

To: Councillor Brock (Chair)
Councillors Page, Barnett-Ward, Emberson,
Ennis, Hoskin, Leng, McElroy, McEwan,
Mitchell, Robinson, Rowland, Terry,
Thompson and White

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7 December 2022

Your contact is: **Simon Hill - Committee Services (simon.hill@reading.gov.uk)**

NOTICE OF MEETING - POLICY COMMITTEE 15 DECEMBER 2022

A meeting of the Policy Committee will be held on Thursday, 15 December 2022 at 6.30 pm in the Council Chamber, Civic Offices, Reading, RG1 2LU. The Agenda for the meeting is set out below.

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|----|--|---------------------|-----------------|
| 1. | CHAIR'S ANNOUNCEMENTS | | |
| 2. | DECLARATIONS OF INTEREST | | |
| 3. | MINUTES | | 5 - 8 |
| 4. | PETITIONS AND QUESTIONS | | |
| | To receive any petitions from the public and any questions from the public and Councillors. | | |
| 5. | DECISION BOOKS | | |
| 6. | 2022/23 QUARTER 2 PERFORMANCE AND MONITORING REPORT | BOROUGH WIDE | 9 - 56 |
| | This report sets out the projected revenue and capital outturn positions for 2022/23 for the General Fund and the Housing Revenue Accounts as at the end of Quarter 2 (September 2022) as well as performance against the measures of success set out in the Council's Corporate Plan. | | |
| 7. | MEDIUM TERM FINANCIAL STRATEGY 2023/24 - 2025/26 UPDATE | BOROUGH WIDE | 57 - 106 |

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This report provides an update to the Council's Medium Term Financial Strategy ahead of public consultation on the draft Council Budget.

8. EMPLOYMENT AND SKILLS PLANS - UPDATED REPORT AND SKILLS FOR GROWTH PROPOSAL **BOROUGH WIDE** **107 - 122**

This report updates the Committee on progress with the implementation of planning policies concerned with promoting Employment and Skills Plans and seeks approval for the proposed delivery framework and Action Plan for targeted employment and skills outcomes.

9. DRAFT RESIDENTIAL CONVERSIONS SUPPLEMENTARY PLANNING DOCUMENT **BOROUGH WIDE** **123 - 176**

This report seeks approval to undertake community involvement on a Draft Residential Conversions Supplementary Planning Document which gives detailed guidance on proposals for conversion of dwellinghouses to flats or to Houses in Multiple Occupation.

10. ALLOCATION OF S106 FUNDING FOR READING STATION SUBWAY SCHEME 2022/23 **BOROUGH WIDE** **177 - 186**

This report seeks spend approval for the Reading Station Subway Refurbishment scheme to provide improved north/south access across the station.

11. HOUSING BENEFIT WAR PENSION AND ARMED FORCES COMPENSATION DISREGARD POLICY **BOROUGH WIDE** **187 - 192**

This report sets out for approval the Housing Benefit War Pension and Armed Forces Compensation Disregard Policy.

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Present: Councillor Brock (Chair);

Councillors Page (Vice-Chair), Barnett-Ward, Emberson, Ennis, Hoskin, Leng, McEwan, Mitchell, Robinson, Rowland, Terry, Thompson and White

31. MINUTES

The Minutes of the meeting held on 21 September 2022 were agreed as a correct record and signed by the Chair.

32. QUESTIONS

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr White	Tackling Fly Tipping with Free Bulky Waste Collection	Cllr Rowland
2.	Cllr White	Supporting our Schools through Education Crisis	Cllr McEwan

(The full text of the questions and responses was made available on the Reading Borough Council website).

33. CONFIRMATION OF ARTICLE 4 DIRECTION TO REMOVE PERMITTED DEVELOPMENT RIGHTS THAT WOULD RESULT IN RESIDENTIAL DEVELOPMENT

Further to Minute 35 of the meeting held on 23 September 2021, the Executive Director of Economic Growth and Neighbourhood Services submitted a report seeking approval to confirm an Article 4 Direction that would remove certain permitted development rights that would result in new residential dwellings across the town centre, district and local centres, core employment areas and a number of other commercial areas. The following documents were attached to the report:

- Appendix 1: Equality Impact Assessment
- Appendix 2: Summary of representations received and proposed response
- Appendix 3: Made Article 4 direction
- Appendix 4: Climate Impact Assessment Tool

The report noted that there had been significant concerns around the impact of permitted development rights within Reading, and that the Committee had agreed, at its meeting held on 23 September 2021 (Minute 35 refers) to make an Article 4 direction to remove the permitted development rights of greatest concern within a number of areas of Reading.

POLICY COMMITTEE MEETING MINUTES - 31 OCTOBER 2022

The report explained that the proposed direction had been made on 10 November 2021, specifying that it would come into force on 15 November 2022, after a 12-month lead-in required to avoid the need for compensation. A period of consultation had been held in November-December 2021 and the representations received were summarised in Appendix 2 with detailed responses. The direction could not come into force unless it was confirmed by the Council taking the representations to the consultation into account. It was not considered that the representations received formed grounds not to proceed to confirmation. The report therefore recommended that the responses to the representations received to the consultation be agreed, and that the Direction as originally made, which was attached to the report at Appendix 3, be confirmed.

The report stated that national policy set a high bar for Article 4 directions that impacted on changes of use to residential, and that officials at the Department of Levelling-Up, Housing and Communities (DLUHC) had expressed concerns that the evidence provided did not show that the smallest possible geographical area had been covered. Discussions between Council officers and DLUHC were ongoing and there was not expected to be a resolution of the issue before the direction was due to come into force on 15 November 2022. The advice from DLUHC had been to proceed with confirming the direction given the approaching date of coming into force and the fact that the Council did not have powers to amend the direction once it had been made. There remained a strong likelihood that the Secretary of State would use modification or cancellation powers; officers' understanding was that the power to modify the direction would be used based on an agreed approach with the Council, albeit that this was not required. The power to modify could be used after the direction came into force. Until such time as the Secretary of State modified or cancelled the direction, it would be in force as originally intended.

The report explained that confirmation of the direction at this point therefore represented a pragmatic approach that would allow discussions to continue and avoid the significant further delay of making a new direction. Notices of confirmation of the direction would need to be served, including by site notice, local advertisement, notification of statutory undertakers that owned land within the area, local businesses and the Secretary of State. The direction would come into force on 15 November 2022, and from that date any proposal for development specified in the direction, within the specified area, would require planning permission.

Resolved -

- (1) That the responses to the representations to the consultation on the Article 4 Direction, as set out in Appendix 2, be agreed;**
- (2) That the non-immediate Article 4 Direction made on 10 November 2021 covering the area shown in Appendix 3 be confirmed, to remove the following permitted development rights within Schedule 2 of the General Permitted Development Order 2015 (as amended):**

- Part 3 class MA;

- Part 3 class M;
- Part 3 class N;
- Part 20 class ZA;
- Part 20 class AA;
- Part 20 class AB.

34. DIGITAL TRANSFORMATION STRATEGY - DELIVERY UPDATE

The Executive Director of Resources submitted a report providing an update on work to realise the Connected Reading Digital Transformation Strategy that had been agreed by the Committee at its meeting on 12 July 2021 (Minute 21 refers). The report set out the progress made since the update report submitted to the meeting on 17 January 2022 (Minute 70 refers) and sought endorsement of the next steps planned. An Appendix to the report set out commercially sensitive financial detail that was defined as exempt information under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The report explained that, as had been anticipated in the original Connected Reading strategy, further development of digital delivery capability would be required to support current and planned delivery and it was clear that a level of external support would be needed. It was therefore proposed that a contract with a digital delivery partner was put in place for a two-year period, with two optional one-year extensions. Over that period, it was to be expected that there would be changes in requirements and priorities, and it was therefore proposed that the contract should be let as a framework, under which individual projects would be contracted as call-off orders. Each project would be subject to a business case and scrutinised to ensure value for money and affordability within the budget allocated.

Resolved:

- (1) That the progress made to date be noted;**
- (2) That continuation of the current workstreams be endorsed;**
- (3) That the Executive Director of Resources, in consultation with the Lead Councillor for Corporate Services and Resources and the Chief Digital & Information Officer, be authorised to award a framework contract for a Digital Transformation Partner, with the maximum contract value set out in the Appendix to the report, noting that each work package called off would be subject to individual approval to confirm affordability and value for money;**
- (4) That a further update on progress on implementation of the Digital Transformation Strategy be submitted to the Committee in Q1 2023/24.**

(Exempt information as defined in Paragraph 3).

POLICY COMMITTEE MEETING MINUTES - 31 OCTOBER 2022

(The meeting started at 6.30 pm and closed at 6.54 pm)

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	15th DECEMBER 2022		
TITLE:	2022/23 QUARTER 2 PERFORMANCE AND MONITORING REPORT		
LEAD COUNCILLOR:	COUNCILLOR TERRY	PORTFOLIO:	CORPORATE SERVICES AND RESOURCES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
	CORPORATE IMPROVEMENT AND CUSTOMER SERVICES		
LEAD OFFICER:	STUART DONNELLY	TEL:	01189 373468
JOB TITLE:	FINANCIAL PLANNING & STRATEGY MANAGER	E-MAIL:	stuart.donnelly@reading.gov.uk

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This report sets out the projected revenue and capital outturn positions for 2022/23 for both the General Fund and the Housing Revenue Accounts as at the end of Quarter 2 (September 2022).

General Fund (Revenue)

1.2 The forecast General Fund (GF) revenue outturn position at the end of Quarter 2 includes a projected adverse net variance on service expenditure of £3.509m. This variance is offset by a projected £4.776m positive net variance on Corporate Budgets, of which £3.627m relates to the unallocated Corporate Contingency, resulting in a projected overall positive net variance of £1.267m.

1.3 The forecast adverse variance on services includes net pressures totalling £1.232m within Adult Care and Health Services relating to care cost pressures; £1.389m within Economic Growth and Neighbourhood Services, primarily relating to ongoing income shortfalls in Car Parking and Planning as an ongoing impact of Covid-19; £1.437m within Brighter Futures for Children (BFFC), relating to pay, inflation and demand pressures; and a total of £0.158m across Resources and Chief Executive Services. Detailed explanations for these variances are contained in Section 4 of this report.

1.4 These pressures are offset by positive net variances within Corporate Budgets, specifically £1.908m on Capital Financing Costs as a result of the 2021/22 Capital Programme outturn position and £3.627m on Corporate Contingencies.

1.5 Other Corporate Budgets are forecasting an adverse net variance of £0.759m. This variance includes a pressure of £1.140m relating to the 2022/23 pay award that was agreed in November 2022. A pay award of 2% was assumed as part of 2022/23 budget setting with additional contingency retained corporately to fund a pay award up to 4%. The £1.140m pressure is the total pressure net of the budgeted 2% increase and

the contingency. This pressure on pay inflation is partially offset by positive net variances of £0.381m within Other Corporate Budgets.

- 1.6 £1.935m (19%) of budgeted savings have been delivered (blue) to date in this financial year, with a further £5.020m (49%) of savings on track to be delivered (green) by March 2023. £2.084m (20%) of savings are currently categorised as non-deliverable (red) and £1.185m (12%) categorised as at risk of delivery (amber). There is therefore a potential impact on the 2023/24 budget should these savings not be deliverable on a recurring basis. These savings will be reviewed as part of the 2023/24 budget setting and 2023/24-2025/26 Medium Term Financial Strategy processes.

Housing Revenue Account

- 1.7 The Housing Revenue Account (HRA) is projecting a positive net variance of £2.662m as at the end of Quarter 2, which results in a forecast contribution to HRA reserves of £0.508m.

Capital

- 1.8 Following a review of the Capital Programme during Quarter 2, the General Fund Capital Programme is forecasting a positive net variance of £1.201m against a proposed revised budget of £80.027m in 2022/23. This variance relates to £1.151m of the Delivery Fund that has not yet been allocated to specific proposals as at the end of Quarter 2 and a forecast positive variance of £0.050m on approved Delivery Fund allocations.
- 1.9 The additional savings relating to the revenue costs of financing the Capital Programme as a result of this review have been reflected within the Capital Financing Costs budget.
- 1.10 The HRA Capital Programme is forecasting an adverse variance of £0.060m against a revised budget of £27.828m in 2022/23.

Performance

- 1.11 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.12 The detail supporting this report is included in:
- Appendix 1 - Financial Monitoring for Quarter 2
 - Appendix 2 - Capital Programme for Quarter 2
 - Appendix 3 - Corporate Plan Measures for Quarter 2
 - Appendix 4 - Corporate Plan Projects for Quarter 2

2 RECOMMENDED ACTIONS

That Policy Committee notes:

- 2.1 The forecast General Fund revenue outturn position as at the end of Quarter 2 is a positive net variance of £1.267m;
- 2.2 The Housing Revenue Account (HRA) is projecting a positive net variance of £2.662m as at the end of Quarter 2, which results in a forecast contribution to HRA reserves of £0.508m;

- 2.3 £1.935m (19%) of savings have been delivered (blue) to date in this financial year, with a further £5.020m (49%) of savings on track to be delivered (green) by March 2022. £2.084m (20%) of savings are currently categorised as non-deliverable (red) and £1.185m (12%) categorised as at risk of delivery (amber);
- 2.4 There is a total £4.065m Delivery Fund available for 2022/23 (inclusive of 2021/22 approved carry forwards). At Quarter 2, £2.914m of this funding has been allocated out to approved schemes;
- 2.5 The General Fund Capital Programme is reporting a positive net variance of £1.201m against a revised budget of £80.027m;
- 2.6 The HRA Capital Programme is forecasting an adverse variance of £0.060m against a revised budget of £27.828m;
- 2.7 The performance achieved against the Corporate Plan success measures as set out in Section 12 of this report and Appendices 3 and 4.

That Policy Committee approves:

- 2.8 That the BFfC Contract Sum for 2022/23 is increased by £0.707m in order to fund the additional pressure arising from the 2022/23 pay award;
- 2.9 The amendments to the General Fund Capital Programme (as set out in further detail in Section 11 of this report and Appendix 2) resulting in a revised budget of £80.027m;
- 2.10 The amendments to the HRA Capital Programme (as set out in further detail in Section 11 of this report and Appendix 2) resulting in a revised budget of £27.828m;
- 2.11 Spend approval for the Capital Programme Schemes set out in Table 10 totalling £0.880m and paragraph 11.9 totalling £0.162m.

3 POLICY CONTEXT

- 3.1 The Council approved the 2022/23 Budget and Medium-Term Financial Strategy 2022/23 - 2024/25 in February 2022.

4 GENERAL FUND REVENUE

- 4.1 The forecast outturn as of Quarter 2 is a net positive variance of £1.267m and is broken down by service in the following table:

Table 1. General Fund Forecast 2022/23

2021/22 Outturn £m		Budget £m	Forecast Outturn £m	Variance £m
40.611	Adult Care and Health Services	43.394	44.626	1.232
24.252	Economic Growth and Neighbourhood Services	18.548	19.937	1.389
16.343	Resources	17.719	17.844	0.125
1.550	Chief Executive Services	1.541	1.574	0.033
0.684	Children's Services retained by Council	0.781	0.781	0.000
47.392	Children's Services delivered by BFFC	48.251	48.981	0.730
130.832	Total Service Expenditure	130.234	133.743	3.509
13.155	Capital Financing Costs	16.381	14.473	(1.908)
0.000	Contingency	3.627	0.000	(3.627)
(1.298)	Other Corporate Budgets	(0.252)	0.507	0.759
11.857	Total Corporate Budgets	19.756	14.980	(4.776)
142.689	Net Budget Requirement	149.990	148.723	(1.267)
	Financed by:			
(99.220)	Council Tax Income	(104.403)	(104.403)	0.000
(32.095)	NNDR Local Share	(26.510)	(26.510)	0.000
(2.108)	New Homes Bonus	(2.038)	(2.038)	0.000
(3.549)	Section 31 Grant	(12.580)	(12.580)	0.000
(2.040)	Revenue Support Grant	(2.108)	(2.108)	0.000
(6.739)	Other Government Grants	(2.404)	(2.404)	0.000
(0.415)	One-off Collection Fund Deficit	19.981	19.981	0.000
0.000	Section 31 Grants Released from Reserves	(19.928)	(19.928)	0.000
(146.166)	Total Funding	(149.990)	(149.990)	0.000
(3.477)	Over / (under) Budget	0.000	(1.267)	(1.267)

4.2 These variances have been categorised and summarised in the following table, which highlights that the Council is forecasting a total of £8.461m of pressures comprising:

- £2.052m of inflationary pressures, of which £1.140m relate to the latest employer's pay offer for 2022/23;
- £2.832m of demand pressures across adult's and children's social care and Economic Growth & Commercial Services;
- £2.477m of income pressures, predominantly within Economic Growth and Neighbourhood Services, partially due to the ongoing impacts of Covid-19 e.g., the reduced demand on car parking spaces;
- £1.100m of other expenditure pressures across Economic Growth and Neighbourhood Services, Resources and Childrens Services delivered by BFFC.

4.3 These pressures are offset by a total of £8.580m of the following savings and contingencies:

- £2.859m of expenditure savings across services, mainly due to £1.632m within Economic Growth and Neighbourhood Services particularly Environmental and Commercial Services due to lower waste disposal tonnage levels and staffing vacancies, and £1.198m within BFFC mainly due to forecast pressure reductions as reported by the finance team;

- £0.953m of income savings across services, mainly due to £0.410m of additional grant income within BfFC and £0.383m of income over-achievement in Bus Lane Enforcement (£0.117m) and On Street Pay & Display Car Parking within Economic Growth and Neighbourhood Services;
- £1.908m of expenditure savings within Capital Financing Costs resulting from the 2021/22 Capital Programme Outturn position and the 2022/23 Capital Programme forecast as at Quarter 2;
- £3.627m of unallocated Corporate Contingency;
- £0.381m of expenditure savings within Other Corporate Budgets.

4.4 The £1.140m of forecast pressures relating to the latest employers' pay offer will have an ongoing impact on the Council's Medium Term Financial Strategy as they are recurring pressures. The other pressures and savings will be reviewed to assess whether or not they are recurring and need to be addressed as part of the 2023/24 budget setting and 2023/24-2025/26 Medium Term Financial Strategy processes.

Table 2. General Fund Forecast Variance by Type 2022/23

	Expenditure Pressures			Income Pressures	Total Pressures	Savings			Total Pressures
	Inflation	Demand	Other			Expenditure	Income	Total	
	£m	£m	£m			£m	£m	£m	
Adult Care and Health Services	0.000	1.232	0.000	0.000	1.232	0.000	0.000	0.000	1.232
Economic Growth and Neighbourhood Services	0.270	0.618	0.406	2.110	3.404	(1.632)	(0.383)	(2.015)	1.389
Resources	0.000	0.000	0.284	0.030	0.314	(0.029)	(0.160)	(0.189)	0.125
Chief Executive Services	0.000	0.000	0.000	0.033	0.033	0.000	0.000	0.000	0.033
Children's Services retained by Council	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Children's Services delivered by BfFC	0.642	0.982	0.410	0.304	2.338	(1.198)	(0.410)	(1.608)	0.730
Total Service Expenditure	0.912	2.832	1.100	2.477	7.321	(2.859)	(0.953)	(3.812)	3.509
Capital Financing Costs	0.000	0.000	0.000	0.000	0.000	(1.908)	0.000	(1.908)	(1.908)
Contingency	0.000	0.000	0.000	0.000	0.000	(3.627)	0.000	(3.627)	(3.627)
Other Corporate Budgets	1.140	0.000	0.000	0.000	1.140	(0.381)	0.000	(0.381)	0.759
Total Corporate Budgets	1.140	0.000	0.000	0.000	1.140	(5.916)	0.000	(5.916)	(4.776)
Total	2.052	2.832	1.100	2.477	8.461	(8.775)	(0.953)	(9.728)	(1.267)

Adult Care and Health Services - £1.232m adverse variance

- 4.5 Adult Care and Health Services is forecasting an adverse net variance of £1.232m at Quarter 2, which is an adverse movement of £0.668m since Quarter 1. This pressure relates to the current care cost forecast being £37.027m compared to a budget of £35.795m.
- 4.6 The forecast overspend includes a number of factors:
- 313 new packages have been raised since April 2022, of which 123 were in Quarter 2;
 - The overall services users have increased from 1,552 at the start of 2022/23 to 1,587 at week 28 (10/10/2022), an increase of 35 users. This is the overall net impact of new cases, ceased cases and reviews;
 - From April 2022, there has been a number of cases leaving adult social care, in addition to a number of high-level reviews completed within the service from April 2022 to September 2022, resulting in savings totalling £0.544m, reducing the financial pressure within DACHS;
 - The directorate has a total savings target of £1.735m. At Quarter 2, they have achieved £1.011m and are on track to deliver a further £0.203m which together is 70% of the target;
 - The directorate also has a recovery plan in place to address the overspend with a further target of £2.189m. At Quarter 2 they have achieved £1.218m which is 56% of the target. They are working strongly towards achieving the remaining £0.971m and are recruiting additional staff funded via the Delivery Fund to support this recovery. However, for Quarter 2 monitoring we have assumed an achievement of an additional £0.572m based on the current rate, and prudent accounting. This will continue to be monitored closely, with an aim to complete a further 647 reviews.
- 4.7 The forecast does not include additional costs arising from any winter pressures, such as increases in Covid cases, temporary closure of services and use of alternative higher cost placements, or increased numbers in care through the additional requirement of discharging people from hospital beds. It is assumed that any additional costs would be covered through additional Health or grant income so are not included in the figures but wanted it noting for full transparency of potential pressures.

Economic Growth and Neighbourhood Services - £1.389m adverse variance

- 4.8 Economic Growth and Neighbourhood Services is forecasting an adverse net variance of £1.389m at Quarter 2 as set out in the following paragraphs. This is a positive movement of £0.280m from Quarter 1. The forecasts include the impact of £1.984m of savings being categorised as non-deliverable and £0.587m of savings being at risk of delivery.

Transportation - £0.393m adverse variance

- 4.9 This variance arises mostly from an anticipated income shortfall of £0.333m still attributable to the aftermath of Covid-19. Based on year-to-date activity levels in parking and traffic enforcement, income levels as at Quarter 2 are above those in the same period last year and the recovery is gaining momentum, particularly for Off-Street Car Parking - the most material Parking income stream by budget. The table

below shows the position since 2019/2020 the baseline year before the impact of the Covid Pandemic.

Table 3. Off Street Car Parking Income Trend

Financial Year	Budget £m	Actual/Forecast £m	Variance £m
2019/20	(4.244)	(4.333)	(0.088)
2020/21	(4.734)	(1.183)	3.551
2021/22	(3.668)	(2.933)	0.734
2022/23	(4.126)	(3.666)	0.460
2023/24	(4.776)		

- 4.10 The adverse variance of £0.460m in Off-Street Car Parking is occurring despite a large increase in income compared to 2021/22. The income budget for this area was increased in 2022/23 towards pre-covid levels and whilst there has been increased income compared to last year, the level of income has not yet returned to the pre-covid levels. Additionally, the ongoing cost of living crisis with high fuel costs has led to less visits to town centre and renting spaces to Royal Berkshire Hospital at Queens Road has not delivered the income anticipated due to the Hospital trialling other arrangements.
- 4.11 There is also a current forecast shortfall in income relating to Residents Parking Permits of £0.132m, however this is being closely monitored and it is hoped that this position will recover. Strategic Transportation is also forecasting further income pressures of £0.070m, which are partially offset by positive variances across expenditure budgets of £0.015m.
- 4.12 There is an additional pressure forecast of £0.075m for repairs required at Broad Street Mall caused by the recent heavy rain.
- 4.13 These pressures are partially offset by income overachievements on Bus Lane Enforcement of £0.115m and On Street Pay & Display Car Parking of £0.214m.

Planning and Regulatory Services - £0.579m adverse variance

- 4.14 There is a forecast income shortfall of £0.634m across the service. These income shortfalls are primarily arising from the ongoing Covid recovery as well as non-fee earning work on the Homes for Ukraine scheme which diverts officer time away from fee earning activities.
- 4.15 The Building Control shortfall of £0.250m directly relates to the lack of staffing and a lack of availability of suitable agency staff to undertake the fee earning work.
- 4.16 Premises license fees are forecasting an income shortfall of £0.100m. within this, the largest element relates to a £0.066m shortfall in respect of Reading Festival which is entirely based on Festival Republic's need for a license variation which has not materialised in 2022/23, the need in future years is under discussion.
- 4.17 Planning applications and planning fees shortfall of £0.087m are market driven so it is difficult to control the level of fees particularly as the level of fee is statutorily set. Following on from the Covid recovery the supply chain issues around costs and availability of construction materials, plus skills shortages in the construction and design industry, is holding up the planning application process. Therefore, the ongoing uncertainty following on from the Covid pandemic and the ongoing Inflation and risk of recession is having a direct impact on fee generation that is likely to be an ongoing issue.

