

# 2025/26 Q2 Financial Performance Report

<b>Committee considering report:</b>	Executive
<b>Date of Committee:</b>	6 November 2025
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Date Portfolio Member agreed report:</b>	27/10/2025
<b>Report Author:</b>	Toby Bradley and Elizabeth Griffiths

## 1 Purpose of the Report:

Report financial performance of the Council's Revenue and Capital budgets following the Q2 2025/26 outturn. The report details variances between the 2025/26 Budget (set in February 2025) and the current forecast for the financial year end position. This allows the Executive to consider the authority's current financial position.

## 2 The Executive are informed of the following:

- 2.1 a) The forecast Q2 revenue outturn is **£6.8m/ 3.7% adverse** (Q2 vs Budget). Total net revenue is forecast at £190.2m in the Q2 outturn, vs £183.4m in the Budget.
- b) The Q2 reprofiling of £22.5m of capital budget, approved by the S151 officer in consultation with the portfolio holder for Finance.
- c) The revised position at Q2 for expected capital expenditure in 2025/26 is £58.3m against an updated budget of £81.7m. £22.5m has been approved to slip to 2026/27 leaving a variance of £0.9m potentially unspent.

## 3 Implications and Impact Assessment:

Implication	Commentary
<b>Financial:</b>	The Council currently has a General Fund Reserve of just over £10m, which has been built utilising previously requested Exceptional Financial Support from central government. The Q2 2025/26 forecast will effectively reduce the General Fund Reserve by £6.8m, taking the fund under the level recommended by the section 151 as being financially sustainable. The pressures forecast at Q2 2025/26 relate predominantly to increasing commissioning costs over and above those anticipated at the time of budget setting, for the

	<p>current financial year. Future budget setting activity for 2026/27 and beyond must match the current level of commissioning price inflation pressure experienced in Q2 2025/26.</p> <p>A spending review panel is proposed to be enacted alongside the relaunch of the Financial Review Panel (see risk management section). The Council is now in a financial position where expenditure that does not fall into the category of essential must cease. Appendix A details the operational activity and constitution of the Spend Panel. The spend panel will be chaired and led by the 151 and appointed deputies.</p> <p>Shannon Coleman-Slaughter, 151 Officer, 10.10.2025</p>
<b>Human Resource:</b>	None
<b>Legal:</b>	None
<b>Risk Management:</b>	<p>The Financial Review Panel (FRP) is targeted for relaunch in November 2025 to allow greater focus on the risks and opportunities in each service. This forum is intended to scrutinise each services financial performance against budget and financial risks. FRP is to be used as a mechanism to inform future budget builds and gain a more granular understanding of the cost drivers of each revenue service budget.</p> <p>Treasury Management Group is reviewing the current borrowing levels against adopted Prudential Indicators (Investment &amp; Borrowing Strategy), with a view to managing any longer-term interest rate risk exposure.</p> <p>As detailed under financial implications the Council is required to protect the General Fund and minimise any future requests for exceptional financial support. A spend panel to review expenditure incurred in the financial year is to be enacted to ensure only essential expenditure is incurred, allowing the Council to develop a plan for financial sustainability moving forward.</p>
<b>Property:</b>	Assets are under review by the Property Investment Board and the Asset and Capital Group in order to identify potential disposals which would be financially beneficial.

<b>Policy:</b>				
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		The proposal aims to continue to protect those characteristics
<b>Environmental Impact:</b>		X		Unlikely to have any long-term environmental impact.
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		All expenditure, revenue and capital, is aligned to the delivery of Council priorities. This report provides the latest forecast of the Councils expected year end out turn.
<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		

