SLOUGH BOROUGH COUNCIL

REPORT TO:	**Cabinet**
DATE:	**26 February 2024**
SUBJECT:	**Budget Management Quarter 3**
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:	**NO**
EXEMPT:	**NO**
DECISION SUBJECT TO CALL IN:	**NO**
APPENDICES:	1 Adults Services 2 Children's Services 3 Regeneration, Housing & Environment 4 Strategy and Transformation 5 Finance & Commercial 6 Law & Governance, Public Health & Public Protection 7 Capital Projects detail, General Fund & HRA

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 third quarter, December 31st 2023.

Recommendations:

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

1. To authorise a virement from centrally held budgets to service directorates in respect of costs of the additional Employer contributions to the Local Government Pension Scheme, amounting to £0.7m.

2. To authorise a one-off virement from the Redundancy Reserve to Children's Services in respect of redundancies arising from the review of Children's Centres, amounting to £67k.

3. To authorise slippage of £25.8m in the General Fund capital programme to 2024/25,

Cabinet is recommended to **note** the following.

1. *The Council's forecast overspend at the end of Quarter 3 is £17.81m. Overall this represents a further increase from the £8.2m reported at the end of Quarter 2. The risk is therefore high that the Council will be unable to balance its budget within the Capitalisation Direction, unless it draws upon the Budget Smoothing Reserve, other reserves and provisions and continues to take action to reduce expenditure and increase income.*

2. *The accounting adjustments of £6.978m attributable to the Balance Sheet and ledger reviews, and that these would mitigate the headline forecast outturn, reducing it from £17.81m to £10.83m. At this stage, no virements are being recommended until the end of the financial year when further work is concluded. .*

3. *Service revenue budgets are forecast to overspend by £21.3m in 2023/24. There are Corporate overspends in respect of interest costs and receipts (£2.3m) and the MRP of £3.2m. This is balanced by an underspend on the Corporate Contingency budget (£7.7m) and a number of other variances within the Corporate budget amounting to £1.3m. Service and Corporate budgets combined are showing an overspend of £17.81m prior to the recommended virement of £6.98m.*

4. *Medium Term Financial Strategy Savings (MTFS) of £21.2m are expected to be delivered in 2023/24 against planned savings of £22.4m.*

5. *That the Capital programme is forecast to underspend in 2023/24 by £29.1m. Of this, £25.8m is due to delayed starts on various projects slippage and it is one of the recommendations of this report that approval is granted to slip this to 2024/25.*

Reasons for Recommendations

The Council's quarter 3 budget monitoring is indicating a significant worsening of the in-year overspends, with a lack of evidence of effective mitigations to ensure the 2023/24 budget will balance within the capitalisation direction. It remains challenging to present reliable financial information due to the impact of the delays in closure of previous years' accounts through poor record keeping and the accounting system not being fully utilised.

The figures in the report are the best that can be produced at this point in time. They show the outcome of some of this on-going work, in particular the movement of £5.04m between financial years, and the changing position in respect of the MRP. Cabinet is responsible for ensuring that the vision and objectives it is setting can be delivered within the Council's budget and policy framework and all lead members have a key responsibility in working with officers to identify options to mitigate budgetary pressures.

Commissioner Review

The Commissioners note the emerging position resulting from a combination of in year service pressures and balance sheet account verifications, with adjustments that could be negative or positive and potentially impacting on multiple financial years. The Council must maintain its focus on delivering service mitigations and improving balance sheet management.

These costs will need to be met by the Council with no additional exceptional financial support and the Council must ensure it keeps a level of contingencies and reserves to protect against the risk of further uncertainties or one-off unforeseen expenditure.

The use of financial reserves cannot solve a recurrent budget problem but allows for smoothing of impacts or allows the Council time to develop a sustainable strategy.

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 limits.

2.3 Virements approved by Cabinet following the Quarter 1 Budget Management report mean that the General Fund revenue budget is now £151.1m, which reflects a change in the accounting treatment of the Social Care Grant. The forecasts in this report are against those cash limited budgets.

2.4 The Quarter 3 forecast for 2023/24 have informed the Medium Term Financial Strategy (MTFS) in the context of the following:

- 2018/19 Accounts in the process of being signed off by the auditors, Grant Thornton shortly.
- 2019/20 Accounts prepared but not yet published for public inspection; the external audit is now delayed because nationally there is a review of audit backlogs across the country, and Grant Thornton are awaiting the outcome of that before starting any new audits

- 2020/21 Accounts partially prepared but yet to be fully completed.
- 2021/22 Accounts to be completed.
- 2022/23 Accounts to be completed.
- 2023/24 budget delivery/forecast.
- 2024/25 - 2028/29 MTFS with savings and growth proposals for 2024/25 is also on today's Cabinet agenda.

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 Quarter 3 forecast for 2023/24 is indicating that:

- Service budgets are forecast to overspend by £21.3m. This is a significant worsening (£5.7m) of the position from Quarter 2's forecast, which was £15.6m and is after £2.6m of expenditure related to 2022/23 has been moved back into last year. The worsening position includes increases in the reported overspend within Adults Services (£2.8m), Children's Services (£1.4m) and Regeneration, Housing and Environment (£1.2m).

- Corporate budgets are forecast to underspend by £5.4m, a £2.0m unfavourable movement from the Quarter 2 forecast, which had an underspend of £7.4m. There has been a significant unfavourable movement on Capital Financing Costs of £8.0m. Much of this (£7.7m) is in respect of the treatment of interest receipts and the unexpected part repayment of a loan from Council owned companies related to previous financial years. These were previously included in the 2023/24 forecast but are significant enough that they should be moved to previous financial years in line with proper accounting practice, but be matched by a proposed virement of income and expenditure from prior years that have been included in 2023/24. This will allow for much better comparisons and trend analysis by making these significant corrections across financial years.

- The position on Corporate Budgets is mitigated by a £0.5m favourable movement on the projected variance on the MRP. As was reported to Cabinet at its meeting December 18th, the position on the MRP has been significantly impacted by the correct appropriation of assets to the General Fund, or HRA, and this led to a worsening in the reported position in December of £5m. Since then finance have been working with specialist advisors, and are close to resolving the issues surrounding the sales, and impact on the MRP. This is near completion. At this stage it is prudent to allow for a reduction in the forecast of £0.5m, pending finalisation of that work. There has been some volatility with this figure and it had been hoped the reduction was greater. To mitigate the volatility it is requested that £1.935m is added to the movements that would see a draw-down from the Budget Smoothing reserve at the end of the financial year.

- There remains inconsistency between reporting that savings are being delivered and a significant forecast overspend. At this stage of the monitoring forecast is inevitably more robust than earlier in the year so this might suggest that the savings delivery statements are too optimistic, or that the delivery of savings is not feeding through to the forecasts. However, it should be noted that this is also possibly because existing pressures within the system had not been fully recognised previously. These are all issues that the Council has sought to address in the Medium Term Financial strategy in terms of dealing with existing pressures within the system. To live within our means in the future, continued focus on driving down the overspend in year is very important. In 2024/25 a quarterly review of savings progress will be led by the Lead Member for finance, and informed by the new Transformation team, thus providing an extra layer of robustness and independence to forecasts of savings delivery.

- Deep dive reviews per directorate at a line by line level have helped in reducing the increase in the forecast overspend, to the levels included in this report. Further urgent work, particularly in Housing and Adults Social care is underway to determine whether there are further mitigations that can be made. Delivery on these actions is also imperative to ensure that the Council learns to live within its means and to ensure that the budget can be delivered sustainably in the medium and longer term.

- The Housing Revenue Account (HRA) is forecasting a surplus of £0.8m.

- The Dedicated Schools Grant is forecasting a carry forward deficit of £11.0m at the end of year inclusive of Safety Valve funding.