- 4.18 Houses of Multiple Occupancy is forecasting an income shortfall of £0.197m. There is a requirement to inspect homes under the Homes for Ukraine scheme, so this decision to undertake this work has a direct impact on the ability to generate income in this area. The Council receives income under the Homes for Ukraine scheme, and it is being investigated as to whether this could be applied to cover the staffing costs of inspecting the properties.
- 4.19 There are also forecast pressures relating to ongoing public enquiries arising within Planning, forecast at £0.150m for 2022/23. There are some residual costs from a previous prosecution with sentencing of the Plaintiff due to be heard in October 2022. One public enquiry has been withdrawn with one further public enquiry to be heard by April 2023 with spend likely to be incurred until Summer 2023.
- 4.20 These pressures are partially mitigated by a staffing underspend due to vacancies arising within the service and lack of suitable Agency staff of £0.163m and miscellaneous Fees & Charges overachievement of £0.042m.

Housing and Communities - balanced budget

- 4.21 An area of ongoing concern is the potential impact of the cost-of-living crisis affecting the Homelessness budgets. Private sector evictions have been steadily rising following on from the Covid restrictions being released, with additional cost of living pressures placed on the sector. High Inflation pressures are being seen in the cost of Bed and Breakfast and short-term accommodation as well as a reduction in available properties to use. As this area is a demand led service, it is under close monitoring as the winter approaches as there is concern that the ability to prevent homelessness is further reduced. It is anticipated that emergency accommodation budgets are manageable with existing numbers, which have been stable for 6 months, however an increase in placements would result in budget pressure.

Culture - £0.127m adverse variance

- 4.22 Culture is forecasting an overall net pressure of £0.127m at Quarter 2. This is mainly due to a projected under recovery of income in the Hexagon and Concert Hall due to slower ticket sales driven by the cost-of-living crisis. There are also pressures relating to contract inflation and the lower take up of services in the Reading Play Services being offset by underspends in the Archives service.
- 4.23 The forecast variance is comprised of the following elements:
- £0.074m under recovery of income at the Hexagon. Despite strong sales, programming and bar sales, the service is expected to break-even but not make the budgeted surplus;
 - £0.050m under recovery of income in respect of Concert Hall Events. Due to the limited programme, the service is expected to break-even, however will not generate the budgeted surplus;
 - £0.035m pressures due to higher than anticipated contractual inflation within the GLL Leisure contract as this contract is based on CPI inflation as at March 2022;
 - £0.063m of pressures in Leisure Services. This partially relates to the Reading Activepark Project where there are staffing pressures of £0.006m in order to operate the centre 7 days a week. In addition, there are income pressures due to a big client leaving the site for new facilities in West Berkshire resulting in a loss of income of £0.012m. There are also pressures in the Reading Play Services due to income delays, due to works at Palmer Park taking longer than

expected of £0.124m however this is offset by a positive variance on pay and non-pay expenditure of £0.104m. Furthermore, there is a £0.035m pressure in the Parks service due to Paddling pool additional operating costs, which are partially offset by £0.010m overachievement of income.

- £0.015m positive variance due to salaries savings in Libraries and the Town Hall due to delays in recruitment;
- £0.080m positive variance for 2022/2023 on Reading's contribution to the joint arrangement for the Archives service.

Property & Asset Management forecast - balanced budget

- 4.24 Property & Asset Management is forecast to be on budget.
- 4.25 Within the Investment Properties rental income there is a known pressure arising from the granting of a rent free period for Adelphi House in order to secure a new long term lease. This shortfall of income of £0.342m in 2022/23 was agreed to be taken from Earmarked reserves set up to mitigate loss of income on Investment Properties, so the overall variance within Property & Asset Management is zero.

Environmental and Commercial Services - £0.180m adverse variance

- 4.26 Streetscene is forecasting an overall net pressure of £0.050m. There is a forecast shortfall in income of £0.500m due to staffing shortages in the Arboricultural Team resulting in commercial work not being possible. There are also reductions in income from reduced grounds maintenance/commercial opportunities on industrial sites and New Build Housing developments, as the market continues to recover slowly to post covid levels. Vacancy levels are expected to create a £0.450m positive variance within this area, which will partially offset the shortfall of income.
- 4.27 Recycling and Waste Collection is presently forecasting pressures of £0.600m due to the staffing establishment not being built to cover the employee costs of the required service, particularly for covering sickness and annual leave. Therefore, the service is continuing to employ over-establishment to ensure full-service delivery. Current sickness and absence levels remain higher than normal, so agency staff and overtime spend also remains high. These pressures combined are now expected to continue throughout the year and the future implications will be considered as part of the 2023/24 budget setting process.
- 4.28 Fuel costs are currently around a third higher than a year ago and this will create a £0.100m adverse variance for Fleet Management. Additional electric refuse freighters will be introduced soon, and this hopefully help to keep the overspend at this level. The increased cost of fuel will be considered as part of the 2023/24 budget setting process.
- 4.29 Highways and Drainage is forecasting an adverse variance of £0.100m, due to the inflationary pressures leading to increased cost of direct materials, paying for waste disposal arising from our work programme and paying increased subcontractor rates. This is partly offset due to a number of vacancies within the team.
- 4.30 Network Management is forecasting an adverse variance of £0.150m primarily due to a reduction in the income from the Pan Berkshire Urban Traffic Control joint arrangement which arose due to National Highways having pulled out of the scheme. There is a mitigation plan in place for 2023/24 onwards to offset this loss of income. This will be partly offset by vacancies in the team creating a £0.020m positive variance on staffing costs.

- 4.31 Waste Disposal is forecasting an £0.800m positive variance arising from reduced waste disposal costs. As a result of reviewing the full year projections for waste disposal, residual waste per household is now expected to be 7% less than forecast. In addition, reductions in costs have been negotiated, reduced insurance premiums are being sought and re3 recycling income have been higher than predicted.

Management & Sustainability - £0.110m adverse variance

- 4.32 The Business Development service is forecasting a pressure of £0.110m on advertising income schemes. There have been delays in the planning agreements for some advertising sites, as well as contractual and developer delays linked to reduced demand for use of advertising screens as an ongoing impact of the Covid-19 pandemic. This pressure is likely to continue into 2023/24 and will be considered as part of the 2023/24 budget setting process. This service has recently transferred from Environmental and Commercial Services and was previously included as a pressure within that overall service forecast.

Resources - £0.125m adverse variance

- 4.33 The Directorate of Resources is forecasting an adverse net variance of £0.125m at Quarter 2 which is an adverse movement of £0.095m since Quarter 1.

Corporate Improvement & Customer Services - £0.160m positive variance

- 4.34 This forecast variance primarily relates £0.129m of current vacancies within the Policy Team, plus a forecast overachievement of income in Bereavement Services of £0.080m offset by a total of £0.049m of minor adverse variances across the service.

HR & Organisational Development - £0.030m adverse variance

- 4.35 This solely relates to pressures within Human Resources & Organisational Development which is forecasting an adverse net variance of £0.030m at Quarter 2, relating to Kennet Day Nursery income.

Procurement & Contracts - £0.125m adverse variance

- 4.36 Procurement & Contracts is forecasting an adverse variance of £0.125m consisting of:
- £0.025m for the recruitment of the Assistant Director of Procurement plus the net cost of agency cover for both this post and the Corporate Contracts Manager;
 - £0.100m of unachievable procurement savings.

Legal & Democratic Services - £0.130m adverse variance

- 4.37 Elections are forecasting an overspend of £0.159m, due to the Council holding an “all out” local election in 2022/23. This resulted in the need for an increased number of count staff. Additional costs also arose following the Local Government Boundary review where the number of councillors increased from 46 to 48 and the number of polling stations increased from 69 to 75, as well as the Covid health and safety measures that were in place for the 2021/22 remaining in place for 2022/23.
- 4.38 The pressures arising within Elections are partially offset by minor positive net variances totalling £0.029m across the service.

Chief Executive Services - £0.033m adverse variance

- 4.39 Chief Executive Services is forecasting an adverse net variance of £0.033m at Quarter 2, which is a positive movement since Quarter 1 of £0.001m. This solely relates to underachievement of advertising income within Communications.

Children's Services Delivered by Brighter Futures for Children (BFfC) - £0.730m adverse variance

- 4.40 BFfC are currently forecasting net budget pressures totalling of £0.730m. This is an improvement of £1.031m from Quarter 1.

- 4.41 It is proposed that additional pressures totalling £0.707m arising from the 2022/23 pay award are funded by the Council and subsequently that the 2022/23 BFfC Contract Sum is increased by £0.707m. This pressure is therefore reported within Other Corporate Budgets.

- 4.42 There are total pressures of £2.338m consisting of:

- £0.800m pressure on transport related budgets due to rising inflation of £0.290m, increasing demand pressures totalling £0.390m and increased costs due to resource shortages of £0.120m;
- £0.410m due to agency staff within Children's Social Care. This pressure has arisen due to the additional cost of employing agency workers who are all covering vacant posts;
- £0.824m due to demand for Children's Social Care. This budget variance is the result of £0.352m inflation pressures and £0.472m of demand led pressures;
- £0.304m pressure on Children's Home income generation.

- 4.43 These pressures are mainly offset by £0.815m of demand led budget pressure reductions over the remainder of the financial year, as reported by the finance team. Other offsetting positive variances include additional Unaccompanied Asylum Seeking Children Grant from Central Government of £0.410m, £0.303m of staffing vacancies; £0.050m of Home to School Transport mitigating actions and £0.030m of other net savings.

- 4.44 As at the end of Quarter 2, against a target of £1.175m, BFfC are reporting that £0.804m of savings have been delivered and are on track to deliver a further £0.371m by the end of the financial year. However; £0.281m of savings forecast as on track to be delivered are being reviewed by BFfC to determine if these are savings or incidents of cost avoidance.

Corporate Budgets - £4.776m positive variance

- 4.45 Corporate Budgets are reporting a net positive variance of £4.776m, a positive movement of £0.160m from Quarter 1.

- 4.46 Capital Financing Costs are forecasting a positive net variance £1.908m taking into account the impact of the slippage on the Capital Programme reported in the 2021/22 Outturn Report and the 2022/23 Capital Programme forecast as at Quarter 2.

- 4.47 The Corporate Contingency budget of £3.627m is currently not forecast to be used and therefore contributes a further positive variance.

- 4.48 Other Corporate Budgets are forecasting an adverse net variance of £0.759m.

- 4.49 This variance includes a pressure of £1.140m relating to the 2022/23 pay award that was agreed in November 2022. A pay award of 2% was assumed as part of 2022/23 budget setting with additional contingency retained corporately to fund a pay award up to 4%. The £1.140m pressure is the total pressure net of the budgeted 2% increase and the contingency. This pressure on pay inflation is partially offset by positive net variances of £0.381m within Other Corporate Budgets.

5 SAVINGS DELIVERY

- 5.1 Delivery of the Council's budget is predicated on achieving savings and additional income as agreed as part of the budget setting process in February 2022. Detailed monitoring of agreed savings is tracked on a monthly basis.
- 5.2 The projected financial impact of any non-delivery of savings have been included in the projected outturn position reported above.
- 5.3 The following table summarises the current forecast savings delivery for 2022/23 (a further detailed breakdown by saving is provided in Appendix 1):

Table 4. General Fund Savings Tracker Summary

Service	Savings At Risk £000	Savings Delayed or at Risk £000	Savings on Track £000	Savings Achieved £000	Directorate Total £000
Adult Care and Health Services	0	521	203	1,011	1,735
Economic Growth and Neighbourhood Services	1,984	587	3,888	120	6,579
Resources	100	0	558	0	658
Corporate	0	77	0	0	77
Children's Services delivered by BfFC	0	0	371	804	1,175
Total	2,084	1,185	5,020	1,935	10,224
Increase/(Decrease) from Quarter 1	23	7	(395)	365	0

- 5.4 Any savings not delivered in 2022/23 will cause an immediate pressure on 2023/24 unless mitigated with alternative ongoing savings. Delivery of existing savings within the Medium-Term Financial Strategy will also be reviewed as part of the 2023/24 Budget setting and 2023/24-2025/26 Medium-Term Financial Strategy processes over the upcoming months.

6 DELIVERY FUND

- 6.1 There is a total £4.065m Delivery Fund available for 2022/23 (inclusive of 2021/22 approved carry forwards). At Quarter 2, £2.914m of this funding has been allocated out to approved schemes, leaving £1.151m available to be allocated. At Quarter 2, the forecast spend is £2.864m, which results in an overall forecast positive variance of £0.050m.

7 SUNDRY DEBT

7.1 Total General Fund sundry debt as at the end of Quarter 2 is £9.009m, compared to £9.075m at the end of Quarter 1. The following table shows the overdue debt as at the end of Quarter 2:

Table 5. Overdue Debt

	Under 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Over 2 years	Total Overdue Debt
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Care & Health Services	211	403	255	471	779	1,238	2,506	5,863
Economic Growth & Neighbourhood Services	233	257	245	225	167	225	654	2,006
Resources	57	25	6	37	8	13	128	274
Chief Executive	12	-	-	-	1	-	-	13
Former Children's Services	-	54	477	-	-	190	29	750
Corporate	-	-	-	-	-	-	103	103
Total General Fund	513	739	983	733	955	1,666	3,420	9,009
Housing Revenue Account	1	-	1	5	2	6	15	30
Intercompany Debt	323	-	-	-	-	-	1,435	1,758
Total Including HRA and Intercompany	837	739	984	738	957	1,672	4,870	10,797

7.2 The Council has several wholly-owned active subsidiaries. The outstanding intercompany debt related to these subsidiaries, including loans, is shown in the following table:

Table 6. Outstanding Intercompany Debtors

Debtor	Outstanding Debt £
Reading Transport Ltd	-
Homes for Reading Ltd	1,435,264
Brighter Futures for Children	322,714
Total Outstanding Debt from Intercompany Debtors	1,757,978

7.3 The outstanding debt relating to Homes for Reading Ltd (HfR) is due to the company's cashflow pressures. A repayment profile had been proposed and the first payment was made in 2021/2022. Formal ratification of the repayment schedule is being taken to the next Homes for Reading board meeting in December 2022.

- 8.1 The Council currently has 102 agency contracts across the directorates. £0.186m has been spent on overtime during Quarter 2, bringing to total for the year to £0.337m
- 8.2 There have been nine redundancies to date during 2022/23 at a total cost of £0.113m, there have also been additional severance costs to date of £0.212m. Redundancy expenditure will be funded through the redundancy revenue reserve.

9 COLLECTION FUND

- 9.1 The following table shows the Council's collection rate to date of the total annual debit for Council Tax and Non-Domestic (Business) Rates as at the end of Quarter 2.
- 9.2 Council Tax and Non-Domestic collection rates are still behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) but are both ahead when compared with 2021/22. This position will continue to be closely monitored as we head into the Winter months where the impacts of the cost of living crisis are likely to be most prevalent.

Table 7. Collection Fund Collection Rates

	2019/20	2020/21	2021/22	2022/23	Comparison to 2021/22	Comparison to 2019/20
	%	%	%	%	%	%
Council Tax	55.62	54.90	54.69	55.22	0.53	(0.40)
Non-Domestic Rates	53.20	47.63	45.90	52.79	6.88	(0.41)

10 HOUSING REVENUE ACCOUNT (HRA)

- 10.1 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.154m. At Quarter 2 the forecast revenue outturn position on the HRA is a positive net variance to budget of £2.662m. Therefore, a transfer to the HRA Reserve is forecast of £0.508m rather than the originally budgeted £2.083m draw down from reserves, which will help to offset the known inflation pressures particularly in the Repairs and Maintenance area which are likely to hit further in 2023/2024, as well as being able to support the building of new Houses and the move towards Carbon net zero. The breakdown of the net variance is set out in the following table and explained below.

Table 8. Housing Revenue Account Forecast 2022/23

	Budget £m	Forecast Outturn £m	Variance £m
Management & Supervision	9.790	8.257	(1.533)
Special Services	3.575	3.156	(0.419)
Provision for Bad Debts	0.753	0.753	0.000
Responsive Repairs	2.700	2.700	0.000
Planned Maintenance	4.666	4.666	0.000
Major Repairs/Depreciation	10.082	10.082	0.000
Debt Costs	6.741	6.037	(0.704)
PFI Costs	7.197	7.197	0.000
Revenue Contribution to Capital	0.600	0.600	0.000
HRA Income	(43.950)	(43.956)	(0.006)
Over/(Under) Budget	2.154	(0.508)	(2.662)
Movement to/(from) HRA Reserve	(2.154)	508	2.662

- 10.2 Within Management and Supervision, there are a large number of vacant posts leading to a current projected variance on salary budgets of £0.499m. Additionally, the

expected charge to the HRA for the central support costs is currently expected to be around £1.060m less than the maximum budget for these charges available within the HRA. A review of the HRA contribution towards General Fund capital schemes will be factored into the updated HRA Business Plan and future year budgets. There are other adverse net variances totalling £0.026m.

- 10.3 Within Special Services, there are also a number of vacant posts leading to a current projected variance on salary budgets of £0.101m. Furthermore, there is an additional positive variance of £0.318m in respect of sheltered housing rents and Right-to-buy housing association charges.
- 10.4 Recruitment attempts to fill the aforementioned vacancies are ongoing with some recent success in some roles following a series of unsuccessful rounds of recruitment.
- 10.5 Debt costs are lower than budgeted by £0.704m due to less borrowing currently being required within the HRA to meet its capital expenditure as planned expenditure has been re-programmed into future years.
- 10.6 HRA Income is forecasting an overall positive variance of £0.006m. Dwelling rents and Service Charges are currently projected to be underachieving on the budget by a total of £0.089m (0.2% less than budget). In addition, there is a £0.044m underachievement forecast on Other Income. These are due to a delay in the completion of HRA capital schemes resulting in less housing available to be rented. Interest income is forecast to overachieve by £0.139m as the HRA has a higher level of reserve balances than anticipated so it takes a higher share of the interest income on those balances. The recent increases in the Bank of England interest rate have helped push the income up slightly too, and in the future partially offset increases in debt costs.
- 10.7 The collection rate of income within the HRA of income actually collected versus expected income is 99.3%, when incorporating collection of debt in Arrears from current and former tenants this figure becomes 96.0%. One item of concern under review is voids turnarounds, due to factors including staffing, the availability of contractors and pressures on materials the time taken to return void properties into circulation is growing, this has an indirect impact on the income collected and the collection rates.

11 CAPITAL PROGRAMME

General Fund

- 11.1 The General Fund Capital Programme for 2022/23 has an approved budget of £115.980m. The following amendments are requested to be formally approved which would result in a revised Capital Programme budget of £80.027m. These amendments are set out on an individual scheme basis in Appendix 2.

Table 9. General Fund Capital Programme Amendments

Revised	Budget	Additional	Additional	Reduced	Budgets	Proposed
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Budget Quarter 1 2022/23	Movements Between Schemes	Budgets added to the Programme - Funded by Grants & Contributions	Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing	Budgets - Completed Schemes & Other carry forward budget adjustments	reprogrammed (to)/from Future Years	Revised Budget Quarter 2 2022/23
£m	£m	£m	£m	£m	£m	£m
115.980	0	19.876	0	(392)	(55.437)	80.027

11.2 A small number of budget movements between existing capital schemes is set out in Appendix 2. This includes funding a proposed new scheme, Purchase of Mortuary Equipment, of £0.012m that is funded from the Additional Storage Capacity at Mortuary Scheme which can no longer proceed as originally intended due to the Home Office changing the Emergency Mortuary Arrangement model. The original budget of this scheme was £0.015m; therefore the surplus £0.003m budget can be removed from the capital programme.

11.3 A total of £19.876m of additional budgets that are fully funded by grants and contributions are requested to be formally added into the Capital Programme. These additions include:

- £1.000m for Construction of Green Park Station reflecting additional Integrated Transport Block grant to fund the expected additional expenditure to complete the scheme at Green Park Station;
- £1.500m for Active Travel Tranche 3, a new grant funded capital scheme, to support the implementation of high-quality walking and cycling facilities in the Borough with the majority of the scheme expected to be delivered during 2023/24;
- £15.939m for the Bus Service Improvement Plan, a further new grant funded scheme to improve bus infrastructure in the Borough. The majority of the expenditure is expected to be incurred through 2023/24 and 2024/25 with formal confirmation of the grant funding expected soon;
- £1.086m for additional schemes to be funded from Section S106 and Community Infrastructure Levy contributions;
- £0.351m for the SEN High Needs provision capital allocations scheme where the majority of expenditure is expected to be incurred in 2023/24.

11.4 A total of £0.392m of budget reductions are requested to be formally approved as set out in Appendix 2 due to a number of schemes having finished and remaining funding brought forward into 2022/23 not being required.

11.5 A total of £55.437m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme in line with the latest delivery forecasts. This includes:

- £0.885m for Active Travel Tranche 2 to reflect the revised expenditure projections for the current year;
- £16.739 for the new Active Travel Tranche 3 and Bus Service Improvement Plan schemes where the majority of expenditure is expected to be incurred in later years;

- £1.089m for Local Transport Plan Development to reflect the revised expenditure projections for the current year;
- £3.620m for Reading West Station is expected to have a significant spend in 2023/24 as elements of the scheme related to the Great Western Railways elements have slipped back due to Covid and Planning delays;
- £1.000m for South reading MRT (Phases 5 & 6) external funding to deliver this has not been secured so start date of this scheme pushed back into 2023/24;
- £5.053 for Leisure Centre Procurement with diving pool works pushed back to later in 2022/23 due to a delay on the award of a water extraction licence;
- £1.534m For Reading Football Club Social Inclusion Unit to South Reading Leisure Centre (SRLC). This scheme is now expected to begin in 2023/24 once the s106 funding becomes due and has been received;
- £0.653m for High Street Heritage Action Zone where anticipated spend is expected to only be the Historic England funding of £300k, future spend on the remaining budget is due to commence in 2023/24;
- £1.622m for Replacement Vehicles. The programme has been re-profiled to reflect only the expected delivery of 5 new Electric Refuse vehicles in the current year;
- £0.702m for Playground equipment and Refreshment: Boroughwide to reflect the revised expenditure projections for the current year;
- £2.550m for the Minster Quarter schemes which has been reprofiled to reflect the funding required in 2022/2023 to develop the scheme towards the awarding of a preferred development partner for the scheme. The bulk of expenditure on the Brownfield land site and developing the scheme further are expected to be incurred during 2023/2024;
- £3.354m across Property & Asset management schemes including Corporate Office essential works and the Accommodation review schemes. An Asset review is underway which will further identify the key projects required on the asset estate during 2023/2024;
- £3.200m for the Carriageways & Pavements and Highways structures programme to reflect the spend profile of the planned works;
- £2.334m for the SEN High Needs provision capital allocations scheme to reflect the revised expenditure projections for the current year;
- £5.435m for the Dee Park Regeneration - Housing Infrastructure Fund (school) scheme which reflects the confirmed draw down of Housing Infrastructure funding towards the development of this scheme in 2022/2023, with the remainder reprofiled into 2023/2024 to match the expected profile of spend;
- £5.667m across other schemes.

11.6 There is a total £4.065m Delivery Fund available for 2022/23 (inclusive of 2021/22 approved carry forwards). At Quarter 2, £2.914m of this funding has been allocated out to approved schemes, leaving £1.151m available to be allocated. At Quarter 2,

the forecast spend is £2.864m, which results in an overall forecast variance of £1.201m.

11.7 All other general fund schemes are forecasting to spend to the proposed revised budgets.

11.8 It is requested the following capital schemes are given spend approval as they will be funded from Community Infrastructure Levy contributions:

Table 10. Capital Programme Spend Approval Requests

Scheme	Budget £m
John Rabson skatepark	0.255
Pedestrian Defined Urban Pocket Gardens	0.075
Pedestrian dropped kerb facilities with tactile pavers	0.240
Pedestrian handrails	0.240
Railway footbridge lighting in West Reading	0.070
Total	0.880

11.9 Spend approval is also requested for the proposed Purchase of Mortuary Equipment scheme totalling £0.012m (as detailed in paragraph 11.2) and for the Mobile Working and Smart Device scheme under delegated officer authority totalling £0.150m.

Housing Revenue Account (HRA)

11.10 The HRA Capital Programme for 2022/23 has an approved budget of £30.502m. The following amendments to the Capital Programme are requested to be formally approved which would result in a revised Capital Programme budget of £27.888m. These amendments are set out on an individual scheme basis in Appendix 2.

Table 11. Housing Revenue Account (HRA) Capital Programme Amendments

Approved Budget	Budget Movements Between Schemes	Additional Budgets added to the Programme - Funded by Grants & Contributions	Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing	Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	Budgets reprogrammed (to)/from Future Years	Revised Budget Quarter 2 2022/23
£m	£m	£m	£m	£m	£m	£m
30.502	0.000	0.000	0.000	0.000	(2.674)	27.888

11.11 A total of £2.674m of budgets are requested to be reprogrammed to/from future years of the HRA Capital Programme in line with the latest delivery forecasts. This includes:

- £2.887m to be reprogrammed into 2023/24 for New Build & Acquisitions to reflect the updated planned programme of works;
- £0.213m to be brought forward from 2023/24 into 2022/23 for Major Repairs and Disabled Facilities Grants schemes.

