year. The value of an asset could only be realised once sold. Monies earned from the sale of assets could be used to service the Council's debt, (which would in turn reduce interest charges, which contributed to the deficit) and could be used to cover running costs, which in turn would reduce the overall deficit. The value of the assets was not linked to the size of the deficit.

- *Regarding poor record keeping – had any assets been missed off the register?*

The Executive Director of Housing advised that some assets not on the original list had been discovered. While others had restricted covenants, which may not affect their value but may require further investigation and deeds located. This could make the sale process trickier and longer. However, these issues would not affect the overall value of the sales of those assets identified for sale.

The Lead Member advised that the Council was not planning to sell all its assets, just enough of them to enable it to meet its debt burden.

- *Were there any plans to sell the libraries?*

The Lead Member stated that community assets would be preserved for residents, adding that the change in approach from a reactive to proactive position meant that the Council was assessing how to best utilise its community assets.

- *How a buyer chose to develop an industrial premises was likely to have an impact on residents – was there any process of assurance for residents regarding how these premises would be developed?*

The Executive Director of Housing advised that it would depend on individual premises, all of which could only be developed in accordance with the local planning framework. For example, the Montem site had pre-existing planning permission for a residential development. Other sites may have restrictive covenants on them. Vendor powers such as adding covenants could also be used.

- *Although the report used layman's terms and was easy to understand, it was disappointing that it had not been presented on the corporate template. The report touched on areas requiring critical commentary. For example, paragraph 1.5 alluded to fund asset purchases that had not been included in prior years' accounts, including interest payments and the principal loan amounts – how far back did this go?*

The Executive Director of Finance & Commercial advised that the 2018/19 statement of accounts were still outstanding and awaiting commentary from auditors. It went back that far, possibly further. The Council had got into difficulties by failing to recognise the full cost of borrowing in the past. This was now fully recognised, monitored and had been factored into the budget.

- *Had the capitalisation directive been confirmed by Central Government and what was it subject to?*

The Executive Director of Finance & Commercial advised that the current status of the capitalisation directive was 'minded to' and could only move to a formal footing once the statement of accounts had been signed off. She added that she was in close contact with colleagues in Central Government and had updated them regarding the statement of accounts, which had also been reported to the Audit & Corporate Governance Committee.

- *What action had been undertaken to correct the MRP (minimum revenue provision)?*

The Executive Director of Finance & Commercial clarified that the minimum revenue provision was the amount set aside for repaying loans. The budget approved by March Council had included an updated MRP position, which would be subject to change through the year as assets were sold. The first budget monitoring report to September Cabinet would provide more detail.

- *Why had the format and quality of the report been so poor as to arouse criticism from the Commissioners? The recommendation from overview and scrutiny about the format of reports had been ignored.*

The Lead Member reiterated that the briefing note had received approval from the Commissioners. Nevertheless, going forward this issue would be rectified. The Executive Director of Housing stated that the topic had not been on the work programme and he apologised for format of the briefing note, which had been produced within tight timescales.

A Member asked the Lead Member to clarify his views on the report. The Lead Member responded that the asset disposal paper fulfilled the criteria for a briefing note but did not qualify as a substantive report. He agreed that reports to scrutiny needed to be of high quality. Going forward, there were lessons learnt which would be applied.

A Member stated that she welcomed the Lead Member's assurance that no assets had been sold at a loss and that community assets would be preserved. Had there been any plans to sell the crematorium or the cemeteries in the past?

The Lead Member advised that it was his understanding that everything on the original list had been intended for sale, however, the list had since been revised.

The Executive Director of Housing advised that these assets had been listed on the original asset register, however, a comprehensive review was being undertaken as part of the estates' strategy. It should be noted that listing items on the asset register did not amount to a commitment to sell them. All assets would be assessed to see what could be rationalised in a bid to reduce the Council's revenue expenditure. Other means such as gifting may be used. His team had clarified the value of significant number of commercial assets, which alongside other activities, were closing the gap. This would allow the next phase of the asset disposal programme to be rolled out in a more considered and structured manner.

The Lead Member added that the success of the asset disposal programme thus far had meant that the crematorium could be taken off the sale list.

- *The report raised issues around legacy suppliers, could he provide more information regarding this?*

The Executive Director of Housing stated that there were a number of inherited commercial advisors (carrying out rent collection) and suppliers whose performance of concern. This situation was being monitored and the pool of advisors/suppliers was being increased.

- *The list of Community assets was in the public domain and it would benefit both Councillors and the community if this were to be published. This could function as a mechanism to ensure his administration adhered to its commitment to preserving community assets.*

The Lead Member advised that as part of the move from a reactive to a proactive position, an estates' strategy, which was a substantial piece of work was underway. A draft report would be submitted to Cabinet in the autumn for approval and no asset lists would be released before then.

The Director of Housing added that the following submission to Cabinet, the strategy would be shared with scrutiny and Cabinet again for final approval by the end of the year or early in 2024.

A Member made the point that the asset register should not be confused with the asset disposal list.

- *The graph at paragraph 2.1 showed capital receipts. It was his understanding that most of the assets sold to date had been sold at a loss, i.e., below market value, as defined by the RICS Redbook valuation. Could he confirm whether this was the case?*

The Executive Director of Housing advised that in terms of the overall portfolio, most assets had achieved significantly more than had been paid for them. There was a robust marketing process in place and none of the assets had been sold below market value and all sales to date had achieved above the guide price.

The Executive Director of Finance and Commercial added that each asset needed to have formal independent report to ensure best value and best consideration. The Council was not permitted to sell assets below market value and this would require the permission of the Secretary of state.

- *(To the Executive Director of Housing) Did he plan to attend any future industry events e.g., REiiF to promote Slough and raise its profile?*

The Executive Director of Housing replied that he was looking at a range of activities aimed at promoting inward investment, increasing jobs and retail activity and value. He expected Slough to have a significant presence at next year's UK REiif (real estate investment infrastructure) event. He and the Executive Director of Finance & Commercial used their professional networks to regularly meet industry professionals in a bid to promote Slough generally and particularly those third-party assets in the town centre the development of which had stalled.

- *How important was the success of the asset disposal programme to the overall improvement and recovery of the Council, in the context of the directions from the Secretary of state?*

The Lead Member responded that the Council was bankrupt and therefore the success of the strategy was critical. The Executive Director of Finance & Commercial added that financial success underpinned the financial health of the organisation and as such the strategy was one of the key factors, but not the only one.

- *Some assets acquired in last ten years may have a low value. What was the total value of the low value assets?*

The Executive Director of Housing advised that the retail market had changed in recent years and that values changed significantly and rapidly over time. Some retail assets had been bought recently and these would be assessed for their potential sale value, taking into consideration market fluctuations, length of covenants etc. The number of assets with a low value were few.

- *Paragraph 2.1 of the report showed capital receipts received to date amounted to £220M, however, his calculations showed a variance of £5M in actual receipts - could he clarify.*

The Executive Director of Housing advised that the total was in fact £215 plus £20M which related to the sale of the Adelphi, the completion of which had been delayed.

- *It was important that the Committee recognise that the asset disposal programme alone would not resolve all the issues faced by the Council. There was a need to assess departmental budgets in a bid to make further savings and consider whether an additional rise in council tax would be required next year. The Committee should bear in mind all the other issues that would impact the Council and its residents when making its decision about which T&F groups to launch.*

- *A number of assets in table 3.2 were rated amber or amber/red which should be cause for concern. How confident was he that these would achieve receipts?*

The Executive Director of Housing stated the amber/red ratings related to assets where there had been a need for caution due to the current economic climate, or if there had been a downturn in a particular sector, and those where there were issues of record keeping, missing documentation, where additional work would need to be undertaken to prepare them for sale.

Resolved – That the report be noted.

4. Scrutiny Work Programme

The draft terms of reference for the asset disposal T&F group were tabled.

The Chair asked Members to bear in mind the Commissioner's comments when discussing this item.

A Member suggested that the proposed asset disposal T&F group should not proceed. She added that the report stated that the terms of reference did not follow the standard governance procedures for establishing a T&F group and she was concerned about the erosion of standard governance practice. Part of the stated remit of the T&F would be to set up an estate strategy, however this would be superseded by the Estates' strategy currently underway and which would be reported to Cabinet in September. Under the circumstances a T&F group would have little impact. Furthermore, the Commissioner's view should be respected.

A Member thought that the asset disposal T&F group could be agreed in principle at the meeting but this did not find favour with the Committee.

The Chair repeated that the draft programme had been developed based on a work programming workshop attended by the Committee. He thanked the scrutiny officer and the CfGS for supporting the process and sought comments from Members to firm up the items for the September meeting of the Committee. The Head of Governance & Scrutiny advised that following discussions with the Executive Director of Finance & Commercial and the Executive Director Strategy & Improvement, the Chair would produce another work program for the next meeting.

The Monitoring Officer reminded Members that the Commissioners had suggested that a revised work programme should be submitted at the next meeting.

The vice chair stated that adult social care should be the topic of a T&F group.

A Member stated that life expectancy of Slough residents was a complex topic that could not be resolved by a T&F group alone. In any case, looking at life expectancy would inevitably include children and there was insufficient time for such a piece of work. Adult social care and its performance under the new inspection regime should be looked at.