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- The Capital Programme (General Fund) is showing an underspend of £29.1m against a budget of £40.3m, of which £25.8m is due to slippage on timescales where the budget will need to be rolled forward into next year, £1.2m is identified as savings against budget, but cannot be re-directed; and £1.9m of Department of Transport grant funded activities (covering routine maintenance including draining, traffic signals, streetlighting, and car park maintenance) have been reclassified as revenue, for both the expenditure and the income.

- The Capital Programme (HRA) has a minor overspend of £39k against a budget of £11.4m.

3 GENERAL FUND

3.1 There is a forecast overspend at the end of Quarter 3 of £17.8m. The approved budget for 2023/24 was balanced by a Capitalisation Direction of £31.6m. This requires the Council to sell assets and use £31.6m of the proceeds to bridge the gap between the Council's spending plans and its sources of funding. The Capitalisation Direction requirement for 23/24 was submitted to DLUHC in February.

3.2 The seriousness of the current financial situation cannot be overstated. A number of actions are underway to seek to reduce expenditure and increase income and have been for some time, but there remains uncertainty about their delivery and impact on the forecasts. Whilst the new Medium-term financial strategy looks to address underlying pressures in future years, all efforts need to be taken to bear down on the pressure in 2023/24. The Council would need to utilise any one-off funds such as reserves to manage the overspend but these are one-off and would therefore no longer be available to deal with any other risks that are identified.

3.3 The predominant theme with both the overspend in absolute terms, and its worsening, is in respect of demand levels in Adults Services and Homelessness. In both areas there are acknowledged concerns about the quality and timeliness of data held in prime systems and urgent work is underway that it is hoped will reduce the overspend but will not be able to deal with all of it.

3.4 The significant deterioration on previous forecasts is explained by 4 unfavourable variances:

- costs of Temporary Accommodation with a £2.5m increase in the overspend,
- in Adult Social Care where the overspend has increased from £9.0m in Quarter 2 to £11.8m this quarter, an unfavourable movement of £2.8m
- and in Children's Services where an underspend in Quarter 2 of £0.9m is now showing an overspend of £0.5m, an unfavourable movement of £1.4m.
- Variances arising from the balance sheet review, and ledger closures requiring adjustments to balances across financial years, which total £6.978m, and are discussed in other areas of the report.
- Each of these areas has specific actions being undertaken to address the movements with more detail in the service specific sections below.

Table 1 – General Fund Forecast (prior to use of £7m virement if approved)

Service Budgets	2023-24 Current Budget £'000	Projected Outturn £'000	Variance £'000	Previous Variance (Q2) £'000
Adults Services	28,419	40,253	11,834	9,044
Children's Services	8,996	9,520	524	(887)
Slough Children First	45,826	45,826	0	0
Public Health & Public Protection	1,304	890	(414)	(1,009)
Regeneration, Housing & Environment	16,555	24,111	7,556	6,403
Strategy and Transformation	12,454	12,856	402	380
Law and Governance	2,292	1,825	(467)	(74)
Finance & Commercial (S151)	5,783	7,608	1,825	1,793
Total Service Budgets	121,629	142,889	21,261	15,649
Corporate Budgets				
Other Corporate Budgets	12,874	3,857	(9,017)	(5,448)
Contribution from Reserves	(8,312)	(8,312)	0	0
Pension Deficit	5,014	5,014	0	0
Minimum Revenue Provision	13,393	16,621	3,228	3,734
Capital Financing	6,539	8,871	2,333	(5,696)
Total Corporate Budgets	29,507	26,051	(3,456)	(7,410)
Total Expenditure	151,136	168,940	17,805	8,239
Financing				
Council Tax	(72,995)	(72,995)	0	0
Business Rates	(30,591)	(30,591)	0	0
Collection Fund Deficit	0	0	0	0
Revenue Support Grant	(7,302)	(7,302)	0	0
Other Government Grants	(8,674)	(8,674)	0	0
Total Financing	(119,562)	(119,562)	0	0
Reserves Draw Down	0	(6,978)	(6,978)	0
Capitalisation Direction	(31,574)	(42,401)	(10,827)	(8,239)
Total Funds	(151,136)	(168,940)	(17,805)	(8,239)
Total	0	0	0	

NB prior period forecasts have been adjusted to reflect the Council restructure

3.5 Unrealised income targets are also of note in several areas, most notably within Adult Social Care, where Client Contributions are £1.7m below budget, and in Housing in respect of recharges to the HRA, also amounting to £1.7m.

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. These are funded from the Better Care Fund, and Hospital Discharge grant, however the costs exceed the funding available. Further drawdowns from external funding streams and reserves are continually being explored to mitigate the impact.

3.7 A shortfall in client contributions (of £1.0m) and in Locality Teams the cost of interims due to recruitment difficulties (£0.3m) contribute to the overspend. There is also a significant overspend (£1.5m), caused by both staffing and operational pressures, in respect of short-term services, which support Hospital Discharge. In addition,, following a detailed review of provider uplifts it was recognised that an additional pressure of £1.1m was required to meet historic contractual obligations.

3.8 The forecast position has been adjusted by £2.1m, moving expenditure incurred in the current financial year into the previous financial year. This has been done to be consistent with the decision to move interest and other money received this year in respect of previous years into the appropriate financial year (see para 3.17 as well as recommendations above).

3.9 There are a number of small overspends across Children's services; the significant overspend is with Inclusion (£0.3m). The Inclusion overspend is largely due to escalating staffing costs in SEND, made worse by a reliance on agency staff. Slough Children's First is forecasting to balance in line with the additional funding of £4.447m approved in September. The forecast position has been adjusted by £0.5m, moving expenditure incurred in the current financial year into the previous financial year. This has been done to be consistent with the decision to move interest and other money received this year in respect of previous years into the appropriate financial year (see para 3.17 as well as recommendations above)

3.10 Within Regeneration, Housing and Environment the most significant variation is within Housing. The overspend has risen in the last quarter by £2.5m from £4.7m to £7.2m. This is due to ongoing and growing pressures on the costs of Temporary Accommodation (TA). The forecast is the best estimate at this time, with further work being undertaken to stabilise the forecast. At the moment there are about 700 families in TA, and 80 new referrals each week, many of whom are large families requiring multiple emergency accommodation. The cost of individual placements is also increasing and exceeds the rents recovered via Housing Benefits at local housing allowance rates. Mitigating measures have been identified and are being put in place including new rent accounts, identifying and procuring cheaper accommodation, robust checking of invoices. In the longer term a review of the out of Borough placement policy, new private sector leasing and private rental sector incentive schemes and a reduced reliance on B&B and hotels will be put in place. It is expected that these will deliver benefits in the longer term but is not helping with in-year costs yet.

3.11 The other significant overspend is for the former Place Directorate management team, amounting to a net £1.9m. The variance is largely due to unachievable budgets for recharges of £2.1m, with other minor related budget adjustments. This has been partly mitigated in the Regeneration directorate by inheriting underspends from the former Place Directorate service areas of Transport and Highways (£0.6m) and Environmental Services (also £0.6m). Note that the overall position for the former Place directorate was a balanced forecast position, but the net impact on this Directorate is a pressure of £0.7m, with the corresponding underspends being disbursed amongst other directorates.

3.12 The most significant variance in Strategy and Transformation relates to an overspend within Customer Services based on additional staff being employed within the contact centre, which amounts to £0.3m, and an overspend within Strategy management (£0.3m) due to an unachievable saving for Support Services.

3.13 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 had assumed all senior positions will be replaced with permanent staff by December 2023, but a number of posts still have interims in them, and it is now forecast that current interims will remain in post until the end of the financial year. There is some mitigation in the form of an expected recharge to the HRA of £0.55m, which accounts for the reduced overspend compared to Quarter 2.

3.14 There are also pressures from Housing Benefit subsidy claims from the DWP, although these have reduced since previous reports from £0.75m to £0.5m. The overspend arises as the subsidy recovered is less than what is paid to residents, leaving a budget pressure of £0.50m. The decrease is a result of a combination of decreased error rates and an improvement in the collection of overpayments.