11.12 The Housing Management System scheme is forecasting an adverse variance of £0.060m. A business case for additional funding in 2023/2024 to cover Phase 2 of the project next year also covers the small overspend this year.

12 CORPORATE PLAN PERFORMANCE

12.1 A new three-year Corporate Plan for 2022/23-2024/25 was published in March 2022, and a revised set of 58 performance measures were developed for monitoring from April 2022, along with a set of 52 key projects and initiatives which are helping to deliver the Council's mission and priorities. 31 of the performance measures are annual measures that will not be reported on until after March 2023.

12.2 These measures and projects were identified by directorates as those that best demonstrate progress in achieving key outcomes. This report is therefore intended to provide an overview of the contribution that the Council makes across all its activities to improving Reading as a place to live, work and visit.

12.3 The performance measures and projects are set against each of themes of the Corporate Plan for 2022/23-2024/25:

- Healthy environment
- Thriving communities
- Inclusive economy

12.4 The Council is now using a new system for performance management reporting, following the expiry of our InPhase licence. Going forward we will be using Sharepoint for data entry and PowerBI for viewing and reporting performance. This system should provide a more user-friendly experience.

Corporate Plan Measures

12.5 The tables and charts below display an overview of the shifts in performance for the Corporate Plan measures between Quarter 1 and Quarter 2, as well as performance against the target (red/amber/green).

Table 12. Summary of direction of travel

	Number of Measures	Q2 %
Getting better	14	50.0
Getting worse	13	46.4
Unchanged	1	3.6
Total	28	100

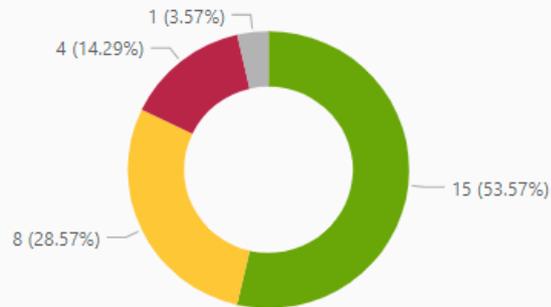
Table 13. Summary of performance against target¹

	Number of measures	Q1 %	Q2 %
Green	15	48	54
Amber	8	15	29
Red	4	18	14
N/A - No Target/Comparison	1	19	3
Total	28	100	100

¹ Green = target achieved; Amber = up to 10% below target; Red = more than 10% below target

Corporate Plan KPI's

Performance against target (Status)



12.6 The four Corporate Plan measures recorded with a 'red' status against 2022/23 targets are listed below (explanatory commentary is included where appropriate in Appendix 3):

- Customer satisfaction in the Customer Fulfilment Centre
- Number of self- service transactions via My Account self- service
- Percentage of responses to the public on Freedom of Information Act requests made within 20 days
- Remediation of tall buildings with cladding

Corporate Plan Projects

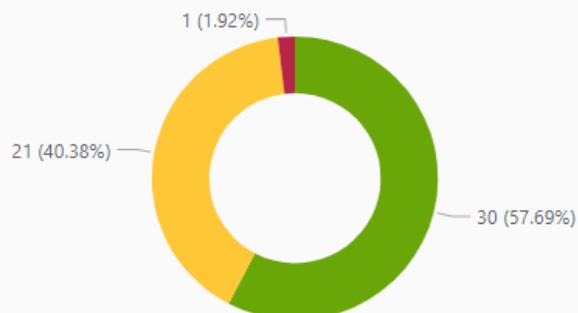
12.7 The RAG status for the Corporate Plan projects is shown below.

Table 14. Summary of RAG Status

	Number of projects	Q1 %	Q2 %
Green	30	58	58
Amber	21	40	40
Red	1	2	2
Total	52	100	100

Corporate Plan Projects

RAG (Status)



12.8 The only Corporate Plan project recorded with a 'red' status this quarter is 'Create a workforce that is fully representative of the population we serve'. Explanatory commentary is included in Appendix 4.

13 CONTRIBUTION TO STRATEGIC AIMS

13.1 The Council's vision is to ensure that Reading realises its potential - and to ensure that everyone who lives and works in Reading can share the benefits of its success. The Council has three inter-connected themes which contribute to delivering this vision. The themes are:

- Healthy environment;
- Thriving communities;
- Inclusive economy.

13.2 Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

13.3 Full details of the Council's [Corporate Plan](#) are available on the website.

14 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

14.1 The Council declared a Climate Emergency at its meeting on 26th February 2019. The Corporate Plan monitors our progress in reducing our carbon footprint.

14.2 There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

15 COMMUNITY ENGAGEMENT AND INFORMATION

15.1 Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify savings.

16 EQUALITY IMPACT ASSESSMENT

16.1 The equality duty is relevant to the development of the Budget and Corporate Plan. The specific savings and income proposals included in the budget are subject to consultation and equality impact assessments where required and these are being progressed as appropriate.

17 LEGAL IMPLICATIONS

17.1 The Local Government Act 2003 requires that the Authority reviews its Budget throughout the year and takes any action it deems necessary to deal with the situation arising from monitoring. Currently monitoring reports are submitted to Policy Committee quarterly throughout the year.

17.2 There are no legal requirements to have a Corporate Plan. Nevertheless, considering the size and complexity of the services we provide and have responsibility for, it is sensible to have a strategic document for the organisation which sets out key priorities and activities against a robust and sustainable financial strategy.

18 FINANCIAL IMPLICATIONS

18.1 The financial implications are set out in the body of this report.

19 BACKGROUND PAPERS

19.1 None.

MONTHLY FINANCIAL REPORT

End of September 2022

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For further information regarding this report, please contact:

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Total General Fund - Period 6

Latest Revenue Position and Forecast

	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Approved Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
Objective Analysis						
Adults Care and Health Services	21,697	17,721	(3,976)	43,394	44,626	1,232
Economic Growth & Neighbourhood Services	9,274	14,058	4,784	18,548	19,937	1,389
Resources	8,859	15,913	7,054	17,719	17,844	125
Chief Executive Services	771	863	92	1,541	1,574	33
Children's Services retained by the Council	(186)	(4,877)	(4,691)	781	781	-
Children's Services delivered by BFFC *	24,126	24,569	443	48,251	48,981	730
TOTAL SERVICE BUDGETS	64,540	68,246	3,706	130,234	133,743	3,509
Capital Financing Costs	8,191	8,003	(188)	16,381	14,473	(1,908)
Contingency	1,814	-	(1,814)	3,627	-	(3,627)
Other Corporate Budgets	(126)	(119,879)	(119,753)	(252)	507	759
TOTAL CORPORATE BUDGETS	9,878	(111,876)	(121,754)	19,756	14,980	(4,776)
TOTAL BUDGET	74,418	(43,630)	(118,048)	149,990	148,723	(1,267)
Funding:						
Council Tax Income	(52,202)	-	52,202	(104,403)	(104,403)	-
NNDR Local Share	(13,255)	-	13,255	(26,510)	(26,510)	-
New Homes Bonus	(1,019)	(1,019)	-	(2,038)	(2,038)	-
Section 31 Grant	(6,290)	(12,374)	(6,084)	(12,580)	(12,580)	-
Revenue Support Grant	(1,054)	(190)	864	(2,108)	(2,108)	-
Other Government Grants	(1,202)	(1,180)	22	(2,404)	(2,404)	-
One-off Collection Fund (Surplus)/Deficit	9,991	-	(9,991)	19,981	19,981	-
Section 31 Grants Release from Reserves	(9,964)	-	9,964	(19,928)	(19,928)	-
TOTAL FUNDING	(74,995)	(14,763)	60,232	(149,990)	(149,990)	-
NET CONTROLLABLE COST	(577)	(58,393)	(57,816)	0	(1,267)	(1,267)
Subjective Analysis						
Employee Costs	67,131	60,098	(7,033)	134,512	133,060	(1,452)
Premises Costs	11,481	8,789	(2,692)	22,923	22,942	19
Transport-Related Costs	1,206	1,136	(70)	2,413	2,473	60
Supplies and Services	29,179	(30,276)	(59,455)	57,808	54,127	(3,681)
Contracted Costs	106,764	114,920	8,156	213,527	215,409	1,882
Transfer Payments	10,411	7,813	(2,599)	20,822	20,822	(0)
CONTROLLABLE COST	226,172	162,480	(63,692)	452,005	448,833	(3,172)
Fees & Charges	(52,459)	(13,391)	39,068	(106,466)	(105,882)	583
Traded Services Income	(23,448)	(96,933)	(73,485)	(43,882)	(42,559)	1,323
Grants & Contributions	(150,842)	(110,548)	40,293	(301,658)	(301,659)	(1)
CONTROLLABLE INCOME	(226,748)	(220,872)	5,876	(452,005)	(450,100)	1,905
NET CONTROLLABLE COST	(577)	(58,392)	(57,816)	-	(1,267)	(1,267)

Revenue Forecast

<u>Objective Analysis</u>	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Approved Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
Commissioning & Improvement	1,041	(1,863)	(2,905)	2,083	2,083	0
Adult Services Operations	19,760	21,048	1,288	39,521	40,753	1,232
Public Health	(0)	(3,841)	(3,841)	(0)	-	0
Preventative Services	-	-	-	-	-	-
Directorate & Other	249	1,778	1,529	497	497	(0)
Safeguarding, Quality, Performance & Practice	647	583	(64)	1,293	1,293	-
Suspense	-	1	1	-	-	-
Inactive Codes	-	16	16	-	-	-
NET TOTAL COST	21,697	17,721	(3,976)	43,394	44,626	1,232

Subjective Analysis

Employee Costs	7,024	6,761	(263)	14,049	14,049	0
Premises Costs	137	118	(19)	275	275	0
Transport-Related Costs	31	36	5	62	62	0
Supplies and Services	3,861	2,476	(1,385)	7,723	7,723	0
Contracted Costs	24,594	23,507	(1,087)	49,188	50,420	1,232
Transfer Payments	567	85	(482)	1,133	1,133	(0)
TOTAL EXPENDITURE	36,215	32,984	(3,230)	72,429	73,662	1,233
Fees & Charges	(163)	-	163	(325)	(325)	-
Traded Services Income	(4,407)	(3,705)	702	(8,815)	(8,815)	(0)
Grants & Contributions	(9,948)	(11,558)	(1,610)	(19,896)	(19,896)	(0)
TOTAL INCOME	(14,518)	(15,263)	(746)	(29,036)	(29,036)	(1)
NET TOTAL COST	21,697	17,721	(3,976)	43,394	44,626	1,232

Revenue Forecast

	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Approved Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
<u>Objective Analysis</u>						
Transportation	(935)	(1,437)	(501)	(1,871)	(1,478)	393
Planning & Regulatory Services	1,242	1,691	449	2,484	3,063	579
Housing and Communities	949	1,739	790	1,898	1,898	0
Culture	1,893	1,891	(1)	3,785	3,912	127
Environmental and Commercial Services	7,933	10,281	2,348	15,865	16,045	180
Property and Asset Management	(2,060)	(662)	1,398	(4,120)	(4,120)	-
Management and Sustainability	253	548	295	507	617	110
Suspense	-	6	6	-	-	-
Inactive Codes	-	0	0	-	-	-
NET TOTAL COST	9,274	14,058	4,784	18,548	19,937	1,389

Subjective Analysis

Employee Costs	18,944	16,475	(2,469)	37,888	37,557	(331)
Premises Costs	8,641	7,297	(1,344)	17,281	17,281	(0)
Transport-Related Costs	1,151	1,074	(77)	2,301	2,301	(0)
Supplies and Services	12,974	12,755	(220)	25,949	25,814	(135)
Contracted Costs	5,032	5,107	75	10,064	9,984	(80)
Transfer Payments	(65)	(232)	(167)	(130)	(130)	(0)
TOTAL EXPENDITURE	46,676	42,476	(4,201)	93,353	92,807	(546)
Fees & Charges	(10,041)	(4,918)	5,123	(20,081)	(19,498)	583
Traded Services Income	(22,830)	(18,538)	4,291	(45,659)	(44,307)	1,352
Grants & Contributions	(4,532)	(4,962)	(430)	(9,065)	(9,065)	(0)
TOTAL INCOME	(37,402)	(28,418)	8,985	(74,805)	(72,870)	1,935
NET TOTAL COST	9,274	14,058	4,784	18,548	19,937	1,389

Revenue Forecast

	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Approved Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
<u>Objective Analysis</u>						
Corporate Improvement & Customer Services	1,462	1,652	190	2,924	2,764	(160)
HR & Organisational Development	870	866	(4)	1,740	1,770	30
Procurement & Contracts	243	315	72	486	611	125
Finance	2,144	3,098	954	4,288	4,288	-
Legal & Democratic	1,256	6,450	5,195	2,511	2,641	130
IT & Digital	2,885	3,531	646	5,769	5,769	-
Suspense	-	0	0	-	-	-
Inactive codes	-	0	0	-	-	-
NET TOTAL COST	8,859	15,913	7,054	17,719	17,844	125

Subjective Analysis

Employee Costs	11,620	10,552	(1,068)	23,240	23,268	28
Premises Costs	193	112	(80)	385	404	19
Transport-Related Costs	16	17	1	31	91	60
Supplies and Services	3,787	5,847	2,060	7,574	7,654	80
Contracted Costs	2,709	2,067	(641)	5,418	5,418	-
Transfer Payments	625	1,020	395	1,249	1,249	-
TOTAL EXPENDITURE	18,949	19,616	667	37,898	38,085	187
Fees & Charges	(1,164)	14	1,177	(2,327)	(2,327)	-
Traded Services Income	(2,553)	(1,166)	1,387	(5,106)	(5,168)	(62)
Grants & Contributions	(6,373)	(2,551)	3,823	(12,746)	(12,746)	-
TOTAL INCOME	(10,090)	(3,703)	6,387	(20,179)	(20,241)	(62)
NET TOTAL COST	8,859	15,913	7,054	17,719	17,844	125

Chief Executive Services [CEX] - Period 6

Revenue Forecast

	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Approved Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
<u>Objective Analysis</u>						
Corporate Management Team	442	508	65	885	885	-
Communications	328	355	27	657	690	33
NET TOTAL COST	771	863	92	1,541	1,574	33

Subjective Analysis

Employee Costs	739	742	4	1,477	1,477	-
Premises Costs	-	-	-	-	-	-
Transport-Related Costs	9	9	0	18	18	-
Supplies and Services	64	144	79	129	129	-
Contracted Costs	-	-	-	-	-	-
Transfer Payments	4	7	4	7	7	-
TOTAL EXPENDITURE	816	903	87	1,631	1,631	-
Fees & Charges	-	-	-	-	-	-
Traded Services Income	(18)	(12)	5	(35)	(2)	33
Grants & Contributions	(27)	(28)	(0)	(55)	(55)	-
TOTAL INCOME	(45)	(40)	5	(90)	(57)	33
NET TOTAL COST	771	863	92	1,541	1,574	33

Housing Revenue Account [HRA] - Period 6

Revenue Forecast

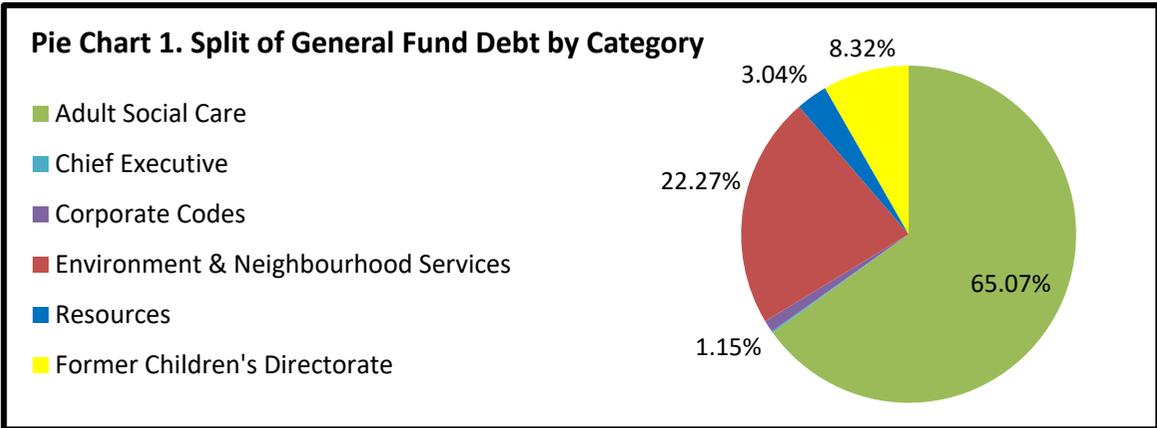
	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Approved Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
Objective Analysis						
Dwelling Rents	(18,932)	(18,592)	340	(37,863)	(37,852)	11
Service Charges	(483)	(428)	55	(965)	(887)	78
PFI Credit	(1,999)	(999)	1,000	(3,997)	(3,997)	-
Other Income	(155)	(85)	70	(309)	(265)	44
Interest on Balances	(408)	-	408	(816)	(955)	(139)
TOTAL INCOME	(21,975)	(20,104)	1,871	(43,950)	(43,956)	(6)
Management & Supervision	4,895	1,437	(3,458)	9,790	8,257	(1,533)
Special Services	1,788	834	(954)	3,575	3,156	(419)
Provision for Bad Debts	377	-	(377)	753	753	-
Responsive Repairs	1,350	993	(357)	2,700	2,700	-
Planned Maintenance	2,333	1,056	(1,277)	4,666	4,666	-
Major Repairs/Depreciation	5,041	3,183	(1,858)	10,082	10,082	-
Debt Costs	3,371	-	(3,371)	6,741	6,037	(704)
PFI Costs	3,599	3,067	(532)	7,197	7,197	-
Revenue Contribution to Capital	300	308	8	600	600	-
TOTAL EXPENDITURE	23,052	10,878	(12,174)	46,104	43,448	(2,656)
Movement to/(from) Reserve	(1,077)	-	1,077	(2,154)	508	2,662
NET TOTAL COST	-	(9,226)	(9,226)	-	-	-

Subjective Analysis

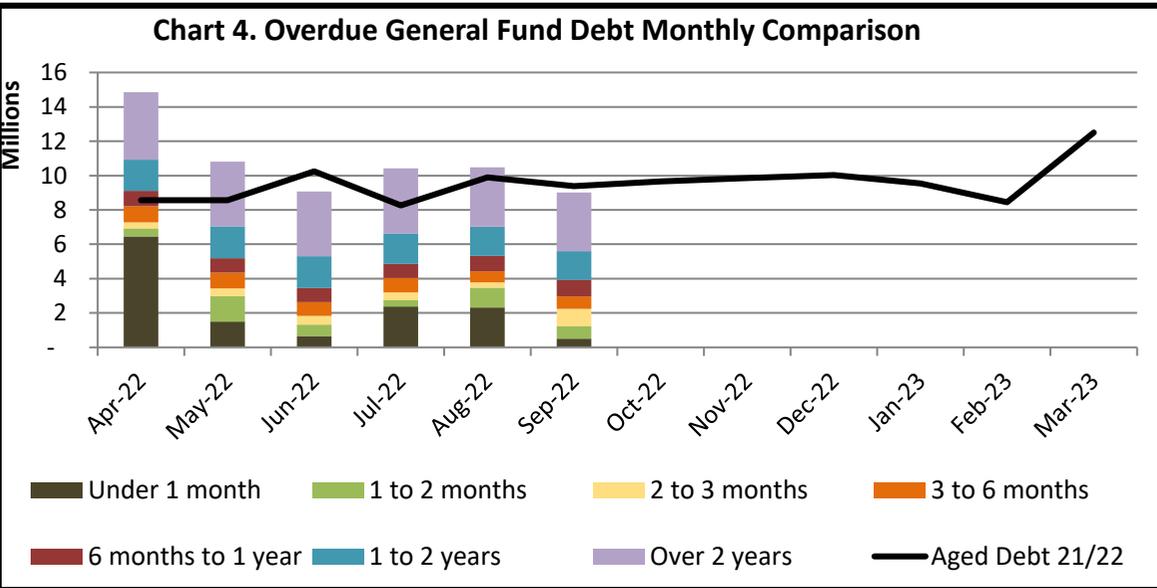
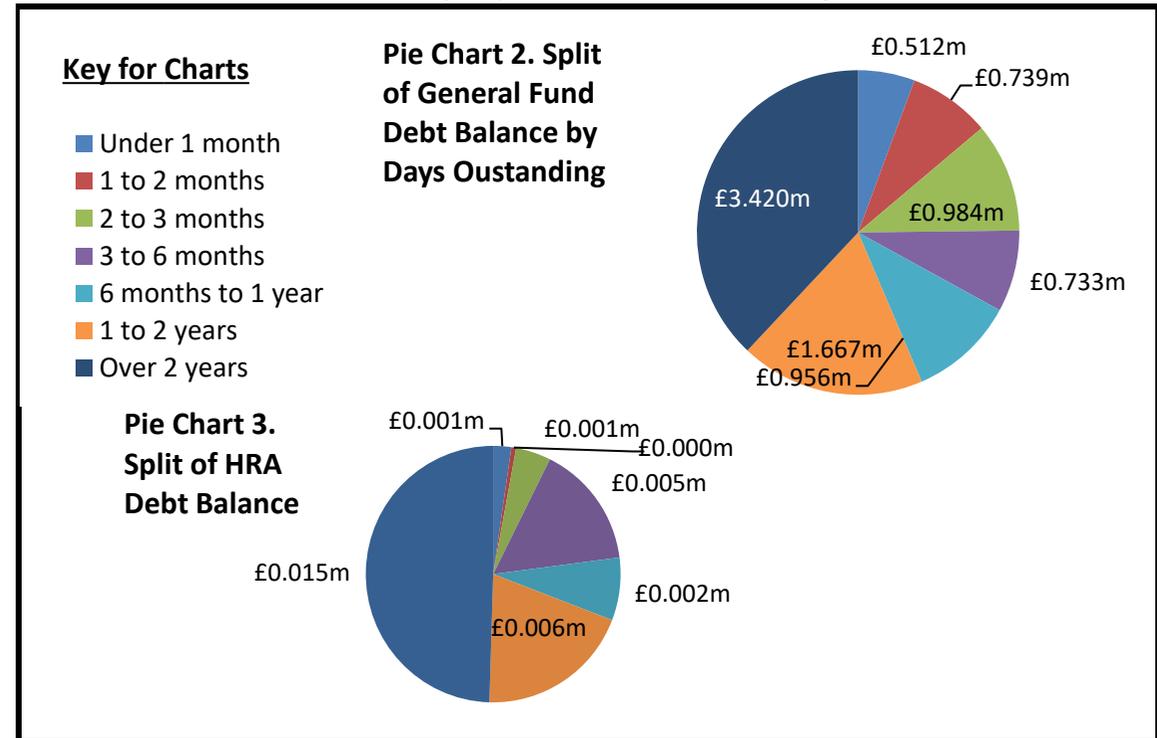
Employee Costs	2,495	1,866	(630)	4,991	4,391	(600)
Premises Costs	13,660	5,830	(7,830)	27,320	27,407	87
Transport-Related Costs	16	3	(13)	32	17	(15)
Supplies and Services	813	286	(527)	1,627	1,591	(36)
Contracted Costs	3,627	3,068	(559)	7,254	7,292	38
Transfer Payments	2,625	23	(2,602)	5,249	3,395	(1,854)
TOTAL EXPENDITURE	23,237	11,076	(12,161)	46,473	44,093	(2,380)
Fees & Charges	(1,262)	-	1,262	(2,523)	-	2,523
Traded Services Income	(19,977)	(19,262)	715	(39,953)	(40,053)	(100)
Grants & Contributions	(1,999)	(1,039)	959	(3,997)	(4,040)	(43)
TOTAL INCOME	(23,237)	(20,301)	2,936	(46,473)	(44,093)	2,380
NET TOTAL COST	(1)	(9,226)	(9,225)	-	-	-

Debt Performance - End of September 2022

The pie chart below shows the sundry debt as at the end of Period 6, totalling £9.009m.



Note: Adult Social Care includes Adult Client debt and invoices relating to NHS/CCG. As of Period 6, debt totalling £546k has been secured against properties, however there is no guarantee that 100% of this is recovered upon sale of the property. Education Services includes the majority of Schools service level agreement invoices.



Agency and Staffing - End of September

Agency contracts with the council as at the end of Period 6.

