

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

DATE: 16 September 2021

CONTACT OFFICER: Steven Mair, Section 151 Officer

WARD(S): ALL

PART I **FOR INFORMATION**

REVENUE AND CAPITAL BUDGET MONITORING REPORT – QUARTER 1 2021/22

1 Summary and Recommendations

- 1.1 This report is as at the 30th June. For members information since that date considerable work has been undertaken on verifying the 2021/22 budget position, developing options for 2022/23 and starting to address a wide range of other financial issues including the Dedicated Schools Grant, the annual accounts, company reviews, financial processes etc. which is shown in more detail in the financial action plan elsewhere on the Cabinet agenda and will be reported throughout the year
- 1.2. This report sets out the estimated forecast revenue position for 2021/22 for the General Fund, Housing Revenue Account (HRA), Dedicated Schools Grant (DSG) and the Capital Programme as at the end of June 2021.
- 1.3. The Council General Fund is currently forecasting a cumulative deficit of £111m as at 31/3/22 as per the S1134 notice. The £111m deficit includes an assumed 2021/22 in-year deficit of £6.9m. This is being continually refined and will change.
- 1.4. The current forecast for the in year per S114 position is a forecast overspend of £5.575m and thus the Council's position has improved by £1.325m.
- 1.5. The DSG is forecasting a cumulative deficit of £23.775mm as at 31/3/22, this forecast position has improved recently by circa £3m. This is subject to ongoing monitoring, verification and challenge
- 1.6. The financial implications of Covid-19 will continue to be monitored monthly and reported alongside any grant funding provided to mitigate the spend or lost income.
- 1.7. The forecast HRA position is currently breakeven as at Period 3, this has not yet been reviewed and will thus change.
- 1.8. The forecast Capital programme outturn for the General Fund as at the end of Period 3 is £122.358m.
- 1.9. The forecast Capital programme outturn for the HRA as at the end of Period 3 is £55.077m.

- 1.10. It should be noted that work is commencing on the collection fund with an anticipated completion date of 31 October, likewise work has recently commenced on the HRA. These two estimates thus require considerable work as will others as matters emerge
- 1.11. In addition given the level of staff turnover in the Finance Team and the organisation generally, combined with the lack of accounts for 2018/19, 2019/20 and 2020/21, issues continue to be identified and which will continue to emerge throughout this year.
- 1.12. There is therefore uncertainty in the current forecasts, and they are likely to move from the position summarised below.

Recommendation:

Committee Members are requested to comment on and note the current management position on the 2021/22 accounts:

- (a) The council's forecast cumulative deficit and improvement as at the end of June 2021/22 of £1.325m.
- (b) The forecast General Fund revenue position for 2021/22 as at the end of June 2021 is a £5.575m overspend;
- (c) The progress towards the 2021/22 savings programme;
- (d) The work being done by all parties across the Council to verify the savings identified in the 21/22 budget and action being taken to mitigate the budget gap in the current financial year by 30/9/21;
- (e) The current DSG cumulative deficit is £23.775m and in-year forecast as at the end of June 2021/22 is £4.885m deficit.
- (f) The current forecast spend on Transformation to deliver savings;
- (g) The Housing Revenue Account (HRA) is forecast to spend to budget for as at the end of June 2021.
- (h) Approve the capital budgets carry forward from 2020/21
- (i) Note that the current capital programme is unaffordable, and a number of schemes are being reviewed to determine whether they can be stopped or their scope reduced.
- (j) Note that funding assumptions in some schemes that had been included in the capital programme as funded from capital receipts have been updated.
- (k) Note the forecast capital spend for 2021/22, pending review of the programme.
- (l) Note that the capital schemes that have been missed in the 2021/22 budget process will be passed to Council for approval in November 2021.
- (m) Note that a number of capital schemes in the programme have already commenced without business cases coming to Cabinet for approval. These

will come to future Cabinet meetings for retrospective decisions as financial governance is improved