3.15 The new Public Health & Public Protection directorate is showing an underspend of £0.4m, which is inherited from the former Place directorate.

3.16 “Other Corporate Budgets” (principally Contingency) show an underspend of £9.0m. This is predominantly in respect of the unspent element of this budget, with it not having all been distributed to service directorates.

3.17 The Capital Financing budget line comprises budgets for Interest charges on short and long term, market and PWLB loans, and interest earned on investments. There is an unfavourable movement of £8.0m, giving rise to an overspend of £2.3m on this budget. Some £7.7m of this movement is in respect of monies received this year that were due in previous years. Of this, £5m is interest paid to the Council this year, due in previous years, on loans to Council owned companies; the remaining £2.7m is in respect of part repayment of one of the loans that had been impaired at the end of 2022/23 in the expectation that it would not be repaid.

3.18 Finally, in respect of Corporate Budgets, as alluded to in para 2.5 above, the Minimum Revenue Provision has, following issues surrounding the appropriations of asset sales between the General Fund and HRA, been subject to work with specialist advisors and is being recalculated. The work is nearly complete, and at this stage it is considered reasonable to reduce the forecast by £0.5m, with an expected overspend therefore of £3.3m, compared to the previously reported figure of £3.7m.

3.19 The summary for savings is shown in the next table

The table shows that Directorates are reporting that £8.4m of savings have been delivered at the end of Quarter 3, and that savings of £21.2m will be achieved by the end of the year. There are some risks of non-delivery, with a number of savings now considered undeliverable

Table 2 – MTFS Savings Delivery

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								
Adults Services	5,688	3,131	1,418	1,141	1,925	1,927	5,690	2
Public Health & Public Protection	46	0	20	26	0	0	46	0
Children's Services	805	480	115	0	0	105	700	-105
Slough Children First	0						0	0
Regeneration, Housing & Environment	4,128	2,767	836	250	275	275	4,128	0
Strategy & Transformation	2,099	984	1,115	0	0	0	2,099	0
Law and Governance	0						0	0
Finance & Commercial (S151)	7,506	1,073	4,634	1,400	399	0	7,107	-399
	20,272	**8,435**	**8,138**	**2,817**	**2,599**	**2,307**	**19,770**	**-502**
Corporate Budgets								
Other Corporate Budgets	2,150	0	996	368	0	37	1,400	-750
Total Corporate Budgets	**2,150**	**0**	**996**	**368**	**0**	**37**	**1,400**	**-750**
Total	**22,422**	**8,435**	**9,134**	**3,185**	**2,599**	**2,344**	**21,170**	**-1,252**

- Within Adults Services the £250k saving in respect of the Council wide exercise on integration is considered undeliverable within the financial year

- Also within Adults Services part of the saving is now considered unachievable within year for a number of projects, with the total at risk (excluding the item above) being £1.675m. However, mitigating savings are reported across the board, and Adults report that they will over-deliver by £2k. The existing pressures within the system however exceed all of the savings that are delivered from the activity taken from these savings,

- Within Regeneration, Housing and Environment the full saving from charging for green waste is not considered achievable, with £275k unlikely to be delivered, however mitigating savings have been found.

- As previously reported, the vacancy factor in Finance and Commercial is considered undeliverable. With finance reliant on interims at present there is in fact an overspend against budget and this saving cannot be achieved this year.

- The largest saving variation is in Corporate Budgets covering Support Services Strategic Commissioning, and Fees and Charges. The savings were held against Contingency which also contained an allowance for non-delivery of savings of £3m. As non delivery of savings is better than allowed for in the budget this reflects a contribution to the Corporate Contingency underspend.

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 and the need to undertake mandatory regulatory improvements to existing stock as well as develop new affordable housing. The HRA capital programme for the next five years has therefore been increased to £105.313m in comparison to £52.7m for the previous 5 year period.

4.3 The HRA is currently forecasting an in-year surplus of £1.6m, £0.8m in excess of the budget. The surplus will be transferred to HRA General reserve at the end of the financial year. Minor differences in the table below are due to rounding.

Table 3 – HRA Forecast

Description	**Budget £'000**	**Forecast £'000**	**Variance £'000**
Total HRA Expenditure	40,356	38,960	(1,396)
Total HRA Income	(41,155)	(40,598)	557
(Surplus)/Deficit for the year	**(800)**	**(1,638)**	**(838)**

4.4 Key areas of variance include –

- Repairs & Maintenance Services - net underspend of (£0.664m), arising from lower than expected costs for Asbestos Management, contractor costs at Hawker House and Void repairs. The underspend is partially offset by an overspend with Electrical Installations.

- Neighbourhood Services - Net overspend of £0.297m, arising from higher than expected Council Tax charges on void properties and staffing costs. The introduction of the new NEC Housing Management System continues to be challenging and has resulted in delays, albeit improving, to the void turn around processes. These will be fully offset by projected underspends elsewhere.

- Central Support Recharges - Underspend of (£2.250m), arising from partial release of over budget to offset pressures elsewhere. Work to re-align the Recharges budgets is in progress.

- Estate Services - Net overspend of £0.561m, arising from higher than expected expenditure for DSO grounds maintenance and building cleaning. These will be fully offset by projected underspends elsewhere.

- Other Services - Net overspend of £0.600m, arising from unbudgeted NEC project team costs, computer licences £and business rates. These will be fully offset by underspend elsewhere.

- Rents & Service Charges – Overall under-recovery of £0.557m arising from Service charges, Shops, and Garages due to income loss from voids and lower than expected Land rent. These losses will be fully offset by projected underspends 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 cumulative provisional DSG deficit at the end of 2022-23 was £14.7m. A surplus of £0.6m is currently forecast for 2023-24. When our second DSG Safety Valve payment is made this will give a forecast cumulative deficit of £10.9m by 31 March 2024, inclusive of the £3,2m DSG Management Plan deficit write-off.

Table 4 DSG

All in £million	Schools	High Needs	Early Years	Central Services	Total Deficit	Cumulative Deficit
2017-18					4.9	
2018-19	(0.1)	2.7	(0.5)	0.0	2.1	7.0
2019-20	(0.1)	5.9	0.4	0.0	6.2	13.2
2020-21	0.6	6.6	0.1	0.0	7.3	20.5
2021-22	(0.1)	4.8	0.3	0.0	5.0	25.5
DSG Management Plan Deficit Write-off 2022-23					(10.8)	14.7
2022-23	0.0	0.4	(0.7)	0.4	0.1	14.8
P9 2023-24 F/C	(0.3)	(0.2)	(0.1)	0.0	(0.6)	14.2
DSG Management Plan Deficit Write-off 2023-24					(3.2)	11.0

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 £29.1m (net) in 23/24 compared to a Quarter 2 figure of £53.4m.

6.2 Many of the assets marked for disposal this year have been pushed back to 2024/25 and 2025/26 when a further £74.7m is expected to be achieved.

6.3 A total of 19 asset sales have completed to the end of December, yielding £28.6m (gross) of capital receipts, offset by £0.8m of costs relating to the sales.

6.4 Work is ongoing to update the Estate Strategy to identify further disposal opportunities and to help clarify the size of the retained portfolio, moving forward. An updated Asset Disposal Strategy is due to go to Cabinet in March.

7 CAPITAL PROGRAMME

7.1 The General Fund capital budget in 2023/24 is £40.27m following approval of slippage requests of £3.95m at September Cabinet.

7.2 The budget is forecasting an underspend of £29.11m for 2023/24. This compares to £25.65m in Quarter 2. The change is due to continued delays in the start of projects while will result in slippage to 24/25.

7.3 Of the £29.11m, £25.80m is due to delayed starts on various projects and the budget will need to be slipped to future years, £1.19m is savings, £0.20m is unspent grant returnable to the funder and £1.92m is reclassified revenue expenditure.

7.4 For slippage the main items are £11.10m for the A4 Cycle Lane and A4 Safer Roads, and £1.2m for Flood Defence (Sponge City), these projects will continue into 2024/25. £2.58m 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, and £5.05m related to Destination Farnham Road and the Stoke Road TVU junction projects due to delayed starts.