Number of agency workers by directorate

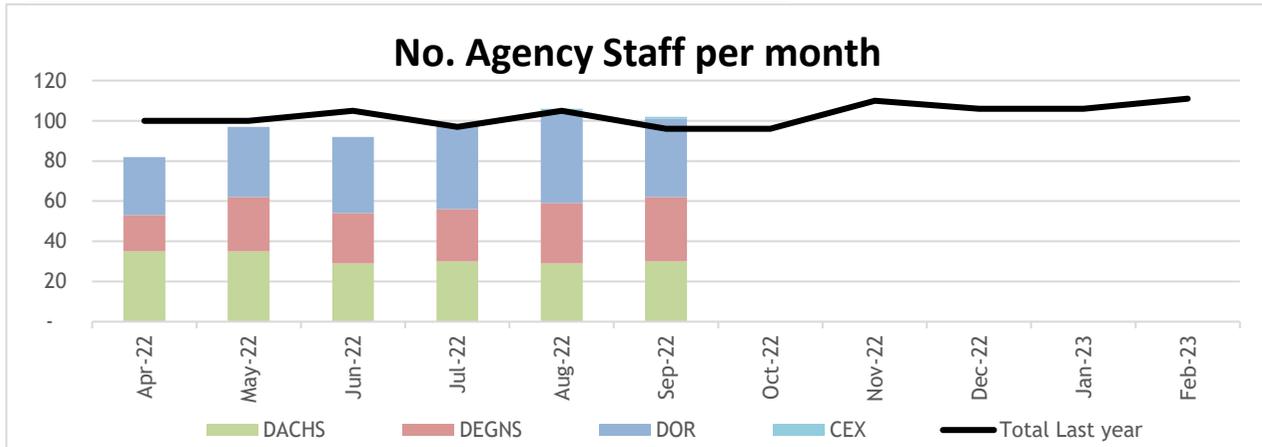
Directorate	Number of Agency Staff Period 6	Number of Agency Staff Period 5
DACHS	30	29
DEGNS	32	30
DOR	39	46
CEX	1	1
Total	102	106

Agency staff by post name (top 5)

Post name	No.
Social Worker	15
Refuse Loader/Driver	10
Occupational Therapist	9
Sweeper/Driver	8
Solicitors	6

Agency spend by directorate per quarter (£000s)

Directorate	2021-22 (£000s)				2022-23 (£000s)	
	Q1	Q2	Q3	Q4	Q1	Q2
DACHS	524	572	709	923	607	580
DEGNS	288	254	190	281	315	346
DOR	436	358	495	599	524	650
Total	1,248	1,184	1,394	1,803	1,445	1,576



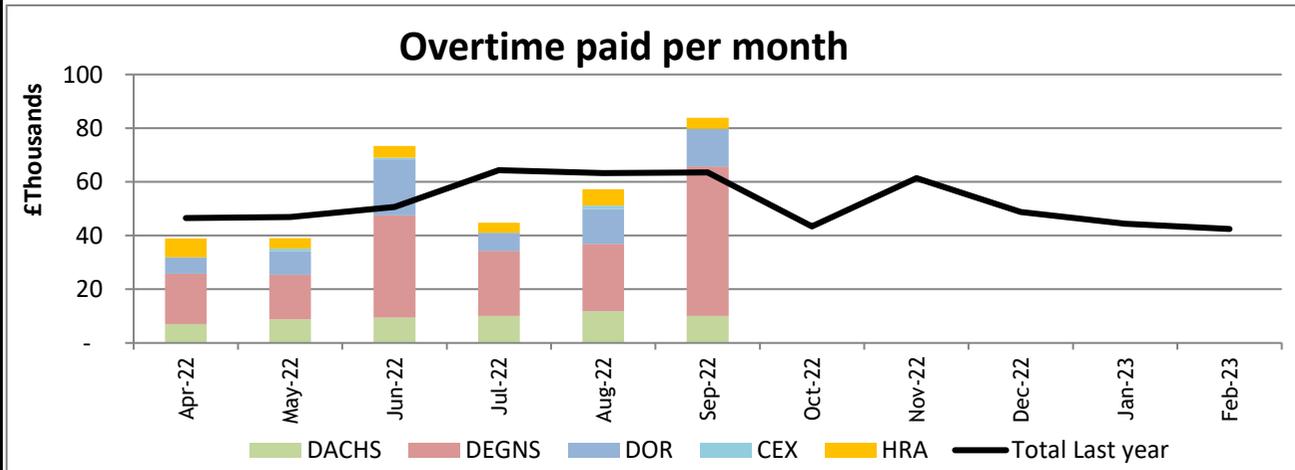
Redundancies & Severance Costs within 22-23

Directorate	September 2022 Only	Actual to Date 2022-23
DACHS	£ -	£ -
DEGNS	£ -	£ 258,444
DOR	£ 2,546	£ 59,147
CEX	£ -	£ 6,649
HRA	£ -	£ -
Total	£ 2,546	£ 324,240

Overtime paid by directorate 22-23

Directorate	September 2022 Only	Actual to Date 2022-23
DACHS	£ 10,097	£ 57,381
DEGNS	£ 55,625	£ 178,163
DOR	£ 13,991	£ 69,453
CEX	£ -	£ 2,910
HRA	£ 4,216	£ 29,293
Total	£ 83,929	£ 337,200

Redundancy expenditure will be funded from the redundancy revenue reserve. Currently 1 redundancy charge has been reflected in the Period 6 monitoring, bringing the total to 9 redundancies to date.

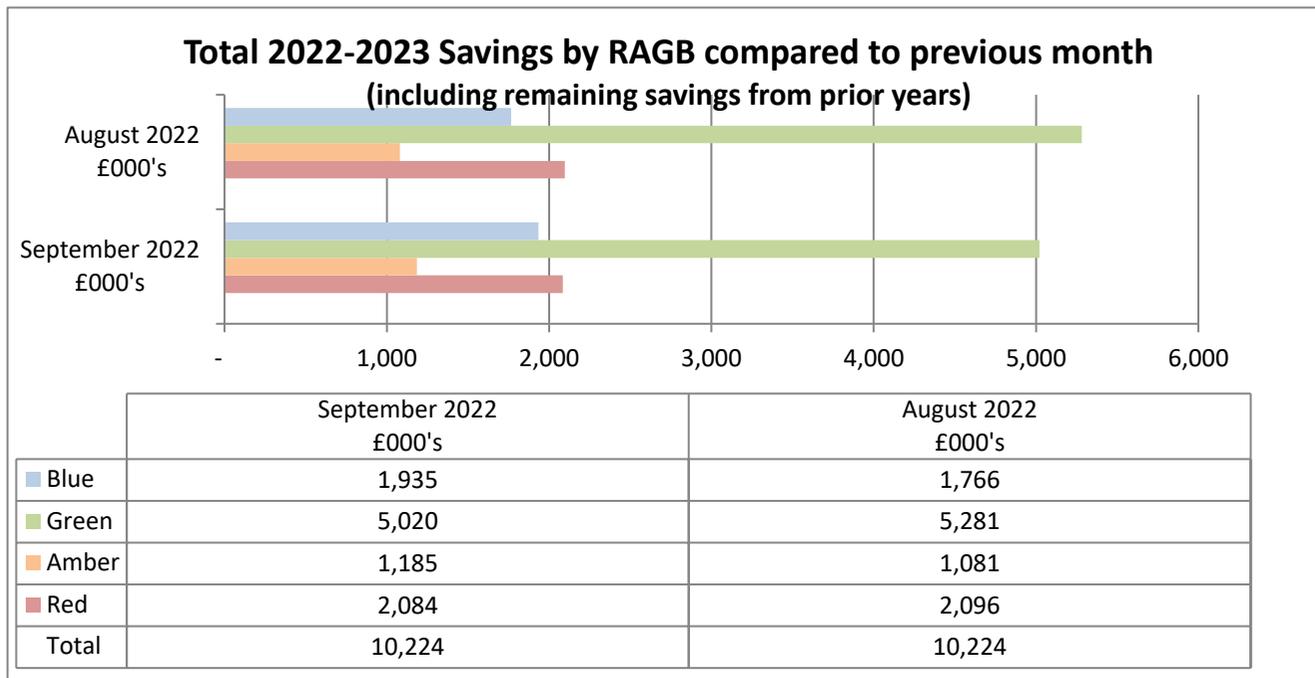


Savings and Delivery Fund 2022-2023 - End of September 2022

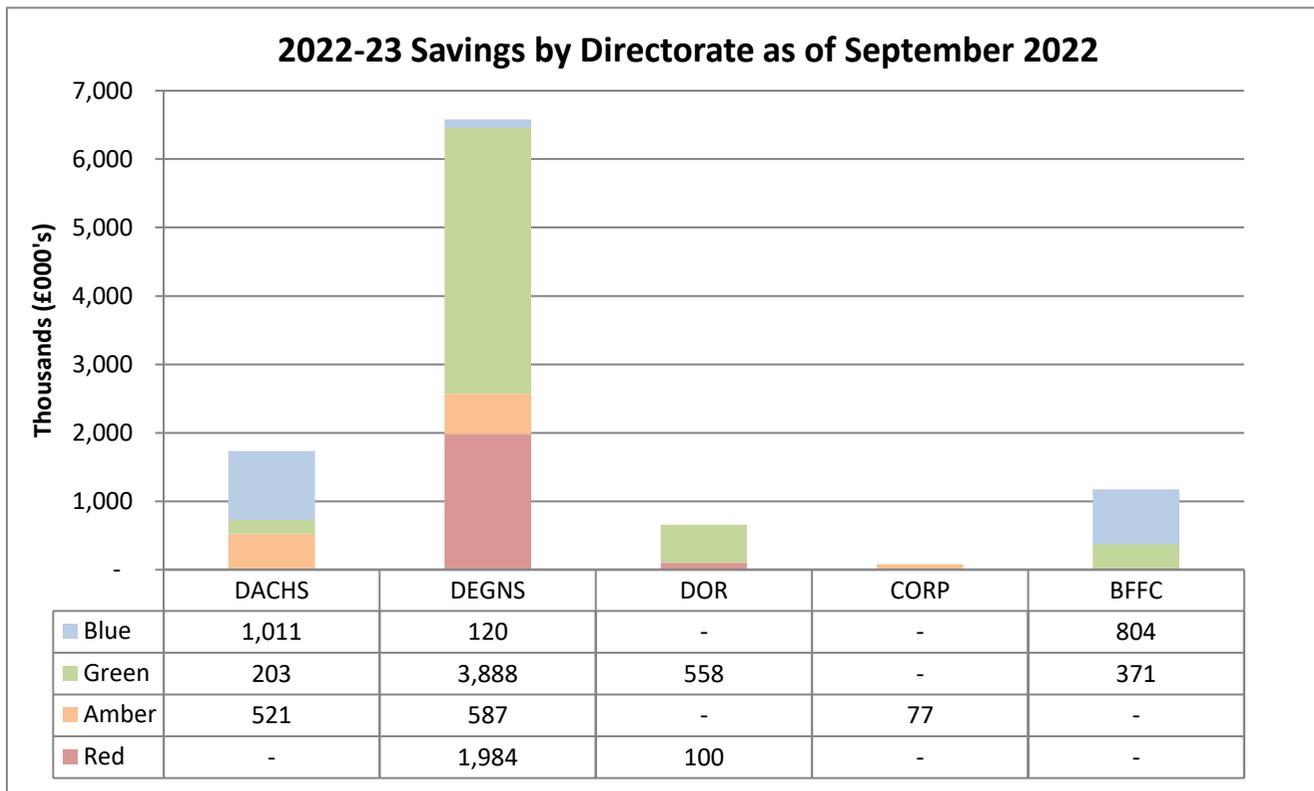
Savings

	Project delayed or unachievable and needs reviewing as part of MTFS
	Project has some issues or is at risk
	Project is progressing on track
	Project has been delivered and saving/income generation has been achieved

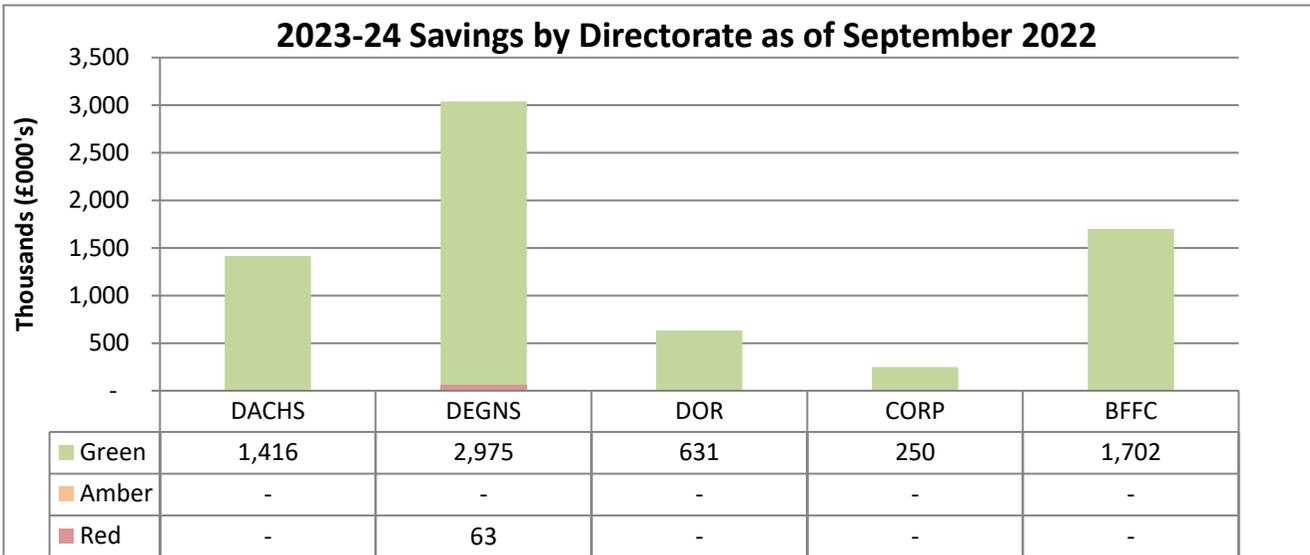
The below graphs shows the outstanding 2022-23 and prior year savings programme.
This totals £10.2244m for the overall council.



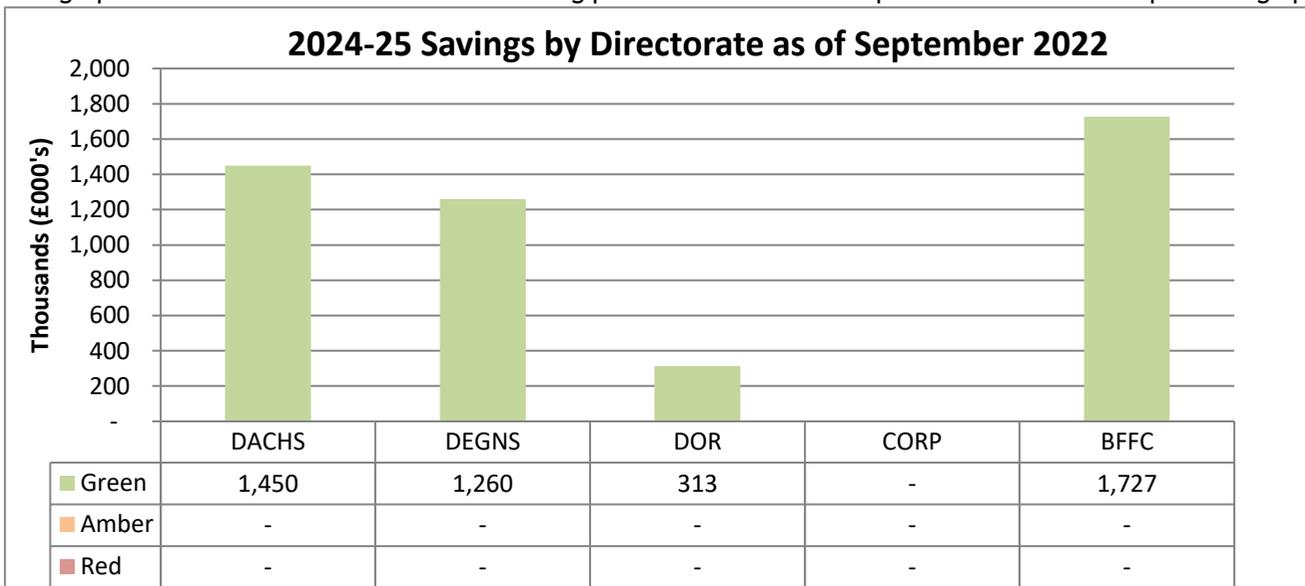
The graph below shows the 2022-23 RAGB rating per directorate as at September 2022 and the percentage per area.



The graph below shows the 2023-24 RAGB rating per directorate as at September 2022 and the percentage per area.



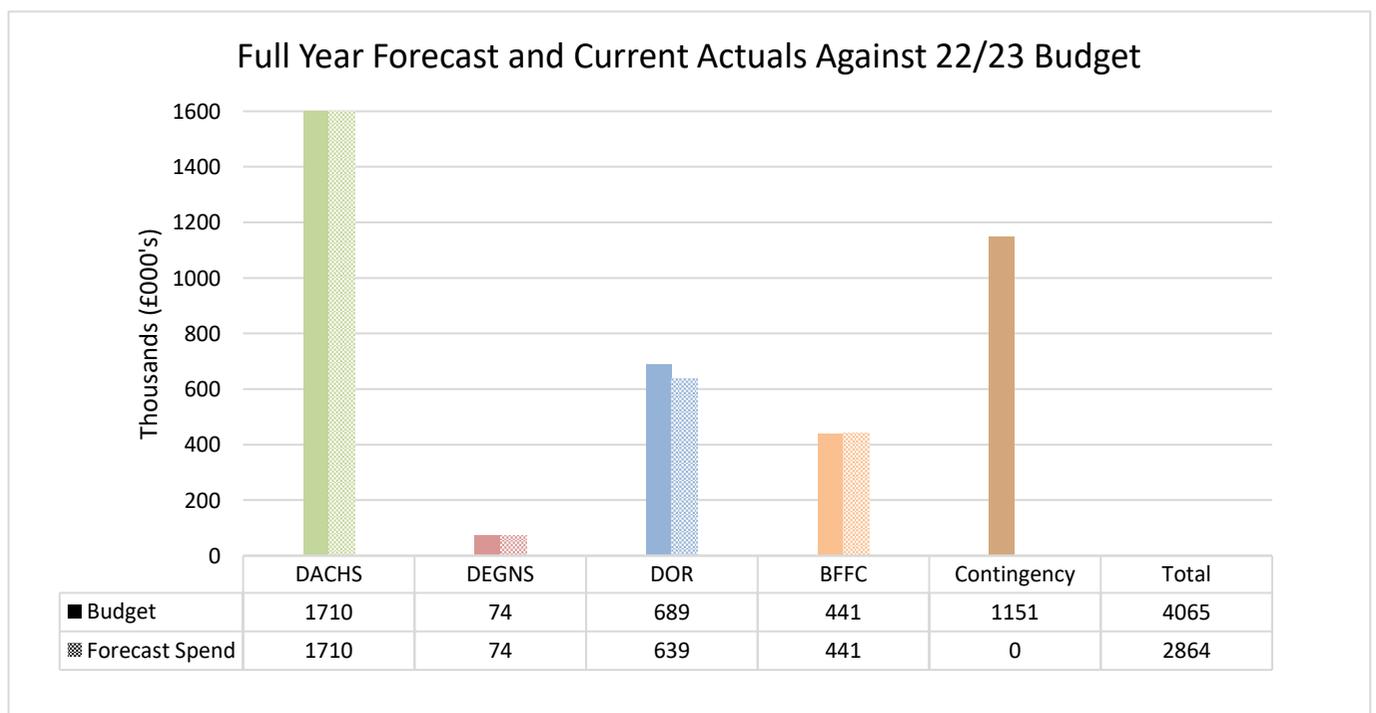
The graph below shows the 2023-24 RAGB rating per directorate as at September 2022 and the percentage per area.



Delivery Fund

There are currently 23 approved Delivery Fund schemes being monitored across DACHS, DEGNS, DOR and BFFC.

The graph below shows the forecast and actual spend on Delivery Fund schemes, by directorate, compared to the 22/23 budget for these schemes.



List of Savings within 2022-23

Savings

SAVINGS PROPOSAL	Current Year Savings (£000s)				
	RED	AMBER	GREEN	BLUE	TOTAL
Directorate of Adults Care and Health Services					
Removal of agreed 3 year Voluntary Care Service funding	0	0	0	250	250
Young people Transitions - Supporting young people into adulthood	0	28	0	22	50
Additional DACHS Staffing Efficiencies	0	0	0	200	200
TEC: Promoting the use of Assistive Technology	0	0	22	56	78
Development of the Personal Assistant Market	0	48	0	2	50
Promoting Independence (Outcome Based Service Delivery)	0	0	32	43	75
Review and Rightsizing of Care Packages (2021/2022)	0	0	37	43	80
Efficiency savings secured through Public Health re-procurement	0	0	0	300	300
Development of an Accommodation Pathway for Vulnerable Working Age Adults	0	0	3	22	25
Closing the DACHS Budget Gap	0	445	109	73	627
Total Directorate of Adults Care and Health Services	0	521	203	1,011	1,735

SAVINGS PROPOSAL	Current Year Savings (£000s)				
	RED	AMBER	GREEN	BLUE	TOTAL
Directorate of Economic Growth & Neighbourhood Services					
School Crossing Patrollers	0	0	14	0	14
Fundamental Service Review - Parking	150	0	0	0	150
Increased revenue from on-street Pay and Display	390	150	0	0	540
Increased income from Parking Enforcement	0	100	120	0	220
Increased provision of Red Routes	0	0	50	0	50
Review Public Car Park provision borough wide	200	0	0	0	200
Increase off street parking charges	150	0	0	0	150
Increase in fees and charges	0	0	3	0	3
Mandatory HMO Licensing	75	0	0	0	75
Discretionary HMO Licensing	20	0	0	0	20
Fundamental Service Review - Planning and Regulatory	0	0	66	0	66
Increase in charges for pre-planning application and planning fees	55	0	55	0	110
Proposed Fee Income Reading Festival	50	0	0	0	50
Reforecast income Licensing income budget	0	0	10	0	10
Increase in fees and charges	0	0	20	0	20
Reduction in professional specialist, management, enforcement and administrative resources; an increase to pre-planning application fees by 10%.	0	0	0	120	120
Town Centre Street Trading - New Pitches	0	0	8	0	8
Housing - Fundamental Service Review	0	0	50	0	50
Increase in fees and charges	0	0	4	0	4
Contribution from Public Health Grant	0	0	250	0	250
In-house management restructuring of Cultural Services	0	100	0	0	100
Increase in fees and charges	0	0	33	0	33
Increase in Savings - Waste Operations	0	0	(130)	0	(130)
Fundamental Service review of Highways	0	0	50	0	50
Increase income on green waste due to additional uptake in years 1-3 and fee increase in years 2-3	25	0	25	0	50
Fundamental Service Review - Parks and Street Cleansing	150	0	12	0	162
Increased income from traded waste services (previous ref to CIL & IPD not relevant)	0	75	25	0	100
Increase in fees and charges	0	0	5	0	5
Additional income from advertising	25	0	0	0	25
Review of Rents on Garages and Shops	0	0	5	0	5
Increase in fees and charges.	0	0	24	0	24
Workforce Review [Transportation]	0	0	200	0	200
Increase parking permit charges	0	0	43	0	43
Arts Fundraising campaign	0	0	60	0	60
Visa Verification increased income	0	0	45	0	45
Rewilding highway verges	0	0	15	0	15
Waste Contract - Budget realignment inline with anticipated expenditure	0	0	100	0	100
Continued commercial growth of Highways service	0	0	5	0	5
In-sourcing of Highways Structures Consultancy	0	0	10	0	10

SAVINGS PROPOSAL	Current Year Savings (£000s)				
Directorate of Economic Growth & Neighbourhood Services	RED	AMBER	GREEN	BLUE	TOTAL
Review of office and workspace requirements	0	162	0	0	162
Workforce Review [Planning & Regulatory Services]	0	0	47	0	47
Workforce Review [Housing]	0	0	50	0	50
Workforce Review [Cultural Services]	0	0	1	0	1
Workforce Review [Environmental and Commercial Services]	0	0	196	0	196
Workforce Review [Regeneration and Assets]	0	0	62	0	62
Recovery of reduced parking income due to Covid-19*	650	0	0	0	650
On Going Pension Costs Savings	0	0	30	0	30
Revenue impact of new contract for borough leisure facilities	0	0	830	0	830
Covid19 income pressure on the Town Hall and recovery plan*	0	0	247	0	247
Covid19 income pressure on the Hexagon and South Street Theatres and recovery plan*	0	0	150	0	150
Reduced fuel costs due to increase in electrical vehicles	44	0	0	0	44
Highways operational resilience	0	0	12	0	12
Investment property rental income increase	0	0	1,086	0	1,086
Directorate of Economic Growth & Neighbourhood Services	1,984	587	3,888	120	6,579

