
Finance Improvement Plan

Committee considering report:	Executive
Date of Committee:	18 December 2025
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Joseph Holmes (Chief Executive) and Shannon Coleman-Slaughter (Service Director Finance, Property & Procurement and s151 Officer)
Forward Plan Ref:	EX4746

1 Purpose of the Report

- 1.1 The Council is pro-actively responding the financial position that it, and many other Councils across the country, faces. This report sets out the Finance Improvement Plan, the external assurance review of a Finance Improvement Group to provide even greater focus on the Council's finances. The Council has already been managing an increasingly difficult financial position. Rises in inflationary costs, the wider state of some of the market for social care provision, growing demand for services and the complexity of service demand has led to significant increases in cost. The Council has instigated a range of measures to reduce costs over several years, with the introduction since 2023 of a Financial Review Panel which has led, as an example, to a forecast more than halving of agency costs. These measures have not been sufficient to reduce costs fast enough considering rapidly escalating care placement, capital financing and contractual costs.
- 1.2 The Finance Improvement Plan has been developed to provide an overarching approach, with supporting themes, to address the Council's financial position and reliance upon Exceptional Financial Support. As the Council has been in receipt of Exceptional Financial Support (EFS), the Council has commissioned an external financial resilience review, and this is included in this report.
- 1.3 The Finance Improvement Plan incorporates a response to the finance resilience review (undertaken by CIPFA – the Chartered Institute of Public Finance and Accountancy) as well as the creation of a new Finance Improvement Group which will include external support to enable greater oversight and challenge of the Council's financial approach.

2 Recommendations

- 2.1 To inform the members that the Council is responding to the CIPFA resilience review
- 2.2 For the Executive to approve the Financial Improvement Plan and associated Financial Improvement Group

3 Implications and Impact Assessment

Implication	Commentary			
Financial:	The creation of the Finance improvement Group will require remuneration of external representatives. This is estimated to be approximately £26k per annum and updated figures will be included within the budget papers for 2026-27.			
Human Resource:	None identified in the report directly.			
Legal:	None identified in the report directly.			
Risk Management:	None identified in the report directly.			
Property:	None identified – any individual properties for disposal will come through the relevant Council governance route.			
Policy:	The recommendations in this report will support the development of the Council's Medium Term Financial Strategy.			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		None identified through the report.

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B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		None identified through the report.
Environmental Impact:		x		None identified.
Health Impact:		X		None identified.
ICT Impact:		X		None identified.
Digital Services Impact:		x		None identified.
Council Strategy Priorities:				This will support the Council to deliver against the Council Strategy priority: Services we are Proud of .
Core Business:		X		None identified
Data Impact:		X		None identified
Consultation and Engagement:	The Leader, Deputy Leader and finance portfolio holder			

4 Executive Summary

- 4.1 The Council has faced a range of financial challenges in recent years. It has instigated a financial review panel in 2023 as well as a number of programmes that have been successful in helping to reduce costs, not least halving the amount of agency spend that the Council incurred between 2023 and 2025. Despite progress that has been made, the Council's finances continue to come under increasing pressure, with the draft Medium Term Financial Strategy forecasting an ongoing need to seek Exceptional Financial Support (EFS) from central government.
- 4.2 The Council fully recognises this position and wishes to reduce reliance on EFS in the future to become a financially resilient Council. To enable this to happen, the Council will build on existing work in progress, the recommendations provided through the recent external CIPFA financial resilience review and take action through a Finance Improvement Plan and accompanying Finance Improvement Group.

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4.3 The Council benchmarks on costs favourably in many areas, with strong levels of service delivery; for example, the Council is currently rated as 'Good' for Children's Social Care by Ofsted, 'Good' for Adult Social Care by the Care Quality Commission, with high levels of recycling rates as well as strong educational performance. The Council's finance team are well regarded, with the Council being one of a small minority who met the deadlines for preparing its financial statements in shorter timescales in recent years. Corporately, the Council has engaged with devolution, Local Government Reorganisation and has responded to the latest Local Government Association Peer review. The Council is keen to see its services regularly reviewed, with peer or external challenges taking place in the past 18 months in:

- Adult Social Care
- Highways
- ICT and digital
- Children's Social Care
- SEND thematic review
- Public Health
- Health & Wellbeing Board

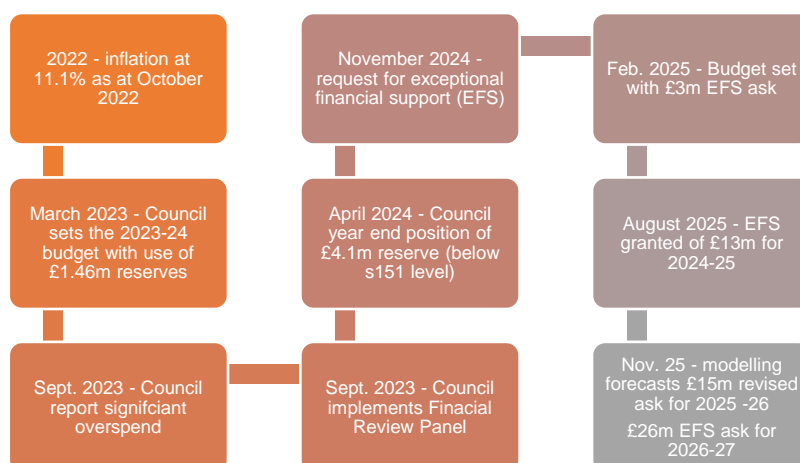
4.4 The Council is absolutely committed to improve its financial position and the accompanying Improvement Plan and documents set out the key milestones and governance required to achieve this.

5 Supporting Information

5.1 The Finance Improvement Plan (FIP) is included in appendix A. The Council has proactively developed this in parallel with the emerging CIPFA resilience review. The Council commissioned CIPFA, following the Council's request for exceptional financial support, to undertake a review of the Council's financial resilience. This external review has highlighted a variety of themes and key actions that the Council will focus its efforts to deliver against. The CIPFA report can be found at appendix C.

5.2 A summary of key financial events is included below to give an overview of the challenge faced by the Council and the actions it has taken to date:

Graph 1.1: Summary of key financial points 2022-present



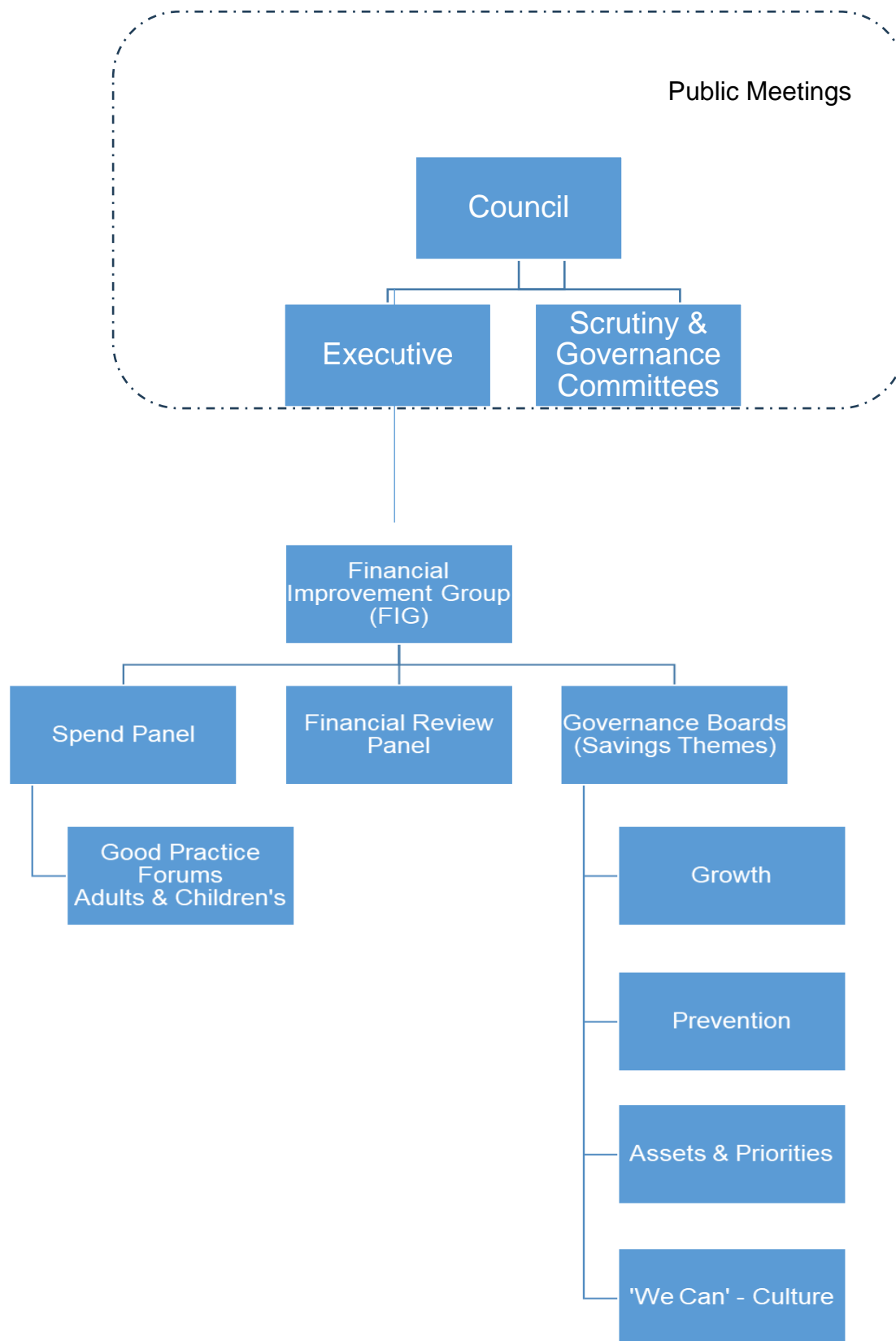
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- 5.3 The response to the financial challenge, and the FIP is a corporate endeavour. The Council will only achieve this through working collaboratively, and the Council has many examples of this, as well as working with partners, to achieve positive outcomes for residents, which includes being a financially resilient Council.
- 5.4 The Council could continue as it is. There is no formal requirement for an Improvement Plan or group to be created. The Council has been very transparent with its financial position over several years highlighting the challenges it faces. Moving forward greater focus on longer term financial resilience, and planning is required, alongside external constructive challenge to assist the Council in becoming more financially resilient.

6 Conclusion

- 6.1 The Finance Improvement Plan will be an area of crucial focus for the Council. Its progress will be rigorously monitored by the Financial Improvement Group (FIG), to ensure sufficient progress is being made to tackle the Council's financial position and provide assurance to members, the public and wider stakeholders and that the reliance upon exceptional financial support is minimised in future years.

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7 Appendices

- 7.1 Appendix A – Finance Improvement Plan
- 7.2 Appendix B - Draft Finance Improvement Group Terms of Reference
- 7.3 Appendix C – CIPFA Financial Resilience Review – Autumn 2025

Background Papers:

Local Government Association benchmarking report – LG Inform

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input checked="" type="checkbox"/>
Considered or reviewed by one of the Council's Scrutiny Committees or associated Task Groups within the preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

Wards affected: All

Officer details:

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Appendix A – Finance Improvement Plan (FIP)

Aim:

For West Berkshire Council to become a financially resilient Council reducing reliance on Exceptional Financial Support ¹by the end of the current MTFS period (2026 -2030).