The Executive Director of Adult Social Care stated that the proposal had merit and his team wanted to demonstrate readiness for the new inspection regime. A T&F group would help to raise the profile of the workstream, identify any gaps and risks in current provision and recommend how resources could be best used to resolve these. He added that health inequalities were a key issue for residents (both adults and children).

Following extensive discussion, a Member proposed that health inequalities should be investigated at a later date which had supported from other members.

As advised by the Commissioner, Members agreed that the report be noted, the work programme items proposed for September be agreed and a revised work programme for the rest of the year be submitted at the next meeting.

Resolved – That:

1) the work programme be noted;
2) the proposed asset disposal T&F group should not proceed;
3) a Task & Finish group on Adult Social Care be convened to be chaired by Cllr Hulme and comprising Cllrs Matloob, Escott, O'Kelly, Mohindra and Iftakhar, based on the terms of reference provided, minus all references to health inequalities;
4) health inequalities be investigated at a later date; and
5) a revised work programme be submitted to the September meeting of the Committee.

5. Attendance Report

Resolved – That the report be noted.

6. Date of Next Meeting - 26 September 2023

26 September, 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.57 pm)

The following two reports are the start of the scrutiny process for 2024/25 MTFS.

1. Revenue & Capital Budget Outturn 2022-23
2. Budget Monitoring Quarter 1

The first report covers the outturn for the financial year 2022-23 and the second reports covers the budget monitoring position as at Quarter 1.

Slough Borough Council

REPORT TO:	**Cabinet**
DATE:	**18 September 2023**
SUBJECT:	**Revenue and Capital Budget Outturn 2022-23**
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:	A Capitalisation Direction letter B Commissioner's Instruction No 1 C Asset Sales D Capital Outturn

1 Summary and Recommendations

1.1 This report sets out the draft revenue and capital outturn position for Slough Borough Council for the year 2022/23

Recommendations:

Cabinet is recommended to:

1. Approve the carry forwards requested by departments as set in paragraphs 8.1 to 8.5 and Table 7

2. Approve the proposed additions and amendments to the Capital Programme as set out in paragraph 8.6 and Table 8

Commissioner comment

This report sets out the Council's draft financial position for 2022/23 after the end of the financial year. The position should be considered provisional until all years' accounts have been prepared and the audits signed off by the Council's external auditors which could be some way off. Associated issues may continue to be resolved or identified that could affect the financial position.

The Commissioners note the key elements of this report, summarised position for each of the ringfenced funds and refreshed assumptions relating to the capitalisation direction which at £301.9m to 31 March 2024 is higher than predicted in the budget approved by Council March 2023, which estimated a figure of £298.7m.

The capitalisation direction is based in part on assumptions, he external environment is challenging and inevitably the situation will change. The Council should take all reasonable action and necessary steps to minimise the risk to which it is exposed and mitigate pressures where possible, to remain within the original estimates and demonstrate an improving financial trajectory.

2 Report – Introduction

2.1 Effective management of Slough Borough Council's budget is critical to its financial recovery and the restoration of a balanced budget without the need for extraordinary use of capital receipts to support revenue expenditure. This report sets out the draft outturn position for the Council's budget in 2022/23 and makes recommendations to recognise and mitigate the risks arising from the underlying position reflected within the outturn position.

2.2 Slough Borough Council has been balancing its revenue budget via the support of capital receipts under a capitalisation direction authorised by the Department of Levelling Up, Housing & Communities (DLUHC) since October 2021, as set out in the letter attached at Appendix A. In support of this approach, Slough Borough Council developed a capitalisation direction model to estimate the level of capital receipts that would be required to support the revenue budget, as part of a broader financial recovery plan.

2.3 In 2022/23 the original estimated level of capital receipts required to balance the revenue budget was £84.1m. This report indicates that the final estimated level of capital receipts required is £59.2m, £24.9m less than originally expected. This figure is based on a working assumption that carry forward requests are approved as part of this report.

2.4 The improved financial position in 2022/23, where additional grants and better than expected recovery of Council Tax produced an additional £3.6m of income, means that the requirement for support from capital receipts/the capitalisation direction has reduced by the same amount.

2.5 2022/23 was a challenging year for the Council, not only due to the actions, savings and transformation needed due to its unique circumstances arising from the issuing of a S114 notice in 2021. In addition, national economic factors have impacted local government, such as the rise in inflation and continuing increase in demand for services, in particular in relation to children's and adult's social care. These underlying pressures are anticipated to continue throughout 2023/24.

2.6 In terms of the financial management and associated financial controls and processes operating within Slough Borough Council, there continues to be a lot of work undertaken to establish a solid foundation of good practice and prudent financial management. Some progress has been made in finalising Statements of Accounts for prior years but further work is needed to ensure systems, reporting, risk management and effective outturn forecasting and budget management are fully embedded. The recruitment of a permanent Executive Director of Finance & Commercial, alongside recruitment campaigns to secure permanent appointments of Deputy Directors, Strategic Finance Managers and the teams that support them are anticipated to provide a valuable source of consistent and sustained financial management good practice, advice and leadership. This will be essential to the continued improvement of financial management practices within the Council.

2.7 In this context, the approach being taken in 2023/24 is building and improving upon the approach adopted in 2022/23, for example by ensuring that budget monitoring is undertaken and reported to CLT on a monthly basis, with formal reports submitted to Commissioners and Cabinet on a quarterly basis, reflecting best practice. The format of reporting is also being enhanced to support greater transparency and accessibility, providing a mixture of narrative reporting alongside graphical and tabular reporting. Key to effective decision making is the provision of relevant, reliable and timely information and the approach being proposed for 2023/24 is designed to enhance these requirements.

3 GENERAL FUND

3.1 The budget for 2022/23 required a Capitalisation Direction of £84.1m in order to balance. The draft outturn position indicates that the Capitalisation Direction actually needed is £59.2m, a reduction of £24.9m.

3.2 Within this overall position there are a number of significant variations. Service departments collectively overspent by £13.2m, and Corporate Budgets collectively underspent by £33.9m. In addition, the Collection Fund (which comprises Council Tax and Business Rate receipts) and Government Grants provided £4.1m more than had been budgeted for. This amounts to an outturn position that is £24.9m better than the original budget.

3.3 Table 1 shows the outturn in more detail, with commentary provided from 3.7 onwards.

Table 1 – General Fund Outturn

	Budget	Outturn	Variance	Requested c/fs	Revised Outturn	Revised Variance
ED People (Adults)	28,768	34,523	5,755	14	34,538	5,770
ED People (Children)	8,047	7,972	-75	0	7,972	-75
Slough Children First	32,950	34,289	1,339	0	34,289	1,339
ED Place & Communities	17,421	15,868	-1,552	0	15,868	-1,552
ED Monitoring Officer	2,140	1,945	-195	0	1,945	-195
ED Housing, Property & Plannin	-869	7,725	8,593	0	7,725	8,593
ED Strategy	16,104	12,728	-3,376	2,182	14,910	-1,194
ED Finance & Commercial (S151	7,569	7,679	110	433	8,112	543
Service Total	**112,131**	**122,730**	**10,599**	**2,630**	**125,359**	**13,229**
Corporate Budgets	77,279	41,532	-35,747	1,810	43,341	-33,937
Expenditure Total	**189,409**	**164,261**	**-25,148**	**4,440**	**168,701**	**-20,708**
Council Tax	-65,103	-69,179	-4,076	0	-69,179	-4,076
Business Rates - Local Share	-37,326	-40,168	-2,842	0	-40,168	-2,842
Collection Fund Deficit	8,151	10,611	2,460	0	10,611	2,460
Revenue Support Grant	-6,451	-6,451	0	0	-6,451	0
Other Grants	-4,626	-4,291	334	0	-4,291	334
Funding Total	**-105,354**	**-109,479**	**-4,124**	**0**	**-109,479**	**-4,124**
Capitalisation Direction	-84,055	-53,602	29,273	-4,440	-59,222	24,833

3.4 Having Service departments overspend significantly with a large underspend on a Corporate Contingency budget doesn't necessarily support understanding and transparency of reporting. Subject to further discussion with Commissioners, a different approach will be adopted for 2023/24 such that transparency and ownership of budgets is increased, for example by allocating funding to support contractual inflation, whilst ensuring that Corporate Budgets continue to be used prudently to drive improved budget management across the whole Council. A cabinet decision on the virements required to facilitate this is included in the Quarter 1 Budget Management Report.

3.5 Significant work is underway to review and refresh the budget information held within the Council's Enterprise Resource and Planning (ERP) system, such that budget managers are supported to undertake their roles and responsibilities effectively by providing access to timely, relevant and reliable information, that in turn will support effective operational and strategic decision making.

3.6 The Capitalisation Direction provides the balance of funding needed to support the level of expenditure required. Slough has been able to use capital receipts for revenue purposes, which is not normally allowed under accounting rules. In that context, it can also be seen that in 2022/23 Slough Borough Council controlled its finances better than originally anticipated resulting in a reduction in the level of potential support required by £24.9m, i.e. the sum of the underspend against the budgets and enhanced levels of income.

3.7 In conjunction with this proposal, it is also proposed that the allocation of Corporate Budgets be reviewed with CLT, Commissioners and Cabinet, to support improved transparency and accountability in budget management. This review would be undertaken in the context of the [Commissioners Instruction Number 1] attached at Appendix B.