7.5 Previously identified savings related to Nova House (£4.6m) are now expected to be needed in 24/25 so have also been added to the slippage.

7.6 There have been savings identified of £1.2m mainly from the Hub Development (£1.0m) which was duplicated in the budget.

7.7 The Capital HRA budget in 2023/24 is £11.4m following approval of slippage requests of £1.3m.

7.8 The forecast is largely in line with budget.

7.9 Table 5 summarises the financial position for capital expenditure

Table 5: Capital Programme

CAPITAL	Current Budget £'000	Approved Slippage £'000	Revised Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000
General Fund:						**0**
Adults	1,169	476	**1,645**	733	1,439	**-206**
Children Services	4,323	100	**4,423**	738	1,822	**-2,601**
Regeneration, Housing & Environment	30,825	3,379	**34,204**	2,384	7,898	**-26,306**
GF Total	**36,317**	**3,955**	**40,272**	**3,855**	**11,159**	**-29,113**
Housing Revenue Account:						
RMI Capital Programme	6,154	1,022	**7,176**	3,675	7,277	**101**
Planned Maintenance Capital	3,139	245	**3,384**	1,859	3,222	**-162**
Affordable Homes	800	0	**800**	542	900	**100**
HRA total	**10,093**	**1,267**	**11,360**	**6,076**	**11,399**	**39**
CAPITAL Total	**46,410**	**5,222**	**51,632**	**9,931**	**22,558**	**-29,074**

8 VIREMENTS

8.1 At the beginning of the financial year a significant proportion of the budget was held centrally, and needed to be distributed to directorates. Previous decisions have seen £7.324m moved from the Central Contingency budget to directorates (£1.604m for identified pressures, £3.27m for inflationary pressures, and £2.425m in respect of the pay award). The final part of this process is to vire centrally held budget to Directorates to cover the cost of the additional Local Government Pension Scheme employer contributions this year (17% of salary compared to a budget 15.1%). This amounts to £0.7m. It is recommended that a virement is made from the Central Contingency budget to service directorates in respect of the cost of the additional pension contributions.

8.2 The re-structure of Children centres led to a small number of redundancies. The cost of those redundancies (£67k) is currently sitting in the Children's directorate. The Redundancy Reserve has been set aside in order to meet such costs. It is recommended that a virement is made from the Redundancy Reserve to cover the cost of these redundancies. Note, this would be a one-off transfer.

8.3 As discussed in section 3 above (e.g. paras 3.8 and 3.17), a number of adjustments have been made to this and prior year accounts. This increases contributions to the Budget Smoothing Reserve in previous years and increases the overspend this year. To make the adjustments neutral between financial years it is recommended that an equivalent sum is drawn from the Budget Smoothing Reserve to help mitigate this year's overspend. This figure is £5.043m. It is also requested that £1.935m is drawn from this Reserve to address some of the volatility within the MRP figures, and this brings the total virement request to £6.978m

9 FUNDING

9.1 When setting its budget for 2023/24 the Council requested exceptional support in the form of a Capitalisation Direction (CD) of £31.57m. The Council must take all reasonable steps and mitigations before requesting any further CD and therefore the Council will have to utilise each and every lever that it has before requesting further assistance including:

- Reviewing reserves and provisions that can be applied on a one-off basis
- Taking positive action to reduce expenditure and increase income

9.2 The position on reserves is given in the table below, and includes the potential draw down requests of £67k from the Redundancy reserve requested in this report, and the £6.978m that is currently expected to be drawn from the Budget Smoothing reserve, as laid out throughout this report, and in particular in section 10.

	Balance at 31.12.23	Adjustments	Draw down request	Revised Balance
Earmarked Reserves				
MTFS Reserve	-4,279,269			-4,279,269
Better Care Fund	-5,199,491			-5,199,491
Public Health Reserve	-1,930,864			-1,930,864
Public Health Contingency Funding	-7,725			-7,725
Proceeds of Crime POCA	-323,876			-323,876
Budget Smoothing reserve	-34,979,689	-6,978,000	6,978,000	-34,979,689
Redundancy/Severance Payments	-7,500,000		67000	-7,433,000
Sub-total	**-54,220,914**	**-6,978,000**	**7,045,000**	**-54,153,914**
transfer to Short Term Liabilities				
Langley Memorial Park	-150,000			-150,000
S Hill Endowment	-53,138			-53,138
Grants Receipts in Advance	-1,723,104			-1,723,104
Sub-total	**-1,926,242**	**0**	**0**	**-1,926,242**
Total	**-56,147,156**	**-6,978,000**	**7,045,000**	**-56,080,156**
General Fund Balance	**-20,000,000**	**-1,000,000**		**-21,000,000**

The figure shown in the column headed Adjustments is the figure outlined in paras 3.8, 3.9 and 3.17 of the report, an adjustment to this year's figure and an increase in the closing balance for 2022/23. Drawing it down in the current financial year (Recommendation 3) would make the movement of income and costs across the 2 financial years neutral.

10 BALANCE SHEET AND LEDGER REVIEWS

10.1 In several sections of this report, reference has been made to accounting adjustments that are necessary as historical issues are addressed. This section pulls those together. This will form a standing part of the Budget Management report to Cabinet going forward.

10.2 In this report there have been 2 main issues to bring to the attention of members – the MRP, and the movement of monies between financial years.

10.3 The amount of money put aside in the MRP was one of the issues, perhaps the most important, that led to the original s114, and ensuing intervention. Establishing the appropriate level of the MRP was an extremely challenging task when establishing the CD model, but had seemingly been settled. However, the correct appropriations of assets between the HRA and the General Fund has led to completely revisit the model, with the help of specialist advisors. There has been significant volatility throughout the year on the MRP position, leading to swings in the Quarter 2 and this report to members. This work does now seem nearly settled, but the latest revision saw a change of £1.935m. This change is proposed to be funded through use of the Budget Smoothing Reserve, but this is not recommended at this stage. It is recommended that any virements are contirmed as part of the accounts closure when this, and other, work is complete.

10.4 The other main issue is on the movement of monies between financial years. Significant interest receipts in respect of loans to Council owned companies dating back a number of years were found to have not been either claimed, or accrued for. This income was received and accounted for in the Q2 monitoring report. Proper accounting treatment dictates that this should be accounted for in the years when it was due. In addition to interest receipts, the Council also received repayment of a loan from one of its companies that had been expected not to be paid in full, and a write off made in the 2022/23 accounts for the difference. Collectively these amounts are significant, and as the 2022/23 accounts have not been finalised it was decided to re-open them in order to account for the monies in the correct year.

10.5 It has also been reported on in previous monitoring reports that expenditure related to previous financial years, particularly in Adult Social Care, was being accounted for in the current financial year. This should properly be accounted for in the year when the activity occurred. As income related to previous years was being posted back to the relevant financial year (10.4 above) it is appropriate to also allow for expenditure incurred this year but related to previous years to be posted back.

10.6 The position for prior year adjustments as at 31 December 2023 is summarised in the table below

	2022/23	2022/21	2021/22	Total
Interest	-803	-2,051	-773	-3,627
Loan repayment	-2,735			-2,735
Adults Prior Year Spend	800			800
Childrens Prior Year Spend	519			519
Total	-2,219	-2,051	-773	-5,043

11 IMPLICATIONS OF THE REPORT

11.1 Financial Implications

11.1.1 These are fully 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.

11.2.3 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.

11.3 Risk Management Implications

11.3.1 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*

11.3.2 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*

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 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.