Introduction

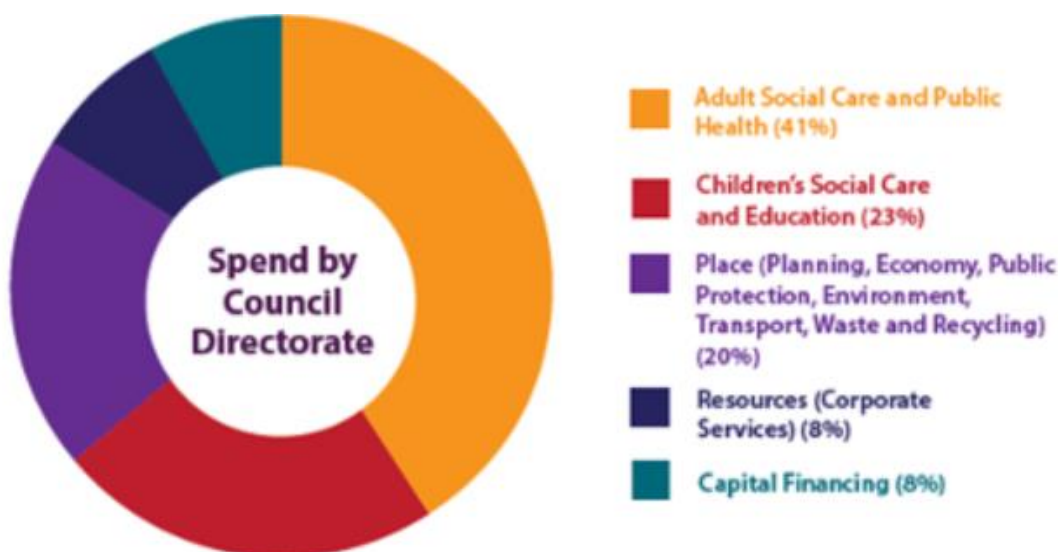
1. The Council was unable to set a balanced budget for 2025-26 and required the support of £3m of Exceptional Financial Support (EFS) from Central Government. This was on top of £13m of EFS, that has been granted, for the 2024-25 financial year to provide the Council with sufficient reserves, in line with the section 151 Officer's (the Council's Chief Financial Officer) recommendation of a minimum level of general fund reserves.
2. As part of the EFS request to Central Government (MHCLG, Ministry of Housing, Communities and Local Government), the Council commissioned an external review of its financial resilience. This external review was conducted by CIPFA (Chartered Institute of Public Finance and Accountancy) in the early Autumn 2025. The review is based on CIPFA's own assessment, including speaking to members and officers of the Council. This review has also been shared with MHCLG.
3. In advance of any further requests for EFS, the Council is making proactive efforts to improve its financial position over the medium term by implementing a Financial Improvement Plan (FIP), based on the Council's own knowledge, also taking on board the CIPFA review's findings, and learnings from other Councils who are in receipt of, or are close to being in receipt of, EFS.

Background

4. The Council's financial position has been one of low financial resilience for a number of years. Even before the Covid-19 pandemic, the Council, successfully, managed to function with a comparatively low level of general fund reserve. The pandemic, and the ensuing rising inflation rates and macro-economic instability, meant that the Council faced rapidly increasing unit costs for its services, especially for adult social care and children social care placements, Home to School Transport and waste management services. With constraints on Council Tax levels (the main source of the Council's income) below prevailing inflation, and the inflation rate of many of the Council's key contracts, the Council's expenditure has started to significantly outstrip its income sources.
5. The structure of the Council's budget is very similar to the majority of unitary Council's (those that provide all Council services including social care, planning, highways, revenues & benefits, waste management, education support etc). Key areas of spend and therefore financial pressure are social care commissioning budgets. The Council is experiencing significant unit cost pressures because of the markets which the Council commissions from are under significant pressure and there is limited competition driving up costs. For context 25 of the highest social care placements account for almost 7% of the Council's entire net budget