2 The Forecast Position 2021/22

Context

- 3.1 Recent work undertaken by the new finance team has resulted in the S114 identifying issues such as the council's Minimum Revenue Provision (the principal repayment on council loans), capitalisation of revenue costs in IT and Property Services, understated insurance provision by way of example.
- 3.2 Further work continues and has indicated that the original notice will not be sufficient to cover the emerging issues. The estimated level of general reserves the Council has at 31 March 2021 is essentially nil. The Council is having further engagement with MHCLG about submitting a Capitalisation Direction.
- 3.3 The Council approved the 2021/22 Budget in March 2021, including a Savings Programme for this year of £15.6m.
- 3.4 Covid-19 is an ongoing issue and a £6.4m contingency was built into the budget to cover any additional expenditure or loss of income as a result of ongoing lockdown measures. It is assumed in the budget that this will be compensated for by the Government with Covid grants.
- 3.5 The financial impact of Covid-19 will continue to be monitored closely throughout the year.
- 3.6 The finance service has an extensive improvement plan which was included in the response to the S114 Notice issued on 2 July 2021. Some of the key points for the 2021/22 budget are listed below:
 - introduce rigorous spend control measures, already implemented and which will operate until at least 31/3/22;
 - verify the savings identified in the 21/22 budget, officers to draft by 30/9/21;
 - review the Housing Revenue Account – October 2021;
 - review the Capital Programme, so that it ultimately covers 5 years and likewise everything in it is supported by robust business cases and dependence on external borrowing is reduced, officers to draft initial work by 31/10/21. This will be an improved programme, but work will need to continue beyond this date to secure a fully rigorous and proper programme;
 - review the management of the Dedicated Schools Grant to get the annual overspends into balance by 2024/25;
 - introduce a solid and consistent approach to business cases to support the evaluation of projects and programmes, to ensure they are aligned with the Council's priorities, supported by the senior leadership, stakeholders are engaged, and all options are considered – already begun and ongoing.

General Fund

3.7 The forecast General Fund revenue position as at the end of June 2021 is a £5.575m overspend as set out in the following table.

Table 1. General Fund Revenue Forecast 2021/22

| Directorate | Budget £'000 | Forecast Year- End Position £'000 | Full Year Variance £'000 | Month 2 Variance £'000 | Change (since month 2) £'000 |
|---------------------------------------|------------------|---|-----------------------------------|------------------------------|--|
| People (ADULT) | 46,023 | 48,653 | 2,630 | 3,345 | (715) |
| People (CHILDREN) excl. (SCST) | 12,008 | 12,881 | 872 | 1,305 | (433) |
| Children's Services Trust Contract | 30,342 | 31,179 | 837 | 572 | 265 |
| Place | 6,851 | 9,364 | 2,513 | 1,849 | 664 |
| Customer & Communities | 7,141 | 6,948 | (193) | 1,093 | (1,286) |
| Finance & Resources | 1,053 | 903 | (150) | (150) | 0 |
| Corporate Operations | 12,904 | 13,392 | 488 | 315 | 173 |
| Strategy & Improvement | 1,591 | 1,591 | (0) | 0 | (0) |
| Service Total | 117,913 | 124,911 | 6,998 | 8,329 | (1,331) |
| Treasury Management | 2,736 | 2,736 | 0 | 0 | 0 |
| Parish Precepts | 185 | 185 | 0 | 0 | 0 |
| Pension Deficit | 4,264 | 4,264 | 0 | 0 | 0 |
| COVID Contingency | 6,400 | 6,400 | 0 | 0 | 0 |
| Other Corporate Budgets | 2,262 | 2,885 | 623 | 623 | 0 |
| Contribution to Reserves | 2,046 | 0 | (2,046) | (2,046) | 0 |
| Non-Service Total | 17,893 | 16,470 | (1,423) | (1,423) | 0 |
| Expenditure Total | 135,806 | 141,381 | 5,575 | 6,906 | (1,331) |
| Council Tax | (61,032) | (61,032) | 0 | 0 | 0 |
| Business Rates – Local Share | (33,531) | (33,531) | 0 | 0 | 0 |
| Collection Fund Deficit | 7,815 | 7,815 | 0 | 0 | 0 |
| Revenue Support Grant | (6,257) | (6,257) | 0 | 0 | 0 |
| COVID Grant | (6,375) | (6,375) | 0 | 0 | 0 |
| Other Grants | (24,225) | (24,225) | 0 | 0 | 0 |
| Funding Total | (123,606) | (123,606) | 0 | 0 | 0 |
| Capitalisation Direction | (12,200) | (12,200) | 0 | | |
| Total | (0) | 5,575 | 5,575 | 6,906 | (1,331) |