**Consultation and Engagement:**

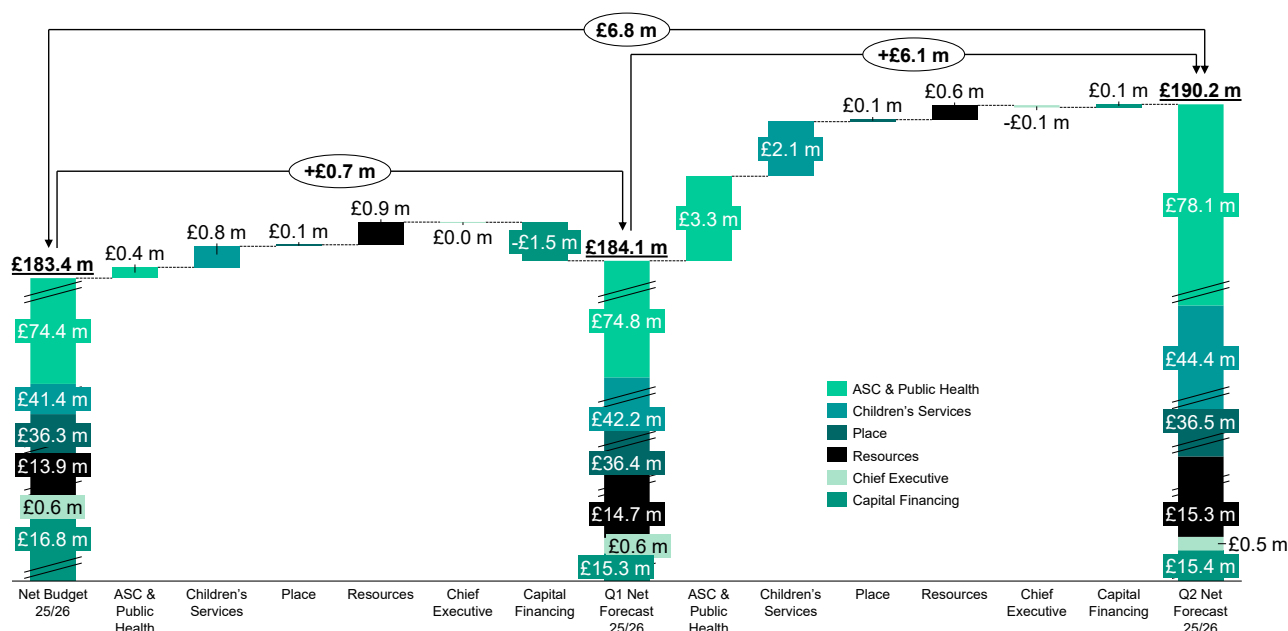
Service Directors, Executive Directors.

## 4 Executive Summary - Revenue

4.1 The projected outturn position for 2025/26, based on Q2 outturn is:

(a) an adverse revenue variance of **£6.8m/ 3.7%** vs Budget.

4.2 The below table walks revenue from 2025/26 Budget to 2025/26 Q2, by directorate:



The primary drivers of the adverse 2025/26 Q2 net £6.8m variance vs Budget are:

4.3 **Adult Social Care - £3.7m:** Primarily driven by Long Term Services/ LTS (£1.6m), and Own Care Homes (£1.9m). LTS is driven by discretionary rate increases above budget, and the increased cost of new packages, rather than the number of people in receipt of long-term care. The service has seen increased demand particularly relating to safeguarding referrals. The Own Care Homes adverse variance is driven by challenges in the process to source viable alternatives to operate them - the strategy of divesting WBC care homes has not yet been successfully executed. It is noted that Resource Centres drive a £0.5M adverse variance, and these centres will now remain open across 2025/ 26. The service is instituting new measures and controls to further scrutinise new commissioning packages, and to review high-cost placements. Work being developed in the Commissioning team is expected to support ASC with the management of unit costs within the social care market. This issue is seen across the national picture, due to a range of factors including National Living Wage, National Insurance contributions and wider inflation.

**4.4 Children's Social Care - £2.6m:** Placements (£1.7m) and Child Care Lawyers (£0.9m) are the primary drivers of the adverse variance. Placements cost has been driven by the volume of children in care and the complexity of the care required (inc. younger children and babies). By example, residential care drives a gross adverse variance of £2.9m vs Budget. This is the result of an additional 3.5/ 20%, in annualised clients. The cost impact is driven broadly by a 50/ 50 split of volume (£1.5m) and rate (£1.4m) impacts. Lawyers costs have been driven by the increase in children entering care, and therefore the volume and complexity court hearings. To further illustrate the pressure faced by WBC in this area, the top 25 most expensive placements in the current financial year cost over £13m per year, or 7% of the entire Council budget. This figure was £5m in 2019-20, and the figure has increased by 165% in just over 5 years. Only one placement from 2019-20 would make it into the top 25 most expensive placements in the current financial year. The mix of placement costs has also changed significantly. In 2019-20, 15 of the 25 most expensive placements were for residents over the age of 18. In the current financial year, this figure has reduced to just 3 of the 25.

**4.5 Transformation, Customer and ICT - £0.9m:** Primarily driven by Transformation at £1.1m, being the centralised savings from all transformation projects in WBC (£1m of TVI and £0.1m of business support review). It is unlikely that £1m of TVI benefit will be achieved in year. Note: as at 2025/26 Q2, £2.7m of transformation spend is planned to be funded by capital receipts (this value has already been removed from the £0.9m adverse variance).

Others smaller adverse variances are contained within:

**4.6 Education and SEND - £0.4m.** Development and Housing - **£0.2m.** Finance Property and Procurement - **£0.2m.** Strategy and Governance - **£0.3m.**

These adverse variances are netted by a favourable variance in **Capital Finance - £1.4m:** Delivered through an active strategy of short-term borrowing, operating within our maturity framework. It should be noted, that although the Council's borrowing remains within the maturity structure adopted as part of the annual Investment & Borrowing Strategy (February 2025), carrying short term debt to avoid locking the Council into high cost long term borrowing creates a longer term financing risk should rates not start to reduce as anticipated. It should be further noted that financing underspends are also created in year through slippage of planned capital expenditure from 2025/26 into financial year 2026/27. Capital slippage is reviewed in further detail in section 7.1.

