

# West Berkshire Financial Resilience

11 November 2025

West Berkshire council provides over 700 services for residents and businesses and it is committed to “*Making West Berkshire greener, fairer and more prosperous, with thriving communities and services we are proud of [sic]*”.

Past below-inflation council tax increases and higher than average net spending per capita meant that the council has historically had low reserves for unexpected events. With increased demand and inflationary pressures for its statutory services for adult and children social care, special educational needs, and increased interest rates on borrowing, those reserves have been eroded, despite delivering significant financial savings.

As a consequence, West Berkshire council is in a perilous financial position and has no clear plan for resolving the issue. Exceptional financial support has provided a short-term fix for 2024-25 and 2025-26 but the structural gap between net revenue spend and the funding available remains. The absence of a strategy risks undermining its application for further exceptional financial support. And without this, the council is very unlikely to have sufficient resources to set a balanced budget for 2026-27, necessitating a s114 notice.

The Council commissioned CIPFA to review its financial resilience and to make recommendations on next steps. We interviewed a range of Members and Officers, liaised with the council’s external auditors and the LGA peer review team, and examined a range of documents provided and on the council’s website.

We acknowledge the considerable efforts of the current s151 Officer, her predecessor and Members to remedy the situation. This has included the establishment of a Finance Review Panel, a strong track record in delivering savings, and a focus on the need for greater efficiency. Nevertheless, as part of any further application for exceptional financial support likely to be required for 2026-27, it will be important to have a clear strategy for how this situation can be resolved. Our recommendations are based on building such a strategy.

The steps needed for such a strategy are set out in this report. Our detailed findings are attached as an annex.

## 1. Promote the importance of the need to address the structural gap in the Council's finances

### Why this is important:

- The council has a long-standing structural gap in its finances: expenditure has historically exceeded the funding available and as a result reserves have been eroded.
- In the absence of a credible savings plan, the forecast gap continues to grow and in 2026-27 is likely to reach £14m and will exceed the reserves available.
- There is a perception within the council that the successful application for EFS in January 2025 obviates the need to address this structural gap.
- But the council is at risk that MHCLG might not countenance further EFS without assurances that there is a clear, deliverable recovery plan.
- This could lead to the need for a s114 notice and a possible government intervention.

### What needs to be done:

1.1 As part of a refresh of the Council Strategy, the need to strengthen financial resilience should feature as a priority, accompanied by suitable actions and performance measures.

1.2 Establish a financial improvement panel of Members and external representatives with the task of regularly reviewing progress with the associated recovery plan.

1.3 The importance of focusing on addressing the structural gap needs to be embedded in all council communications and deliberations:

- All budget papers, finance reports and other communications need to clearly state the importance of resolving the structural gap.
- All submissions to the Executive or the Council for a decision should include an assessment of the impact on the revenue account over the medium term.

## 2. Develop a clear recovery plan for how the structural gap will be resolved

### Why this is important:

- Existing savings plans are largely short term and do not address the underlying structural issues.
- Whilst there is a recognition of the need for efficiency savings, there is insufficient consideration of cash-savings by stopping activities or by introducing more fees and charges.
- Transformation activities are siloed and lack sufficient co-ordination or oversight. There is sizable slippage of the current programme and insufficient activities to identify future opportunities.
- The capital programme is too large, lacks focus and is not affordable.

### What needs to be done:

2.1 The council should prepare an outline recovery plan that:

- Estimates the potential gap each year over the medium term, drawing on the budget exercise for 2026-27. This should draw on the revised role of the FRP in examining an activity-based review of key services.
- Using the planned 'star-chamber' approach, examine the pressures on each directorate and sets savings targets over the medium term accordingly.
- Specifies an overall affordable limit on the capital programme, how projects will be prioritised, and scales back the capital financing requirement accordingly. Priorities should focus on projects that generate a strong revenue benefit, as well as projects required to meet statutory obligations.
- Includes an asset disposal plan that identifies the building and land that are no longer required, how the maximum return can be achieved, and how/when they might be sold/developed.
- Tasks directorates with identifying short-term savings for 2026-27 through cost reduction and income generation.
- Explores the costs and benefits of inviting external organisations to identify longer-term transformational change.

### 3. Establish mechanisms to implement the recovery plan

#### Why this is important:

- Roles and responsibilities between Members and officers are blurred. This contributes to a lack of focus and undermines accountability. Members are getting too involved in operational issues; officers are reluctant to challenge the financial merits of key decisions:
  - One key example is the development of the Grazeley solar farm. The cash flow modelling is overly optimistic and the risks of a short-term adverse impact on the revenue account have not been adequately scrutinised.
  - Similarly, the council was unable to provide the evidence to demonstrate that the disposal of commercial investments adequately weighed up the costs and benefits to the revenue account. The figures we saw on anticipated rates of return were inaccurate.
  - We also understand that Members have been involved in the spending control panel meetings. In our view, the scrutiny and approval of individual spending transactions should be officers only.
- There is insufficient oversight of existing transformational change or other savings initiatives. Quarterly reporting of progress is not sufficiently frequent, there is already considerable slippage on some key projects, and a lack of a forward pipeline.
- Existing systems, processes and structures undermine the capacity of the finance team to provide timely updates and scrutiny of the council's financial position. A re-sizing project began in July 2025 to upskill and build capacity within the finance team, and an Agresso enhancement project is being implemented to reconfigure the system to allow for correct close down of reporting periods. Until these initiatives are fully implemented, Members and senior officers will find it difficult to monitor progress effectively or take timely corrective action.

#### What needs to be done:

- 3.1 The council should clarify roles and responsibilities for Members and officers through an update of its financial regulations, scheme of delegation and associated training.
- 3.2 Finance should, as a matter of priority, examine the revenue implications of the capital programme and planned asset disposals to identify projects that risk an adverse impact on revenue finances over the medium term and make recommendations to the SLT and Executive on any that should be halted.
- 3.3 The recovery plan should set out the resources required for delivery, the SRO and associated milestones, targets and anticipated outcomes.
- 3.4 The recovery plan should be regularly reviewed by the newly established finance improvement panel.
- 3.4 The council should prepare a business case that explores the feasibility of introducing monthly financial monitoring.