People Adults

3.8 The People Adults directorate has a budget for 2021/22 of £46.023m and as at the end of June 2021 the directorate is reporting a £2.630m overspend, an improvement of £0.715m from last month.

3.9 The improvement of (£0.715m) is mainly due to release of further cash savings from the ASC Transformation programme of (£0.711m) and (£1m) additional funding from the Better Care Fund, which is offset by increased staffing and placement costs in L&D and Mental health £0.996m.

- 3.10 The directorate has an in-year savings target of £3.387m in order to remain within the allocated budget. The Adult Social Care Transformation programme is planning to deliver £1.942m of the £3.837m 2021/22 savings target. The work streams to deliver these savings are reporting good progress as they begin to realise actual savings profiled to deliver in the latter part of this year.
- 3.11 High priority work is currently underway to identify further savings to deliver against the People (Adults) share of the cross-cutting and Our Futures savings approved in the Council's March 2021 budget report of £1.895m, which will be reported in future monitoring reports.

People Children

- 3.12 The People Children directorate has a budget for 2021/22 of £42.350m, and as at the end of June 2021, the directorate is reporting a £1.709m over spend, an adverse movement of £0.168m.
- 3.13 The budget pressure of £0.168m is directly attributable to an increase in agency spend for Slough Children First (Company) from ongoing challenges in recruitment to permanent staff and legal cost of adoption, offset by in-year savings from vacancies and re-profiling of savings with the directorate.
- 3.14 The directorate has an in-year savings target of £0.150m, in order to remain within the allocated budget. The savings include those to be delivered by Slough Children First, the Council's wholly owned company, which provides children's social care services.
- 3.15 The directorate has also identified in-year budget pressures of £1.238m. The key issues contributing to this overspend are:
- £0.837m for the Children's Company (Slough Children First) due to the cost of the Innovate teams and increased agency costs due to ongoing challenges with recruitment of permanent staff
 - Music Services £0.149m staffing budget gap from the Our Future restructure; service is 100% grant funded
 - Capita Contract cost historic budget gap of £0.108m
 - £0.471m due to unachieved savings from 2019/20, but projects are now progressing to realise the savings this year.
 - £0.076m – Home to school £0.029m and £0.047m additional cost incurred due to Agency staff filling vacant posts
 - Unachievable income target from 2019/20 in COMMS & Partnership team
- 3.16 Work is on-going on a number of proposals to mitigate the current budget gap of £1.709m across children's services (£0.872m) which includes Slough Children First (£0.837m).
- 3.17 One proposal focuses on the re-designation and repurposing of five of the network of 10 children's centres enabling private, voluntary and independent sector providers to deliver statutory funded early education from these purpose built centres. The savings

require community consultation and approval from stakeholders including core purpose delivery partners (enshrined in legislation, sections 1-5 of the Childcare Act 2006) the Cabinet and Ministerial approval from the DfE.