See below table for detail of gross and net expenditure and income, by directorate, by planning cycle:

## 2025/26 Q2 Financial Performance Report

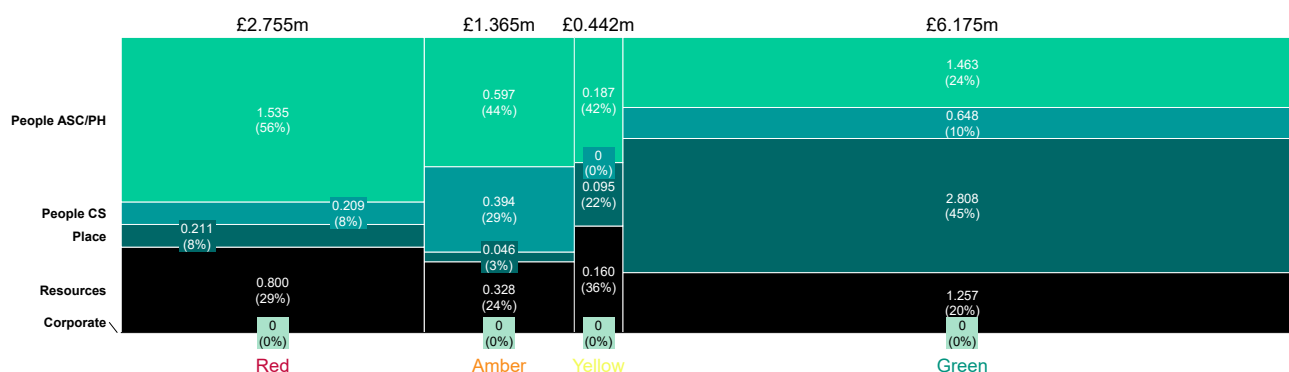
	Expenditure Budget 2025/26	Income Budget 2025/26	Net Budget 2025/26	Q1 Expenditure Forecast 2025/26	Q1 Income Forecast 2025/26	Q1 Net Forecast 2025/26	Q2 Expenditure Forecast 2025/26	Q2 Income Forecast 2025/26	Q2 Net Forecast 2025/26	Variance - Net Q2 vs Q1		Variance % - Net Q2 vs Budget	
ED People - ASC & Public Health	£0.3 m	£0.0 m	£0.3 m	£0.3 m	£0.0 m	£0.3 m	£0.3 m	£0.0 m	£0.3 m	2.9%	£0.0 m	-6.1%	£0.0 m
Adult Social Care	£100.2 m	-£26.0 m	£74.2 m	£101.3 m	-£26.6 m	£74.6 m	£103.9 m	-£26.0 m	£77.9 m	-4.4%	£3.3 m	5.0%	£3.7 m
Public Health & Wellbeing	£7.5 m	-£7.6 m	-£0.1 m	£7.2 m	-£7.4 m	-£0.1 m	£7.1 m	-£7.2 m	-£0.1 m	29.9%	£0.0 m	0.0%	£0.0 m
People - ASC & Public Health	£107.9 m	-£33.6 m	£74.4 m	£108.8 m	-£34.0 m	£74.8 m	£111.3 m	-£33.2 m	£78.1 m	4.4%	£3.3 m	5.0%	£3.7 m
ED People - Children's Services	£0.2 m	£0.0 m	£0.2 m	£0.2 m	£0.0 m	£0.2 m	£0.2 m	£0.0 m	£0.2 m	0.0%	£0.0 m	0.0%	£0.0 m
Children's Social Care	£35.7 m	-£2.9 m	£32.8 m	£36.5 m	-£3.2 m	£33.3 m	£38.9 m	-£3.6 m	£35.4 m	-6.1%	£2.0 m	7.9%	£2.6 m
Education & SEND	£12.0 m	-£3.2 m	£8.9 m	£12.1 m	-£2.9 m	£9.1 m	£12.5 m	-£3.3 m	£9.2 m	-0.8%	£0.1 m	4.1%	£0.4 m
Education (DSG Funded)	£153.0 m	-£153.5 m	-£0.4 m	£166.4 m	-£166.9 m	-£0.4 m	£153.0 m	-£153.5 m	-£0.4 m	0.0%	£0.0 m	0.0%	£0.0 m
People - Children's Services	£201.0 m	-£159.6 m	£41.4 m	£215.2 m	-£173.0 m	£42.2 m	£204.8 m	-£160.4 m	£44.4 m	5.0%	£2.1 m	7.1%	£2.9 m
Executive Director – Place	£0.3 m	£0.0 m	£0.3 m	£0.2 m	£0.0 m	£0.2 m	£0.2 m	£0.0 m	£0.2 m	3.2%	£0.0 m	-14.6%	£0.0 m