¹ Or any subsequent form of Government financial support

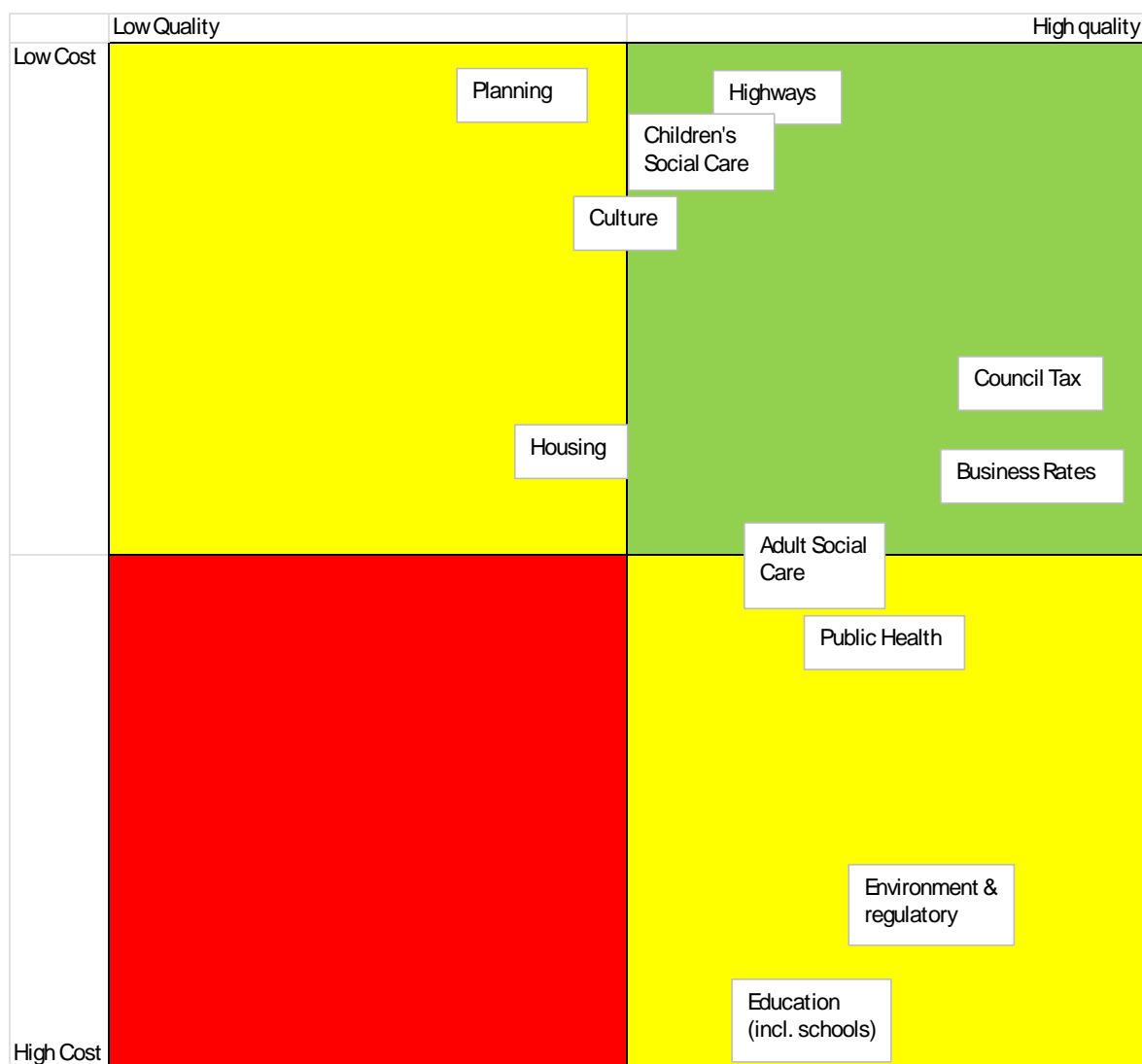
Summary of the 2025-26 Budget by key expenditure areas



7.4 The Council has a Best Value duty upon it. This is articulated as “The Best Value Duty is concerned with making arrangements to secure continuous improvement”. The Council needs to be continually aware of this and consider its comparative spend position. The summary below is taken from the publicly available Local Government Association (LGA) website LG Inform. This is a summary of the comparative position of the Council versus all other English unitary authorities from October 2025 using a variety of measures². This remains a key area of focus to ensure that the Council continues to deliver value for money services.

² For some Council areas there are multiple spend and performance information points – the above is a summary of these – Environment & Regulatory contains the waste management contract which makes up the largest amount of spend in this area

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Draft Medium Term Financial position 2026/27 -2029/30