Place

- 3.18 The Place directorate has a budget is £6.851m, and as at the end of June 2021 the directorate is forecasting an over spend of £2.513m, an adverse movement of £0.664m from last month.
- 3.19 The adverse movement in forecast is mainly due the impact of a potential 50% reduction in the Council's current capital programme assessed to result in an in-year loss of revenue income of circa £2.005m plus additional cost in Bus Lane enforcement.
- 3.20 Achievement of the budget is dependent on the Place directorate realising the base savings target and managing in-year pressures that arise. Where base savings cannot be achieved for whatever reason, it is understood by the service managers that these must be compensated by delivering alternative savings within the agreed budget envelope.
- 3.21 The service budget includes an in-year savings target £7,048k, of which the service is forecasting £6,135k will be achievable, and £913k currently unachievable. A line by line review of the Place directorate budget is underway to identify further savings to mitigate the remaining savings gap and will be reported in the next period.
- 3.22 The current in year forecast of £2.513m overspend is after applying £1.452m of mitigations identified by the service to reduce the over spends.
- 3.23 The main contributing factors to the overspend within the directorate are:
- DSO overspend of £0.392m mainly due to salaries being under budgeted from the Our Futures restructure
 - Rechargeable work income £0.305m – this should have been the digitisation of billboards tender to generate Slough Borough Council income but delayed due to COVID (this was the pressure in 20.21)
 - Energy costs £0.150m – over the last 2 years there has been a regular overspend. The contract incorrectly gave Slough Borough Council a lower price in previous years but now there is a continual pressure.
 - Historically on-going budget pressure of £0.200m due to increased target income which has never been achieved re Economic Development Team, included in 2021/22 base budget.
 - Capital programme recharge of £2.005m - due the impact of the proposed 50% reduction in the Council's current capital programme assessed to result in an in-year loss of revenue income of circa £2.005m
 - £0.913m relating to unachieved savings

Customer and Communities

- 3.24 The Customer & Community directorate has a budget for 2021/22 of £7.141m and as at the end of June 2021 is forecasting an under spend of (£0.193m), a favourable movement of £1.286m from month 2 forecast.
- 3.25 The movement is largely attributable to success in recovering circa 75% of income from MHCLG via the income loss scheme and recompense for provision of additional COVID related resource.
- 3.26 The specific income loss / additional cost of resource is £2.211m and is detailed as follows:
- Customer Service- increased headcount and increased telephony cost – £0.292m
 - Revenue and Benefits – Court costs recovery - £0.695m
 - Localities and Neighbourhoods – Everyone Active Leisure Services Contract (Management fee to be paid by EA and/or by MHCLG income loss scheme) - £0.931m
 - Accommodation – Units of Temporary Accommodation required has increased from 352 to 424 due to a range of factors including lifting of the ban on evictions - £0.293m

Finance

- 3.27 Finance is forecasting year-end positions of £0.150m underspend. This is mainly due to vacancies within both the Finance and Commercial teams. No change from last month.

Corporate Operations

- 3.28 Corporate Operations current budget is £12.904m and as at the end of June 2021 the directorate is forecasting an over spend of £0.488m; an adverse movement of £0.173m from last months forecast overspend of £0.315m.
- 3.29 The adverse movement in forecast is attributable to Unachievable income targets for Observatory House and Chalvey Community Centre.
- 3.30 The over spend in period 3 is mainly due to Building Management £0.594m, increased casework, complaints and Freedom of Information requests £0.327m, Employee Relations and Policy £0.081m. This is partially offset by an under spend in Business Support.

Strategy and Improvement

- 3.31 The Strategy and Improvement directorate is staffing costs and is forecasting on budget as at the end of period 3.