Community Services	£10.2 m	-£4.7 m	£5.5 m	£10.2 m	-£4.6 m	£5.6 m	£10.3 m	-£4.8 m	£5.5 m	1.2%	-£0.1 m	0.0%	£0.0 m
Environment	£40.1 m	-£13.1 m	£27.0 m	£41.3 m	-£14.4 m	£26.9 m	£42.0 m	-£15.0 m	£27.0 m	-0.2%	£0.0 m	0.0%	£0.0 m
Development & Housing	£8.1 m	-£4.5 m	£3.6 m	£9.9 m	-£6.2 m	£3.7 m	£10.5 m	-£6.7 m	£3.8 m	-3.1%	£0.1 m	4.8%	£0.2 m
Place	£58.7 m	-£22.4 m	£36.3 m	£61.6 m	-£25.2 m	£36.4 m	£63.0 m	-£26.5 m	£36.5 m	0.2%	£0.1 m	0.4%	£0.1 m
Transformation, Customer & ICT	£4.0 m	-£0.6 m	£3.4 m	£5.1 m	-£0.9 m	£4.2 m	£5.2 m	-£0.8 m	£4.4 m	-3.9%	£0.2 m	27.1%	£0.9 m
Executive Director - Resources	£0.8 m	£0.0 m	£0.8 m	£0.9 m	£0.0 m	£0.9 m	£0.9 m	£0.0 m	£0.9 m	4.9%	£0.0 m	2.9%	£0.0 m
Finance, Property & Procurement	£49.2 m	-£45.1 m	£4.0 m	£44.0 m	-£40.0 m	£4.0 m	£48.8 m	-£44.5 m	£4.3 m	-7.1%	£0.3 m	5.8%	£0.2 m
Strategy & Governance	£7.3 m	-£1.7 m	£5.6 m	£7.2 m	-£1.5 m	£5.7 m	£7.4 m	-£1.6 m	£5.8 m	-2.8%	£0.2 m	4.7%	£0.3 m
Resources	£61.2 m	-£47.4 m	£13.9 m	£57.2 m	-£42.4 m	£14.7 m	£62.3 m	-£47.0 m	£15.3 m	3.8%	£0.6 m	10.4%	£1.4 m
Chief Executive	£0.6 m	£0.0 m	£0.6 m	£0.6 m	£0.0 m	£0.6 m	£0.6 m	-£0.1 m	£0.5 m	13.9%	-£0.1 m	-14.9%	-£0.1 m
Chief Executive	£0.6 m	£0.0 m	£0.6 m	£0.6 m	£0.0 m	£0.6 m	£0.6 m	-£0.1 m	£0.5 m	-13.9%	-£0.1 m	-14.9%	-£0.1 m
Capital Financing & Management	£17.3 m	-£0.5 m	£16.8 m	£15.8 m	-£0.5 m	£15.3 m	£15.4 m	£0.0 m	£15.4 m	-0.8%	£0.1 m	-8.2%	-£1.4 m
Capital Financing and Mgmt	£17.3 m	-£0.5 m	£16.8 m	£15.8 m	-£0.5 m	£15.3 m	£15.4 m	£0.0 m	£15.4 m	0.8%	£0.1 m	-8.2%	-£1.4 m
WBC Total	£446.9 m	-£263.4 m	£183.4 m	£459.2 m	-£275.1 m	£184.1 m	£457.4 m	-£267.1 m	£190.2 m	3.3%	£6.1 m	3.7%	£6.8 m