SAVINGS PROPOSAL	Current Year Savings (£000s)				
Directorate of Resources	RED	AMBER	GREEN	BLUE	TOTAL
New customer services model	0	0	207	0	207
Efficiencies from procuring new finance system	0	0	112	0	112
Additional Service Proposals for Registrar Services	0	0	10	0	10
Reduction in employer contributions arising from new Agency Contract	0	0	90	0	90
Increase in Fees and Charges (Kennet Day Nursery)	0	0	5	0	5
Procurement & Contracts savings - Resources Directorate	100	0	0	0	100
Finance workforce review	0	0	50	0	50
Procurement of Case Management system	0	0	45	0	45
Increase in Fees and Charges	0	0	39	0	39
Directorate of Resources	100	0	558	0	658

SAVINGS PROPOSAL	Current Year Savings (£000s)				
Corporate	RED	AMBER	GREEN	BLUE	TOTAL
Reducing mileage expenses through increased use of alternatives e.g. online meetings	0	77	0	0	77
Corporate	0	77	0	0	77

SAVINGS PROPOSAL	Current Year Savings (£000s)				
Brighter Futures For Children	RED	AMBER	GREEN	BLUE	TOTAL
BFFC Savings	0	0	371	804	1,175
Brighter Futures For Children	0	0	371	804	1,175

	RED	AMBER	GREEN	BLUE	TOTAL
TOTAL of Savings with Red rated elements within 2020-2021	2,084	1,185	5,020	1,935	10,224

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Capital Programme for Quarter 2

Scheme Name	Revised Budget Quarter 1 2022/23 £000	Budget Movements Between Schemes £000	Additional Budgets added to the Programme - Funded by Grants & Contributions £000	Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000	- Completed Schemes & Other carry forward budget adjustments £000	Budgets reprogrammed (to)/from Future Years £000	Revised Budget Quarter 2 2022/23 £000	Spend to 30th September 2022 £000	Forecast Spend £000	Forecast Variance £000
General Fund										
Adult Care and Health Services										
e-Marketplace & Equipment Renewal Portal Software	170						170	0	170	0
Mobile Working and Smart Device	150						150	0	150	0
Replacement of Community Re-ablement Software	85						85	0	85	0
Co-located profound and multiple learning disabilities day	1,413						1,413	5	1,413	0
Adult Care and Health Services Total	1,818	0	0	0	0	0	1,818	5	1,818	0
Economic Growth and Neighbourhood Services										
Transportation, Planning & Regulatory Services										
Air Quality Monitoring	15						15	0	15	0
Active Travel Tranche 2	985					(885)	100	75	100	0
Active Travel Tranche 3	0		1,500			(1,300)	200	0	200	0
Bus Service Improvement	0		15,939			(15,439)	500	0	500	0
Local Transport Plan Development	1,129					(1,089)	40	12	40	0
National Cycle Network Route 422	132					(124)	8	0	8	0
Reading West Station	4,220					(3,620)	600	59	600	0
South Reading MRT (Phases 1 & 2)	399						399	0	399	0
South Reading MRT (Phases 3 & 4)	1,632						1,632	17	1,632	0
South Reading MRT (Phases 5 & 6)	1,000					(1,000)	0	0	0	0
Town Centre Street Trading Infrastructure	28						28	0	28	0
Construction of Green Park Station	1,969		1,000				2,969	2,655	2,969	0
Car Park Investment Programme (inc P&D, Red Routes & Equipment)	177						177	46	177	0
Additional Storage Capacity at Mortuary	15	(12)			(3)		0	0	0	0
Purchase of Mortuary Equipment	0	12					12	0	12	0
CIL Local Funds - Community	502						502	29	502	0
CIL Local Funds - Transport	167						167	17	167	0
CIL Local Funds -Neighbourhood Allocation	477						477	0	477	0
S106 individual schemes list	977						977	0	977	0
Defra Air Quality Grant - Bus Retrofit	388					(318)	70	0	70	0
Defra Air Quality Grant - Go Electric Reading	18						18	1	18	0
Electric Vehicle Charging Points	125					(125)	0	0	0	0
Air Quality Grant - AQ sensors awareness & behaviour change	106					(106)	0	0	0	0
Transport Demand Management Scheme	200					(200)	0	0	0	0
Rogue Landlord Enforcement	75						75	0	75	0
Transportation, Planning & Regulatory Services - Sub Total	14,737	0	18,439	0	(3)	(24,206)	8,967	2,911	8,967	0
Housing & Communities										
Provision of Gypsy & Traveller Accommodation	566					(466)	100	13	100	0
Harden Public Open Spaces to Prevent Incurtion	42						42	7	42	0
Green Homes Scheme - GF element	0						0	24	0	0
Disabled Facilities Grants (Private Sector)	1,257						1,257	295	1,257	0
Foster Carer Extensions	300					(300)	0	0	0	0
Private Sector Renewals	444						444	28	444	0
Housing & Communities - Sub Total	2,610	0	0	0	0	(766)	1,844	368	1,844	0

Capital Programme for Quarter 2

Scheme Name	Revised Budget Quarter 1 2022/23 £000	Budget Movements Between Schemes £000	Additional Budgets added to the Programme - Funded by Grants & Contributions £000	Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000	- Completed Schemes & Other carry forward budget adjustments £000	Budgets reprogrammed (to)/from Future Years £000	Revised Budget Quarter 2 2022/23 £000	Spend to 30th September 2022 £000	Forecast Spend £000	Forecast Variance £000
Culture										
Leisure Centre Procurement	27,325					(5,053)	22,272	10,452	22,272	0
Christchurch Meadows Paddling Pool	0						0	0	0	0
Development of facilities at Prospect Park/Play	205	25					230	160	230	0
John Rabson skatepark	0			255			255	0	255	0
New Capital Bid - S106 Kenavon Drive Landscape	153					(33)	120	71	120	0
Reading Football Club Social Inclusion Unit to SRLC	1,534					(1,534)	0	0	0	0
Small Leisure Schemes	617	(25)				(281)	311	0	311	0
Abbey Quarter restoration works	120					(70)	50	0	50	0
High Street Heritage Action Zone	905			0		(653)	252	4	252	0
Berkshire Record Office - extension of storage space	63					(47)	16	0	16	0
Hexagon lighting & emergency lighting replacement	270					(255)	15	0	15	0
Town Hall Equipment	205					(15)	190	10	190	0
Tilehurst Library Works	62						62	0	62	0
Culture - Sub Total	31,458	0	255	0	0	(7,941)	23,772	10,696	23,772	0
Environmental & Commercial Services										
Playground equipment and Refreshment: Boroughwide	1,232					(702)	530	23	530	0
Re-wilding highways, parks and open space verges	76						76	0	76	0
Tree Planting	30						30	10	30	0
Annual Bridges and Carriage Way Works programme & Highway Infrastructure Works	4,654						4,654	2,297	4,654	0
Carriageways & Pavements Investment Programme	2,000					(2,000)	0	0	0	0
Chestnut Walk Improvements	35				(35)		0	0	0	0
CIL Local Funds - Heritage and Culture	285						285	11	285	0
CIL Local Funds - Leisure and Play	669					(250)	419	219	419	0
Highway Signals_Capital Bid	200						200	0	200	0
Highways Operational Resilience _ Capital Bid	74					(74)	0	0	0	0
Highways Structures Capital Bid	2,650					(1,200)	1,450	0	1,450	0
Invest to save energy savings - Street lighting	1,171					(400)	771	43	771	0
Pedestrian Defined Urban Pocket Gardens	0			75			75	0	75	0
Pedestrian dropped kerb facilities with tactile pavers	0			240			240	0	240	0
Pedestrian handrails	0			240			240	0	240	0
Pumping Station Upgrade Scheme (new)	229						229	73	229	0
Railway footbridge lighting in West Reading	0			70			70	0	70	0
Reading Station Subway	0			206			206	0	206	0
Reading Town Centre Design Framework	86					(86)	0	0	0	0
Town Centre Improvements	307						307	9	307	0
Free bulky waste service - collection vehicle	64					(64)	0	0	0	0
Cattle Market Car Park	519					(519)	0	0	0	0
Digitised TRO's	150					(150)	0	0	0	0
Eastern Area Access Works	199					(99)	100	0	100	0
Local Traffic Management and Road Safety Schemes	270					(135)	135	2	135	0
Oxford Road Corridor Works	298					(148)	150	0	150	0
Traffic Management Schools	431					(215)	216	0	216	0
Western Area Access Works	128					(64)	64	0	64	0
New Kit/Vehicles for Commercial Services Dvlp	84					(84)	0	0	0	0
New Vehicle for Highways & Drainage Commercial Service	71					(71)	0	0	0	0
Replacement Vehicles	4,403					(1,622)	2,781	0	2,781	0
Environmental & Commercial Services - Sub Total	20,313	0	831	0	(121)	(7,797)	13,226	2,686	13,226	0

Capital Programme for Quarter 2

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Property & Asset Management										
The Heights Permanent Site Mitigation	287					(243)	44	27	44	0
Invest in Corporate buildings/Health & safety works	1,500					(320)	1,180	123	1,180	0
1 Dunsfold Fitout for BFFC Family Contact Centre - Development for Community Use	350					(75)	275	17	275	0
Accommodation Review - Phase 2A - 2C	1,556					(1,000)	556	87	556	0
Corporate Office Essential Works	841					(841)	(0)	80	(0)	0
Katesgrove Community and YOS Refurbishment - Development for Community Use	750					(600)	150	56	150	0
BFFC Accommodation Review	150					(150)	0	0	0	0
Regeneration Projects	250					(125)	125	85	125	0
The Keep building works and improved arts/culture facilities	94						94	0	94	0
Property & Asset Management - Sub Total	5,777	0	0	0	0	(3,354)	2,424	476	2,424	0
Management & Sustainability										
Renewable Energy	1,183	(488)					695	0	695	0
Salix Decarbonisation Fund	573	725				276	1,574	386	1,574	0
Salix Re-Circulation Fund	294	(237)					57	94	57	0
Management and Sustainability - Sub Total	2,050	0	0	0	0	276	2,326	480	2,326	0
Economic Growth and Neighbourhood Services Total	76,945	0	19,525	0	(124)	(43,788)	52,558	17,617	52,558	0
Resources										
Customer Digital Experience	750						750	33	750	0
Universal Digital Systems	910					(98)	812	57	812	0
IT Future Operating Model	538						538	451	538	0
Re-Procurement / Reimplementation of Finance System	600					(160)	440	82	440	0
Education Management System	384						384	77	384	0
Cemeteries and Crematorium	85					(85)	0	0	0	0
Cremator Procurement	1,000					313	1,313	0	1,313	0
Cremator	55					(55)	0	50	0	0
Burial Land Acquisition	150					(70)	80	0	80	0
Resources Total	4,472	0	0	0	0	(155)	4,317	750	4,317	0
Economic Growth and Neighbourhood Services (Education Schemes)										
Additional School Places - Contingency	250					(200)	50	(1)	50	0
SEN Provision - Avenue Centre	4,291						4,291	1,708	4,291	0
Asset Management	286						286	0	286	0
Children in care Emergency Provision	35						35	0	35	0
Civitas- Synthetic Sports Pitch	25	(1)				(24)	0	(4)	0	0
Contribution to SEN School Wokingham	122	1					123	123	123	0
Crescent Road Playing Field Improvements	311						311	84	311	0
Critical Reactive Contingency: Health and safety (Schools)	500						500	21	500	0
Fabric Condition Programme	3,448						3,448	945	3,448	0
Green Park Primary School	60						60	0	60	0
Heating and Electrical Renewal Programme	1,047						1,047	49	1,047	0
Initial Viability work for the Free School at Richfield Avenue	20						20	0	20	0
Low Carbon Skills Fund - Bid Development	5						5	0	5	0
Low Carbon Skills Fund - Schools Estate Project Delivery	24						24	0	24	0
Katesgrove Primary Trooper Potts Building	59						59	1	59	0
Meadway Early Years Building Renovation	0						0	0	0	0
Modular Buildings Review	500					(450)	50	0	50	0
New ESFA funded schools - Phoenix College	0						0	-90	0	0
New ESFA funded schools - St Michaels	268				(268)		0	0	0	0
Pincroft-Children who have complex health, physical,sensory,disabilities & challenging behaviour	53						53	0	53	0
Dee Park Regeneration - Housing Infrastructure Fund (school)	5,935					(5,435)	500	62	500	0
Public Sector Decarbonisation Funds - School Estate Double Glazing Programme	1,065						1,065	286	1,065	0
SCD Units	473						473	36	473	0
School Estate Solar PV Programme	323						323	319	323	0

Capital Programme for Quarter 2

Scheme Name	Revised Budget Quarter 1 2022/23 £000	Budget Movements Between Schemes £000	Additional Budgets added to the Programme - Funded by Grants & Contributions £000	Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000	- Completed Schemes & Other carry forward budget adjustments £000	Budgets reprogrammed (to)/from Future Years £000	Revised Budget Quarter 2 2022/23 £000	Spend to 30th September 2022 £000	Forecast Spend £000	Forecast Variance £000
Schools - Fire Risk Assessed remedial Works	560						560	142	560	0
SEN Norcot	83						83	0	83	0
SEN High Needs provision capital allocations	1,983		351			(2,334)	0	0	0	0
The Heights Temporary School	351						351	0	351	0
Park Lane Primary School Annexe Replacement	1,000					(500)	500	0	500	0
Economic Growth and Neighbourhood Services (Education Schemes) Total	23,079	0	351	0	(268)	(8,943)	14,219	3,682	14,219	0
Corporate										
Delivery Fund (Pump priming for Transformation projects)	4,065						4,065	(1,304)	2,864	(1,201)
Loan To RTL (Bus replacement programme)	2,500						2,500	0	2,500	0
Oracle Shopping Centre capital works	100						100	0	100	0
Minster Quarter - Brownfield Land Grant Element	2,000					(1,800)	200	0	200	0
Minster Quarter	1,000					(750)	250	0	250	0
Corporate Total	9,665	0	0	0	0	(2,550)	7,115	(1,304)	5,914	(1,201)
General Fund Total	115,980	0	19,876	0	(392)	(55,437)	80,027	20,750	78,826	(1,201)
Housing Revenue Account (HRA)										
Disabled Facilities Grants	905					(305)	600	355	600	0
Housing Management System	502						502	100	562	60
Major Repairs - Existing Homes Renewal	8,993					(49)	8,944	2,642	8,944	0
Major Repairs - Zero Carbon Retrofit works	2,050					567	2,617	541	2,617	0
Local authority new build programme for Older people and vulnerable adults	1,350						1,350	267	1,350	0
New Build & Acquisitions - Phase 2 - 4	16,702					(2,887)	13,815	6,640	13,815	0
Housing Revenue Account (HRA) Total	30,502	0	0	0	0	(2,674)	27,828	10,546	27,888	60

Corporate Plan KPI - Foundations

Status	DOT	Title	Frequency	Unit	Target	Q1	Q2	Comments
◆	↓	Number of self- service transactions via My Account self-service	Monthly	No.	70,000	20,308.00	19,800.00	We have been focusing on the calculation methodology used by Google Analytics to make the published figure as accurate as possible. Changes we have made in this quarter have, we believe, reduced the amount of double counted transactions, and now more accurately reports the current level of customer engagement online. We will continue to review this methodology and provide a further update at the next corporate review date. The target figure was based on current (at the time) reported figures, it is likely this will need reviewing after a further period of reporting (and confirmation that the changes to the process have resulted in more accurate figures)
●	↓	Number of invoices paid within 30 days of invoice date	Quarterly	%	80	96.60	86.63	The number of invoices paid within 30 days during 2022-23 has included a significant number of £150 energy rebate payments which had the effect of improving the KPI in Q1 when most of the rebates were paid, and to a lesser degree in Q2.
▲	↓	Enquiries solved at first point of contact in the Customer Fulfilment Centre	Quarterly	%	87	86.00	84.00	
◆	↓	Customer satisfaction in the Customer Fulfilment Centre	Quarterly	%	89	64.00	60.00	
	↓	Deliver the Medium Term Financial Strategy	Quarterly	£ million		149.43		
●	↑	Percentage of responses to complaints within agreed timescales	Quarterly	%	70	80.80		The final Q2 data is not yet available.
◆	↓	Percentage of responses to the public on Freedom of Information Act requests made within 20 days	Quarterly	%	90	65.30		Officers/managers do not prioritise responding to FOI requests and this has been raised at CMT. Information Governance Board & DMTs within RBC and BfC. The Information Governance service is working through an Action Plan over Q3, working with services to raise awareness of the importance of responding on time and offer training to officers/managers with a view to working together to raise the response rates. The final Q2 data is not yet available.



Corporate Plan KPI - Healthy Environment

Status	DOT	Title	Frequency	Unit	Target	Q1	Q2	Comments
▲	▲	Percentage of actionable (40mm depth) potholes repaired within 28 days	Quarterly	%	99	93.00	94.00	
◆	▼	Remediation of tall buildings with cladding	Quarterly	%	100		80.00	
▲	▼	Percentage total household waste recycled	Quarterly	%	51	52.00	49.00	The provisional quarter 2 recycling rate was 49.3%. This compares to 51.8% in the same period last year. Total household tonnes are falling as the economic situation changes, but recyclable tonnages are falling more than those collected as non-recycled. The biggest decline has been in food waste. Officers are continuing to monitor the data.
●	▼	Percentage of Houses of Multiple Occupation that are licensed	Quarterly	%	42	42.40	42.15	
▲	▲	Food waste recycled (percentage of household waste)	Quarterly	%	14	11.60	11.90	Lower food waste tonnes compared to the same period last year could be the result of residents having become more aware of the amount of food they were wasting. If lower tonnages are the result of waste reduction, this is a positive outcome. Increased financial pressures may also be causing residents to waste less food. However we are also aware that some food waste is present in the residual waste, and we need to capture this for recycling. Officers will continue to monitor the tonnages.

Corporate Plan KPI - Thriving Communities

Status	DOT	Title	Frequency	Unit	Target	Q1	Q2	Comments
●	↑	Number of carers supported to maintain their caring role	Quarterly	No.	120	99.00	201.00	Due to a delay in supplier data, the Q2 figures have yet to be cross checked so may fall slightly. Overall more carers have been supported.
●	↑	Number of households prevented from becoming homeless	Monthly	No/yr	450	140.00	264.00	Data is cumulative to date.
●	↑	Number of NHS Health Checks delivered to residents	Quarterly	No. per qtr	150	234.00	452.00	Health Checks carried out by one surgery (Melrose & Eldon) represents 44% of the total.
●	↓	Older People (65+) who were still at home 91 days after discharge from hospital into reablement	Monthly	%	80	96.90	94.10	The Reablement offer within Reading continues to offer good outcomes to residents being discharged from hospital.
▲	↑	Percentage of children in care living more than 20 miles from Reading	Quarterly	%	28	30.00	29.00	Proactive action taken to address the challenge of local place sufficiency (a challenge the Local Authorities across England are experiencing) is beginning to evidence impact, with more children being initially placed in or returning to placements in Reading. A reduction in the overall number of children coming into care means that the number of children who became looked after some years ago and are settled with long term carers beyond 20 miles continues to have a high proportionate impact on this indicator.
●	↑	Percentage of new contacts to the Advice & Wellbeing hub resulting in a successful outcome not requiring an on-going service	Monthly	%	80	92.00	94.00	Activity in Q2 continues to increase, staff are supporting residents in a proactive manner, signposting residents to voluntary sector and continue to using a Strength Based Approach
▲	↓	Percentage of service users in receipt of Adult Social Care Direct Payments	Monthly	%	24	22.01	21.91	All service users and carers are continued to be offered their personal budgets via a Direct Payment method in the support planning process.
●	↑	Percentage of service users supported to live independently in the community	Monthly	%	74	75.00	76.00	Supporting people in their own homes and in the community remains a key objective for Adult Social Care.
●	↓	Proportion of stop smoking service users, who have set a date to stop smoking and are still not smoking 4 weeks later, that are routine and manual workers	Quarterly	% per qtr	40	60.00	40.00	Due to the lag in stop smoking service data, the previous quarter's data (Q1 - 60%) is the most robust. This data is still provisional, as the final national dataset is not published 'til later in the year. This figure exceeds the target set of 40%. The improvement has been largely due to the service being able to access more sites and setting up more drop-in clinics in targeted communities. We estimate that performance in Q2 will be on or above target of 40%.
●	↑	Youth re-offending rate	Quarterly	%	30	0.27		This provides the data for the period Apr 20 - June 20. Sep data is not available



Corporate Plan Projects - Foundations

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Project or activity	Q1	Q2	DOT	Q2 Commentary
Embedding the Hub and Spoke structure	▲	▲	→	Procurement Hub members are supporting the recruitment of further personnel to procurement spokes, meeting being organised for all spoke and hub members.
Implement business process redesign	▲	▲	→	The base build of the finance system completed in August 2022 with a new Chart of Accounts, cost centre hierarchy and sample supplier and customer data loaded in September to support system testing from October 2022. A weekly work schedule has been agreed with Finance and Procurement Teams to review the system build and perform testing to help achieve the milestone of completing integrated system testing by end December 2022. Additional resources are expected to be assigned to the project in November to lead on testing and training. The updated project plan includes the milestones of loading 2023/24 budgets on to the new system in January 2023 and a full finance system go-live in April 2023.
Implement Social Value Strategy and reporting	▲	▲	→	Social Value tools have been developed and need implementing, this will form part of the overall updating and roll out of procurement guidance which will commence once the new permanent AD starts 8.11.2022
Implementation of the Connected Reading Strategy	▲	▲	→	<p>The Casework and Customer Management platform procurement has completed, with award (subject to contract) to Arcus Global.</p> <p>Independent Living is progressing, with the first equipment now installed (at a Discharge to Assess facility) and arrangements to recruit service users now in place. However, progress has been slower than planned owing to business pressure and we are injecting additional project management capacity to accelerate it.</p> <p>The Mosaic Data project has completed. It has provided staff with instant on-demand access to financial information to aid decision making that previously took days to produce. It has also built understanding of limitations in Mosaic that have prompted discussion on wider work on that area (being looked at in budget proposal round).</p> <p>Public WiFi test sites have been deployed and are in testing. The principal issue identified in testing is the alignment of the filtering provided by commercial solutions with that required by PREVENT legislation. This is being worked through by the technical teams in RBC and supplier now.</p> <p>As previously reported, progress on strategy implementation has been hampered by a lack of delivery capacity. Approval to procure a delivery partner is the subject of a paper being considered by Policy Committee on 31 October. It is hoped this will enable a rebaselining and a return to green status.</p>
Implementation of the Customer Experience Programme	▲	●	↑	Delivery with the approved 2022/23 programme plan progresses. Where localised resource challenges have emerged, implementation timelines have been assessed and rebaselined with approval from the CX Delivery Group.
Implementation of the Information Governance	▲	▲	→	we are in the process of recruiting the Data Stewards in order to start working on the Info Management Strategy Action Plan.



Corporate Plan Projects - Healthy Environment

Project or activity	Q1	Q2	DOT	Q2 Commentary
£9 million investment in resurfacing roads and pavements.	●	●	⇒	On track to deliver
Climate Emergency Strategy	▲	▲	⇒	The majority of actions remain green (on track) or amber (progressing but at risk of not being delivered by the target date) but this will be updated in the Annual Progress Report produced in November 2022 and presented to SEPT Committee.
Decarbonisation of the Hexagon theatre through improved heating and lighting.	●	▲	⇩	A bid for funding to support this project was submitted to the Government's Public Sector Decarbonisation Scheme in October 2022 and the outcome of the bid is awaited. In the interim development of the project continues but a number of complexities and risks remain, hence the amber rating.
Deliver and develop the new play hub at Prospect Park.	▲	●	⇩	Awaiting a final offer on the cafe space; low ropes and golf; educational space is now complete and usable.
Delivery of Capital Education Property Development Programme	●	●	⇒	Projects and programme progressing as per the intended timescales
Electrification of fleet	▲	▲	⇒	RC fleet vehicles are being replaced at the end of their maintainable life with electric vehicles where electric vehicles are presently available on the marketplace as part of the Council's commitment to electrify its fleet wherever possible. This is factored into the Council's annual capital vehicle replacement programme. There is presently due to world economic factors a longer than normal lead in times in being able to procure and take delivery of replacement vehicles.
Implementing the Environment Act 2021	▲	▲	⇒	No change. Still awaiting the release of the secondary legislation of the Act which will provide further details needed to assess the implication to how the Council will need to adapt its waste collection and disposal services.
Improvements to play areas and park environments	▲	▲	⇒	
New Local Transport Plan (LTP) for Reading	▲	▲	⇒	No change - still awaiting DfT guidance.
Retaining our position on the 'A' list' for bold leadership on climate change	●	●	⇒	At the time of reporting, Reading remains on the A list for climate action (CDP) and completed its submission for this year's assessment in July 2022. The outcome is anticipated in November 2022.
The allocation of £1.6 million Community Infrastructure Funds and commencement of the approved schemes	▲	▲	⇒	£1.6 million of Community Infrastructure Levy funds were allocated to 18 local projects in March 2022 by Policy Committee. Work has completed on three of the projects, and has commenced on two further projects, whilst the remainder are currently in the preparatory stages or are awaiting the completion of projects previously allocated CIL funds in 2021.