4 Savings Programme

- 4.1 The Council's original 2021/22 budget is dependent on delivery of the budgeted savings of £15.6m that was agreed as part of setting the budget in March 2021.
- 4.2 The forecast financial impact of the Savings Programme has been included in the forecast positions for the directorates above.
- 4.3 The table below summarises the forecast savings delivery for 2021/22 that shows the current savings forecast along with the emerging pressures as at the end of June 2021 to give the directorate budget gap:

Table 2. Savings Programme 2021/22

| Directorate | Total Savings £'000 | Total Savings at Risk £'000 | Emerging pressures 2021/22 £'000 | New savings 2021/22 £'000 | Revised Budget Gap 2021/22 £'000 | % of Savings at Risk |
|------------------------------------|------------------------|-----------------------------------|---|------------------------------------|--|----------------------------|
| Corporate Operations | 1,438 | 0 | 488 | 0 | 488 | 0% |
| Customer & Community | 2,609 | 292 | 1,653 | (2,138) | (193) | 11% |
| People (Adults) | 3,837 | 3,100 | 0 | (470) | 2,630 | 81% |
| People (Children) | 150 | 471 | 1,238 | 0 | 1,709 | 314% |
| Place | 7,048 | 913 | 3,052 | (1,452) | 2,513 | 13% |
| Strategy & Improvement | (233) | 0 | 0 | 0 | 0 | 0% |
| Finance & Commercial | 727 | 0 | 0 | (150) | (150) | 0% |
| Council-Wide | 0 | 0 | 1,243 | 0 | 1,243 | 0% |
| Total Savings Programme | 15,576 | 4,776 | 7,674 | (4,210) | 8,240 | 31% |

5 Flexible Capital Receipts Strategy (Transformation Fund)

- 5.1 With effect from 1st April 2016, the Secretary of State under section 15(1) (a) of the Local Government Act 2003, allowed Local Authorities to use Capital Receipts to fund revenue expenditure. This expenditure must be spent on projects which generate ongoing savings or reduce demand for services. In the Local Government Finance Settlement 2021/22 this directive was extended for a further three years to 2024/25.
- 5.2 The Council has made use of this flexible use of capital receipts to fund transformation change costs to deliver ongoing savings.
- 5.3 Full details of the Transformation Fund are set out in Appendix C which outlines the proposed spend on a scheme-by-scheme basis. The table below summarises the use of the Transformation Fund for 2021/22.

Table 3. Transformation Fund 2021/22

| | Budget £'000 | Forecast £'000 | Variance £'000 |
|--|-----------------|-------------------|-------------------|
| Our Futures | 3,234 | 2,935 | (299) |
| Financial Excellence | 1,170 | 1,170 | 0 |
| Integrating Public Services and Transforming Service Delivery | 147 | 2,072 | 1,925 |
| Contingency | 500 | 500 | 0 |
| Total | 5,051 | 6,677 | 1,626 |

5.4 The variance of £1.925m relates to a contractual commitment for services provided in previous years that was not included in the 2021/22 transformation programme. This will be included in the next update of the budget.

6 Dedicated Schools Grant

6.1 The Dedicated Schools Grant (DSG) in-year forecast deficit as at the end of June 2021 is a £4.885m, a favourable variance of £2.6m from previous month.

6.2 The favourable movement is mainly due to a reduction in Out of Borough placement costs and in the costs for Independent Special and maintained Special School.

6.3 The Dedicated School Grant has been carrying a deficit for a number of years due to overspend on the High Needs Block. It is estimated that the deficit is forecast to rise to £23.775m by 31 March 2022.

6.4 The current projection is in line with management action plan which was presented to DfE on 26th July and summaries in table 4 below.

Table 4: Dedicated Schools Grant

| BLOCKS | Budget £'000 | Forecast Position £'000 | Full Year Variance £'000 | Previous month's Variance £'000 | Change £'000 | Cumulative surplus/ deficit £'000 |
|-----------------------------------|-----------------|-------------------------------|-----------------------------------|--|-----------------|--|
| Schools block | 37,174 | 37,174 | 0 | (100) | 100 | 72 |
| Central Schools Services block | 808 | 808 | 0 | 0 | 0 | (833) |
| Early Years block | 15,230 | 15,230 | 0 | 0 | 0 | (29) |
| High Needs block | 20,017 | 24,902 | 4,885 | 7,400 | (2,515) | 24,565 |
| Total | 73,229 | 78,114 | 4,885 | 7,300 | (2,415) | 23,775 |