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 1 Adults Services

Table 1 – Monitoring Forecast

PEOPLE (Adults)	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Commissioning	(1,069)	(1,744)	(2,777)	(1,708)	(1,474)	1
Community Team for People with Learning Disabilities	12,615	9,405	14,130	1,515	743	2
Localities Social Work	15,999	17,416	23,027	7,028	5,787	3
Mental Health	4,644	3,330	7,070	2,426	1,750	4
People Adults Management	(4,450)	(2,096)	(3,316)	1,134	883	5
Rehabilitation, Recovery and Reablement & Long Term Occupational Therapy	152	1,786	1,509	1,357	1,482	6
Safeguarding Partnership Team	528	401	610	82	(128)	7
Grand Total	**28,419**	**28,498**	**40,253**	**11,834**	**9,044**	

Notes

1 The projection reflects additional receipts including the Rough Sleeping Drug and Alcohol Treatment grant (£0.475m), Supplementary Misuse Treatment and Recovery grant (£0.296m), Public Health Housing related programme funding (£0.375m), Drug Alcohol Action Team grant (£0.122m); employee vacancies net (£0.237m) and the Directorate freeze on all non-essential expenditure (£0.110m). The quarter on quarter movement reflects employee vacancies net (£0.237m); Directorate freeze on non-essential expenditure (£0.110m).

2 The projection reflects an overspend relating to services to clients of £1.895m (15%) including Direct Payments 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; partly offset by an underspend in employee related expenditure of (£0.325m) (34%). The quarter on quarter movement reflects an estimated impact of outstanding in-year provider uplifts and other associated costs £0.320m; an increased volume of client packages (2) within Learning Disabilities Supported Living resulting in an increased forecast expenditure of £0.091m; high volume of invoices received and processed in arrears during quarter 3 resulting in the identification of previously understated estimated forecasts £0.180m; Directorate freeze on non-essential expenditure (£0.060m).

3 The projected outturn reflects an overspend relating to employees costs due to reliance on interims £0.331m (11%); payments to third party organisations who provide accommodation and support of £7.748m (49%) against budget; increased forecast receipts primarily in respect of Deferred Payment Packages (£1.015m) (17%). The movement reflects an estimated impact of outstanding in-year provider uplifts and other associated costs of £0.420m; an increased volume of client packages £1.702m and the realignment of the Market Sustainability & Improvement Fund to People Adults Management £0.725m (net nil impact across Directorate); increased forecast receipts (£1.530m); Directorate freeze on non-essential expenditure (£0.140m).

4 The projected outturn reflects an overspend relating to payments to third party organisations who provide accommodation and support of £2.634m (86%) against budget. The quarter on quarter movement reflects an increased volume of client packages (24) within Mental Health resulting in an increased forecast expenditure of £0.199m and recognition of the Berkshire Healthcare Foundation Trust (BHFT) contractual Service Level Agreement in respect of BHFT employee costs £0.263m which had been forecast to budget.

5 The projection reflects receipt of the additional Market Sustainability and Improvement Fund (£0.725m), Integrated Care Board (ICB) Discharge Grant (£0.508m), Urgent & Emergency Care Support Fund Grant (£0.241m), Capacity Grant (£0.130m), Implementation Grant (£0.106m); budgeted transformation savings reported in individual service areas across the Directorate £3.036m. Out of Hours joint arrangement projected in line with 2022/23 activity levels £0.135m. The quarter on quarter movement reflects the realignment of the Market Sustainability and Improvement Fund grant from Localities (£0.725m) (net nil impact across Directorate); receipt of Capacity Grant (£0.130m); release of Transformation Savings Plan forecast already being reflected across the Directorate £1.198m; Directorate freeze on non-essential expenditure (£0.100m). The Transformation Savings Plan is forecast to deliver across the Directorate and is reflected in the overall forecast position.

6 The projected outturn reflects an overspend relating to increased employee costs of £1.517m (61%) within the Rehabilitation, Recovery and Reablement & Long Term Occupational Therapy Service. Directorate freeze on non-essential expenditure (£0.180m). The quarter on quarter movement reflects Directorate freeze on non-essential expenditure (£0.180m).

7 No material variances to report.

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
Adults Services									
Reablement Efficiencies	650	1,240	0	200	0	790	1,440	790	1
Accommodation with Support	652	140	119	70	323	0	329	-323	3
Joint Funding	330	333	157	80	0	240	570	240	1
Practice and Process Development including reviews	810	306	655	100	0	251	1,061	251	1
Better use of Disabled Facilities Grant and equipment	100	44	0	56	0	0	100	0	4
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	0	0	0	250	0	0	-250	2
Mental Health	500	293	27	180	0	0	500	0	4
Transitions	400	0	0	40	360	0	40	-360	3
Diverting demand	270	62	0	30	178	0	92	-178	3
Focused & Locality Reviews	0	137	151	100	0	387	387	387	1
Review of hospital discharge/6-week review	350	26	0	40	284	0	66	-284	3
Financial Assessments	150	0	0	150	0	0	150	0	4
Direct Payment recoupment	200	194	210	21	0	225	425	225	1
Levying the OPG determined charge rate	100	100	0	0	0	0	100	0	4
Further cost reductions, efficiencies and vacancy factor including alternative use of Adult Social Care grant	300	50	100	0	150	0	150	-150	3
Assistive Technology	420	0	0	40	380	0	40	-380	3
Reduce Block Beds	206	206	0	34	0	34	240	34	1
Adults Services Total	**5,688**	**3,131**	**1,418**	**1,141**	**1,925**	**1,927**	**5,690**	**2**	

Notes:

1. Savings ahead of profile; expectation to exceed plan; need ensure "savings" not business as usual "cost avoidance".
2. Transformation Saving is part of the wider Corporate exercise on integration and is currently reflected as not being delivered in 2023/24.
3. Savings behind profile; likely risk of delivery; reduced total delivery based on latest plan updates.
4. Savings on profile; expectation deliver to plan.
5. Major Risk of Delivery against Plans is £1.925m; offset by Mitigating Savings of £1.927m.

Appendix 2 Children

Table 1 – Budget Monitoring Position

PEOPLE (Childrens)	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	No
Children´s Centres / Family Hubs	524	391	641	117	0	1
Early Help Hub	156	(135)	155	(1)	11	
Inclusion	1,199	(255)	1,507	308	271	2
People Children Management	2,626	4,103	2,785	159	(186)	3
Music Service (Traded)	0	36	0	0	0	
School Effectiveness	279	231	374	95	144	4
School Services	3,730	1,684	3,872	142	(287)	8
Learning, Skills & Employment	199	628	134	(65)	(42)	7
Localities, Libraries & Leisure CH	0	1	0	0	0	6
Place Management Ch	315	78	213	(102)	(75)	7
Other	305			(305)	(75)	
General Fund Total	**9,332**	**6,761**	**9,681**	**349**	**(238)**	**38**
Central Schools Services DSG	0	187	0	0	0	
Early Years DSG	0	6,448	(46)	(46)	(100)	
Schools DSG	(336)	(32,984)	(151)	185	(324)	5
High Needs DSG	0	13,752	36	36	(225)	5
DSG	**(336)**	**(12,597)**	**(161)**	**175**	**(649)**	
General Fund & DSG Total	**8,996**	**(5,836)**	**9,520**	**524**	**(887)**	

Notes

1 Of the 5 closed Children's Centres, 4 of the forecasts have been set to actuals, and the fifth has been forecast at actuals less an identified journal correction. Overall, the forecast for the 5 closed centres is £22k against a budget of £126,600. This represents a saving of £104.6k against a savings target of £288.5, an adverse movement of £183.9k. This is offset by a favourable cost variance in the remaining Children's Centres.

2 Adverse £308k to budget on Inclusion is largely due to escalating staff costs in F500 SEND, exacerbated by a reliance on agency staff

3 PFI forecast has increased £979k to £2,210k. Of this, £357k adverse represents a re-alignment of the budget for the in year costs, £955k adverse is related to prior year, and £322k favourable is related to a biennial insurance rebate for the 2 years to Feb23, plus £11k estimated for Mar23. This prior year movement of net £622k DR has been excluded from this forecast from P9 and will be adjusted in 2022/23. There are further risks around a £487k energy cost for prior year which should be recouped from the schools and is currently being investigated.