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Corporate Plan Project - Inclusive Economy

Project or activity	Q1	Q2	DOT	Q2 Commentary
Actions arising from the Powered by People strategy	●	●	→	A report outlining the next programme phase, focused on RECOVERY during the Cost of Living Crisis goes to SEPT for approval in November. This will include self employment, upskilling and retraining programmes which will support delivery ahead of the UK Shared Prosperity Project work. Carbon reduction skills, screen production will be a key area of future skills delivery.
Work in partnership to further the community and Council ambitions for Reading Gaol	●	●	→	As per Q1, the Ministry of Justice expect to be notifying the Council of a decision in Autumn 2022.
Review all community buildings for digital connectivity and access to computer equipment	●	●	→	Community Consultation underway
Participatory research on the lived experience of diverse communities in the Borough	●	●	→	Complete
Complete and open Green Park Station	▲	▲	→	Construction complete, station opening process being undertaken by the railway industry with opening delayed until early 2023.
Continued delivery of South Reading Mass Rapid Transport	●	●	→	Current phase complete - funding for phase 5 being secured through BSIP funding.
Adoption of a new Town Centre Strategy	●	▲	↓	Further conversations ongoing with regards the content and structure of the strategy with Leadership. Additional engagement with key stakeholder being carried out on potential inclusion of opportunity areas for development. Also aligning with Local Plan Review, Public Realm Strategy and Local Transport Plan. Adoption likely to be 2023.
Complete Reading West Station upgrade	▲	▲	→	Interchange works complete, station works being undertaken by GWR which are due to be complete spring 2023.
Deliver key improvements to the library service, including plans for the Central Library.	●	●	→	LUF bid outcome awaited, service has removed fines (Policy Committee September 2022), ongoing work on app and promotion, delivery plan on track
Employment and Skills programme delivered via REDA	▲	▲	→	REDA co-organised (with DWP) a Supported Employment event in September with 30 organisations available to 300 local residents. A Job Fest followed at the end of the month for 40 employers and approx. 500 local job seekers. Construction Skills continued to be supported at key sites including Station Hill and Rivermead. New ESPs have been agreed focusing even more work on construction skills (and skills shortages). Support for small businesses continues through the Reading Business Network (450 members) and ambitious support for start up in the community will be supported as part of the enabling work towards the UK Shared Prosperity Fund.
Action plan in place to improve community engagement mechanisms across diverse communities	●	●	→	Restructure consultation to lunch in November
Develop a Strategy for Social Inclusion in Reading	●	●	→	Strategy development underway and managed through Social Inclusion Board. Strategy currently tracking to Policy Committee in December.
Bring forward the Minster Quarter site for development	●	●	→	Successful launch of site to developers September 14th. First stage of tender process (Selection Questionnaire) initiated 21 September. To conclude by 16th October with report to Civic Board on shortlisted bidders. Second stage tender (Invitation to Tender) to be issued 28 October, with returns by 28 February.
Create a workforce that is fully representative of the population we serve	◆	◆	→	The Council publishes a Workforce Profile which covers data on the protected characteristics of the current workforce and job applicants – the most recent report is for 2021/22. The proportion of job applicants from minority ethnic backgrounds increased again in 2021/22 to 37.1%, up from 32.6% in 2020/21 and 30.9% in 2019/20. The proportion of White British applicants has again reduced slightly in 2022/21 compared to the last two years, to 49.4%. 27.3% of new starters were from non-white British ethnicities, compared to the percentage of non-white British ethnicities in the general workforce (15.9%). The percentage of the workforce in minority ethnic groups has gradually increased over the last few years and is now 15.9%, up from 14.4% in 2020/21. This project has been given a red rating as the population of Reading from Black, Asian and Minority Ethnic backgrounds according to the 2011 census was 25%, so we are not yet achieving this target. There is a higher proportion of staff within the lower pay grades 1-6 for Black/Black British employees and those from Mixed and Other Ethnic Groups compared to White British staff. The exception is for Asian or Asian British staff where there is a lower proportion in Grades 1-6 and a higher proportion in Grade 7-10 compared to White British staff.
Shape the 3 year delivery plan 2022-25 for Reading's Culture and Heritage Strategy	●	●	→	The workshop has been held and an action plan is being co-produced with Arts Reach. The action plan is on track for being signed off by Autumn end.
Develop and implement training programmes	▲	▲	→	This academic year has started well, all ICT courses planned for this term reached, at least the minimum number of learners and some exceeded the maximum (Green). From the last report we have run 2 Hospitality courses and planning a SWAP in Hospitality starting in November, we are working in partnership with JCP and an organisation called Contract Options. Our last cohort in Hospitality hosted the McMillan coffee morning, taking order, making and serving hot drinks and cakes (Green). The new Supported Learning in Hospitality programme has started, we have 6 learners enrolled, who will soon begin their work experience at Barista and Beyond, we are planning for the next cohort which will start in January. Employability courses have also started, in addition to those we are planning 2 SWAPs in partnership with JCP, one in Retail and one of over 50s to support with Confidence Building, and Interview Skills. We are also in talks with



Corporate Plan Project - Thriving Communities

Project or activity	Q1	Q2	DOT	Q2 Commentary
Celebrate Reading's diverse arts, culture and heritage	●	●	→	A range of activity has taken place including ongoing development of diverse programme of story telling in libraries; facilitated the Bengal Cultural Association's Autumn Festival at Rivermead; supported planning of Diwali event and Black History Month.
Commissioning a new smoking cessation service	●	●	→	The commissioning has been completed and the new service commenced on 1 October 2021
Continue to deliver investment in the borough's leisure facilities (including improvements at Meadway Leisure Centre, a new community pool at Palmer Park and progress on the new Rivermead Leisure Centre).	●	▲	↓	Works are on track at Palmer Park with a view to facilities being completed and opened in Winter 2022. There are delays to works at Rivermead whilst permissions are awaited from the Environment Agency to conclude works with the swimming pools developments.
Deliver 300 new Council homes	●	●	→	
Deliver zero carbon initiatives within Council homes	●	●	→	
Delivery of a new Community Safety Plan with a focus on tackling serious violence and improving community engagement	●	●	→	Public Consultation completed. Priorities agreed by CSP. Sign off by CSP at Executive Board on 10th November. Date for adoption by HNL moved to the additional HNL Committee meeting in January. Strategy to go live on 5th January. This brings the strategy closer to the launch of the Serious Violence Duty, which is anticipated to go live at the end of January 2023.
Delivery of the small grants funding	●	●	→	All awarded organisations have acknowledged receipt of grant payment. Second round in preparation for launch on 10th October.
Develop social inclusion community development plans for the most deprived areas	●	●	→	Completed
Development of a Personal Assistant Market to enable people to live independently at home	▲	▲	→	Reading Council's Personal Assistant (PA) team have been working with the training department to make the training offer for PAs as comprehensive as possible. A report has been written about options for the Council's PA offer following the end of the PA Market Development Project in October. Reading Council's PA team attended a Provider Services recruitment event at Whitley Wood Service in September.
Development of an accommodation pathway for vulnerable working age adults	●	●	→	Conversations with operational staff failed to identify any service users who could move into alternative accommodation, including vacancies in the RBC-owned Group Homes. DMT will discuss whether to relinquish some of these Group Homes in line with utilisation, in order to reduce the annual maintenance budget. Work is now underway on refreshing the Accommodation Pathways and Needs Analysis prior to the end of 2022.
Implement plans to commemorate the Forbury Gardens attacks and install a permanent memorial in the Gardens	●	●	→	Dialogue with the families is on going. Commissioning work being prepared to launch in Autumn 2022.
Implementation of the VCS action plan to build our relationship with the VCS and increase capacity within the sector.	●	●	→	Engagement with the VCS has continued to be focussed on the Closing the Gap commissioning process with Phase 2 completed. Focus will now shift to developing relationship with the sector including definition of a new RBC Offer for supporting and collaborating with the VCS in the new year.
Procurement of new cremator	●	●	→	The two cremators are on schedule for delivery by the end of October. Tenders for the build work (due to commence in January 2023) are at the evaluation stage.
Recommissioning of Closing the Gap	●	●	→	
Review and expansion of the Community Reablement Team to maximise peoples independence	▲	▲	→	In quarter two the project has been focussed on optimising the service offer for the existing cohort of service users, maximising the use of the current resources available both in the service and through joint opportunities with stakeholder. Through this work the number of additional posts has been reduced. The project group continues to refine the process map for the service along with redesigning the in-take criteria. This work has clarified pathways and ensures that those not eligible for the service are still supported and able to access the service when appropriate ensuring that opportunities to assess packages of care, with the potential to reduce costs, are not lost. Stakeholders have been consulted and continue to be kept up to date and recruitment is still being progressed based on new analysis of the level of therapeutic input needed within the service.
Supporting residents to recover from the devastating fire at Rowe Court, helping them to find alternative accommodation and welfare support	●	●	→	4 residents still being supported to find alternative accommodation working with property owner
Work with our new leisure provider to increase rates of physical activity	●	●	→	GLL continue with programmes onsite and outreach in the community. Performance data of the HealthWise programme being monitored with Public Health.

Agenda Item 7

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	15 DECEMBER 2022		
TITLE:	MEDIUM TERM FINANCIAL STRATEGY 2023/24-2025/26 UPDATE		
LEAD COUNCILLOR:	COUNCILLOR BROCK	PORTFOLIO:	LEADER OF THE COUNCIL
SERVICE:	ALL	WARDS:	BOROUGHWIDE
LEAD OFFICER:	STUART DONNELLY	TEL:	01189 373468
JOB TITLE:	FINANCIAL PLANNING & STRATEGY MANAGER	E-MAIL:	stuart.donnelly@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report provides an update to the Council's Medium Term Financial Strategy (MTFS). At the time of writing the provisional Local Government finance settlement has not been announced and so the funding figures in this report are subject to change.
- 1.2. This updated MTFS has been developed to reflect the changing landscape in which Councils are now operating. The MTFS reports for the previous two years have been dominated by the impact of the Covid-19 pandemic which increased costs and reduced levels of income. Whilst Covid-19 is still with us the impacts have been significantly mitigated by the roll out of a major vaccination programme. In February 2022 Russia invaded Ukraine. As well as the obvious horrendous impact on the people of Ukraine directly, that has had a major destabilising effect on the world economy. These major world events loaded on top of the uncertainty created by Brexit and now with further uncertainty caused by a change in leadership of the UK Government makes for an extremely challenging set of circumstances.

Income

- 1.3. Although the situation has improved, income levels have still not returned to pre Covid-19 levels in a number of cases. This updated MTFS proposes some further re-profiling of income targets to later years, but not on the scale previously required. Initially the impact of lost income had been offset by grant funding from Central Government, but this is no longer the case. The high levels of inflation currently being experienced may subdue economic activity, which may in turn lead to a reduction in income levels to the Council.

Adult Social Care

- 1.4. There are also significant pressures in the social care system. This updated MTFS includes an increase of just over £4m in the budget for Adult Social Care services for next year to fund the impact of those cost pressures, including the ongoing commitment

to fund care providers at a level that allows them to pay staff at the rate recommended by the Living Wage Foundation rather than the lower national living wage rate set by central government.

- 1.5. In addition, an initial assessment has been undertaken of the financial impact of Adult Social Care funding reforms. These are included as cost pressures in year 3 of the MTFS following the announcement in the Autumn Statement to push back the reforms to 2025/26.

Business Rates

- 1.6. This update also assumes that the Business Rate reset originally assumed to happen in 2022/23 will not now happen until 2024/25 at the earliest.

Brighter Futures for Children

- 1.7. The figures in this report include an increase in the Brighter Futures for Children (BFfC) contract sum for 2023/24 of £2.2m. This includes inflationary increases and a growth pressure in respect of Home to School Transport that were previously assumed to be absorbed by BFfC rather than being a cost pressure for the Council. Bids for additional discretionary funding have not yet been agreed and negotiations are ongoing.

Capital Financing

- 1.8. The revenue budget includes the cost of financing the draft capital programme as set out in Appendix 3.
- 1.9. On 30th November 2021, the Department for Levelling Up, Housing & Communities published a consultation about proposed changes to the capital framework for Minimum Revenue Provision (MRP). MRP is the amount that has to be set aside from the revenue budget for the financing of capital expenditure. The consultation proposes that the changes become effective from April 2023 onwards. The outcome of this consultation is still outstanding and the draft MTFS assumes that the changes are not implemented.

Environment Bill

- 1.10. The impact of the Environment Bill proposals on Waste Operations is included as a cost pressure in Year 3 of the MTFS. These are included net of assumed funding.

Employers National Insurance

- 1.11. The 1.25% increase in employers National Insurance contributions in respect of the Health and Social Care levy has now been removed by Government as has the funding at departmental level. The MTFS assumes that both levy and funding have been removed.

Council Tax

- 1.12. The MTFS currently assumes a general Council Tax increase of 1.99% and an additional Adult Social Care precept of 1% across each of the three years. In his Autumn Statement the Chancellor increased the threshold at which a referendum must be held to 3.0% for Council Tax and 2.0% for the Adult Social Care precept.

Summary

- 1.13. The overall impact of these changes across the three years of the MTFS can be summarised as follows:

Table 1. Current Budget Gap

	2023/24	2024/25	2025/26
	£000	£000	£000
Net Expenditure	158,825	166,143	174,565
Funding	(156,431)	(155,650)	(161,979)
Budget Gap	2,394	10,493	12,586

- 1.14. The estimated funding gap of £2.394m in 2023/24 will need to be addressed in order to comply with the legal requirement to set a balanced budget. A period of public consultation on the budget will commence on 19th December 2022 and will conclude on 19th January 2023.
- 1.15. Following the conclusion of the consultation period, a further report will be brought to Policy Committee on 20th February 2023 recommending approval of a balanced budget to Full Council in order that it can approve its budget, associated Council Tax level and precept for 2023/24 at its meeting on 28th February 2023.
- 1.16. Detailed planning for the 2023/24 budget will start in January 2023 with the presentation of efficiency saving ideas to the Corporate Management team.
- 1.17. For ease of reading; the remainder of the report is split into four sections:

- Section A** Background and Context
- Section B** General Fund Revenue Budget
- Section C** Housing Revenue Account (HRA) Budget
- Section D** Capital Programme

2. RECOMMENDED ACTION

- 2.1. That Policy Committee note the Draft Medium Term Financial Strategy as set out in the Appendices to the report, including:
- a) the Council's General Fund Budget Requirement of £158.825m for 2023/24 and an assumed increase in the band D Council Tax for the Council of 1.99% plus an additional 1.00% Adult Social Care precept, or £54.71 per annum representing a band D Council Tax of £1,884.43 per annum as set out in paragraphs 12.1 to 12.3;
 - b) the proposed service savings and efficiencies of (£3.7m) and additional income of (£1.5m) currently proposed in 2023/24 and set out in Appendix 2;
 - c) the overall savings currently proposed within the MTFS of (£9.6m) (of which changes to income, fees and charges is (£3.0m));
 - d) the Housing Revenue Account budget for 2023/24 to 2025/26 as set out in Appendix 3;

- e) the General Fund and Housing Revenue Account Capital Programmes as set out in Appendices 3a and 3b;
- f) the Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 4.

Appendix 1 Summary of Interim General Fund Budget 2023/24 to 2025/26
Appendix 2 Summary of General Fund Budget Changes 2023/24 to 2025/26
Appendix 3 General Fund and HRA Capital Programme 2023/24 to 2025/26
Appendix 4 Flexible Capital Receipts Strategy
Appendix 5 Equality Impact Assessment

Section A Background and Context

3. BACKGROUND

3.1. The Medium Term Financial Strategy makes assumptions about income from Government grant, Council Tax, fees and charges and rents. It facilitates investment in key infrastructure to support transformational changes and improved customer service thereby underpinning fit for purpose; efficient service delivery and the themes set out in the Council's Corporate Plan:

- Healthy Environment;
- Thriving Communities; and
- Inclusive Economy.

3.2. As part of keeping Reading's environment clean, green, and safe, the Council has declared a climate emergency and recognised its potential impact on the health and well-being of residents, visitors, and the planet. The revenue and capital proposals set out in this report, take into account the obligations and responsibilities incumbent in this recognition, and include investment in a number of initiatives to improve air quality, reduce CO2 emissions and increase recycling rates.

4. THE CURRENT ECONOMIC AND FINANCIAL ENVIRONMENT

4.1. The Council's future financial position, the demand for services and ability to recover previous and generate new income streams is significantly affected by the wider economic, political, and financial environment. The following paragraphs set out some of the more significant factors that have the potential to impact on the Council.

Brexit

4.2. The UK officially left the EU on 1st January 2020 and entered into a one-year transition period which has now ended. Whilst it was possible for the UK to strike a trade deal with the EU, there remain a number of controversial issues between the two sides. As predicted by many on both sides of the debate Brexit has created some economic turbulence, although it is difficult to be clear on the precise extent given other significant issues. It is likely that this will continue, at least in the short term, and may even get worse if differences of view cannot be resolved amicably. This is likely to

have some impact on key drivers such as interest rates, inflation, public sector finances and Council Tax and Business Rates income.

Coronavirus Pandemic

- 4.3. The current financial year has again been impacted by the Coronavirus pandemic, albeit to a lesser extent. The social and economic impact has been immense with significant knock-on consequences for both public sector and local government finances. At the time of writing this report the numbers of those directly affected by the disease continue to fluctuate, although some of the worst impacts have been mitigated by the roll-out of the vaccination programme. Nonetheless, it is clear that there will be a long lasting impact on Government finances and on the wider economy across the globe. Just as with Brexit this will have a wide-ranging impact on the financial drivers impacting public finances.
- 4.4. The consequences of the virus have been wide-ranging, for example changing many peoples working and shopping patterns and creating significant backlogs in the NHS. For some local government services income levels have returned to roughly pre-pandemic levels, but for others this has not been the case and indeed may never be the case. The original support for local authorities by Central Government to compensate for lost income has long since been removed and uncertainty remains over the rate of recovery.

War in Ukraine

- 4.5. In February 2022, Russia invaded Ukraine, directly impacting not just the people of Ukraine but also the world food supply, of which Ukraine was a major supplier. As a result, key western economies have imposed sanctions on Russia and in turn Russia has restricted energy supplies, leading to worldwide economic turbulence and spiralling inflation. Increasing prices, especially in respect of essential items such as food and energy, have an acutely adverse impact on the poorest and most vulnerable in society. This in turn is likely to impact on the demand on local government services at a time when the cost of providing those services is itself increasing.

U.K. Government

- 4.6. Three Prime Ministers and four Chancellors in less than 3 months along with the associated policy reversals, which have themselves been reversed has created a lack of stability and financial market confidence, which has led to further inflationary pressures and an increased likelihood of recession.

Environmental Challenges

- 4.7. Whilst Brexit, Coronavirus, and the Economic impact of the war in Ukraine have presented more immediate challenges in recent years, there can now be little doubt that the greatest challenge faced by humanity is that of climate change. The Council itself has recognised a Climate Emergency, but there are other related issues such as waste management, particularly plastics, as well as the spread of pests and diseases and a significant reduction in biodiversity which threaten our food and water supplies and are likely to lead to substantial political instability across the world.
- 4.8. Last year the UK hosted the United Nation (UN) Climate Summit (COP26), postponed from 2020 due to the Coronavirus pandemic. This has demonstrated the enormous

political challenges of tackling such a complex issue. Whilst further steps forward have been made the scientists suggest that this is far from enough. Indeed, this was largely acknowledged by the summit itself, as was agreed to hold the next summit this year's where they "must try harder". The behavioural changes required are likely to have significant impacts upon economic activity. This suggests that the relatively short-term challenges presented by Brexit and Covid-19 are unlikely to be replaced by much better times ahead, but rather that the operational environment is likely to remain challenging in the medium to long term. It is unclear exactly what this will mean, but it is probable that the Council will need to show both flexibility and leadership in response.

Public Sector Spending Plans

4.9. The Autumn Statement 2022 was delivered by the Chancellor on 17th November 2022. The announcement included the following matters that are pertinent to the Council's finances and the wider environment in which it operates:

- The government has delayed the national rollout of social care charging reforms from October 2023 to October 2025. Funding for implementation will be maintained within local government to enable local authorities to address current adult social care pressures;
- The government will make available up to £2.8 billion in 2023-2024 in England and £4.7 billion in 2024/25 to help support adult social care and discharge. This includes £1 billion of new grant funding in 2023/24 and £1.7 billion in 2024-25, further flexibility for local authorities on council tax and delaying the rollout of adult social care charging reform from October 2023 to October 2025;
- A proposed basic Council Tax referendum limit of 3% for 2023/24;
- The ability to levy an additional adult social care precept of up to 2% for 2023/24;
- From 1 April 2023, business rates bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next five years is intended to support businesses as they transition to their new bills. It is stated that local authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs;
- The business rates multipliers will be frozen in 2023-24 at 49.9p and 51.2p;
- The government is limiting the increase in social housing rents. Under current rules, rents could have risen by up to 11.1% - but now they will only be able to rise by a maximum of 7% in 2023/24. This policy change applies to social housing provided by Registered Providers (including Local Authorities and Housing Associations);
- The NLW for individuals aged 23 and over will increase by 9.7% to £10.42 an hour from 1 April 2023;

- £1 billion will be provided to enable the extension of the Household Support Fund in England over 2023/24. The Fund is administered by local authorities who will deliver support to households to help with the cost of essentials;
- It remains unclear if the New Homes Bonus will continue for a further year;
- The government has previously set out the national totals for the public health grant for the Spending Review period, but it remains to be seen if the Department for Health will stick to those, given the overall budget pressures on the department;
- While the government has signalled there will be no fair funding review implementation in this Spending Review period, this was under a previous Prime Minister, and this has not been formally confirmed;
- A business rates reset can technically be implemented without a fair funding review and the government's position on any possible future reset remains unclear.

4.10. Full details of the implications of the Spending Review and the Local Government Finance Settlement for the Council are due to be announced in mid-December by the Department for Levelling Up, Housing and Communities (DLUHC).

Demographic Forecasts

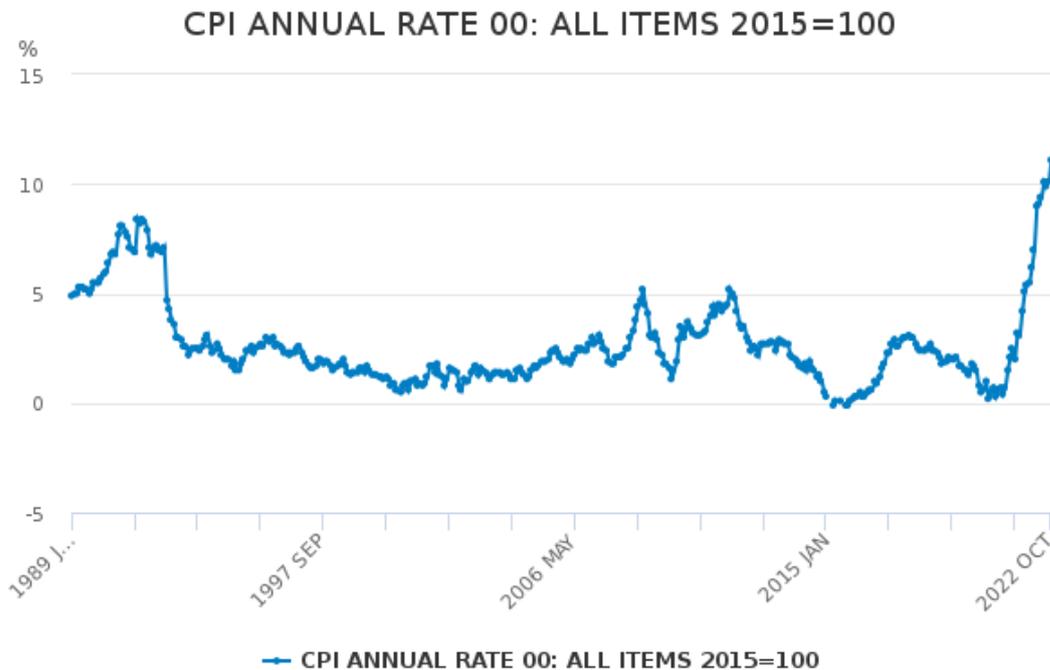
- 4.9 One of the key drivers of demand for Council services, and hence cost pressures, is demographic growth, principally in terms of resident and customer numbers, but additionally in net daily inflows of visitors. Whilst general central government funding has seen real-terms decreases over the last decade, service demand and demographic pressures have risen, not fallen, in comparison. Since 2011 Reading's population has risen by 11.9% to 174,200 (2021 census). Whilst the average increase is 11.9%, the rise in 0-19 year olds is 11.4% and the rise in over 65s is 17.4%, thus creating a demographic shift towards the older ages.
- 4.10 The Office for National Statistics (ONS) has not yet produced new population forecasts based on the latest census data. However, it is worth noting that the actual level of population increase since the last census is substantially higher than the 3.0% mid-year forecast produced by the ONS only a year earlier.