Schools block

6.5 School Block is on target and showing nil variance.

Central Schools Services block

6.6 CSSB block is showing nil variance.

Early Years block

6.7 The current position is showing that this service will be on target. This is a demand funded service with providers claiming funding for actual hours of provision at the hourly rate set by the authority for that particular financial year. The Early Years Block will be confirmed in July/August based on January Census; the Council is currently awaiting this information from DfE.

High Needs block

6.8 The projected outturn for the DSG High Needs Block in 2021/22 shows an in-year overspend of £4.8m. The overall DSG deficit carried over from previous years is £19.680m, which would result in a total deficit at the end of 2021/22 of £24.565m.

7 Housing Revenue Account (HRA)

- 7.1 The HRA services original budget 2021/22 is expenditure of £36.461m and income of (£36.960m), to give a net surplus of (£0.499m).
- 7.2 The HRA service is forecast to break even, with forecast expenditure of £37.653m against income of (£37.653m). The forecast increase in expenditure £1.192m is mainly due to a technical adjustment to the Depreciation and funding of Capital Projects budget line (HRA revenue contribution to funding of HRA capital programme), shown in table 2 below, to reflect the additional forecast additional housing rental income of (£0.693m) due to better than expected actual rental income performance and the addition of HRA budgeted of (£0.449m) instead of being transferred to HRA general reserves as planned.
- 7.3 The transfer of the budgeted surplus to the HRA general reserves is not required as the HRA has a provisional general reserves balance brought forward at the beginning of the current financial year.
- 7.4 The HRA is a statutory account and any balances at the end of the year must be carried forward within this account to the next year. The HRA general reserves balance is a provisional balance of £17.227m at the beginning of this financial year and is forecast to be the same as at end of the current financial year.
- 7.5 The latest overall position is summarised in the Table 5 and the detail is shown in appendix D.

Table 5. Housing Revenue Account Forecast 2021/22

| Service | Budget £'000 | Forecast Year - End Position £'000 | Full Year Variance £'000 | Month 2 Variance £'000 | Change (since month 2) £'000 |
|------------------------------|-----------------|--|-----------------------------------|------------------------------|--|
| HRA Expenditure | 36,461 | 37,653 | 1,192 | 0 | 1,192 |
| HRA Income | (36,960) | (37,653) | (693) | 0 | (693) |
| | | | | | |
| HRA Surplus/(Deficit) | (499) | 0 | 499 | | 499 |
| | | | | | |
| Transfer to HRA Reserves | 499 | | (499) | | (499) |
| Total | 0 | 0 | 0 | 0 | 0 |

- 7.6 The HRA 30-year business plan was not updated for the 2021/22 budget and needs to be reviewed. This work is scheduled to happen over the next 3 months and will impact the current reported variance in the table above.

8 Capital

- 8.1 The capital programme for 2021/22 to 2023/24 was approved by Council on the 8 March 2021. As reported in the s.114 report neither the capital strategy nor the

2021/22 budget report clearly set out the revenue implications of the cost of repaying the borrowing of this programme.