3.8 Service directorates were required to deliver savings in 2022/23, and progress against meeting the savings targets was monitored and reported on throughout the year. The total target was £20.0. Of this £13.5m was actually delivered, a shortfall of £6.5m. The details by Directorate are shown in Table 2 below.

Table 2 – Saving delivery Summary

Directorate	Target	Achieved	Gap
ED People (Adults)	5,900	4,243	1,657
ED People (Children)	1,109	832	277
Slough Children First	2,673	-64	2,737
ED Place & Communities	4,551	4,031	520
ED Monitoring Officer	0	0	0
ED Housing, Property & Planning	2,902	1,602	1,300
ED Strategy	1,772	1,772	0
ED Finance & Commercial (S151)	1,051	1,051	0
Total	19,958	13,467	6,491
Total excluding Slough Children First	17,285	13,531	3,754

Service Draft Outturn

3.9 ***People (Adults)*** – The overspend reported of £5.8m is principally driven by the increased demand for services to support vulnerable adults with learning disabilities and mental health challenges. The demand for these services is increasing nationally, in part due to the pandemic which reduced the availability of care and support during lockdown periods contributing to the further development of eligible care needs. This in turn put pressure on what continues to be a market of service provision with limited capacity.

3.10 This situation is exacerbated by the increasing complexity of the assessed eligible care needs of individuals and a shortage of suitably qualified staff to meet their needs. The combination of these factors is driving up the cost of care nationwide. Work is being undertaken within People (Adults) to develop alternative service delivery models that will support improved outcomes for individuals at lower cost to Slough Borough Council, linked to cost and budget improvements in 2023/24 and beyond.

3.11 Adults had a challenging savings target to meet in 22/23 of £5.9m and achieved £4.2m of that; the gap will have contributed to the forecast overspend. Areas where the savings target was not achieved include Reablement efficiencies, and savings from reviews within the Mental Health service area.

3.12 ***People (Children) excluding Slough Children First*** – There was an underspend of £0.1m, arising from a number of relatively small variations against budget. The directorate delivered £0.8m of their £1.1m savings target. The shortfall is caused by a delay on the project to reshape the Council's children's centres provision.

3.13 ***Slough Children First*** – The value of the contract with Slough Children First was increased during the year. Despite this the level of demand and complexity of needs drove costs up further, resulting in an overspend of £1.3m. The budget for Slough Children First has been increased by £4.6m in 2023/24 which, in part, addresses the budget pressures identified. A separate report on this agenda looks in more detail at the financial pressures impacting upon Slough Children First, the implications arising from the financial years 2021/22 and 2022/23 and the potential future pressures arising. The funding of prior year deficits is reflected in the separate Quarter 1 Budget Management also on this agenda.

3.14 Slough Children's First were set a net savings target of £2.6m. This means were asked to absorb £2.1m of growth pressures as well as deliver gross savings of £4.7m. The shortfall of £2.7m is therefore greater than the savings target because they were unable to absorb all of the growth pressures. A significant element of this was due to legal costs arising from demand levels and court delays.

3.15 ***Place and Community*** – This department covers a wide range of services, which have seen a range of variations against budget. Overall the department delivered an underspend of £1.6m, primarily made up of underspends arising from vacant posts and the additional income generated by the introduction of garden waste collection charges. However, there are some underlying pressures that will need to be addressed in the longer term, recognising that in the event that the vacancies are recruited to the headroom reduces. In particular there are a number of pressures linked to challenging income targets, and increased contractual costs, e.g. the leisure management fee.

3.16 Place and Community delivered £4.0m of their £4.6m savings during the year, with a saving in respect of the Leisure Management fee not having been achievable following negotiations concluded in July 2022.

3.17 ***Monitoring Officer*** - Underspend of £0.2m, arising from a number of relatively small under and overspends.

3.18 ***Housing, Property & Planning*** – The outturn position is an overspend of £8.6m, which is in part driven by the implications arising from the establishment of this department part way through the 2022/23 financial year, and also from more fundamental cost drivers such as temporary accommodation demands and associated expenditure during the year and the impact of the rise in energy prices which overspent by £0.8m. As part of the development of the Medium Term Financial Strategy (MTFS) covering the four years from 2024/25 through to 2028/29, it is planned to undertake a comprehensive review of these budgets.

3.19 Housing, Property & Planning met £1.0m of their £2.3m savings target in 2022/23. There was a saving requirement of £1.3 million in respect of renting out parts of Observatory House which was not met.

3.20 ***Strategy and Improvement*** – The underspend of £1.2m has been delivered mainly due to a number of vacant posts. The directorate delivered its savings target of £1.8m.

3.21 ***Finance and Commercial*** – The overspend of £0.5m has arisen primarily due to needing to clear a backlog of cases within the Revenue & Benefits service, which required significant overtime but which has now been cleared. In addition there has been a significant increase in the insurance premium which reflects increases across the insurance market, partly arising from the pandemic and a re-evaluation of risks. A re-procurement of Slough Borough Council's external insurance is being undertaken in 2023/24, which will be underpinned by a review of the scale and scope of risks faced, alongside an assessment of the value of risks that should be self-insured, the outcome of which will be reflected in the 2024/25 budget build.

3.22 ***Corporate Budgets –*** The underspend of £34.0m has a number of different elements to explain it. The first and most significant is the Minimum Revenue Provision budget (MRP). This was set at £32.1m, but the outturn was significantly less than that at £17.7m, a one of underspend of £14.4m. This variance arose because at the time the MRP budget was set there was no expectation that capital receipts would be used to repay historical debt and thus reduce it. However, during the year we made debt repayments which significantly reduced the amount owed by the Council and thus the MRP that is required.

3.23 The second main variance in Corporate Budgets was with the contingency budgets, in line with the Commissioners Instruction Number 1 attached at Appendix B. These amounted to £18.0m and the expenditure against them was only £5.3m, a one-off variance of £12.7m. This approach will be reviewed and discussed with the Commissioners and the outcome fed into the development of the MTFS as part of the preparation of the 2024/25 budget.

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 provided accommodation in accordance with Part 7 of the Housing Act 1996).

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 saw an in-year surplus of £3.7m in 2022.23 with favourable variances on both the expenditure and income side. This is detailed in the table below. The surplus will be transferred to HRA general reserves at the end of the financial year.

4.4 Key areas of variance include –

- Repairs & Maintenance Services - £0.9m mainly due to reduced expenditure on voids, electrical works, and lift maintenance.

- Rents and Rates and Other overspend of £1.0m which was principally caused by the increase in energy costs seen last year.

- Supervision and Management, where there was an underspend of £1.9m.

- Rents – £1.5m over-recovery, due to annual rent increase and lower than expected rental loss from Voids and Right to Buy sales.

Table 3 HRA Outturn Position

Income/Expenditure Category	Budget £'000	Outturn £'000	Variance £'000
Expenditure			
Repairs and Maintenance	10,304	9,423	(881)
Supervision and Management	9,631	7,748	(1,883)
Rents, Rates, Taxes and Other Charges	521	1,490	969
Provision for doubtful debt	1,338	1,382	44
Interest payable and similar charges	4,593	4,608	15
Capital grants and contribution	656	609	(47)
Depreciation, Impairment and Revaluation losses	9,113	9,113	0
Transfer to / from Reserve	0	0	0
Total HRA Expenditure	**36,156**	**34,372**	**(1,783)**
HRA Income			
Dwellings Rents	(34,608)	(36,137)	(1,529)
Non-dwellings Rents	(1,628)	(1,253)	375
Charges for Services and Facilities	(2,495)	(2,705)	(210)
Contributions towards Expenditure	(86)	(114)	(28)
HRA Investment Income	(15)	(557)	(542)
Transfer to / from Reserve	0	0	0
Total HRA Income	**(38,833)**	**(40,766)**	**(1,934)**
(Surplus) or deficit for the year on HRA services	**(2,677)**	**(6,394)**	**(3,717)**

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 outturn for the DSG in 2022/23 is a deficit of £0.1m. Table 3 below outlines the final outturn position for the 4 DSG blocks.

Table 4 Dedicated Schools Grant

Block	Budget	Outturn	Variance	Cumulative (Surplus)/ Deficit
Schools	37,960	37,975	15	134
High Needs	23,619	24,026	407	25,870
Early Years	14,461	13,746	(715)	(825)
Central School Services	1,024	1,414	390	388
Total	77,064	77,161	97	25,567

5.3 The overspend on the High Needs Block is principally caused by increased demand for in borough SEND placements and places at Special Schools. Although, due to tight financial management these overspends have come down considerably over the last 2 years. The underspend on the Early Years Block was due to lower numbers of pre-school children than expected.

5.4 The DfE have been tapering down the historic Central Schools Block (CSSB) spend by 20% for a number of years. Historic spend included in the CSSB DSG in 2022-23 was £40k or 4% of the total CSSB allocation of £1,024k. The reduction of 20% (£8k) of historic spend in future years will be managed by looking at savings in other areas during each year of the reductions. For 2023-24 the CSSB budget has been balanced and will be approved by schools forum in September. Note that the 2022-23 CSSB budget included a credit budget of £337k in error. Actual expenditure against the CSSB DSG allocation of £1,024 was an overspend of £53k. This has led to an overall overstated overspend of £390k. This budget anomaly has been corrected in 2023-24.