## 5 Revenue Savings Update

5.1 £10.7m was identified as saving opportunities in 2025/ 26. More than half of these savings are on track to be delivered (green) with around one quarter showing as highly unlikely and not to be delivered (red). The breakdown for the RAG status is:

- **Green £6.2m/ 58%** – on track, either already delivered or no forecast issues with delivery.
- **Yellow £0.4m/ 4%** – on track, forecast to be delivered in year but some issues or dependencies still to be resolved.
- **Amber £1.4m/ 13%** – concerns over delivery, actions required to be implemented, needs to be closely monitored.
- **Red £2.8m/ 26%** – highly unlikely to be delivered this year, actions not yet identified, forecast as a pressure in budget monitoring.

See below graph which outlines performance by directorate with RAG rating:



Notes on interpreting the above graph: The width of each column represents the relative size of a category vs. the other categories (e.g. red, amber, yellow, green). The height of each segment within each column shows the composition of that category (e.g. resources, place, people). Therefore: Green is the biggest category (it has the biggest width/ value (at £6.2m)), and of this green category, place is the biggest contributor at £2.8m/ 45%.

## 5.2 The primary drivers of red initiatives are:

- (a) ASC - £1.5m: Care home sales strategy not yet executed.
- (b) CSC - £0.2m: Commissioning and Brokerage team implementation late, and establishment cost savings not realised.
- (c) Place - £0.2m: Solar farm income generation not being achieved, plus other smaller proposal not being met.
- (d) Resources - £0.8m: TVI savings related.

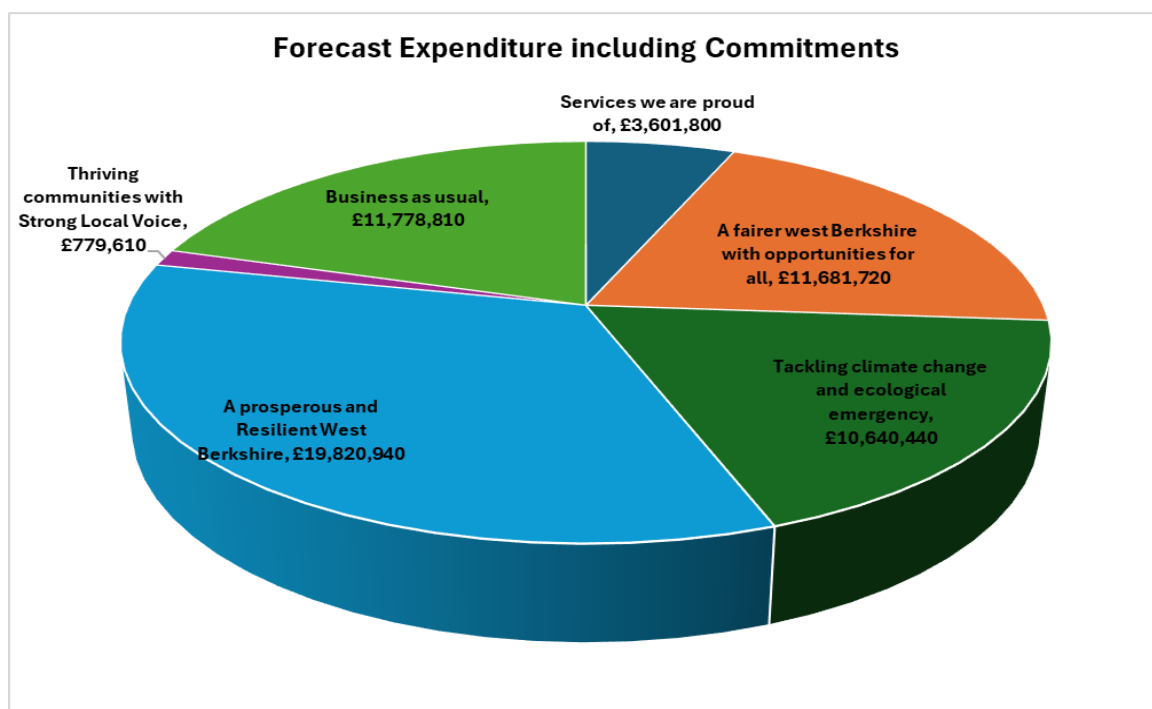
## 6 Executive Summary – Capital

- 6.1 The actual capital expenditure at Q2 for the financial year 2025/26 stands at £20.1m with forecast expenditure by the end of the year of £58.3m against a revised budget at Q2, net of slippage and new projects, of £81.7m.

Directorate	Service	Budget	Actual	Forecast	Variance (Budget-Forecast)	Q2 Reprofile request
		£m	£m	£m	£m	£m
People	Adult Social Care	3.0	0.4	3.0	(0.0)	0.0
People	Children's Social Care	0.0	0.0	0.0	0.0	0.0
People	Education & SEND	13.4	1.8	9.3	4.1	4.0
Place	Development & Housing	4.6	2.1	4.0	0.6	0.0
Place	Community Services	7.7	1.6	4.7	3.0	3.0
Place	Environment	46.2	12.8	32.0	14.2	14.6
Resources	Finance, Property & Procurement	2.9	0.3	2.0	0.8	0.8
Resources	Transformation, Customer & ICT	3.9	1.1	3.2	0.7	0.1
<b>Total</b>		<b>81.7</b>	<b>20.1</b>	<b>58.3</b>	<b>23.4</b>	<b>22.5</b>

6.2 Slippages have been authorised, as per the requirements of the constitution, by the S151 Officer and the portfolio holder for Finance, but members are asked to note them.

6.3



6.4 The split of the current year's forecast expenditure by Council priority is shown in the chart above at 7.3, with the largest proportion being allocated to "a prosperous and resilient West Berkshire".