- 8.2 The report sets out these revenue implications, which are now unaffordable. Schemes are being reviewed to determine whether they can be stopped, or their scope reduced. A report will be produced for Members to approve these changes over the coming months.
- 8.3 The programme assumed capital receipts to fund the cost of some schemes which had not been identified through due process and therefore been improperly included as such. To correct the position, this unplanned use of capital receipts has been removed. The only planned use of capital receipts now included in the programme is for transformation expenditure which must be funded from capital receipts and the cost of the capitalisation directive. Additional capital receipts will be used to fund the increase in the capitalisation direction that will be requested to balance prior and future years budgets.
- 8.4 The slippage in spend in 2020/21 reported to 26 July 2021 Cabinet has been added to the capital programme, subject to Cabinet approval.
- 8.5 Schemes that overspent in 2020/21 but have now been completed, reported to Cabinet on 26 July 2021 totalling £17.526m have not been c/fwd. These are set out in Appendix E. This amount mainly relates to two schemes. The Moxy hotel development which overspent by £12.827m and the Herschel Street car park refurbishment which overspent by £3.799m. The remaining £0.855m relates to a number of smaller schemes. Improved monitoring of schemes will be put into place during this financial year, so Cabinet is given early warning of schemes over-spending in future.
- 8.6 The revised capital programme is summarised in the table below and in detail in Appendix F.

| Directorate | Approved budget 2021/22 | C/Fwd from 2020/21 | Revised budget 2021/22 | Approved budget 2022/23 | Approved budget 2023/24 | Total capital programme |
|--------------------------------|-------------------------|--------------------|------------------------|-------------------------|-------------------------|-------------------------|
| General Fund | £000s | £000s | £000s | £000s | £000s | £000s |
| People (Children) | 9,004 | 527 | 9,531 | 3,914 | 280 | 13,725 |
| People (Adults) | 7,013 | 886 | 7,899 | 6,000 | 1,844 | 15,743 |
| Customer and Community | 3,163 | (524) | 2,639 | 2,537 | 1,455 | 6,631 |
| Place | 58,008 | 14,847 | 72,855 | 16,406 | 4,682 | 93,943 |
| Corporate Operations | 6,000 | 5,438 | 11,438 | 5,000 | 5,000 | 21,438 |
| Finance & Resources | 17,251 | 745 | 17,996 | 0 | 0 | 17,996 |
| | 100,439 | 21,919 | 122,358 | 33,857 | 13,261 | 169,476 |
| Housing Revenue Account | | | | | | |
| Housing Revenue Account | 4,823 | 7,581 | 12,404 | 4,823 | 4,849 | 22,076 |
| Affordable Housing | 35,849 | 6,824 | 42,673 | 49,051 | 62,348 | 154,072 |
| | 40,672 | 14,405 | 55,077 | 53,874 | 67,197 | 176,148 |
| Total Expenditure | 141,111 | 36,324 | 177,435 | 87,731 | 80,458 | 345,624 |

| | | | | | | |
|----------------------------------|----------------|---------------|----------------|---------------|---------------|----------------|
| General Fund financed by: | | | | | | |
| Borrowing | 46,154 | 21,819 | 67,973 | 13,354 | 7,131 | 88,458 |
| Other | 54,285 | 0 | 54,285 | 20,503 | 6,130 | 80,918 |
| | 100,439 | 21,819 | 122,258 | 33,857 | 13,261 | 169,376 |
| HRA financed by: | | | | | | |
| Borrowing | 19,424 | 14,405 | 33,829 | 31,589 | 1,748 | 67,166 |
| Other | 21,248 | 0 | 21,248 | 22,285 | 65,449 | 108,982 |
| | 40,672 | 14,405 | 55,077 | 53,874 | 67,197 | 176,148 |

8.7 The ongoing revenue cost of financing the general fund element of this programme is £12.741m pa: comprising £10.815m minimum revenue provision; and £1.926m interest. This amount is unaffordable and as such schemes are being reviewed to determine whether it is necessary that they continue.

8.8 Project managers have been asked to identify options that would allow the capital programme to be reduced, so that the only schemes remaining will be those where there is either:

- A Contractual liability
- A Health and Safety obligation
- Fully financed from grant funding

Estimated Outturn 2021/22

8.9 Scheme managers have been asked to provide an update on estimated spend to year-end, where this has not been provided the approved budget has been assumed. These will be updated in future monitoring reports.