6. Provisional Fair Funding Reform 2.0 estimates have placed significant financial constraints on the Council's base funding levels (final settlement is anticipated in late December 2025). Fair Funding reform, alongside increasing social care costs (in particular, unit costs), are driving an estimated EFS requirement to support the revenue budget over the duration of the MTFS. Current estimations forecast that it is unlikely the Council will be able to remove the EFS requirement over the MTFS term. EFS itself, due to high-cost borrowing levels impacting on Minimum Revenue Provision costs, is also driving a gap in the MTFS. The Council therefore remains committed in minimising the level of EFS sought from central government. The MTFS and associated budget papers are scheduled for presentation to Council in February 2026.
7. The summary of the implications of the fair funding review are included in the table below. These are subject to the Government releasing its Local Government finance settlement (expected the week commencing the 15th December). The below table highlights a reduced income of £88.1m compared to previous forecasts. This is driven by an assumed worsened outcome of the Government's fair funding review for Local Government, and with a 'hard' reset of the business rates system. This reset alone contributes an almost £10m immediate reduction in funding.

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8. The summary of the implications of the fair funding review are included in the table below. These are subject to the Government releasing its Local Government finance settlement (expected the week commencing the 15th December). The below table highlights a reduced income of £88.1m compared to previous forecasts. This is driven by an assumed worsened outcome of the Government's fair funding review for Local Government, and with a 'hard' reset of the business rates system. This reset alone contributes an almost £10m immediate reduction in funding.

Assumption period	2026-27	2027-28	2028-29	2029-30
MTFS base funding / £m – February 2025	195.2	205.7	216.7	224.7 ³
MTFS base funding / £m – November 2025	184.2	184.6	187.8	197.6
Variance / £m	11	21.1	28.9	27.1

Actions Implemented

9. In response to the financial position the Council has implemented the following:
- (a) Financial Review Panel has been reconstituted and refocused to act as a star chamber. The Group chaired by the Executive Director for Resources is charged with reviewing each service budget and actuals to identify pressures, savings, mitigating actions and budget appropriateness and resilience.
 - (b) A Spend Panel process has been initiated, focused on reviewing and challenging all non-essential expenditure. The panel is chaired by the s151 with the Chief Executive and Executive Directors in attendance. Additional external scrutiny has been sourced to attend the panel and provide organisational challenge.
 - (c) External scrutiny in the form of subject matter experts is being commissioned to attend the Council's Good Practice Forums (Adults & Children), to review all packages agreed and reviewed.

Further Proposals

10. In response to the financial position the following proposals are made:
- (a) A Finance Improvement Group (FIG) is established. The FIG will be chaired by the Chief Executive, and will include Executive Directors, the s151 officer, Leader of the Council, and Portfolio Holder for Finance. External scrutiny will be provided through an external Chief Executive and s151 providing additional support and challenge rigor. The FIG will meet every 6 weeks and the inclusion of external as

³ Assumed increase in line with 2025-29 forecasts as the MTFS ended in 2029

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well as internal members of the group will provide greater scrutiny and constructive challenge to deliver the FIP. This has been considered to ensure that there is a balance between ownership of the delivery of the FIP within the Council, and consideration of external advice and expertise. The FIG is intended to commence in early January 2026. The draft terms of reference are included in appendix C.

- (b) Development and implementation of a Finance Improvement Plan (FIP), to be monitored by the FIG. The core fundamentals of the FIP are proposed to be based around a set of key themes. These have been selected to address the structural financial deficit that the Council has by providing a focussed approach; it is important not to have a concise focus in order to achieve traction in respect of action, whilst balancing sufficient cross-cutting work, so that the Council develops strategic savings plans and does not retrench into year by year 'salami-slicing' of budgets.

11. FIP, the key themes: Growth, prevention, assets prioritisation and we can. Each theme will have a range of actions to deliver financial improvement, and these will be consolidated into the overall delivery plan. Each theme will have an Executive Director as project sponsor with a member sponsor as well providing political oversight.

Governance

12. The FIP will also report through to the Executive and Scrutiny Committees over the life of the FIP to ensure that there is sufficient public knowledge and member oversight of the progress against the FIP.