4 In P7 a forecast was included for funding for a role in F200 School Improvement Core, but unfortunately the cost forecast was not similarly revised. This has been corrected in P8.

5 both HNB and SB.

6 A move of a single cost centre related to the senior management restructure has created and extra line this will

7 This represents several cost centres moved as part of the senior management restructure and the transfer of responsibilities. The first line is related to acivity related to Skills and Employement and the Localities line and also on Place Management line it relates to Young people from the Old Place directorate. These lines names will be adjusted in the next reiteration as work on new systems and structure progresses.

8 Prior year over accrual of £103k CR has been removed from this forecast and will be adjusted in 2022/23.

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
Children's Services									
Home to School Transport - various initiatives to reduce spend	595	480	115	-	-	-	595	-	1
Education & Inclusion Staff Restructure	210	-	-	-	-	105	105	(105)	2
Children's Services 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 – Regeneration, Housing and Environment

Table 1 – Budget Monitoring Position

HOUSING PLANNING & PROPERTY	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Housing (excluding HRA)	956	8,055	8,112	7,156	4,736	1
Planning	635	269	635	(0)	(0)	2
HP&P Management	742	420	657	(85)	(0)	3
Property	(4,103)	(2,918)	(4,333)	(230)	0	4
Building Management	5,651	2,250	5,683	32	(0)	5
Carbon & sustainability	184	(11)	184	0	15	
Economic Development	102	63	99	(3)	(2)	
Place Management Regen	(1,352)	692	594	1,946	2,656	6
Transport & Highways Operations	1,796	(812)	1,233	(563)	(450)	7
Environmental Services	11,755	7,736	11,118	(637)	(552)	8
HR Core Regen	188	91	129	(59)	0	
Grand Total	**16,555**	**15,835**	**24,111**	**7,556**	**6,403**	
Housing Revenue Accounts (HRA)	0	(18,636)	(1,638)	0	(1,635)	

Notes

1 The projected overspend of £7.2m is due to growing pressure on Temporary Accommodation. This is best estimate at the moment further work is being undertaken to stabilise the forecast. There are currently c 700 families in TA. In addition to high costs of placements, demand has increased. There are c 80 new referrals a week, most from large families requiring multiple emergency accommodations. The average costs are far higher than rents recovered via Housing Benefit at local housing allowance rates. A number of mitigating measures are being identified and put in place to contain and reduce costs in the short and medium term. Immediate actions include new rent accounts, procuring cheaper accommodation, robust checking of invoices etc. In addition further proposed measures include review of the out of borough placement policy, introducing Private Sector Leasing scheme (PSL) and Private Rental Sector (PRS) Incentive schemes and reducing reliance on B&B/Hotels. These initiatives will take time to be embed and yield desire results.

2 Forecast outturn is in line with budget.

3 The project underspend reflects additional staffing costs recoverable from internal recharges.

4 The projected underspend reflects additional staffing costs recoverable from internal recharges and additional one off rental income received in year.

5 Overspend arising from higher than expected energy costs.

6 This is the main pressure that was advised in the old Place directorate and being mitigated extensively on the other lines accross that directorate. The pressure here is due to unachievable budgets for recharges of £2.1m and other related budget adjustments. This has been partly mitigated by the updating of the Leisure management fee budget to reflect the contract hence the large movement from P6

7 Car parking receipts have been reviewed in detail and identified some non-recuring income not previously counted in the forecast of £334k however further work on income receipts and returns is now showing a much better position on parking and other income . A technical adjustment to budgets on a net nil basis is likely to be need in this to amend a budget issue and further information will be provided at P14.

8 In summary, in this significant area of service, additional income of c £451k all but £100k of which is one off has helped the position. Ongoing management actions are also helping to ensure efficiency and cost avoidance e.g. using staff dynamically across street and depot etc. There is also an ongoing reduction in waste tonnage due to the general economic circumstances meaning households are buying less and retaining things longer . Further work will be done at P14 to confirm and clarify these effects in detail for the remainder of the year.

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
Regeneration, Housing & Environment									
Reduce spend on repairs and maintenance at Corporate Buildings	300		200	100			300	-	1
Reduce spend on cleaning at Corporate Buildings	200		150	50			200	-	1&2
Corporate Contract efficiencies	50	50					50	-	
Savings from reduction in building management costs	100		100				100	-	2
Savings from additional efficiencies in facilities management	100		100				100	-	3
Reduce spend on repairs and maintenance at Corporate Buildings	-						-	-	1
Reduce staff costs in Planning Development	100	100					100	-	5
Adopt fortnightly waste collections	424	212	212				424	-	6
Chalvey HWRC Management Fee	40	20	20				40	-	7
Borough Wide Controlled Parking Zones	200	100		100			200	-	8
Dimming of streetlighting and park lighting after midnight	25	25					25	-	9
Stop Bus Subsidy - Service 4, 5 and 6	160	160					160	-	10
Government tapering of concessionary fares	300	300					300	-	11
Improve Trade Waste Business	10	10					10	-	12
Increase charges for Parking permits	48	32	16				48	-	13
Transport and Highways grant swap	1,071	1,071					1,071	-	14
Green waste collection charges	700	425			275	275	700	-	15
Reduce Highways maintenance works	100	100					100	-	16
Delete vacant AD post	100	100					100	-	17
Streetworks Section 50 licences	35	19	16				35	-	18
Streetworks Road Closure fees	65	43	22				65	-	19
Regeneration, Housing & Environment Total	**4,128**	**2,767**	**836**	**250**	**275**	**275**	**4,128**	**-**	**4**

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. Dependent upon a restructure and review of TUPE'd Ts and Cs, delayed until probably to year end, and therefore the full year effect would not come in until 2024/25

3. Efficiencies identified through upskilling of in-house technical team and reduction in third party spend.

4. £137K savings was delivered by Building Management through previous directorate Strategy & Improvement under Reference RES-2324-18A & RES-2324-53

5 Confirmation required on whether there is a reduction in spend. Saving needs moving to Housing, Property & Planning. With restructure will allow this to happen naturally as a consequence.

6 Went live 26th June and has delivered and expeded to be achieved. Logically as part year effect this implies acheivement of next years full year saving is on track.

7 Household waste management centre- new charge introduced for tipping waste. 28% of waste RBWM. Management fee charge- possibly higher.

8 Implemented new zones. Resident permits to be issued. Enforcement and permit fee income. This is fully year effect. A more detailed review and update will be done at P9 however overall it is felt likely that a balanced position in Place overall is achievable by year end.

9. A further £100k is in MTFS for 24/25. Though strictly at risk, overall alterntives and energy cost reductions have been met. Work and plans in process for next years larger target. Note the electricity budget does not sit in old Place and this saving should be moved internally within the new directorate post restructure. Note budgets for electric in property not old place where saving is.

10. Bus operators now receive subsidy from Heathrow - external funding received

11. Paying on tapering basis DfE changed rules

12 Businesses contribute to trade waste- under consideration for scrapping the scheme

13 Existing residence permits - fee increase 300-400%. Also additonal parking income is helping to balance in year and ongoing.

14 Highway maintenance block - Grant utilised to resurface the roads- - Eligible Transport highway expenditure chargeable to grant

15. Based on 50% of households (14,000 of 28,000) taking up the subscription service. Currently at c 9500. Recovery plans for next year in progress. Savings being achieved with alternatives in year to balance Place diretorate and P8 forecast is suggesting a balanced position.