5.5 All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve.

5.6 Slough's original deficit management plan was shared with the DfE in July 2021. The plan indicated that the deficit could potentially grow to £43m by 2024/25 if no mitigating actions were taken. Action is now being taken to reduce this significantly and it is anticipated that the annual in year deficit will be eliminated by 2026/27.

5.7 To this extent the DfE agreed a safety valve management plan with Slough where it would write-off the historic deficit between 2022/23 and 2026/27. The first payment of £10.8m was made in March 2023 with further payments due as follows:

Year	Safety Valve funding
2022/23	10.800
2023/24	3.240
2024/25	3.240
2025/26	3.240

2026/27	6.480
Total	**27.000**

5.8 The estimated cumulative deficit when the Safety Valve was agreed stood at £27,600k. The provisional outturn deficit is £25,567k, a reduction of £2,033k. The High Needs deficit needs to reduce by £10.800k to £15,070k as the first safety valve payment of £10,800k was received in late March 2023. Therefore, the net DSG deficit reduces to £14,767 from the £25,567k stated in the table.

5.9 This is predicated on the authority undertaking to reach a positive in-year balance on the DSG by the end of 2025/26 and in each subsequent year.

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. The level of capital receipts achievable from the Asset Disposal Programme will be kept under review reflecting due diligence and market conditions, which could alter the total achieved.

6.2 The receipts have been applied to pay down loans that were due which has had significant beneficial impact on the outturn for 2022/23, which also feeds through into 2023/24.

6.3 More detail on the asset sales is provided in Appendix C

7 CAPITAL PROGRAMME

7.1 The General Fund capital programme saw an underspend of £12.0m against the budget of £28.7m. There are carry forward requests amounting to £4.0m and if these are accepted then the final outturn is an underspend of £8.1m (small difference due to rounding).

7.2 There were significant variances in Capital Schemes in Children's Services, Housing, Property & Planning and in Place & Communities. The most significant of these were a £5.5m underspend on remedial works at Nova House, and £1.1m underspend on Langley High Street Improvements, which was due to the budget being overstated. £1.7m underspend on Zone 1 - Sutton Lane Gyratory (MRT) which has been partially carried forward, and £1.3m overspend against budget related to Additional Transport & Highways Grant funded projects. The grant funding was received for this after the budget was set and has been further profiled into future years. Full detail is provided in Appendix D.

Table 5 General Fund Capital Outturn

Service Area	Budget £'000	Outturn £'000	Variance £'000	c/f Request £'000	Revised Variance £'000
General Fund:					
Adults	1,825	1,350	-475	475	0
Children Services	1,731	613	-1,118	100	-1,018
Housing, Property & Planning	11,084	4,166	-6,918	520	-6,398
Place & Communities	14,015	10,487	-3,528	2,859	-669
Finance & Resources	0	5	5	0	5
General Fund Total	28,655	16,621	-12,034	3,954	-8,080

7.3 The budget for HRA Capital schemes was £10.7m in 2022/23 and the outturn pending approval of carry forward requests was £9.3m, an underspend of £1.4m. This was mostly due to an underspend on the Affordable Homes project and the RMI Capital Programme. The summary is shown in the table below.

Table 6: Capital (HRA)

Service Area	Budget £'000	Outturn £'000	Variance £'000	c/f Request £'000	Revised Variance £'000
Housing Revenue Account:					
RMI Capital Programme	5,302	3,584	-1,718	1,022	-696
Planned Maintenance Capital	1,918	1,666	-252	245	-7
Affordable Housing	3,500	2,794	-706	0	-706
HRA Total	10,720	8,044	-2,676	1,267	-1,409

8 Carry Forward Requests (Revenue and Capital)

Revenue

8.1 There are 7 carry forward requests coming from service and corporate departments, amounting to a total of £4.4m. As a working assumption the reported outturn has assumed they will be approved. Of the 7 requests 2 are particularly significant. These are both Transformation budgets.

8.2 The first is the IT Transformation Fund. A budget of £3.5m for 2022/23 and £1.0m for 2023/24 was created during the 2022/23 financial year, a total of £4.5m for the programme as a whole. As of the end of the year only £1.6m of the fund had been spent as the programme was slower to start than the budget timetable had allowed for. The Transformation of IT is considered essential to Slough Borough Council's recovery and as such a carry forward of the balance is requested.

8.3 The second is also a Transformation budget, this one for the wider Transformation Programme. The budget was also created during the 2022/23 financial year, and is for £2.5m in each of 2022/23 and 2023/24, a total of £5.0m. The programme was slower to start than the budget timetable had allowed for and as at the end of the financial year there was a balance of £1.8m against this code. The programme remains a 2 year programme, and carrying forward the underspend from last year will allow it to continue.

8.4 The full carry forward request for revenue items is given in the table below. Other than the 2 mentioned above, 3 are requests to carry forward specific funding received, and the final two (Elections and Member laptops) are to carry forward a small element of underspend to cover anticipated additional costs in 2023/24. Lastly, there is a request to carry forward the 3 years of Matrix rebates paid at the end of 22/23. The rebate had not been accounted for in the budget and the services were recharged at cost. The rebate was intended to be used as a resource to provide effective contract management. The carry forward is necessary to provide the funding resources to procure and deliver a new temporary labour contract including any transition arrangements due this financial year 23/24.

8.5 The Proceeds of Crime Act carry forward request is in respect of ring-fenced income that was not fully spent in 2022/23.

Table 7: Revenue carry-forward requests

Carry Forward Requests - Revenue					
Directorate	**Service Area**	**Heading**	**Description**	**Amount**	**Total**
People (Adults)	Strategy & Commissioning	Drug and Alcohol Team	Underspend from Public Health funded detox/rehab budget	14,323	
	Total People (Adults)				**14,323**
Strategy & Improvement	Election	Elections	Election Cost	30,000	
	IT	Members support	Member Laptops	50,000	
	IT	IT Transformation Fund	Work programme for remediation and modernisation of service	1,881,591	
	IT	DLUHC - ICT GRANT	c/f of DLUHC grant to reduce Cyber Risks andattacks	200,000	
	Total Strategy & Improvement				**2,161,591**
Finance & Commercial	Finance	Matrix Contract Management	Matrix Rebate	281,115	
	Fraud	POCA	Proceeds Of Crime Activity Funds	152,362	
	Total Finance & Commercial				**433,477**
Corporate Budgets	Below the line	Transformation Fund	Senior Management and PMO Office fund	1,809,837	
	Total Corproate Budgets				**1,809,837**
Grand Total					**4,419,228**

Capital (General Fund)

8.6 The carry forward requests for Capital (General Fund) amount to £4.0m and are detailed in the table below. As a working assumption, as with the revenue carry forwards requested, the outturn figures are presented on the basis that the carry forward requests are approved.

Table 8 Capital (General Fund) carry forward requests

Capital SUMMARY - Carry Forward Request			
Directorate	**Service Area**	**Description**	**Amount**
People (Adults)	HOLD Ownership	HOLD grant to be carried forward	204,488
People (Adults)	Disabled Facilities Grant	Balance to be carried forward, grant funded	271,779
People (Children)	Schools Modernisation Programme	Fully grant funded, £750k received pa. Council agreed March 23. Request c/f to 24/25	90,000
People (Children)	Special School Expansion	Fully grant funded, slippage, £415k already slipped to 23/4, Council agreed March 23	10,000
Housing, Property & Planning	Corporate Assets Stock Condition Improvement	C/fs rqd for: soundproofing Cippenham contact centre, Westpoint Allotments, Defects	247,146
Housing, Property & Planning	Britwell Hub	Budget required to pay the outstanding balance of estimated final account sum for the GP Hub at Britwell.	272,617
Place & Communities	Refuse Fleet & Grounds Plant Maintenance	Slippage. Budget found to offset cost increase from underspent DfT Grant	114,000
Place & Communities	Flood Defence Measures	Grant funded (DEFRA), grant claimed by drawdown quarterly in advance	766,014
Place & Communities	Sutton Lane MRT	Snagging work on A4 London Soad / Sutton Road, delay to Foxborough cycle scheme	867,661
Place & Communities	Stoke Road	Delays caused by weather, NWQ junctions and Slough Station Northern forecourt	393,382
Place & Communities	Langley	Resurfacing works slipped due to low temperatures	510,878
Place & Communities	A4 Safer Road	Speed reduction measures slipped to 23/24	136,712
Place & Communities	Traffic Signals Maintenance Grant	Slippage. Budget found to offset cost increase from underspent DfT Grant	66,000
GRAND TOTAL ALL SERVICE DEPARTMENTS			**3,950,676**

8.6 The carry forward requests for Capital (HRA) amount to £1.3m and are detailed in the table below. All of them relate to ongoing works that have already been commissioned.

Table 9 Capital (HRA) carry forward requests

Capital (HRA) c/f Requests	
Service Area	**Amount**
Kitchen & Bathroom Replacement	31,297
Roof Replacements	136,383
Structural	108,593
Garage & Environmental Improvements	526,669
Capitalised Repairs	209,610
FRA & Asbestos Removal Works	173,295
Decarbonisation works	80,994
TOTAL HRA	**1,266,841**

9 FUNDING

9.1 Funding from Council Tax and Business Rates receipts and Government Grants was £4.1m in excess of that budgeted for, and this contributed to the Capitalisation Direction being less than had been expected when it was originally set. However, it should be noted that a review of the accounting treatment of the Collection Fund in previous years is underway that still may yet impact on this position, and therefore the Capitalisation Direction. The draft final position for the Capitalisation Direction is £59.2m against the original budget of £84.1m.