13. The FIP will be informed by updates from the themes sponsors on progress towards the key elements of the delivery plan below, as well as identifying new opportunities over the life of the MTFS for reducing the Council's cost base and use of EFS. A summary of the various groups meeting to support the Finance Improvement Group in ensuring delivery and oversight of the FIP is included below:

Financial Governance Forums Supporting Financial Improvement Plan (FIP)

Draft Delivery Plan

No.	Theme	Action	Owner	Completion date
1	Corporate	An external sector-led finance peer review in 2026 to review progress of the FIP within first year of working	Executive Director (Resources)	Q3 2026-27
2	Corporate	The creation of a Finance Improvement Group, including external challenge	Chief Executive	Q4 2025-26
3	Corporate	Re-establishment of monthly budget monitoring	Service Director (FPP)	Q1 2026-27
4	Corporate	Demonstrable impact of Spend Panels	Service Director (FPP)	Q4 2025-26
5	Corporate	Demonstrate a response to the actions in the CIPFA Resilience review to be completed	Executive Director (Resources)	Q3 2026-27
6	Growth	External fees and charges review to identify opportunities for new / increased income	Executive Director (Resources)	Q1 2026-27
7	Prevention	Deliver options for alternative education setting for SEND placements that are more local and reduce costs	Executive Director (Children's)	Q3 2026-27
8	Prevention	Focus on opportunities, with partners, to evidence a reduced demand for services over the medium term	Executive Director (Children's)	Q4 2026-27

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9	Assets & prioritisation	Develop and implement an asset optimisation and disposal plan over the period of the MTFS	Executive Director (Resources)	Q1 2026-27
10	Assets & prioritisation	Reduce the unit cost of social care placements through a new commissioning approach	Executive Directors (Adults and Children's)	Q3 2026-27
11	Assets & prioritisation	Refocus the Corporate Programme to generate the highest level of financial and service impact	Executive Director (Resources)	Q1 2026-27
12	We can	Refresh the Council Strategy to reflect the future financial position	Service Director (Strategy & Governance)	Q1 2026-27
13	Assets & prioritisation	Develop a right sized Council funded capital programme to fit with MTFS fiscal rules	Service Director (FPP)	Q4 2025-26
14	Prevention	Development of prevention strategy in key spend areas	Executive Directors (Adults and Children's)	Q1 2026-27

Appendix B - Draft Finance Improvement Group Terms of Reference

Purpose:

- 1) To act as the advisory board to the Council on the FIP
- 2) To oversee progress and delivery of the FIP delivery plan
- 3) To provide challenge, advice and independent expertise to WBC to support sufficient pace and good governance in its financial improvement plan
- 4) To provide assurance to stakeholders that the Council recognises its financial position, the requirement to have a strategic plan to enable a more financially resilient council, and the Council continues to provide its Best Value duty alongside its other statutory duties.
- 5) To provide a clear governance framework and delivery measures that ensure that the Council is held to account for its FIP, whilst ensuring sufficient time to embed clear savings proposals and reporting structures to allow a clear path to financial resilience.
- 6) To report regularly on progress on key achievements and areas for improvement to ensure that the overall aim is achieved

Delivery:

It is envisaged that the FIG will be in place for a two-year period from its inception. It is anticipated that the FIG will provide constructive challenge on scale, scope and delivery of the actions within this FIP. The FIG may wish to explore issues that arise through more in-depth detailed reviews of specific areas to gain greater understanding and assurance.

Governance:

The Council will establish a Finance Improvement Group (FIG). The FIG will consist of the following attendees:

- two independent consultants (experience of Chief Executive and a section 151 Officer)
- West Berkshire Council Leader and finance portfolio holder
- West Berkshire Council's Executive Leadership Team and s151 Officer
- Local Government Association Principal Advisor
- Secretariat support provided by democratic services

Other officers from across the Council's services will be required to attend as and when required.

Meetings of the FIG will be held in private and will be confidential to ensure that there is sufficient openness and robustness in challenge to explore a range of options.

Costs and internal support requirements

1. Any costs associated with the FIG will be met by WBC. Independent Board members will be paid a fee for their work.
2. Board members will need to work flexibly as the demand of the role requires. However, WBC has set a capped budget for the Board based on an average 1 day per board member each month.
3. FIG meetings to be held every 8 weeks to allow for sufficient time for progress to be made between meetings and the relevant actions completed with an aspiration to move to quarterly in the future
4. The FIG will be supported by the Council's programme office and democratic services teams to ensure that the overall programme plan is proactively tracked, kept up to date and that issues and risks are managed on a day-to-day basis through officers.