16. Residual saving is linked to grant swap.

17. Post has been deleted

18. Generated by applications - S50 - road closures/licence to do work - Council fee charged- charge doubled in the last year

19. Generated by applications - S50 - road closures/licence to do work - Council fee charged

Appendix 4 – Strategy and Transformation

Table 1 Budget Monitoring Position

STRATEGY & IMPROVEMENT & MONITORING OFFICER	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Chief Executive	352	254	352	0	0	
Communications	279	269	266	(13)	1	
Customer Services Str	1,882	1,808	2,039	157	220	1
HR Core Str	2,093	1,577	1,983	(110)	(98)	2
IT	6,730	6,649	6,761	31	80	3
Strategy	(390)	133	(54)	336	132	4
Strategy & Innovation	755	633	869	114	121	5
Transformation	(103)	671	(103)	0	0	
Localities, Libraries & Leisure Str	856	554	743	(113)	(76)	6
Grand Total	12,454	12,547	12,856	402	380	

Notes

1 An overspend of £0.157m, down £0.114m from the last reported position, stems from additional interim staff approval to support the contact centre. Efforts to retain a reduced number of these staff members until March 2024 are factored into the monitoring forecast, mitigated partially by underspends from service vacancies.

2 Demonstrates an underspend of £0.110m, down by £0.148m from the previous position, largely due to reduced spending on the training program, driven by interim staff filling roles amid unsuccessful permanent staff recruitment. Additionally, part-year vacancies across HR contribute to the underspend.

3 The service is forecasting an overspend of £0.031m, reduced by £0.072m from the last report, attributed to additional spending on IT hardware equipment refresh and challenges in attracting suitable IT staff. Underspends on vacant posts alleviate some of the pressure, but several risks, totalling £0.801m, need addressing, including infrastructure replacement and delivery risks affecting Support Services savings.

4 Strategy is forecasting an overspend of £0.336m primarily due to a saving that will not be achieved. The Service estimates 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 £0.132m. The reduction of 1 AD posts will result in a part year savings of £0.054m in 23/24, resulting in a pressure for the remainder of the year. The full year savings will not be achieved in 24/25.

5 Projected outturn reflects an over spend of £0.114,increased by £0.005, since the previous reported position. Primarily due to 2 interim staff hires for 6 months aimed at implementing improvements within the council and Slough Children First at a cost of £0.090m. Challenges persist - budget pressure of £0.036m due to the post that transferred from the Children's directorate without a corresponding budget to fund the costs.

6 This line consists of Library Services,Archives and include The Curve moved here as part of the senior management restructure. The net underspend, currently forecast as £113k, relate to agreed temporary management actions to keep staffing costs down for this year.

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
Strategy & Transformation									
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
Library Service model	276	166	110				276	-	
Strategy & Transformation Total	**2,099**	**984**	**1,115**	**-**	**-**	**-**	**2,099**	**-**	

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 5 –Finance and Commercial

Table 1 Budget Monitoring Position

FINANCE OUTTURN 2023-24	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Commercial	774	668	829	55	(34)	1
Finance	669	3,005	1,370	702	1,363	2
Financial Governance	1,583	2,358	1,787	205	66	3
Revenues, Benefits & Charges	1,994	8,641	2,467	473	289	4
Strategic Finance	46	(837)	621	575	171	5
Transactional Services	718	371	534	(184)	(61)	6
Grand Total	**5,783**	**14,206**	**7,608**	**1,825**	**1,793**	

Notes

1 The service is currently anticipating an overspend of £0.055million. This is primarily due to a forecast overspend of £0.036 million on salaries, training £0.004million and consultancy -Human engine increase -£0.015million. However, despite this anticipated overspend, there are persisting financial pressures arising from the transfer of staff from the outsourced RSM procurement, which has now been brought in-house.

The two staff are paid on a day rate basis. Efforts to recruit permanently has failed on two rounds of recruitment and the service is now progressing on a third recruitment campaign. The forecast

2 Finance is projecting an overspend of £0.702 million. This includes £0.902 million in staffing costs, £0.235 million in unachievable savings, and a £0.115 million shortfall in fees and charges. However, this overspend is partially mitigated by expected re-chargeable costs of £0.550 million to the (HRA) and other cost centres.The unfavourable variance is driven by the retention of a significant number of interim staff, aimed at providing resilience and continuity to the finance function during a challenging period for the council. The forecast assumes that permanent staff recruitment will not be completed before the end of the financial year, particularly for positions below the Senior Financial Manager (SFM) and Financial Manager (FM) levels.

3 The service is projecting a budget pressure of £0.205m due to unresolved income budget issues from court proceedings in the Investigations, pre-COVID. However, there's a underspend resulting from an unfilled position in the Risk and Insurance team mitigating the impact.

4 Pressure -£0.473m. The forecast for Housing Benefit has been updated to include the subsidy expected to be recovered from DWP. The subsidy recovered is less than what is actually paid to residents leaving a budget pressure of £0.204m. This is due to a combination of LA error and claimant overpayments being made. Claimant overpayments can be recovered. 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 . 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. The remaining budget pressure of £0.469m is on staffing, where agency and overtime are being used to manage the service needs.

5 Pressure -overspend of £0.575m, + £0.023m increase since the last reported position. The primary variances contributing to this include a surplus of £0.028m resulting from a one-time credit generated by closing unused SBC bank accounts. However, there's a forecastoverspend of £0.217m required to bridge the savings gap against the External audit fees budget for the 23/24 fiscal year. Additionally, there's an overspend of £384k on pensions alongside an underspend of £30k on miscellaneous income

6 Forecast underspend - £.184m, an increase of of £.020m since the previous reported position. There is an anticipated underspend on staff costs over budget, the expectation is that this will be

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	300	140				440	-	6
Revenues and Benefits agency savings	450	161	289				450	-	
MRP reduction as a consequence of asset disposal decisions	3,500		2,500	1,000			3,500	-	7
Finance & Commercial Total	**7,506**	**1,073**	**4,634**	**1,400**	**399**	**-**	**7,107**	**(399)**	
Other Corporate Budgets									
Fees & Charges increases	900		863			37	900	-	8
Review of Strategic Commissioning	750						-	(750)	
Support Services	500		133	368			500	-	9
Other Corporate Budgets Total	2,150	-	996	368	-	37	1,400	(750)	
Finance &Commercial & Other Corporate Budgets Total	**9,656**	**1,073**	**5,630**	**1,768**	**399**	**37**	**8,507**	**(1,149)**	

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 £289k in P6 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 6 – Law and Governance, Public Health & Public Protection

Table 1 Budget Monitoring Position

LAW and GOVERNANCE	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Democratic Services	1,885	1,720	1,387	(497)	(74)	1
Customer Services L&G	240	320	298	58	0	2
HR Core L&G	167	98	140	(27)	0	3
Grand Total	**2,292**	**2,138**	**1,825**	**(467)**	**(74)**	

1 The Democratic service forecast underspend of £0.061m due to vacant posts yet to be filled.

2 The service forecast overspend is £.058m reflects increased activity within the Coroner services

3 The projected outturn indicates an underspend of £0.027 million, which is attributed to the training programme (£0.009 million), joint arrangement (£0.011 million), and standby allowance (-£0.007 million). It is anticipated that these funds will be utilised later in the year.

Public Health & Public Protection	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
PA- Non-Group Manager capabilities PH	0	0	0	0	0	1
Community Safety, Housing Regulation & Enforcement	1,991	402	1,933	(58)	30	
Localities, Libraries & Leisure PH	(1,271)	(1,634)	(1,516)	(245)	(1,001)	2
Public Protection	584	288	473	(111)	(38)	
Grand Total	**1,304**	**(943)**	**890**	**(414)**	**(1,009)**	**5&6**

Notes

1 Public Health projected outturn should match the budget of £8.092m, however, there may be opportunity to invest some of the Public Health grant in prevention programmes within Adults on a replacement funding basis (£0.200m). This strategy is reflected as an opportunity rather than included within the projected outturn whilst discussions are ongoing.

2 A technical budget adjustment to correct the management fee budget on Leisure was completed in P8 £786k which adversely effects the outturn on this line, though does not affect the council's overall postion (the contrary balancing item occurs in the old Place management cost centre in Environmental Services). There is a one off adverse adjustment in this year for Leisure since P6 of £124k as of P7 due to an overpayment last year of the management fee that adjusts in this year. Some minor net favourable monitoring movements off set these budget changes from P6.