9.2 The first table below shows the budgets and outturn figures for the major funding stream blocks. The second table gives an update on the Capitalisation Direction.

Table 10 : Funding

	Budget	Outturn	Variance	Requested c/fs	Revised Outturn	Revised Variance
Council Tax	-65,103	-69,179	-4,076	0	-69,179	-4,076
Business Rates - Local Share	-37,326	-40,168	-2,842	0	-40,168	-2,842
Collection Fund Deficit	8,151	10,611	2,460	0	10,611	2,460
Revenue Support Grant	-6,451	-6,451	0	0	-6,451	0
Other Grants	-4,626	-4,291	334	0	-4,291	334
Funding Total	**-105,354**	**-109,479**	**-4,124**	**0**	**-109,479**	**-4,124**
Capitalisation Direction	-84,055	-53,602	29,273	-4,419	-59,202	24,853

Capitalisation Direction

9.3 The Capitalisation Direction (CD) model shows the annual budget gap in Slough's finances for a period projected forward until the year 2028/29.

9.4 The annual budget gap exists primarily because of the significant unfunded debt as well as other financial pressures that built up prior to 2017. The total deficit was originally estimated to be £782m. This was subsequently revised downwards and at the time of the last budget setting and period 9 budget management report was estimated to be £357m in total, and £57.0m for 2022/23. There were some minor adjustments that needed to be made to that published figure and the correct figure at that time was actually £60.5m for 2022/23 and a total of £361m. The actual draft outturn position shows a requirement for £59.2m.

9.5 The changes in the Budget Gap model from the time of budget setting to the end of the financial year is shown in the table below

Table 11 : Capitalisation Direction Summary

	Up to 2021/22 £'000	Forecast 2022/23 £'000	Budget 2023/24 £'000	Projected 2024/25 on £'000	Total £'000
Original submission	223.1	84.1	78.5	396.2	781.8
January 2023 submission	210.5	56.6	31.6	58.4	357.1
Jan 2023 post adjustments	210.5	60.5	31.6	58.4	361.0
Position after 2022/23 outtu	210.5	59.2	32.2	62.9	364.8
Change	0.0	(1.3)	0.6	4.5	3.9

9.6 The Budget Gap model is both a dynamic forward looking model and a look back to the past. This remains necessary as, with the accounts for the past not all having been closed, previous years' figures are still subject to change. Looking forward, it builds in assumptions as to what pressures and savings there might be on annual budgets.

9.7 It is therefore of note that the budget gaps shown in the table above are not budget gaps against which savings requirements are to be established, but gaps after assuming a level of growth and savings in each of the following financial years that are already extremely challenging. It is also worth noting that a reduction in the budget gap is therefore not an underspend, it is a reduction in the previously predicted shortfall of funding.

9.8 The budget gap needs to be funded. The gap changes in the light of changing circumstances; for example, control of in year budgets, delivery of savings, achievement of capital receipts and the optimal strategy for utilizing those capital receipts, linked to the Treasury Management strategy. On this basis the Budget Gap model will be maintained month to month and reported on as part of the budget management cycle.

9.9 Given the above it is worth emphasizing that none of the numbers are completely fixed; this is a dynamic and fluid environment that we are working in, and the model reflects that.

9.10 The 22/23 budget contained an assumption that capital receipts of £84.1m would be required to balance the budget. The total funding including capital receipts required was £189.4m. In relation to this the outturn expenditure was £168.7m with funding excluding capital receipts totaling £109.5m. Therefore the revised capital receipt requirement is £59.2m, a reduction of £24.9m for the year.

The Budget Gap Model revisions

9.11 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.

Table 12 Detailed Summary of 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	32,219	24,722	18,561	13,803	7,912	(2,056)	0	1
Forecast Outturn Position	0	0	0	0	0	0	0	0	2
Emerging Pressures, Contingencies, and Provisions	10,935	(976)	400	2,100	(5,000)	0	0	0	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)	0	0	5
Minimum Revenue Provision (MRP)	(3,895)	(2,871)	(745)	(434)	36	734	411	187	6
Fund Redundancy Costs for 2 years	(7,500)	0	0	0	0	0	0	0	7
Settlement	(4,067)	80	84	89	93	98	0	0	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)	(5,155)	(6,787)	10
Budget Gap	**32,219**	**24,722**	**18,561**	**13,803**	**7,912**	**(2,056)**	**-**	**-**	
Total all years	**364,822**								

9.12 The model has been reset to show the budget gap rolled forward from the 2022/23 financial year, and then adjusted for this and future years on the basis of a number of assumptions.

9.13 The figures are all incremental figures. This means they show they change year on year from today's base position. Using one figure as an example, in 2022/23 a £7.5m budget was to allow the creation of a reserve to meet redundancy costs. This was a one-off budget, it has been reduced in 2023/24 by £7.5m to become zero. The table therefore shows a reduction of £7.5m in that budget this year.

9.14 The model assumes the following:

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

   In addition there is £1.4m per year included to reflect pay up lifts; this is higher (£2.8m) in 2024/25.

   There is an additional pressure in 2024/25 of £1.2m to cover the costs of introducing the new senior management structure.

5. The Companies line is mostly in respect of the repayment of a loan to Slough Children First. Provision for repayment of the loan is not made within the Slough Children First business plan.

6. The Minimum Revenue Provision requirements will reduce every year as capital asset sales are used to pay down debt.

7. The creation of a reserve to fund redundancy costs.

8. 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.

9. Council Tax has been assumed to increase by 4.99% every year from 2024/25 onwards.

10. Savings of £12.9m are required every year until 2028/29, the final year when a Capitalisation Direction would be needed.

10 RESERVES

10.1 The table below shows a summary of the reserves held by the Council. As there are several years of unaudited accounts prior to 2022/23 the figures as at 31 March 2022 (and therefore by extension at 31 March 2023) are subject to change. The table shows, subject to the caveat above, that there are £53.5m of reserves, of which the largest item is the General Fund General Reserve, called the Budget Smoothing Reserve, which is £38.6m

Table 13 Summary of Reserves

	Balance at 31 March 2022	Movements in 2022-23	Balance at 31 March 2023
Budget Smoothing Reserve	-38,604,000	0	-38,604,000
Better Care Fund	-4,670,451	39,100	-4,631,351
Restructuring Reserve	4,153,647	-7,500,000	-3,346,353
Contain Outbreak Management Fund	-3,334,448	337,666	-2,996,781
Other	-1,859,693	542,891	-1,316,802
Public Health Reserve	-392,661	-862,378	-1,255,039
Slough Children's First Reserve	-609,945	-608,232	-1,218,177
Proceeds of Crime Reserve	-171,514	0	-171,514
	-45,489,064	-8,050,953	-53,540,017

11 IMPLICATIONS OF THE REPORT

11.1 Financial Implications

11.1.1 These are set out within the report.

11.2 Legal Implications

11.2.1 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.

11.2.2 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.

11.3 Risk Management Implications

11.3.1 The 2022/23 outturn is subject to External Audit which may lead to revisions to the numbers presented and a consequent impact on the Council’s finances.

11.3.2 There are a number of significant variations to budget included in this report with the consequence being these could impact over more than one year. These are managed through the revised Budget Management process for 2023/24 and need to be considered as part of the Budget Setting process for 2024/25.

11.4 Environmental implications

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

11.5 Equality implications

11.5.1 There are no specific equality implications from this report.

11.6 Procurement implications

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

11.7 Workforce implications

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

11.8 Property implications

11.8.1 These are set out within the report.

Appendix A : Capitalisation Direction Letter

ANNEX

PROPOSED INTERVENTION PACKAGE

1. The Secretary of State is considering exercising his powers of direction under section 15 of the Local Government Act 1999 ("the 1999 Act") in relation to Slough Borough Council ("the Authority") to secure its compliance with the Best Value duty. He is doing so in circumstances in which he is satisfied that the Authority are failing to comply with their best value duty, having had regard to a range of evidence, including the reports produced by the Chartered Institute for Public Finance Authority (CIPFA) and Jim Taylor for the external assurance review commissioned by the then Secretary of State as a condition for an in-principle agreement to exceptional financial support.

2. The report of the governance review ("the Report") was submitted on 9 September 2021. The Report sets out a picture of serious failings by the Authority, particularly focussed in the three areas of administration of financial affairs and corporate governance, democratic services and scrutiny, and service reform, encompassing service transformation, IT, HR, procurement, internal audit and the revenues and benefits service, leading to the conclusion that the Authority has failed in compliance with its best value duty over a number of years.

3. The Report notes the concerted efforts from the Authority over recent months following the issuing of statutory recommendations by the external auditor in May and July, and the issuing of a Section 114 notice by the Interim Section 151 Officer in July. The significant indicators of poor culture and weak governance, however, are such that the Report concludes that the Authority has failed its best value duty and is "unable to respond to the difficulties on its own". The financial review undertaken by CIPFA confirms a budget shortfall identified for 2021-22 of £111m against a budget of £134m and concludes there is a need for ongoing oversight of SBC's financial plans.

4. The package outlined below is intended to oversee and support the Authority to deliver the significant rapid change that is required. This includes securing as soon as practicable that the Authority's financial management is exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Slough. The Secretary of State has also considered that the Authority will soon be seeking considerable exceptional financial support from the Government.