Inflation Expectations

- 4.11 Inflationary pressures on the Council's employee and contractor costs represent a significant annual pressure that needs to be funded. Equally, inflation rates impact on fees and charges, Council Tax capping levels and business rate income through the nationally set Non-Domestic Rates Multiplier.
- 4.12 The annual inflation rate in the United Kingdom as measured by CPI stands at around 11% (CPIH 9.6%, CPI 11.1%) as at October 2022, up from around 10% (CPIH 8.8%, CPI 10.1%) in September 2022. This is the highest it has been in over 30 years. Inflation has climbed steadily since February 2021 as the restrictions due to the Pandemic were eased leading to increased demand, but a range of supply side challenges. By February 2022 Inflation was already over 5% at the start of the Russian invasion of Ukraine. The knock-on consequences of that have restricted the world supply of gas and oil as well as some basic food supplies which has led to further inflationary pressures. In response

the Bank of England has increased interest rates despite this increasing the likelihood of recession.

Figure 1. CPI Annual Rate



Source:

UK Unemployment

- 4.13 The headline rate of UK unemployment is 3.5% for the quarter ending August 2022, down from 3.6% a month earlier. This is slightly lower than the level immediately prior to the Coronavirus pandemic (4.0% March 2020) and is one of the lowest levels in recent history. This position is also reflected in the figures for employment which has risen to 75.5% as at August 2022, 1.0% lower than pre-pandemic and 0.3% lower than the previous quarter. Previous distortions created by the Furlough scheme have now worked their way out of the system so these figures should give a true reflection of the position. However, there remains considerable uncertainty over the direction of travel due to the volatility in the wider economy.
- 4.14 It is hoped that the low levels of unemployment will reduce the number of Local Council Tax Support Scheme claimants, thereby increasing the tax base and thus the amount of Council Tax income collectable. By contrast if the levels of inflation squeeze the poorest, this increases the risk of non-payment

Deprivation

- 4.15 One of the key outcomes for the Council is to improve the well-being of its residents and to address the needs of those most in need. The degree to which assessed need and inequality might be measured is by reference to the national Index of Multiple Deprivation (IMD).
- 4.16 IMD scores and weightings are based on seven domains of deprivation and are weighted individually to provide an overall IMD score. There are also two additional indices as set out below:
- Income Deprivation (22.5%)

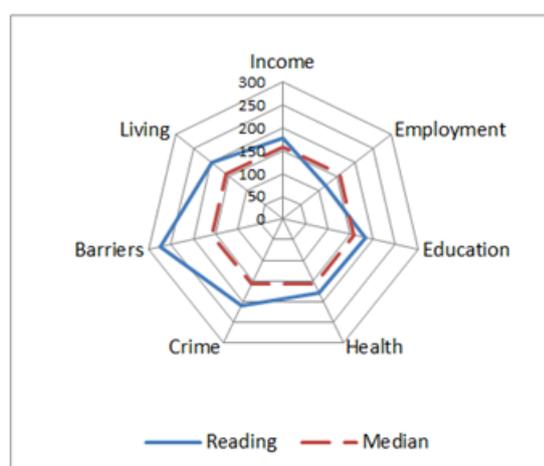
- Employment Deprivation (22.5%)
- Education, Skills, and Training Deprivation (13.5%)
- Health Deprivation and Disability (13.5%)
- Crime (9.3%)
- Barriers to Housing and Services (9.3%)
- Living Environment Deprivation (9.3%)
- Index of income deprivation affecting children
- Index of income deprivation affecting older people

4.17 Key Headlines are:

- Reading as a whole is ranked the 141st most deprived out of 317 local authorities in the country;
- Reading now has 5 LSOAs (Lower Super Output Areas) within the most deprived 10% nationally, compared with only 2 in 2015 (indicating increased disparity across the borough);
- Reading has 4 LSOAs in the most deprived 5% in the country on the Education, Skills, and Training domain (3 according to IMD 2015).

4.18 The chart below illustrates the 2019 IMD statistics for each of the above seven indicators relative to the (median) average across all 317 local authority areas, showing that Reading has a higher deprivation score than the median on 6 of the 7 indicators, but has a better level of employment than the median:

Figure 2. Index of Multiple Deprivation (2019 - latest available)



Interest Rates

4.19 Whilst in 2020 the Bank of England cut interest rates to record low levels in response to the economic damage caused by the coronavirus outbreak, it has now had to reverse that stance due to the significant inflationary pressures caused mainly by the conflict in Ukraine. On 3rd November 2022 the Bank of England raised the Bank Rate again to 3.0%.

4.20 For planning purposes, the Council have previously assumed a borrowing rate of 2.0%. Based on the assumed increases to the Bank of England interest rates above, the

forecast Public Works Loan Board (PWLB) rates range between 4.70% and 3.10% between December 2022 and December 2025. The MTFFS assumes an average borrowing rate of 4.3% for 2023/24, decreasing to 3.7% and 3.4% in 2024/25 and 2025/26 respectively. This will be further reviewed prior to the report to Policy Committee in February 2023.

5 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 5.1 At the time of writing, the Provisional Local Government Finance Settlement (PLGFS) for 2023/24 has yet to be announced. Our assumptions around funding levels contained within the budget proposals and set out in this report are best estimates based on information so far available. Members will be briefed at the meeting should any announcement on the PLGFS be made prior to the December Policy Committee, whilst details of the Final Settlement will be incorporated into the budget report to be presented to Policy Committee in February 2023.
- 5.2 The formal announcement of the provisional 2023/24 LGFS is expected in mid-December. After a period for consultation, the final settlement will be confirmed in January/February 2023.

6 FUTURE CHANGES TO THE LOCAL GOVERNMENT FINANCE SYSTEM

- 6.1 In the Autumn Statement 2022 the Chancellor did not make any announcements about the future of the Fair Funding Review (also known as the Review of Relative Needs and Resources), the business rates reset or New Homes Bonus reform.
- 6.2 It is hoped that further announcements on the Fair Funding Review and the Business Rates Reset will be made as part of the Provisional Local Government Finance Settlement in December 2022.

7 CURRENT YEAR FINANCIAL POSITION - AS AT THE END OF SEPTEMBER 2022

- 7.1 The Council regularly monitors its revenue and capital budgets in order to ensure its financial position remains robust, that expenditure is spent as planned and that income due to the Council is received. Additionally, the monitoring process tracks the delivery of savings proposals and risks of non-delivery which may impact on the overall position and hence need to be mitigated.
- 7.2 The Quarter 2 (Period 6 - end of September 2022) monitoring report appears elsewhere on the agenda of this meeting. Service budgets show a forecast overspend of £3.5m (a combination of spending pressures and lost income streams). Overall, the Council is able to forecast an underspend of £1.3m as the Service overspend is off-set by the use of Corporate Contingencies (£3.6m) and the use of other corporate budgets (£1.2m), most of which arises from the re-profiling of Capital Financing Costs resulting from the 2021/22 Capital Programme Outturn position.
- 7.3 The Housing Revenue Account as at the end of Quarter 2 is projecting an underspend against its revenue budget of £2.662m, which would mean a small contribution to reserves rather than the draw-down from the reserve that was originally planned.

- 7.4 The Quarter 2 Monitoring report is proposing that the General Fund Capital Programme is revised to reflect additional schemes that are fully funded by grants or contributions as well as several scheme budgets being re-profiled to later years. The overall effect of this, if agreed, will be to reduce the value of the programme from its original value of £116.0m down to £80.0m.
- 7.5 The Housing Revenue Account Capital Programme also has proposals to re-profile to and from later years resulting in a net reduction of the programme from £30.5m to £27.9m.

Section B General Fund Revenue Budget

8 OVERALL THREE-YEAR BUDGET POSITION

- 8.1 In February 2022 Full Council agreed a budget which balanced in year 1 (2022/23) with a contribution of £0.695m to earmarked reserves and had net deficits of £5.719m in 2023/24 and £5.828m in 2024/25. The Council has reviewed its income and expenditure assumptions across all three years of the MTFS period (2023-2026) with a view to setting a balanced budget for all years. However, due to considerable levels of uncertainty this has not been possible at this stage of the process.
- 8.2 The worldwide Covid-19 pandemic continues to have an impact on the MTFS, particularly in respect of lower than previously forecast income streams for direct income generating services such as car parking and leisure. The bigger impact on the latest MTFS arises from the significant inflationary pressures being felt across the world, but particularly in the UK. There remains considerable uncertainty regarding both the severity and the duration of these particular challenges, and a prudent approach has been taken throughout the MTFS refresh process.
- 8.3 As outlined above, the draft budget proposals as set out in this report provide an interim position and do not result in a balanced budget for 2023/24 or a balanced 2023/24-2025/26 MTFS. The current budget gap is set out in the following table:

Table 2. Current Budget Gap over the MTFS Period 2023/24-2025/26

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Budget Gap	2,394	8,099	2,093	12,586
Cumulative Budget Gap	2,394	10,493	12,586	12,586

- 8.4 As indicated above, work is ongoing to refine and clarify planning assumptions and identify additional savings to close the budget gap in 2023/24 to allow a balanced budget to be approved in February 2023.
- 8.5 The Council's policy is for the General Fund Balance to be £7.5m, or 5% of the Net Budget Requirement. Based on the draft figures in this report the General Fund Balance would be required to be increased to £7.9m for 2023/24 rising to £8.7m for 2025/26. This percentage is considered appropriate and in light of the significant uncertainties faced by the Council it would not be prudent to take them below this level.
- 8.6 The interim position set out in this report relies on achieving service savings and additional income of £9.6m over the three years 2023/24 to 2025/26. Of the £9.6m due to be delivered, £1.0m relates to savings needing to be found in Children's Services and

delivered in partnership with Brighter Futures for Children, the Council’s wholly owned Children’s company. The residual £8.6m has to be found from other directly managed Council services as summarised below:

Table 3. General Fund Savings Summary 2023/24 to 2025/26

	Efficiency Savings	Invest to Save Schemes	Income, Fees & Charges	Total
	£000	£000	£000	£000
Children’s Services (BFfC)	(1,000)	0	0	(1,000)
Other Council Services	(4,815)	(858)	(2,952)	(8,625)
Total	(5,815)	(858)	(2,952)	(9,625)

- 8.7 The updated MTFS proposals include £19.0m of service growth items (£15.1m pay and other inflationary pressures and £3.9m other service-related pressures).
- 8.8 The proposals for 2023/24 include £10.0m of service growth items (£8.3m pay and other inflationary pressures and £1.8m other service-related pressures) and (£5.3m) of service savings (£3.7m efficiencies and invest-to-save initiatives and £1.5m from uplifted income). Within those growth and savings assumptions, BFfC represents £2.5m of the pressures with efficiency savings and income of (£0.3m), resulting in a net contractual sum increase of £2.2m from the 2022/23 contract sum (a £2.7m increase from the previously agreed contract sum for 2023/24).
- 8.9 A summary of the current budget gap position across the three-year MTFS period are set out in the table below. Further detail is provided in Appendices 1-2 attached:

Table 4. Directorate and Corporate Budgets - Three-Year Summary

	2023/24 £000	2024/25 £000	2025/26 £000
Adult Care & Health Services	48,071	50,499	52,721
Economic Growth & Neighbourhood Services	18,946	17,820	18,046
Resources	17,555	17,107	17,104
Chief Executive Services	1,543	1,543	1,543
Children's Services	52,034	52,459	53,346
Total Service Expenditure	138,149	139,428	142,760
Capital Financing	17,713	20,216	20,908
Contingency	3,752	4,557	4,760
Movement to / (from) Reserves	(360)	(30)	0
Other Corporate Budgets	(429)	1,972	6,137
Total Corporate Budgets	20,676	26,715	31,805
Total Net Budget Requirement	158,825	166,143	174,565
Financed by:			
Council Tax Income	(108,600)	(113,539)	(118,103)
NNDR Local Share	(27,890)	(36,097)	(37,816)
New Homes Bonus	(1,099)	(1,099)	(1,099)
Section 31 Grant	(13,971)	0	0
Revenue Support Grant	(2,218)	(2,262)	(2,308)
Other Government Grants	(2,653)	(2,653)	(2,653)
One-off Collection Fund (Surplus)/Deficit	0	0	0
Total Funding	(156,431)	(155,650)	(161,979)
Budget (Surplus)/Gap	2,394	10,493	12,586

9 VALUE FOR MONEY & EFFICIENCY

- 9.1 During 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 the Council delivered savings totalling £12.5m, £13.4m, £7.7m, £7.6m and £14.3m respectively. As at the end of September 2022 £1.9m of savings have been delivered in year with a further £5.0m on track to be delivered by the end of the year, against the target of £10.2m, despite the turbulent economic climate.
- 9.2 Over the next three years the proposals included in this interim MTFs assume delivery of a further £6.7m of savings as well as additional income of £3.0m, (£3.7m and £1.5m respectively assumed in 2023/24).
- 9.3 Since 2017/18, to support the delivery of efficiencies and ongoing savings, transformation funding has been made available within the Council's Capital Programme funded from Capital Receipts. Appendix 5 attached sets out the Council's Strategy for the 'flexible use of capital receipts', together with the proposals to be funded and spend to date against those already agreed.

9.4 In order to deliver greater efficiency, the Council has focussed on service redesign, making greater use of technology and streamlining processes. Additionally, the Council is re-procuring a number of its key contracts to extract better value.

10 RESERVE LEVELS

10.1 CIPFA have stated that there should be no imposed limit on the level or nature of balances required to be held by an individual Council. Many authorities are currently struggling to manage their pressures with a number of local authorities issuing s114 notices or requesting exceptional financial support during the last few years. In light of previous high-profile failures and funding concerns raised by authorities, CIPFA launched a financial resilience index which uses a basket of indicators to measure individual Local Authorities' financial resilience compared to their comparators.

10.2 The Council drew heavily on its reserves in 2016/17. Since then, the Council has contributed to reserves in each year between 2017/18 and 2021/22. As a result, reserves have been returned to a more sustainable level.

10.3 Based on the latest data available (2020/21), the Council's reserves position is above the average compared to all unitary authorities, which is a further improvement from the 2019/20 position and continues the trend from the previously published data.

11 PLANNING ASSUMPTIONS

11.1 The following planning assumptions are included within the Interim Medium Term Financial Strategy:

- a) **Base Budget** - The starting point for planning is the 2022/23 base budget as agreed by Council in February 2022, adjusted for any approved budget virements;
- b) **Council Tax Increase** - A 1.99% basic increase for each year 2023/24-2025/26. Increases in the Tax Base for organic growth are currently assumed at 1.0% annually over the same period and will be reviewed and updated as required as part of the Council Tax Base calculation which is reported to Council in January 2023;
- c) **Adult Social Care precept** - A 1.00% Adult Social Care Precept for each year 2023/24-2025/26;
- d) **Capital Borrowing Rates** - borrowing rates of 4.3%, 3.7% and 3.4% have been assumed in respect of financing of the Capital Programme over the next three years respectively. This will need to be reviewed in light of the outcomes of the MPC meeting on 14th December 2022 and the resulting interest rate forecasts provided from Link Group;
- e) **Investment Interest** - The Bank Rate set by the Bank of England is currently 3.0% and, for the purposes of forecast interest earnings, this will be reviewed in line with the updated interest rate forecasts following the MPC meeting on 14th December 2022. The Council currently also benefits from:

- **Externally Managed Property Investments** - The Council has £15m invested in property funds. The Council makes a return of around 4.09% on a quarterly basis (based on 2022/23 returns); and
 - **Investment Properties** - The Council owns investment properties valued at £75.2m as at 31st March 2022. These properties provide a gross return of approximately 6.5% pa (before capital financing costs).
- e) **Inflation** - Most budgets are cash limited. CPI is currently at 11.1% as at October 2022 and is forecast to peak in the next few months and then fall in 2023;
- f) **Pay Assumptions** - 4.0% per annum has been budgeted for 2023/24 with 2.0% for the remaining two years of the three-year period;
- g) **Pensions** - The triennial valuation of the Pension Fund took place on 31st March 2022. Provisional results indicate that the primary rate will increase from 14.8% to 16.2% and will then be held at that level across the MTFS period. The secondary (recovery) rate will fall slightly. The impacts of these changes have been reflected in the MTFS at a corporate level at this stage;
- h) **Increases in Fees and Charges** - Any changes to fees & charges have been incorporated within the budget proposals. A full schedule of fees & charges will be presented as an appendix to the Budget Report in February 2023;
- i) **Capital Financing** - The prudential borrowing costs associated with the proposed Capital Programmes are accommodated within the revenue budgets; and
- j) **Transformation Programme** - The Council has funded £14.1m of transformation projects to 31st March 2022 and has allocated £4.1m of funding for 2022/23, with a further £3.6m over the period 2023/24-2024/25. This transformation programme is largely funded by capital receipts which is allowable due to Central Government extending the Flexible Use of Capital Receipts Directive through to March 2025.

11.2 The Council's Draft MTFS and General Fund Budget is set out in Appendices 1 and 2 attached.

12 ASSUMED COUNCIL TAX LEVELS

12.1 The draft proposals set out in this report assume a 1.99% basic increase in Council Tax, plus an additional Adult Social Care Precept of 1% in all three years 2023/24 to 2025/26. On this assumption, the standard band D charge would rise by £54.71 to £1,884.43 for a full year in 2023/24.

12.2 The impact on taxpayer bills (before any reduction for discounts) of the Council's proposed increase is a £1.05 per week rise for a band D Council Tax household comprising at least two adults.

12.3 The majority of properties in Reading are band C and below (approximately 40% of properties are in Band C). Reading's Council Tax increase for a band C property in 2023/24 would be £48.63, an increase of £0.94 per week.

12.4 In estimating the revenue yield derived from the above proposed band D charge prudent increases to the Tax Base based on growth in property numbers have been assumed. Over the years 2023/24 to 2025/26 increases in the Tax Base of 1.0% each year have been assumed. However, the formal calculation is based on data as at 30th November, and Council will formally approve the Tax Base at its January 2023 meeting.

13 RISK IMPLICATIONS

13.1 The current budget gap must be closed in order to set a legally balanced budget.

13.2 Aside from bridging the current budget gap, the main risks to delivering the proposals set out within this report include:

- The ability to contain demographic demand pressures;
- The speed of recovery and buoyancy of the general and local economy from COVID 19 and the inflationary impact of the war in Ukraine;
- Adverse interest rate movements;
- Increased inflationary pressures;
- Delivery of capital receipts to fund the flexible use for transformation purposes and avoid prudential borrowing charges;
- Future local government financing settlements from central government and potential impacts from changes to the Fair Funding Review;
- The capacity of Officers to deliver the savings and income projections in line with assumptions whilst still managing the impact of the pandemic; and
- Slippage in the Capital Programme adversely impacting savings assumed within the MTFS.

13.3 Additionally, the Council's 2019/20 to 2021/22 accounts are still subject to audit which may mean there could be some movement in the assumed baseline level of reserves.

13.4 However, in setting the new three-year MTFS, contingency provisions of £3.752m in 2023/24, £4.557m in 2024/25 and £4.760m in 2025/26 have been provided for to allow for slippage or non-delivery of higher risk savings and income targets.

Section C Housing Revenue Account

14 HOUSING REVENUE ACCOUNT (HRA) BUDGET

14.1 The HRA is a ring-fenced account which deals with the finances of the Council's social housing stock. The HRA budget must avoid a deficit on reserves over the 30-year HRA Business Plan. Work is currently on-going to review the plan and the impact on the budget over the next 3 years. Any revisions will be reported to the Committee at its meeting in February.

14.2 The rent increase for 2022/23 was capped at 3.1% but the assumption was that increases would revert back to CPI + 1% from 2023/24 onwards. This would equate to an increase of 11.1%. Government has now confirmed that the maximum rent increase allowed for 2023/24 will be 7%.

14.3 Work is now underway to model the impact of a 7% increase on the 30-year business plan with a view to maintaining low carbon investments in our housing stock to make council homes more energy efficient and reduce energy costs for tenants over the longer term.

15 RISK IMPLICATIONS

15.1 Many of the risks identified in respect of the General Fund revenue budget (see para 13.1-13.2 inclusive) also have relevance for the Housing Revenue Account. Particular risks that pertain additionally to the HRA include:

- Rent collection levels that may be affected by any downturn in the local economy, for example as a consequence of the forecast recession;
- Changes to Universal Credit which may impact on rent collection levels;
- Increases in debt financing costs arising from inflationary cost increases in relation to the new build programme; and
- Maintenance cost increases - potentially additionally impacted by any change to workforce demographics that might arise due to Brexit.

Section D Capital Programme

16 OVERALL CAPITAL PROGRAMME

16.1 Details of the draft Capital Programme for 2023/24 to 2025/26 are set out in Appendix 3a for the General Fund and Appendix 3b for the HRA. This includes carried forward underspends and overspends from 2021/22 and any consequential reprofiling of the budget over the remaining years of the programme. Also reflected are changes to the Delivery Fund, the details of which are shown in Appendix 4 to this report.

16.2 New bids to the Capital Programme been reviewed with regard to their deliverability and affordability including the impact that approval to such schemes would have on the Revenue Budget via the Capital Financing Requirement. The revenue consequences of those capital schemes included in the draft Capital programme, including the capital financing costs have been reflected in the interim revenue MTFs at Appendix 1.

17 RISK IMPLICATIONS

17.1 The main risks to the Council's Capital Programme are summarised below:

- Cost overruns would impose additional borrowing costs (and associated financing charges to revenue) if unable to be met from scheme contingencies or other mitigating actions;
- Slippage in realisation of capital receipts impacts on available financing sources, with the potential to lead to additional capital borrowing. In particular, significant slippage could leave insufficient receipts to fully finance the transformation costs - which impacts pound for pound on the revenue account;
- Slippage in delivery of spend to save initiatives results in associated revenue savings not being delivered as anticipated; and
- The cost of delivering the capital projects increases due to inflationary pressures.

18 BUDGET NEXT STEPS

- 18.1 Statutory and wider consultation based on the budget proposals contained in this report will be undertaken and responses reported back to Policy Committee in February 2023. Similarly, the implications of the Local Government Finance Settlement (when it is announced) and the updated Capital Financing implications will also be reported to the Committee together with any additional savings proposals identified.
- 18.2 Policy Committee at its meeting on 20th February 2023 will be asked to approve a balanced 2023/24 budget and three-year MTFs and recommend its adoption by Council at its meeting on 28th February 2023.

19 CONTRIBUTION TO STRATEGIC AIMS

- 19.1 Our vision as Reading Borough Council is to ensure that Reading realises its potential - and to ensure that everyone who lives and works here can share the benefits of its success. We have three themes which contribute to delivering this vision, which are:
- Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 19.2 The setting and delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

20 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 20.1 The Council declared a Climate Emergency at its meeting on 26th February 2019, with the intention of being carbon neutral by 2030. Our Corporate Plan monitors our progress in reducing our carbon footprint.

21 COMMUNITY ENGAGEMENT AND INFORMATION

- 21.1 The budget consultation opens on 19th December 2022 until 19th January 2023.

22 EQUALITIES IMPACT ASSESSMENT

- 22.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 22.2 An initial Assessment of the proposals as set out in the MTFS has been undertaken and Appendix 6 sets out the individual savings proposals where specific equality impact assessments will need to be undertaken prior to their implementation.
- 22.3 Additionally, when considering changes to service provision, local authorities are under a duty to consult representatives of a wide range of local stakeholders. Authorities must consult representatives of council tax payers, those who use or are likely to use services provided by the authority and those appearing to the authority to have an interest in any area within which the authority carries out functions. Consulting on the Draft Budget proposals assists with this requirement.

23 LEGAL IMPLICATIONS

- 23.1 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.
- 23.2 The provisions of section 25, Local Government Act 2003 require that the Council in making setting its budget requirement, must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The report will be formally made to the Council's budget setting meeting in February.

24 FINANCIAL IMPLICATIONS

- 24.1 These are as set out in the body of the report.

25 BACKGROUND PAPERS

- 25.1 None.