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	Note
Public Health & Public Protection									
All leisure services to be externally funded	20		20				**20**	-	
Stop SBC funded CCTV Monitoring of public spaces	26			26			**26**	-	1
Public Health & Public Protection Total	**46**	**-**	**20**	**26**	**-**	**-**	**46**	**-**	

NOTES
1. As we approach December closure a more detailed appraisal of this saving can be made some residual and legacy costs do place this at risk. Work to be reported now at P10. Note also that old Place Directorate was reporting a balanced positon and managemenactions are being worked on if saving not realised this year and including residual cost pressures.

Appendix 7 – Capital Monitoring

Table 1 – General Fund

CAPITAL PROJECTS	Current Budget £'000	Slippage - approved £'000	Movement of budget between projects	Revised Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Notes
GENERAL FUND									
Learning Disability Change Programme	29	0		29	27	27	(2)	(29)	
HOLD (Hold Ownership for people with Long-term Disabilities)		204		204	0	0	(204)	(204)	1
Disabled Facilities Grant	1,140	272		1,412	706	1,412	0	0	
Adults TOTAL	**1,169**	**476**		**1,645**	**733**	**1,439**	**(206)**	**(233)**	
Primary Expansions	167	0		167	0	80	(87)	(87)	
Schools Modernisation Programme	810	90		900	289	750	(150)	50	2
SEN Resources Expansion	1,250	0		1,250	70	355	(895)	(780)	
Special School Expansion-Primary,Secondary & Post 16	1,675	10		1,685	18	236	(1,449)	(1,549)	
Secondary Expansion Programme	315	0		315	0	40	(275)	(275)	
Schools Devolved Capital	80	0		80	361	361	281	0	3
323 High St/Haybrook	26	0		26	0	0	(26)	(26)	
Children's Services TOTAL	**4,323**	**100**		**4,423**	**738**	**1,822**	**(2,601)**	**(2,667)**	4
Loan to GRES-for Nova House remedial work	5,000	0		5,000	400	400	(4,600)	(4,600)	5
Capital Works following Stock Condition Survey	400	247		647	18	100	(547)	(347)	
Hub Development	1,047	273		1,320	0	0	(1,320)	(995)	6
B4899 Localities Strategy North (Britwell)					47	375	375	0	
B4900 Localities Strategy South (Chalvey)					7		0	0	
B4902 Localities Strategy Central (SMP)					(670)		0	0	
Leisure Centre Farnham Road	100			100	22	22	(78)	(78)	
Asset Disposal				0	820	820	820	0	7
Urban Tree Challenge Fund	82			82	0	0	(82)	(82)	
Compulsory Purchase Order Reserve	0			0	1	1	1	1	
Cornwall House-Fire Strategy	950			950	0	250	(700)	(700)	
Office Accommodation Strategy	900			900	19	300	(600)	0	
Refuse fleet & Grounds Plant equipment		114		114	172	172	58	0	
Local Sustainable Transport Fund	222	0		222	0	222	0	(222)	
Flood Defence (Sponge City)	1,482	766		2,248	202	1,000	(1,248)	(1,248)	
Zone 1 - Sutton Lane Gyratory (MRT)		868		868	279	868	0	0	
Zone 4 - Stoke Road (Stoke Rd TVU junction)	2,500	397		2,897	305	497	(2,400)	0	
Langley High Street Improvements LEP		511		511	69	511	0	0	
A4 Safer Roads	1,511	137		1,648	10	150	(1,498)	(1,148)	
A4 Cycle Lane	10,168	0		10,168	434	568	(9,600)	(9,668)	
Electric Vehicle Network	157	0		157	0	157	0	(157)	
Car Club	100	0		100	0	100	0	(100)	
Carbon Management - Public Sector Decarb. Scheme	22	0		22	0	22	0	0	
Reading Archives - Extension (SBC Contribution)	188	0		188	0	188	0	0	
Traffic Signals Maintenance Grant		66		66	56	66	0	0	
Cemetery Extension	100	0		100	0	100	0	0	
Additional Transport & Highways Grant funded projects	2,489		(545)	1,944	106	106	(1,838)	(1,587)	
Patching, surfacing and highway replacement works			261	261	0	261	0	0	
LTP Implementation Plan	139		284	423	4	284	(139)	(139)	
Eden School				0	40	40	40	34	
DSO Replacement Fleet	500			500	0	200	(300)	0	
Destination Farnham Road	2,768			2,768	43	118	(2,650)	(2,468)	
Parlaunt Road	0			0	0	0	0	750	8
Regeneration, Housing & Environment TOTAL	**30,825**	**3,379**	**0**	**34,204**	**2,384**	**7,898**	**(26,306)**	**(22,754)**	
GENERAL FUND TOTAL	**36,317**	**3,955**	**0**	**40,272**	**3,855**	**11,159**	**(29,113)**	**(25,654)**	

Table 2 – HRA

CAPITAL PROJECTS	Current Budget £'000	Slippage - to be approved £'000	Movement of budget between projects	Revised Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Notes
HRA									
RMI Capital Programme									
Commissioning of Repairs Manitenance and Investment Contract	250			250	0	50	(200)	(200)	
Boiler Replacement and heating	317			317	280	317	0	0	
Kitchen & Bathroom ReplacementReplacement	415	31		446	381	446	0	0	
Electrical Systems	138	0		138	48	138	0	0	
External rendering, repairs and redecoration of housing block	2,134	0		2,134	0	2,519	385	385	
Garage & Environmental Improvements		527		527	648	527	0	0	
Capitalised Repairs	100	210		310	138	300	(10)	(10)	
FRA & Asbestos Removal Works	2,000	173		2,173	1,679	2,180	7	7	
Major Aids & Adaptations	300	0		300	441	300	0	0	
Decarbonisation Works	500	81		581	60	500	(81)	(81)	
RMI Capital Programme Total	**6,154**	**1,022**	**0**	**7,176**	**3,675**	**7,277**	**101**	**101**	
Planned Maintenance Capital									
Windows and Door Replacement	842			842	208	842	0	0	
Roof Replacement	1,726	136		1,862	1,244	1,800	(62)	(62)	
Structural	211	109		320	128	240	(80)	(80)	
Security & Controlled Entry Modernisation	300			300	241	300	0	0	
Capitalised voids	60			60	38	40	(20)	(20)	
Planned Maintenance Capital Total	**3,139**	**245**	**0**	**3,384**	**1,859**	**3,222**	**(162)**	**(162)**	
Affordable Homes									
Tower and Ashbourne	0			0	434	900	900	900	9
Affordable Homes	800			800	108	0	(800)	(692)	
Total Affordable Homes	**800**	**0**	**0**	**800**	**542**	**900**	**100**	**0**	
HRA TOTAL	**10,093**	**1,267**	**0**	**11,360**	**6,076**	**11,399**	**39**	**(61)**	
CAPITAL PROJECTS TOTAL	46,410	5,222	0	51,632	9,931	22,558	(29,074)	(25,715)	

Notes

1 Project has completed. Funds to be returned if CCG have no further uses for monies (awaiting clarification on this from CCG)

2 Annual programme of condition works at slough schools, projects at 9 schools underway. Priory door project now going ahead summer 24 - to be slipped to 24/25

3 Overspend being investigated - budget is issued to schools for petty cash so should not be in overspend. Update to be provided for P9.

4 SEN projects in various schools that are unable to be completed this year due to capacity - to be slipped to 24/25.

5 Nova House loan, previously identified as savings but department has now confirmed that this may be needed in 24/25 (Homes England and Leaseholder payments)

6 HUB Development budget duplication - saving.

7 Asset disposal costs funded by capital receipts (year to date receipts total £28.6m).

8 New project to provide new traffic signals - awaiting consultation approval from Cabinet to proceed. LEP funding previously had to be spent before end 23/24 - project manager to provide evidence that this is no longer the case

9 Asset is due for disposal - overspend will be funded from capital receipts.