6.5 Various new projects or changes in funding to existing projects have also been approved by the Asset and Capital Group during Q2 and these, along with slippage, form part of the budget movement in the period. Budget virements are noted in the table in section 8.3 below but the key new projects are:

6.6 £115k for improved visitor facilities at Shaw House. This is funded by external grants and CIL.



- £678k of Council funding for the superfast broadband project. This is a Berkshire wide initiative with other Councils contributing funding. This £678k is West Berkshire's promised contribution to the overall project.
- £118k of additional funding has been allocated to the expansion of the Berkshire records office. This increase is a mixture of external funding and a reallocation of existing budget.
- The budget for the Canal Bank restoration has reduced by £70k as external grant funding has been able to be applied, reducing the cost to the Council whilst ensuring the project is delivered.

6.7 In recognition of the Council's current financial position, ahead of budget setting, all projects have been reviewed to reduce the amount of Council funding required where possible, to manage the amount of CIL being spent to protect future CIL plans, and to minimise the impact on the Council's revenue budget from debt servicing and MRP. The forecast council funded expenditure for 2025/26 is £26.8m, which will incur ongoing revenue costs of approximately £1.2m per annum. The split between council funding and external funding of the 2025/26 programme is shown below.

Directorate	Service	Total Forecast		Council funds	External funds
		£m		£m	£m
People	Adult Social Care	3.0		2.1	0.9
People	Children's Social Care	0.0		0.0	0.0
People	Education & SEND	9.3		0.8	8.6
Place	Development & Housing	4.0		1.2	2.8
Place	Community Services	4.7		4.0	0.7
Place	Environment	32.0		13.8	18.2
Resources	Finance, Property & Procurement	2.0		2.0	0.0
Resources	Transformation, Customer & ICT	3.2		2.8	0.3
<b>Total</b>		<b>58.3</b>		<b>26.8</b>	<b>31.5</b>
				<b>45.97%</b>	<b>54.03%</b>

6.8 Q2 slippage into 2026/27 contains £13.85m of Council funded expenditure, which will create an additional £600k per year revenue impact in future financial years.

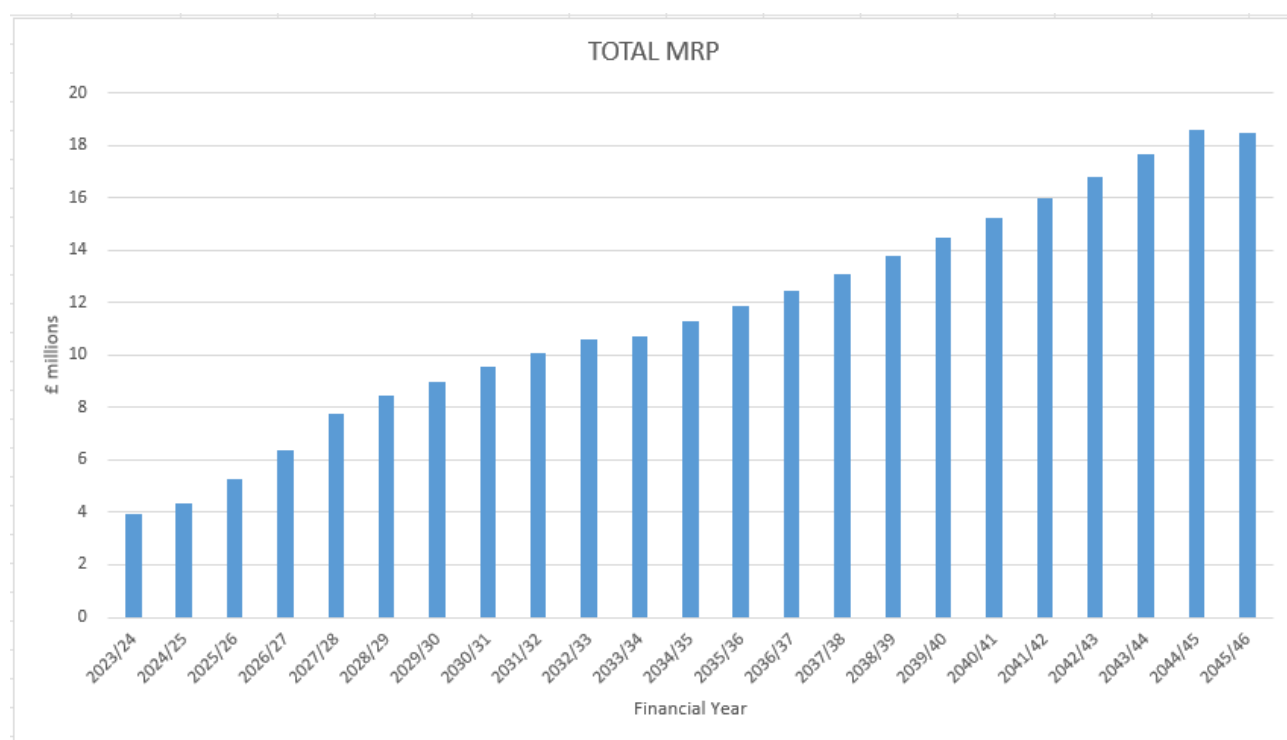
6.9 All capital projects that are council funded (as opposed to externally funded) increase the Council's CFR and it's need to borrow. The Council calculates its short term need to borrow through its cash flow forecasts but uses a sector accepted projection called the liability benchmark to forecast future borrowing requirements. This is based on the council funding required for the anticipated capital programme over the coming years, and takes into account any internal liquidity, including useable reserves, we could use before we borrow externally, and the agreed cash liquidity the council has chosen to maintain as a working capital balance (in this case, £10m). It also incorporates additional expenditure over and above available cash such as budget overspends creating EFS borrowing and DSG overspends. As you can see from the table below, the council's external debt is projected to rise to £361m by the end of 2027/28.