5. In the light of the conclusions and evidence in the Report, including the recommendations made by Jim Taylor and CIPFA, the Secretary of State is minded to put in place the intervention package set out below.

6. The Report identifies three key areas where the Authority needs support, as the Authority is failing to deliver and which, together, have led to its failure to comply with its best value duty. Examples of the ways in which the Authority is failing to deliver in each of these areas are included, but not limited to, below:

   a. **Administration of financial affairs and corporate governance**

      The Authority's financial reporting and governance arrangements do not provide the overview and scrutiny or assurance necessary for the Authority leadership, both officers and members, to fulfil their responsibilities or have confidence in the evidence presented to them to support decision making.

      This culminated on 2 July 2021 with a Section 114 notice being issued on the basis that the Authority could not meet its immediate liabilities. The Authority's "outstanding past liabilities of approximately £52.8m exceeded the usable reserves" and if the use of capital reserves to offset Minimum Revenue Provision had been known at the time, the Authority "would have had difficulty in setting a legal budget in the three financial years of 2019-20, 2020-21 and 2021-22" (1.9).

      The Report states: "The Council's financial accounts for 2018-19 had not been completed and signed off by external auditors. The Council has yet to prepare financial accounts for 2019-20 and 2020-21" (1.8) and "The auditors identified substantial weaknesses in the arrangements for preparing accounts and the financial information contained within them. This has resulted in Grant Thornton issuing four Section 24 statutory recommendations concerning the Council's arrangements for financial reporting and the management of its reserves. This was followed by two further Section 24 statutory recommendations in July 2021, due to inadequate arrangements in financial management and the capacity of the Council to manage its finances" (1.8).

      Corporate governance processes are inadequate and poorly understood by officers and members. The Report states: "It has not been clear how capital projects have been prioritised or where the decision-making sits with these capital decisions" (6.31); "There are recent instances where the correct financial approvals have not been sought by officers and significant decisions have been taken with a confidential report, which has not aided transparency" (6.41); and "Some members feel let down by the information given to them by officers…some members now have limited confidence in officer reports due to the current situation" (5.2).

   b. **Democratic services and scrutiny**

      The necessary administrative functions to support a healthy democracy are not functioning in this Authority: reports to support decision making do not contain key information, decisions are taken in the wrong meetings and decisions are not properly scrutinised. The interim Head of Democratic services left the organisation in July 2021 and the current Monitoring Officer has been available one day per week from the shared legal service "which is insufficient resource, considering the challenges" (4.24). "Some cabinet reports, often when the project is led by consultants, have not had comprehensive internal legal advice." (4.59) "There are also vacancies for Scrutiny officers, democratic services officers and a new role of elected member business partner. In addition, service heads for finance and legal have left." (4.26); "The scrutiny function is under resourced and there is no permanent statutory scrutiny officer. All seven meetings of Scrutiny Committees were cancelled in June and July of 2021." (4.56); "Elected Members indicate they require additional scrutiny resource to carry out their function effectively… It is acknowledged that some reports have not been given enough scrutiny." (4.56) "There is no scrutiny forward plan." (4.56)

c. **Service Reform**

The transformation programme embarked on by the Authority in 2019, which was necessary to modernise service delivery, was executed poorly and has resulted in an Authority operating at a sub-optimal level as essential components necessary for effective service delivery are not present, and some services showing clear signs of failure: "The new structure has approximately 300 agency staff, many in critical areas such as social work and environment and approximately 300 substantive vacancies (4.11); "A phone system was not funded and there was no adequate digital solution in place" (4.12); "The Wifi and in some cases, phone signal, do not work effectively in the new council HQ; children's social workers have been unable to work from the new building for many months". "Whilst SBC are aware of most, if not all issues facing its Council Tax and Business Rates services, there is a considerable lack of resource, accountability and ownership required to address these issues. Resource issues are not limited to revenues services but include other internal departments such as IT or Logistics that revenues services are heavily reliant upon and who should be held more accountable for key activities and ensuring appropriate service delivery." (7.17)

7. In light of the conclusions and evidence in the Report and the finance review the Secretary of State is minded to implement an intervention package with a particular focus on the above areas to address the circumstances of the Authority.

Overall purpose and approach

8. The Secretary of State's proposals reflect the main findings of the Report: that there have been "years of inadequate corporate governance and action" and

"sustained and systematic failure across some functional processes, governance and certain services".

9. The Secretary of State's proposals for intervention are designed to make sure that the Authority has made sufficient improvement within the next three years to be able to comply with its best value duty on a sustainable basis. The Secretary of State is mindful of the scale of the financial challenge facing the Authority and considers it likely that financial sustainability will not be possible without more fundamental changes.

Commissioners

10. The proposed intervention package accordingly involves putting in place Commissioners who between them will have experience to work closely with the Authority on the functions within scope of the Report's recommendations. The Secretary of State will also seek advice from the Commissioners to help determine whether financial sustainability is possible or if more fundamental changes will need to be considered.

11. The Secretary of State does not propose a wholesale transfer of functions at this stage. Nevertheless, he does propose that some functions, reflecting the failings outlined above, should be transferred to the Commissioners. Where functions have been transferred, the Secretary of State proposes that the Commissioners will act jointly or severally and that the Authority is to provide the Commissioners with such assistance and information, including any views of the Authority's Members on the matter in question as the Commissioners may request. It is envisaged that, in exercising any function, the Commissioners will have regard to any views of the Authority's Members and Officers arrived at through their normal processes of consideration. In particular, the Secretary of State is mindful that the Interim Section 151 Officer and his team have taken considerable steps to improve the finance functions and envisages that the Commissioners would be building on the work they have started.

12. The Secretary of State is also mindful of the arrangements that are already in place in relation to the Authority's children's social care functions, and the Children's Services Commissioner whom the Education Secretary has appointed to oversee improvements in the delivery of children's social care functions and to work with Slough Children First, the Children's Trust that transferred into the ownership of the Authority in April 2021. The Secretary of State intends the Commissioners to work as a team to oversee and support the Authority.

13. The Secretary of State proposes that his Directions to the Authority should be in place for an initial period of 3 years. If the Secretary of State considers at any time that it would be appropriate to change the Directions or withdraw them, then he will do so. His concern will be to make sure that the Directions operate for as long,

but only as long, and only in the form, as he considers they should operate in order to secure stability for the Authority.

Functions to be exercised by the Commissioners

14. For the reasons set out above, the Secretary of State considers that the proposed intervention includes the transfer to the Commissioners of the following functions:

a. All functions associated with the governance and scrutiny of strategic decision making by the Authority;

b. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:

i. providing advice and challenge to the Authority on the preparation and implementation of a detailed plan to close its short and long-term budget gap in response to the section 114 notice;

ii. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, limiting future borrowing and capital spending;

iii. scrutiny of all in-year amendments to annual budgets;

iv. the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty; and

v. providing advice and challenge to the Authority on the preparation of an outline asset disposal plan.

c. All functions associated with the oversight of collection of revenues (council tax and business rates) and the distribution of benefits (housing benefit and council tax support) by the Authority; and

d. All non-executive functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers. For this purpose –

i. "statutory officer" means any of: the head of paid service designated under section 4(1) of the Local Government and Housing Act 1989; the chief financial officer designated as having responsibility for the administration of the Authority's financial affairs under section 151 of the Local Government Act 1972; the monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989; and the scrutiny officer designated under section 9FB of the Local Government Act 2000 (and the expressions "statutory officer" and "statutory office" are to be construed accordingly); and

ii. for the avoidance of doubt, the following are included: the functions of (a) designating a person as a statutory officer and removing a person from a statutory office; (b) the functions under section 112 of the Local Government Act 1972 of (a) appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and (b) dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.

Directions to the Authority

15. The proposed Directions also set out actions which the Authority must undertake in order to effect the changes which are needed as well as supporting and facilitating the work of the Commissioners.

a. Within three months from the date of these Directions undertake an assessment of the **functional capability** of all service areas identifying the gaps in capacity and capability, and within six months from the date of these Directions prepare and agree action plans to the satisfaction of the Commissioners.

b. To undertake in the exercise of **any of its functions** any action that the Commissioners may reasonably require to avoid so far as practicable incidents of poor governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.

c. Within three months from the date of these Directions prepare and agree an **Improvement Plan** to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with, resource allocated accordingly, and as a minimum, the following components:

   i. An action plan to deliver **financial sustainability** and to close the long-term budget gap.

   ii. An action plan to achieve improvements in relation to the proper functioning of **democratic services**, to include rapid training for council officers, a revised term of reference for the Audit and Corporate Governance Committee, and the agreement of an Annual Governance Statement for 2020-21.

iii. An action plan to achieve improvements in relation to the proper functioning of the **scrutiny** function, to include a review of the Council strategic risk register to make it fit for purpose.

iv. An action plan to achieve improvements in relation to the proper functioning of **internal audit**, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice.

v. An action plan to achieve improvements in relation to the proper functioning of the **procurement and contract management function**, which includes an independent review.

vi. An action plan to achieve improvements in relation to the proper functioning of the Authority's **IT**.

vii. A suitable **officer structure** and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer term contract status of interim position.

d. During the Direction Period report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals, or at such intervals as the Commissioners may direct, and adopt any recommendations of the Commissioners with respect to the Improvement Plan and its implementation.

e. Within six months devise and then implement a programme of cultural change to rebuild trust between officers and members, to the satisfaction of the Commissioners. This should make sure both Members and Officers understand the scale of the challenge and their respective roles in driving improvement and the way in which the Authority and its activities are regulated and governed and the way in which this is monitored, and breaches rectified.

f. Following the review of Council companies within six months consider the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First through which the Authority delivers functions under Direction, and therefore is outside the scope of this work). For those companies that it is agreed to continue, make sure that the Directors appointed by the Authority are appropriately skilled in either technical or company governance matters to make sure each Board functions effectively under the terms of an explicit shareholder agreement and a nominated shareholder representative. For those companies which it is determined not to continue with in this form, to establish a plan to internalise, close or sell as appropriate.

g. Within six months take steps to enable better and evidence-based decision making, including enhancing the data and insight functions to enable better evidence-based decision making.

h. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:

   i. to any premises of the Authority;

   ii. to any document relating to the Authority: and

   iii. to any employee or member of the Authority.

i. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;

j. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;

k. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request; and

l. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of this Direction

Duration of intervention

16. The Secretary of State proposes that the Commissioners will be in place for an initial period of three years, only be extended if the Authority fails to make satisfactory progress in implementing and embedding the changes necessary to deliver Best Value in its governance and operations.