8.10 Variances by directorate are set out in the table overleaf and by scheme in Appendices G and H.

| | Revised budget 2021/22 | Expenditure P3 | Estimated Outturn | Variance |
|--------------------------------|------------------------|----------------|-------------------|----------|
| | £000s | £000s | £000s | £000s |
| People (Children) | 9,531 | 46 | 9,531 | 0 |
| People (Adults) | 7,899 | 381 | 7,899 | 0 |
| Customer and Community | 2,639 | 536 | 2,639 | 0 |
| Place | 72,855 | 2,183 | 72,855 | 0 |
| Corporate Operations | 11,438 | 513 | 11,438 | 0 |
| Finance & Resources | 17,996 | 0 | 17,996 | 0 |
| TOTAL | 122,358 | 3,659 | 122,358 | 0 |
| Housing Revenue Account | | | | |
| Housing Revenue Account | 12,404 | 1,087 | 12,404 | 0 |
| Affordable Housing | 42,673 | 350 | 42,673 | 0 |
| | 55,077 | 1,437 | 55,077 | 0 |
| Total Expenditure | 177,435 | 5,096 | 177,435 | 0 |

8.11 Included in the appendices are a number of schemes that have commenced where business cases have not yet been approved by Cabinet. The requirement for a Cabinet approval was a recommendation in the Capital Strategy approved at 8 March 2021 Council. An example of this is the IT infrastructure refresh which encompasses a number of capital projects. Executive Directors will be producing business cases for retrospective Cabinet approval in due course. In future business cases and option appraisals for schemes above £0.250m will be submitted to Cabinet for approval before the schemes commence.

Updated Capital Programme to November 2021 Council

8.12 A review is underway to identify schemes which may need to be added to the capital programme such as bridge capital works that were missed from the capital programme that was approved in March 2021 by Council.

8.13 The Capital Programme will also be updated to include loans to companies owned by the Council that have been omitted from the report to March 2021 Council. These are set out below:

| | £000 |
|---|-------|
| Loan to Slough Children First for Working Capital from 1 st September 2021 | 5,000 |

8.14 Additional loans to GRE5 for Nova House works and James Elliman Homes for 2021/22 – 2023/24 are currently in the capital programme but are wrongly described, referring to the expenditure. The descriptions have been updated in this report's appendices but for completeness will be reported to Council as a change.

| | £000 |
|---|--------|
| <ul style="list-style-type: none"> • Loan to GRE5 for work on fire safety measures at Nova House | 2,311 |
| <ul style="list-style-type: none"> • Loan to James Elliman Homes for property acquisitions | 13,324 |

9 Implications

9.1 Financial implications

The financial implications are contained within this report.

9.2 Legal implications

9.3 Risk management implications

Given the level of financial uncertainty, emerging issues and the level of financial resources available to the Council, there is clearly a risk that the current budget before the S114 issues will prove difficult to deliver. In addition to this work continues on issues beyond the current budget set by Council in March 2021 which will impact on the estimated capitalisation direction

In order to mitigate these risks further support will be sought from MHCLG and the Council will be taking on board the recommendations of the external auditors to address gaps in the finance service which will allow matters to be addressed.

9.4 Environmental implications

None

9.5 Equality implications

There no identified equality implications from this report. Equality impact assessments will be completed for new savings proposals.

10. Comments of other Committees

The report will be considered by Cabinet at its meeting on 20th September 2021.

11. Appendices

- 'A' General Fund Forecast
- 'B' Savings Programme
- 'C' Transformation Fund (Flexible Capital Receipts)
- 'D' Housing Revenue Account Forecast Position
- 'E' General Fund Approved Capital Programme adjusted for budget c/fwds 2020/21
- 'F' General Fund Capital overspends 2020/21 not c/fwd
- 'G' General Fund Capital Programme Monitor
- 'H' HRA Capital Programme Monitor

12. **Background Papers**

- Revenue Budget Report to Full Council - March 2021
- Capital Strategy to Full Council – March 2021
- S114 Notice to Full Council – July 2021