	2024	2025	2026	2027	2028
	Actual	Projection	Projection	Projection	Projection
	£'000	£'000	£'000	£'000	£'000
Loans Capital Financing Req.	283,063	310,269	342,751	380,364	386,096
Less: Balance Sheet Resources	(51,363)	(60,334)	(48,666)	(47,966)	(34,806)
Net Loans Requirement	231,700	249,935	294,084	332,397	351,289
Preferred Year-end Position	10,000	10,000	10,000	10,000	10,000
<b>Liability Benchmark</b>	<b>241,700</b>	<b>259,935</b>	<b>304,084</b>	<b>342,397</b>	<b>361,289</b>

6.10 MRP on council funded capital expenditure is incurred from the year after the asset is bought or created, and is charged annually over the whole life of that asset. The Council's MRP policy is calculated on an annuity basis which charges the revenue budget lower proportions at the start of the asset's life, increasing over time. Ultimately the whole capital cost of the asset will be charged to revenue but whereas the straight line method spreads this evenly over the asset life, the annuity method sees their allocation start low and increase.

6.11 This methodology was adopted relatively recently, which means that the Council's MRP on its existing assets, whilst not inconsiderable currently, is set to rise over the coming years in terms of the annual charge to the revenue budget. This is another important consideration that affects the affordability of the capital programme.

6.12 The graph below shows the forecast MRP charge to the revenue budget each year over the next 20 years of existing assets plus the current reduced capital programme for the years 2026/27 to 2029/30 that has been proposed for inclusion in the budget. The MRP charge for 2026/27 is £5.29m while the annual MRP charge to revenue by 2030/31 is £9.58m.



## 7 Capital Overview

7.1 The capital programme year on year has been very ambitious with typically large percentages of it being slipped annually into the following year or years and this year is no exception. At 2025/26 Q1, £16.7m of slippage was approved to be brought forward from 2024/25 into the current 2025/26 capital programme and in 2025/26 Q2, £22.5m is being slipped into 2026/27.

7.2 The Council continues to keep debt servicing costs as low as possible by short term borrowing, mainly peer to peer, with other councils. This has allowed us to have a weighted average cost of capital of 3.8% compared to the PWLB certainty rate of 5.94% on 25 year loans. The Treasury Strategy, which guides our approach to borrowing and the risk around it, mandates that no more than 30% of our portfolio should be for terms of less than one year. While the significantly lower interest rate is clearly advantageous, it also offers no hedge against unexpected rises in interest rate. Recent experience has shown that unexpected world events and changes in government policy can have quite severe impacts on interest rates and with the Council's current loan balance in excess of £260m and rising, this presents a significant risk that needs careful management to balance. At the end of 2025/26 Q2, the Council has 25.54% of its loans maturing within the next 12 months. This is within the 30% limit set out in our guidance which is approved by full Council.

7.3 The changes to the capital programme in 2025/26 Q2 are shown below. These have been reviewed and agreed by the Capital and Asset Group in the period.