Appendix B : Commissioner's Instruction 1

Slough Borough Council Best Value Commissioners

Letter to Steven Mair S151 Officer SBC

Commissioner's Instruction no 1

Dear Steve,

Instruction under powers provided by the Best Value Directions

As you know, the current Directions imposed on Slough Borough Council contain provisions to enable Commissioners to intervene in matters relating to the approved budget.

Commissioners are aware that there are corporate budgets which now provide more resources than was anticipated when the budget was set. I am writing to require that no action is taken to allocate any of these unplanned additional resources to services unless specifically agreed by Commissioners.

It may be that towards the year end it would be appropriate to use this money to offset increases in energy costs which are running far above predicted levels and potentially to offset national pay awards that are agreed above provision but only to the extent that it supports increased payments to permanent directly employed staff in post and not temporary, agency or contract staff.

Commissioners remain concerned that the council, at service level, is forecasting overspends in year with no sign of mitigating savings being created and that the forecast budget gap for next year is not covered by deliverable proposals. Acceleration in the delivery of capital receipts is not a tool to close this gap as this needs to be used to reduce the overall time and amount that Slough requires government support, and this also does nothing to reduce the base expenditure requirements to affordable levels.

This Instruction will be published on the SBC Commissioners web pages, and you may also want to report it to Cabinet.

Commissioners will keep this matter under review and will update this Instruction as appropriate.

Yours sincerely

Max Caller CBE
Lead Commissioner

Margaret Lee

Margaret Lee FCPFA
Finance Commissioner

Max Caller CBE
Lead Commissioner
Slough Borough Council

Margaret Lee FCPFA
Finance Commissioner
Slough Borough Council

Observatory House
25 Windsor Road, Slough,
Berkshire SL1 2EL
Email: commissioners@slough.gov.uk

Appendix C: Asset Sales

Asset Disposals Programme - 2022/23

Property	Completion Date	Acquisition Price	Net Book Value 31st March 2022	Capital Receipt	Costs of Disposal	Profit / (loss) on disposal
21 Roydsdale Way Euroway Bradford	15-Nov	12,746,000	13,518,700	14,476,630	49,896	908,034
Akzo Nobel (Unconditional Sale)	24-Nov	40,900,000	23,856,000	143,737,616	99,192	119,782,425
Odeon, Churchill Way West, Basingstoke	25-Nov	8,480,000	3,940,600	3,565,133	19,880	-395,347
Wickes Wolverhampton	9-Dec	6,959,000	7,150,200	6,774,612	18,540	-394,128
Lavender Farm	15-Dec	N/A	6,325,000	1,775,000	20,871	-7,986,371
129 Stoke Road, Gosport, Hampshire	16-Dec	3,710,000	2,884,700	1,889,041	35,406	-1,031,064
SUR - North West Quadrant site (former Thames Valley University) P1	17-Mar	28,092,000	20,548,349	22,820,327	541,512	1,593,065
Totals		100,887,000	78,223,549	195,038,359	785,297	112,476,614

Appendix D – Detailed Capital Outturn

General Fund Capital Programme	Budget	Spend	Variance	c/f	Comment
Care Act: Social Care IT	0	8	8	0	
Learning Disability Change	7	0	(7)	0	Project completed
Ownership for people with l/t Disabilit	224	20	(204)	(204)	Carry Over £204k
Disabled Facilities Grant	1,594	1,322	(272)	(272)	Carry Over £272k
Adults TOTAL	**1,825**	**1,350**	**(475)**	**(476)**	
Primary Expansions	172	0	(172)	0	To address H&S issues with playground surface after completion of an expansion project. SBC considering how to proceed . Aim was to complete work this year but unable to start due to timing around school holidays. Required budget already included in 23/24 so no c/f rqd
Schools Modernisation Programme	900	587	(313)	(90)	Delay in annual programme of conditions work in Schools due to staff shortage in Highways, budget re-profiled to future years
SEN Resources Expansion	0	11	11	0	This is the final payment for works at Marish Primary School.
Special School Expansion	400	8	(392)	(10)	Carry Over £10k to complete works
Secondary Expansion Programme	150	7	(143)	0	This funding is for s278 highway works to support DfE expansion of the school. Works delayed by resource pressures in Highway team (already 2 years late). Budget has already been included in future needs, no requirement for carry forward.
Schools Devolved Capital	80	0	(80)	0	This has been charged direct to B7000 ZBAL A6110 so not required
323 High St/Haybrook	29	0	(29)	0	This spend is committed within lease provided to the school. It is hoped it won't be claimed given other investments being made by SBC at school's other sites. Project delayed til 23/24 - already included in future budget, no requirement for carry forward.
Children's Services TOTAL	**1,731**	**613**	**(1,118)**	**(100)**	
Loan to GRES-for Nova House remedial work	8,500	3,023	(5,477)	0	Final costs for Nova House for the cladding (delete reference to Nova House). Delay in project included in 23/24 budget (£1.6m). Funding will come from insurance repayments in 23/24.
Works following Stock Condition Survey	737	284	(453)	(247)	Carry Over £247k for: soundproofing Cippenham contact centre, Westpoint Allotments, Defects
Localities Strategy North (Britwell)	1,047	774	(273)	(273)	Budget required to pay outstanding balance of estimated final account for GP Hub at Britwell approved by ECP. Includes estimated cost to NHSE of £249,982 to be reimbursed to SBC. Through negotiation hopeful of reducing these sums. The retention held on agreed final account sum due for payment in 23/24 after completion of Defects Liability Period. Carry over £273k Kier
Localities Strategy Sth (Chalvey)					
Localities Strategy Cent (SMP)					
Thames Valley University Site	104	0	(104)	0	Ongoing security costs£36,680+ legal fees pending demolition, full amount committed as project spend; included in 23/4 - no c/f
Leisure Centre Farnham Road	100	0	(100)	0	Set aside for works to Centre to replace water supply, pushed to 23/24 due to delays with Thames Water. No need for slippage.
St Martins Place	20	19	(1)	0	
Urban Tree Challenge Fund	185	0	(185)	0	To be moved revenue-not a capital cost therefore no carry forward required.
CPO Reserve	391	66	(325)	0	Completing Dawes Moor and Elliman Ave and final costs to be confirmed. Budget included in 23/24 - no slippage required.
Housing, Property & Planning TOTAL	**11,084**	**4,167**	**(6,917)**	**(520)**	
Wheeled Bins & Containers	40	0	(40)	0	Included in 23/24 budget - no carry forward required.
Refuse fleet & Grounds Plant	582	468	(114)	(114)	Redesign of the DSO
LTP Implementation Plan	0	15	15	0	Reduce 23/24 budget to cover overspend
LED Upgrade	103	0	(103)	0	Budget included in 23/24 - no carry forward required.
Colnbrook By-pass	115	0	(115)	0	Budget included in 23/24 - no carry forward required.
Flood Defence (Sponge City)	1,000	223	(777)	(766)	With no contracts in place in 2021/2, spend of grant was limited (<£15k). Project delayed since Sept 21 due to difficulty in procuring project partners under Council procurement rules. Contract for technical consultancy (with Atkins) was not entered into til April 22. The Atkins contract & specific work with other partners in preparation of an OBC formed most spend in 2022/3. Total grant is £7,902k but funding is drawn down as spend occurs. Further claims to be made 2023/4
Zone 1 - Sutton Lane Gyratory	3,800	2,113	(1,687)	(868)	Carry forward £868k alligned with LEP business case.
Zone 2 - Foxborough (MRT)	980	0	(980)	0	Design work on cycle lane in this year Foxborough combined with (Zone 1) as it's MRT project and costs of cycleway also
Zone 3 - Park & Ride (MRT)	0	(85)	(85)	0	Budget / forecast reprofiled to nil. Currrently working on an alternative project as the Park & Ride is not going ahead
Zone 4 - Stoke Rd (Stoke Rd TVU jn)	2,500	2,424	(76)	(397)	Budget for Stoke Rd should have been £2.82m (actual grant value) which would have resulted in variance of £397k - this needs c/f
Zone 7 - Off Road Cycle Route	150	0	(150)	0	Completed budget not required
Burnham Station LEP	50	0	(50)	0	Completed budget not required
Langley High St Improvements LEP	2,809	1,671	(1,138)	(511)	To be completed end of December 2023
A4 Safer Roads	200	63	(137)	(137)	Carry forward required to complete works due to delayed start.
A4 Cycle	0	54	54		Overspend to be covered by 23/24 budget
Carbon Management - Public Sector Decarb. Scheme	619	587	(32)	0	The scheme was £1.076m project funded by grant from Salix (on behalf of BEIS) for heat decarbonisation measures e.g. solar panels, air source heat pumps & building insulation. Project originally planned for 6 sites, replacement 6th site was required asscope of works at this site was less than original site resulting in £131,067 underspend. Funding window closed June 2022, and terms of grant required the underspend to be returned. £900,867 was spent on project (excl underspend). As per contract with main contractor, a 5% retention has been kept back from payments to cover any defects that need remedying in the 12 months post completion. The £44,395 retention will become due in 2023/24
Development Old Library Site	185	0	832	0	Two potential costs retention and operator an amount of money 489k. Income from the hotel will be used to plug the gap in future years potentially in revenue.
A4000 General		545		0	outstanding monies due to Cycas are required as set out in c/f of £185k
Old Library Site (Resedential)		473		0	Costs to be funded by sale of Novus apartments
Bridge Capital Works	0	8	8	0	Overspend due to salary recharge in 21/22 not accounted for. Covered by DFT grant
Reading Archives - Extension	200	12	(188)	0	£188k has been slipped into 23/24 to complete works
Community Investment Fund Cabinet	0	25	25	0	DMA parks signage which was committed
Traffic Signals Maintenance	475	409	(66)	(66)	Project underway and works commissioned
Cemetery Extension	207	115	(92)	0	Further emergeny cost (ground caving in at graveyard) come to light so budget fully spent. Is included in 23/24 so no c/f
Transport & Highways Grant funded	0	1,367	1,367	0	Fully grant funded but grant received after budget had been set.
Place & Communities TOTAL	**14,015**	**10,487**	**-3,528**	**-2,859**	
IT Infrastucure Refresh	0	5	5	0	Library final kiosk costs
Finance & Commercial TOTAL	**0**	**5**	**5**	**0**	
GRAND TOTAL	**28,655**	**16,621**	**(12,034)**	**(3,955)**	

SLOUGH BOROUGH COUNCIL
HRA Fund Capital Expenditure
Tracker 2022/23

HRA Capital Programme	Revised Budget	Spend	Variance	Carry Forward	Comment
RMI Capital Programme					
Boiler Replacement and heating	447	378	(69)		Carry forward not required sufficient budget in 2023/24
Kitchen & Bathroom ReplacementReplacement	478	447	(31)	(31)	Kitchen and bathroom replacement programme 2022/23 ongoing and carry forward required for 2023/24
Electrical Systems	195	257	62		Overspend funded from P409 (Bolier replacement and heating project - above)
Garage & Environmental Improvements	1,085	560	(525)	(527)	De-designated improvements at Kennedy and Apsley. Stratfield Road security works. Clarendon Court securit upgrade. Brammas Close and Spackmans Way.
Capitalised Repairs	422	212	(210)	(210)	Provision for other issues which come from repairs/disrepairs
FRA & Asbestos Removal Works	1,884	1,711	(173)	(173)	Ongoing FRA works programmes
Major Aids & Adaptations	691	0	(691)		Carry forward not required sufficient budget in 2023/24
Decarbonisation Works	100	19	(81)	(81)	Carry forward required for 2023/24 to complete works
RMI Capital Programme	5,302	3,584	(1,718)	(1,022)	
Planned Maintenance Capital					
Windows and Door Replacement	181	173	(8)		Carry forward not required sufficient budget in 2023/24
Roof Replacement	796	660	(136)	(136)	Roof replacement at Kendal Close
Structural	115	6	(109)	(109)	Structural works from voids and repairs
Security & Controlled Entry Modernisation	766	769	3		Overspend funded from P433 (Capitalied Voids - below)
Capitalised voids	60	58	(2)		Underspend used to offset Security & Controlled Entry Modernisation - above
Planned Maintenance Capital	1,918	1,666	(252)	(245)	
Tower and Ashbourne	2,500	212	(2,288)		£800k allowed for Tower & Ashbourne in 2023/24 already built into budget, no carry forward required
Akzo Nobel	0	2,191	2,191		Overspend funded from capital receipt from sale of asset (143m)
RMI Remodelling and Investment	0	91	91		Overspend to be covered from P575 (Affordable Homes) see below
Affordable Homes	1,000	300	(700)		No carry forward allowed as no new Housing projects.
Total Affordable Homes	3,500	2,794	(706)	0	No carry forwards required as £800k budget built into 2023/24
HRA GRAND TOTAL	10,720	8,044	(2,676)	(1,267)	

This page is intentionally left blank

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 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	£7,759,622
Total	**£9,525,951**

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 Draft Outturn £'000	2023-24 Current Budget £'000	Projected Outturn £'000	Variance £'000	Potential Virements £'000	Adjusted Variance £'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 (S151)	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 brough 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	£7,759,622
Total	**£9,525,951**

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.

<u>Table 6: Virements from Contingency (Inflation)</u>

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			**3.27**	
Available			**5.15**	**after allowing for Adults grants**
Remaining Budget			**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

__Table 7: Virements from Contingency (General)__

Directorate	Identified Pressure	Approved Amount (£m)	Notes
Corporate	SCF Non Exec Director	0.023	Identified as a call on contingency in budget build papers
Corporate	Revs and Bens icloud system	0.131	Previously identified as a possible call on contingency when building 23/24 budget. Considered essential expenditure
Corporate	Insurance Premium increase	0.500	New pressure. Considered unavoidable. Is showing as an overspend on this year's budget
Corporate	Insurance imprest	0.350	New pressure. Considered unavoidable. Is showing as an overspend on this year's budget
Corporate	Bad Debt Allowance	0.500	In base budget but needs re-coding to avoid confusion
Strategy & Improvement	Annual cost of laptop refresh on cyclical basis	0.100	Previously identified as a possible call on contingency when building 23/24 budget. Considered essential expenditure
Total Bids		1.604	
Available		12.435	
Remaining		**10.831**	

9 FUNDING

9.1 At this stage it is considered prudent to forecast receipts from Council Tax and Business Rates to be on budget. The Capitalisation Direction has changed in the light of the in year position. The forecast overspend increases the Budget Gap from £31.6m to £36.9m, and also has implications for future financial years. The information below is only for indicative purposes and to ensure that the potential financial risks of the Council are understood, if the Council does not take action to address the current financial risks being highlighted.

9.2 In updating the Capitalisation Direction figures, the model shows what the implications are if the overspend is both permanent and not managed down. Mitigating actions are necessary to bring the overspend down, and the Capitalisation Direction and these actions must be on a sustainable basis.

__Table 8 : Funding__

Service Budgets	2022-23 Draft Outturn £'000	2023-24 Current Budget £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Potential Virements £'000	Adjusted Variance £'000
Financing							
Council Tax	(69,179)	(72,995)	(72,995)	0	0	0	0
Business Rates	(40,168)	(30,591)	(30,591)	0	0	0	0
Collection Fund Deficit	10,611	0	0	0	0	0	0
Revenue Support Grant	(6,451)	(7,302)	(7,302)	0	0	0	0
Other Government Grants	(4,291)	(914)	(914)	0	0	0	0
Total Financing	(109,478)	(111,802)	(111,802)	0	0	0	0
Capitalisation Direction	(58,256)	(31,575)	(36,870)	(5,294)	(11,561)	0	(8,430)
Total Funds	(167,734)	(143,378)	(148,672)	(5,294)	(11,561)	0	(8,430)
Total	0	0	0	0	0	0	0

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
Accomodation 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 £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Risks £'000	Opps £'000	Notes
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 underpend

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, Cemetaries 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

1 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 Accomodation 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.

2 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, S278 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.

3 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.

4 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.

5 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 £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Risks £'000	Opps £'000	Notes
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 toplit 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 Coprorate exercise; this will constrain the possible savings for that Corpoate 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 recriutment 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 unachieveable. The Forecast takes account of a contribution from corporate budgets of £0.231m to cover: the costs for the NED for SCF (£0.023k), £0.128kmto 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. Thre 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. Relevent 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 GRE5-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 Gyratory (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 ReplacementReplacement	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 Lighitng	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 consquence 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

This page is intentionally left blank

MEMBERS’ ATTENDANCE RECORD 2023/24
CORPORATE IMPROVEMENT SCRUTINY PANEL

	COUNCILLOR	27 June 2023	25 July 2023
1.	Manku (Chair)	P	P
2.	Shaik (Vice-Chair)	P	P
3.	Escott	AP	P
4.	Hulme	P	P
5.	Iftakhar	P	P
6.	Mann	P	P
7.	Matloob	P	P
8.	Mohindra	P	P
9.	O’Kelly	P	P
10.	Stedmond	P	P

P = Present for whole meeting
P* = Present for part of meeting
Ap = Apologies given
Ab = Absent, no apologies given

This page is intentionally left blank