Cost Centre	Project Title	Service	Council funded Request	Grant Funded requests	CIL Funded request	Total	Reasoning
85140	Shaw house improvements	Community Services	0	60,000	55,350	115,350	New project to improve visitor facilities at Shaw house incl, Bar trailer, play area & community garden
87289	Superfast Broadband Project Management	Transformation, Customer & ICT	677,540	0	0	677,540	Funding applied to Berkshire wide joint arrangement
85195	Expansion of Berkshire Records Office. Reading	Community Services	0	118,350	0	118,350	Allocation of additional external funding available towards project
83143	Canal Bank restoration	Environment	(70,380)	0	0	(70,380)	Reduction in council funded element as charged to grant instead
82361	iCollege Expansion (Parsons Down)	Education & SEND	0	91,350	0	91,350	Virement of Grant funding between education projects
82285	Highwood Copse	Education & SEND	0	(27,370)	0	(27,370)	Virement of Grant funding between education projects
82360	Satellite Network of Special Provision - Secondary Phase 1	Education & SEND	0	(63,980)	0	(63,980)	Virement of Grant funding between education projects
85125	Libraries Capital Maintenance - Improvement Works	Community Services	(41,000)	0	0	(41,000)	Closure of cost centre 85125, merged into 87500
87500	Estate - Planned Enhancements	Finance, Property & Procurement	41,000	0	0	41,000	Closure of cost centre 85125, merged into 87500
87633	CIL Community Infrastructure Funding Bids	Finance, Property & Procurement	0	0	(416,000)	(416,000)	CIL Bids cost centre change of service and budget manager £0 increase
87633	CIL Community Infrastructure Funding Bids	Development & Housing	0	0	416,000	416,000	CIL Bids cost centre change of service and budget manager £0 increase
			<b>607,160</b>	<b>178,350</b>	<b>55,350</b>	<b>840,860</b>	

7.4 Some of the key highlights from 2025/26 Q2 are detailed below:

New Projects:

- The Shaw House Improvement programme is a part Grant, part CIL funded project comprising of three elements. A bar trailer to improve the catering offering and revenue generation at Shaw House outdoor events, an outdoor adventure play area for children and a community garden at the entrance to the site to encourage more visitors.

#### Concluding Projects:

- The Local Authority Housing Fund project has now purchased their final property for use in housing refugees in the West Berkshire area, we have purchased 21 new properties and redeveloped West Point House into 5 apartments. The final refurbishments on 3 of these properties are planned or underway with the remainder occupied by displaced peoples.
- The Four Houses Corner project has been a long-standing project redeveloping our site for the traveller community. Electrical meters were to be installed in September 2025 with a phased return of residents from week commencing 29<sup>th</sup> September 2025 onwards. Some further costs remain including removal of protective concrete barriers and the contract retention.
- The Modular exercise studio at Hungerford Leisure Centre was completed earlier this year and is available for further exercise classes at the centre. We are awaiting final invoices from the main contractor before closing the project.
- The Northcroft Leisure Centre dry side refurbishment was completed in July 2025 and was re-opened to the public, we await final invoices from suppliers to close off this project.

#### Projects out to Procurement:

- The Council has received tenders during 2025/26 Q2 for the Solar PV works at the Padworth recycling site.
- The clarification period of the tender has closed on the Grazeley Solar Farm project with the full tender process completing at the end of September. An updated business case with updated income projections is being prepared by the service to ensure the project is still financially viable. This represents good governance on the part of the Service and Finance on a project this size since the initial business case was done quite some time ago.
- The Royal Berkshire Archives extension has been out to tender with the Service seeking to apply further external funding to make the contract award.

## 8 Conclusions

### Revenue

- 8.1 The 2025/26 Q2 forecast shows a quarter on quarter weakening financial position, driven primarily by demand in ASC and CSC. Every service has been tasked to review

opportunities to reduce expenditure. Focus needs to be applied to both the red savings and transformational activities, to offset demand driven cost increases.

- 8.2 The Budget process for 2026/27 is underway with final savings proposals for Revenue being presented to the Financial Savings and Planning Board over the coming weeks.

## Capital

- 8.3 Significant amounts of slippage have been moved to 2026/27. This represents the final estimation of slippage before the outturn report at the end of the current financial year as everything identified up to this point has been included in the draft programme currently under review for inclusion in the 2026/27 budget. The Services, coordinated by the Capital and Asset Group, have reviewed the whole programme (90+ projects) and made suggestions wherever possible for the reduction of Council funding. Council funded projects increase the Council's borrowing requirements, debt servicing costs and MRP impact, meaning that each year's capital expenditure is effectively split over the life of those projects and spread across the revenue budget for those years to come, with interest being added on top. The reduction of Council expenditure, shifting the focus and reliance to grant funding, CIL and S106 reduces the rising revenue pressure of the capital programme.
- 8.4 Where projects are neither essential maintenance or a statutory requirement, updated business cases are being prepared to ensure that the project, at the very least covers the cost of borrowing and MRP and, hopefully, contributes a positive impact to the revenue budget over and above that.

## 9 Proposals

None.

## 10 Other options considered

None.

## 11 Appendices

None.

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### Background Papers:

**Subject to Call-In:** Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

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Considered or reviewed by a Scrutiny Committee or Scrutiny Task Group within preceding six months

☐

Item is Urgent Key Decision

☐

Report is to note only

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