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Summary of General Fund Budget 2023/24 to 2025/26

Directorate/Service	Approved Budget 2022/23 £'000	Proposed Budget 2023/24 £'000	Proposed Budget 2024/25 £'000	Proposed Budget 2025/26 £'000
Adult Social Care and Health Services				
Commissioning & Transformation	2,132	2,009	2,009	2,009
Adult Services Operations	39,924	44,270	46,698	48,920
Public Health	0	(50)	(50)	(50)
Directorate Other	516	508	508	508
Safeguarding, Quality, Performance & Practice	1,343	1,334	1,334	1,334
Adult Social Care and Health Services	43,915	48,071	50,499	52,721
Economic Growth & Neighbourhood Services				
Transportation	(1,821)	(2,676)	(2,788)	(2,931)
Planning & Regulatory Services	2,647	2,825	2,280	2,280
Housing & Communities	2,022	1,900	1,896	1,896
Culture	3,953	3,025	2,367	1,876
Environmental & Commercial Services	16,487	16,702	17,158	18,203
Property & Asset Management	(3,966)	(3,367)	(3,390)	(3,434)
Management & Sustainability	504	537	297	156
Economic Growth & Neighbourhood Services	19,826	18,946	17,820	18,046
Resources				
Policy, Performance & Customer Services	2,624	2,324	2,023	2,023
Human Resources & Organisational Development	1,932	1,886	1,894	1,895
Procurement & Contracts	487	382	382	382
Finance	4,409	4,160	4,160	4,160
Legal & Democratic Services	2,598	2,503	2,453	2,453
Digital, Technology & Change	6,306	6,300	6,195	6,191
Resources	18,356	17,555	17,107	17,104
Chief Executive Services				
Corporate Management Team	883	876	876	876
Communications	672	667	667	667
Chief Executive Services	1,555	1,543	1,543	1,543
Children's Services				
Brighter Futures for Children	48,958	51,196	51,564	52,451
Retained by Council	781	838	895	895
Children's Services	49,739	52,034	52,459	53,346
Total Service Expenditure	133,391	138,149	139,428	142,760

Summary of General Fund Budget 2023/24 to 2025/26

Directorate/Service	Approved Budget 2022/23 £'000	Proposed Budget 2023/24 £'000	Proposed Budget 2024/25 £'000	Proposed Budget 2025/26 £'000
Corporate Budgets				
Capital Financing Costs	16,381	17,713	20,216	20,908
Contingency	3,627	3,752	4,557	4,760
Movement to / (from) Reserves	695	(360)	(30)	0
Other Corporate Budgets	(4,104)	(429)	1,972	6,137
Corporate Budgets	16,599	20,676	26,715	31,805
Net Budget Requirement	149,990	158,825	166,143	174,565
Financed By:				
Council Tax Income	(104,403)	(108,600)	(113,539)	(118,103)
NNDR Local Share	(26,510)	(27,890)	(36,097)	(37,816)
New Homes Bonus	(2,038)	(1,099)	(1,099)	(1,099)
Section 31 Grant	(12,580)	(13,971)	0	0
Revenue Support Grant	(2,108)	(2,218)	(2,262)	(2,308)
Other Government Grants	(2,404)	(2,653)	(2,653)	(2,653)
One-off Collection Fund (Surplus)/Deficit	3,219	0	0	0
One-off Collection Fund (Surplus)/Deficit - Business Rates (Covid Reliefs)	16,762	0	0	0
Section 31 Grants Released from Reserves	(18,148)	0	0	0
Release from Collection Fund Smoothing Reserve	(1,780)	0	0	0
Total Funding	(149,990)	(156,431)	(155,650)	(161,979)
Over/(Under) Budget	0	2,394	10,493	12,586

Summary of General Fund Budget Changes 2023/24 to 2025/26

	2023/24	2024/25	2025/26	Total Changes
	£'000	£'000	£'000	£'000
Approved Service Budget	133,391	138,149	139,428	
Contractual Inflation	8,279	3,890	2,954	15,123
Budget Pressures	1,758	506	1,607	3,871
Efficiency Savings	(3,266)	(1,904)	(645)	(5,815)
Invest to Save	(478)	(130)	(250)	(858)
Income Fees & Charges	(1,535)	(1,083)	(334)	(2,952)
Proposed Total Service Expenditure	138,149	139,428	142,760	9,369
Approved Corporate Budgets	16,599	20,676	26,715	
Changes to Corporate Budgets	4,077	6,039	5,090	15,206
Proposed Corporate Budgets	20,676	26,715	31,805	15,206
Proposed Net Budget Requirement	158,825	166,143	174,565	24,575

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General Fund Capital Programme 2023/24 - 2025/26

Scheme Name	2022/23 Forecast			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	Spend (£,000's)	Funding (£,000's)	Net (£,000's)									
Adult Care and Health Services												
e-Marketplace & Equipment Renewal Portal Software	170	(93)	77	-	-	-	-	-	-	-	-	-
Mobile Working and Smart Device	150	-	150	-	-	-	-	-	-	-	-	-
Replacement of Community Re-ablement Software	85	-	85	-	-	-	-	-	-	-	-	-
Co-located profound and multiple learning disabilities day opportunities and respite facility and sheltered housing flats	1,413	-	1,413	3,679	-	3,679	823	-	823	78	-	78
Adult Care and Health Services Total	1,818	(93)	1,725	3,679	-	3,679	823	-	823	78	-	78
Economic Growth and Neighbourhood Services												
Transportation, Planning & Regulatory Services												
Air Quality Monitoring	15	(15)	-	-	-	-	-	-	-	-	-	-
Active Travel Tranche 2	100	(100)	-	885	(885)	-	-	-	-	-	-	-
Active Travel Tranche 3	200	(200)	-	1,300	(1,300)	-	-	-	-	-	-	-
Berkshire Coroner's Removals	-	-	-	29	-	29	-	-	-	-	-	-
Bus Service Improvement	500	(500)	-	15,439	(15,439)	-	-	-	-	-	-	-
Local Transport Plan Development	40	(40)	-	1,489	(1,489)	-	400	(400)	-	400	(400)	-
National Cycle Network Route 422	8	(8)	-	124	(124)	-	-	-	-	-	-	-
Reading West Station	600	(600)	-	3,620	(1,139)	2,481	-	-	-	-	-	-
South Reading MRT (Phases 1 & 2)	399	(399)	-	-	-	-	-	-	-	-	-	-
South Reading MRT (Phases 3 & 4)	1,632	(1,632)	-	-	-	-	-	-	-	-	-	-
South Reading MRT (Phases 5 & 6)	-	-	-	2,000	(2,000)	-	7,000	(5,000)	2,000	5,000	(5,000)	-
Town Centre Street Trading Infrastructure	28	-	28	-	-	-	-	-	-	-	-	-
Construction of Green Park Station	2,969	(2,969)	-	-	-	-	-	-	-	-	-	-
Car Park Investment Programme (inc P&D, Red Routes & Equipment)	177	(177)	-	326	(326)	-	326	(326)	-	326	(326)	-
Purchase of Mortuary Equipment	12	-	12	-	-	-	-	-	-	-	-	-
CIL Local Funds - Community	502	(502)	-	-	-	-	-	-	-	-	-	-
CIL Local Funds - Transport	167	(167)	-	-	-	-	-	-	-	-	-	-
CIL Local Funds -Neighbourhood Allocation	477	(477)	-	-	-	-	-	-	-	-	-	-
S106 individual schemes list	977	(977)	-	-	-	-	-	-	-	-	-	-
Defra Air Quality Grant - Bus Retrofit	70	(70)	-	318	(318)	-	-	-	-	-	-	-
Defra Air Quality Grant - Go Electric Reading	18	(18)	-	-	-	-	-	-	-	-	-	-
Electric Vehicle Charging Points	-	-	-	250	-	250	-	-	-	-	-	-
Air Quality Grant - AQ sensors awareness & behaviour change	-	-	-	220	(220)	-	-	-	-	-	-	-
Transport Demand Management Scheme	-	-	-	400	-	400	200	-	200	-	-	-
Rogue Landlord Enforcement	75	(75)	-	-	-	-	-	-	-	-	-	-
Transportation, Planning & Regulatory Services - Sub Total	8,968	(8,927)	40	26,400	(23,240)	3,160	7,926	(5,726)	2,200	5,726	(5,726)	-
Housing & Communities												
Provision of Gypsy & Traveller Accommodation	100	-	100	3,402	-	3,402	-	-	-	-	-	-

Scheme Name	2022/23 Forecast			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	Spend (£,000's)	Funding (£,000's)	Net (£,000's)									
Harden Public Open Spaces to Prevent Incursion	42	-	42	25	-	25	25	-	25	25	-	25
Green Homes Scheme - GF element	-	-	-	-	-	-	-	-	-	-	-	-
Disabled Facilities Grants (Private Sector)	1,257	(1,257)	-	1,197	(1,197)	-	1,197	(1,197)	-	1,197	(1,197)	-
Foster Carer Extensions	-	-	-	400	-	400	-	-	-	-	-	-
Private Sector Renewals	444	-	444	300	-	300	300	-	300	300	-	300
Housing & Communities - Sub Total	1,844	(1,257)	587	5,324	(1,197)	4,127	1,522	(1,197)	325	1,522	(1,197)	325
Culture												
Leisure Centre Procurement	22,272	(1,475)	20,797	7,145	(23)	7,122	812	(15)	797	170	-	170
Development of facilities at Prospect Park/Play	230	(230)	-	-	-	-	-	-	-	-	-	-
John Rabson skatepark	255	-	255	-	-	-	-	-	-	-	-	-
New Capital Bid - S106 Kenavon Drive Landscape	120	(120)	-	33	(33)	-	-	-	-	-	-	-
Reading Football Club Social Inclusion Unit to SRLC	-	-	-	1,534	(1,534)	-	-	-	-	-	-	-
Small Leisure Schemes	311	-	311	93	(20)	73	488	(299)	189	-	-	-
Abbey Quarter restoration works	50	(50)	-	95	(95)	-	25	(25)	-	-	-	-
High Street Heritage Action Zone	252	(252)	-	933	(763)	170	-	-	-	-	-	-
Berkshire Record Office - extension of storage space	16	-	16	263	-	263	18	-	18	-	-	-
Hexagon lighting & emergency lighting replacement	15	-	15	255	(120)	135	-	-	-	-	-	-
Hexagon replacement of PA System	-	-	-	360	-	360	-	-	-	-	-	-
Town Hall Equipment	190	-	190	15	-	15	-	-	-	-	-	-
Central Library - Reconfiguration/Refurbishment Feasibility	-	-	-	1,200	-	1,200	-	-	-	-	-	-
Tilehurst Library Works	62	(62)	-	-	-	-	-	-	-	-	-	-
Culture - Sub Total	23,773	(2,189)	21,584	11,926	(2,588)	9,338	1,343	(339)	1,004	170	-	170
Environmental & Commercial Services												
Playground equipment and Refreshment: Boroughwide	530	-	530	702	(44)	658	-	-	-	-	-	-
Re-wilding highways, parks and open space verges	76	-	76	-	-	-	-	-	-	-	-	-
Tree Planting	30	-	30	50	-	50	50	-	50	50	-	50
Annual Bridges and Carriage Way Works programme & Highway Infrastructure Works	4,654	(1,638)	3,016	1,842	(1,432)	410	-	-	-	4,000	-	4,000
Carriageways & Pavements Investment Programme	-	-	-	5,000	-	5,000	3,900	(900)	3,000	900	(900)	-
Cemetery Machinery	-	-	-	66	-	66	-	-	-	-	-	-
CIL Local Funds - Heritage and Culture	285	(285)	-	-	-	-	-	-	-	-	-	-
CIL Local Funds - Leisure and Play	419	(419)	-	250	(250)	-	-	-	-	-	-	-
Highway Signals_Capital Bid	200	-	200	200	-	200	-	-	-	-	-	-
Highways Operational Resilience _ Capital Bid	-	-	-	74	-	74	-	-	-	-	-	-
Highways Structures Capital Bid	1,450	(600)	850	3,850	(600)	3,250	600	(600)	-	-	-	-
Invest to save energy savings - Street lighting	771	-	771	400	-	400	-	-	-	-	-	-
Pedestrian Defined Urban Pocket Gardens	75	-	75	-	-	-	-	-	-	-	-	-
Pedestrian dropped kerb facilities with tactile pavers	240	-	240	-	-	-	-	-	-	-	-	-
Pedestrian handrails	240	-	240	-	-	-	-	-	-	-	-	-

Scheme Name	2022/23 Forecast			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	Spend (£,000's)	Funding (£,000's)	Net (£,000's)									
Pumping Station Upgrade Scheme (new)	229	-	229	-	-	-	-	-	-	-	-	-
Purchase of Electric Road Marking Machine	-	-	-	65	-	65	-	-	-	-	-	-
Railway footbridge lighting in West Reading	70	-	70	-	-	-	-	-	-	-	-	-
Reading Station Subway	206	(206)	-	-	-	-	-	-	-	-	-	-
Restoration of historic Wall at Caversham Court Gardens	-	-	-	100	(100)	-	-	-	-	-	-	-
Town Centre Improvements	307	-	307	-	-	-	-	-	-	-	-	-
Free bulky waste service - collection vehicle	-	-	-	64	-	64	-	-	-	-	-	-
Cattle Market Car Park	-	-	-	519	(519)	-	-	-	-	-	-	-
Digitised TRO's	-	-	-	300	-	300	-	-	-	-	-	-
Eastern Area Access Works	100	(100)	-	99	(99)	-	-	-	-	-	-	-
Local Traffic Management and Road Safety Schemes	135	(135)	-	285	(285)	-	150	(47)	103	150	(150)	-
Oxford Road Corridor Works	150	(150)	-	148	(148)	-	-	-	-	-	-	-
Traffic Management Schools	216	(216)	-	215	(215)	-	-	-	-	-	-	-
Western Area Access Works	64	(64)	-	64	(64)	-	-	-	-	-	-	-
New Kit/Vehicles for Commercial Services Dvlpt	-	-	-	84	-	84	-	-	-	-	-	-
New Vehicle for Highways & Drainage Commercial Service	-	-	-	71	-	71	-	-	-	-	-	-
Replacement Vehicles	2,781	-	2,781	3,653	-	3,653	-	-	-	-	-	-
Environmental & Commercial Services - Sub Total	13,227	(3,813)	9,414	18,101	(3,756)	14,345	4,700	(1,547)	3,153	5,100	(1,050)	4,050
Property & Asset Management												
The Heights Permanent Site Mitigation	44	(44)	-	343	(343)	-	100	(100)	-	-	-	-
Invest in Corporate buildings/Health & safety works	1,180	-	1,180	1,320	-	1,320	1,000	-	1,000	1,000	-	1,000
1 Dunsfold Fitout for BFFC Family Contact Centre - Development for Community Use	275	-	275	75	-	75	-	-	-	-	-	-
Accommodation Review - Phase 2A - 2C	556	-	556	1,000	-	1,000	-	-	-	-	-	-
Corporate Office Essential Works	-	-	-	891	-	891	-	-	-	-	-	-
Katesgrove Community and YOS Refurbishment - Development for Community Use	150	-	150	600	-	600	-	-	-	-	-	-
BFFC Accommodation Review	-	-	-	150	-	150	-	-	-	-	-	-
Regeneration Projects	125	-	125	2,925	-	2,925	200	-	200	-	-	-
Maintenance & Enhancement of Council Properties	-	-	-	8,800	-	8,800	-	-	-	-	-	-
Acre Business Park	-	-	-	478	-	478	122	-	122	-	-	-
The Keep building works and improved arts/culture facilities	94	-	94	-	-	-	-	-	-	-	-	-
Property & Asset Management - Sub Total	2,424	(44)	2,380	16,582	(343)	16,239	1,422	(100)	1,322	1,000	-	1,000
Management & Sustainability												
Renewable Energy	695	-	695	2,159	(450)	1,709	15	-	15	-	-	-
Salix Decarbonisation Fund	1,574	-	1,574	951	-	951	-	-	-	-	-	-
Salix Re-Circulation Fund	57	-	57	467	-	467	-	-	-	-	-	-
Corporate Solar Programme	-	-	-	491	-	491	896	-	896	784	-	784
Management and Sustainability - Sub Total	2,326	-	2,326	4,068	(450)	3,618	911	-	911	784	-	784
Economic Growth and Neighbourhood Services Total	52,560	(16,230)	36,331	82,401	(31,574)	50,827	17,824	(8,909)	8,915	14,302	(7,973)	6,329

Scheme Name	2022/23 Forecast			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	Spend (£,000's)	Funding (£,000's)	Net (£,000's)									
Resources												
Customer Digital Experience	750	-	750	-	-	-	-	-	-	-	-	-
Universal Digital Systems	812	-	812	98	-	98	-	-	-	-	-	-
IT Future Operating Model	538	-	538	543	-	543	468	-	468	-	-	-
Re-Procurement / Reimplementation of Finance System	440	-	440	160	-	160	-	-	-	-	-	-
Education Management System	384	-	384	-	-	-	-	-	-	-	-	-
Cemeteries and Crematorium	-	-	-	85	-	85	-	-	-	-	-	-
Cremator Procurement	1,313	-	1,313	487	-	487	-	-	-	-	-	-
Cremator	-	-	-	55	-	55	-	-	-	-	-	-
Burial Land Acquisition	80	-	80	1,070	-	1,070	500	-	500	-	-	-
Resources Total	4,317	-	4,317	2,498	-	2,498	968	-	968	-	-	-
Economic Growth and Neighbourhood Services (Education Schemes)												
Additional School Places - Contingency	50	(50)	-	450	(450)	-	250	(250)	-	250	(250)	-
SEN Provision - Avenue Centre	4,291	(4,291)	-	76	(76)	-	-	-	-	-	-	-
Asset Management	286	(286)	-	300	(300)	-	306	(306)	-	312	(312)	-
Children in care Emergency Provision	35	-	35	-	-	-	-	-	-	-	-	-
Civitas- Synthetic Sports Pitch	-	-	-	24	(24)	-	-	-	-	-	-	-
Contribution to SEN School Wokingham	123	(123)	-	-	-	-	-	-	-	-	-	-
Crescent Road Playing Field Improvements	311	(311)	-	-	-	-	-	-	-	-	-	-
Critical Reactive Contingency: Health and safety (Schools)	500	(500)	-	500	(500)	-	500	(500)	-	500	(500)	-
Fabric Condition Programme	3,448	(3,448)	-	2,000	(2,000)	-	2,000	(2,000)	-	1,000	(1,000)	-
Green Park Primary School	60	(60)	-	-	-	-	-	-	-	-	-	-
Heating and Electrical Renewal Programme	1,047	(1,047)	-	1,000	(1,000)	-	1,000	(1,000)	-	1,000	(1,000)	-
Initial Viability work for the Free School at Richfield Avenue	20	(20)	-	20	(20)	-	-	-	-	-	-	-
Low Carbon Skills Fund - Bid Development	5	(5)	-	-	-	-	-	-	-	-	-	-
Low Carbon Skills Fund - Schools Estate Project Delivery	24	(24)	-	-	-	-	-	-	-	-	-	-
Katesgrove Primary Trooper Potts Building	59	(59)	-	-	-	-	-	-	-	-	-	-
Meadway Early Years Building Renovation	-	-	-	-	-	-	-	-	-	-	-	-
Modular Buildings Review	50	(50)	-	950	(950)	-	500	(500)	-	500	(500)	-
New ESFA funded schools - Phoenix College	-	-	-	-	-	-	-	-	-	-	-	-
Pincroft-Children who have complex health, physical,sensory,disabilities & challenging behaviour	53	-	53	-	-	-	-	-	-	-	-	-
Cressingham- Community Short Breaks Provision	-	-	-	300	-	300	-	-	-	-	-	-
Dee Park Regeneration - Housing Infrastructure Fund (school)	500	(500)	-	5,500	(5,500)	-	6,000	(6,000)	-	-	-	-
Public Sector Decarbonisation Funds - School Estate Double Glazing Programme	1,065	(1,065)	-	-	-	-	-	-	-	-	-	-
SCD Units	473	(473)	-	-	-	-	-	-	-	-	-	-
School Estate Solar PV Programme	323	(323)	-	-	-	-	-	-	-	-	-	-
Schools - Fire Risk Assessed remedial Works	560	(560)	-	200	(200)	-	100	(100)	-	-	-	-

Scheme Name	2022/23 Forecast			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	Spend (£,000's)	Funding (£,000's)	Net (£,000's)									
SEN Norcot	83	(83)	-	-	-	-	-	-	-	-	-	-
SEN High Needs provision capital allocations	-	-	-	4,977	(4,977)	-	-	-	-	-	-	-
The Heights Temporary School	351	(351)	-	-	-	-	-	-	-	-	-	-
Park Lane Primary School Annexe Replacement	500	(500)	-	2,000	(2,000)	-	-	-	-	-	-	-
Economic Growth and Neighbourhood Services (Education Schemes) Total	14,217	(14,129)	88	18,297	(17,997)	300	10,656	(10,656)	-	3,562	(3,562)	-
Corporate												
Delivery Fund (Pump priming for Transformation projects)	4,065	-	4,065	1,798	-	1,798	1,782	-	1,782	-	-	-
Loan To RTL (Bus replacement programme)	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500
Oracle Shopping Centre capital works	100	-	100	100	-	100	100	-	100	100	-	100
Minster Quarter - Brownfield Land Grant Element	200	(200)	-	1,800	(1,800)	-	-	-	-	-	-	-
Minster Quarter	250	-	250	750	-	750	-	-	-	-	-	-
Corporate Total	7,115	(200)	6,915	6,948	(1,800)	5,148	4,382	-	4,382	2,600	-	2,600
General Fund Total	80,028	(30,652)	49,376	113,823	(51,371)	62,452	34,653	(19,565)	15,088	20,542	(11,535)	9,007

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HRA Capital Programme 2023/24 - 2025/26

Scheme Name	2022/23 Forecast			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
	Spend (£,000's)	Funding (£,000's)	Net (£,000's)									
Major Repairs - Existing Homes Renewal	8,944	-	8,944	10,392	-	10,392	10,686	-	10,686	11,131	-	11,131
Major Repairs - Zero Carbon Retrofit works	2,617	-	2,617	13,492	-	13,492	5,600	-	5,600	5,000	-	5,000
Disabled Facilities Grants	600	-	600	930	-	930	649	-	649	676	-	676
New Build & Acquisitions - Phase 2 - 4	13,815	(9,019)	4,796	21,904	(2,550)	19,354	13,000	(1,625)	11,375	-	-	-
Local authority new build programme for Older people and vulnerable adults	1,350	-	1,350	22,131	(4,875)	17,256	21,000	(850)	20,150	717	-	717
Housing Management System Phase 1	502	-	502	-	-	-	-	-	-	-	-	-
Housing Management System Phase 2	-	-	-	553	-	553	-	-	-	-	-	-
Grand Total	27,828	(9,019)	18,809	69,402	(7,425)	61,977	50,935	(2,475)	48,460	17,524	-	17,524

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1. Background

- 1.1 Local authorities are limited in their ability to utilise capital receipts (the disposal proceeds from the sale of fixed assets or repayment of loans for capital purposes). Statutory guidance issued under s15(1) of the Local Government Act 2003 by the Ministry of Housing, Communities and Local Government (as amended) generally precludes capital receipts being used to fund revenue expenditure and requires them to be applied to either fund capital expenditure or repay debt. The Act also requires local authorities to have regard to other guidance as directed by the Secretary of State - this currently includes the following guidance issued by the Chartered Institute of Public Finance and Accountancy [CIPFA]:
- The Prudential Code for Capital Finance in Local Authorities; and
 - The Code of Practice on Local Authority Accounting.
- 1.2 The Spending Review 2015 included a relaxation to the above regulations allowing the use of capital receipts for a limited period; between 2016/17 and 2018/19, to fund revenue expenditure “*that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or improve the quality of service delivery in future years*”. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations applied was extended to 2021/22 in the 2018/19 Local Government Finance Settlement and further extended by 3 years to 2024/25 in 2021.
- 1.3 In order for revenue expenditure to be funded from the flexible use of capital receipts, a strategy is required for each financial year that:
- Lists each project that plans to make use of the capital receipts flexibility, listing any element of funding towards the project that is funded from other sources;
 - Contains details on projects approved in previous years, including commentary on whether the planned savings or service transformation have been /are being realised in line with the initial cost-benefit analysis;
 - Be approved by Full Council prior to the start of the relevant financial year; and
 - Identify any subsequent changes during the year subject to approval by Full Council.
- 1.4 This document sets out the Council’s Flexible Capital Receipts Strategy, updating the plan since last considered by Council in February 2022 and details the individual projects which have and are planned to be funded from the flexible use of capital receipts in accordance with the above requirements.

2. Savings

- 2.1. The draft MTFS for consultation (to which this Strategy is attached as an appendix) contains £6.7m of savings and £3.0m of additional income proposed to be delivered over the forthcoming three years and readers should refer to that document for full details of these.
- 2.2. This strategy and investment proposals support the delivery of those savings or mitigate future additional spending pressures that would otherwise materialise. The cost of investing in making these savings will be included within the General Fund Capital Programme presented to Council in February 2023 and is, under regulations, funded from the use of capital receipts.

3. Delivery Fund

- 3.1 A report to Council on 26 June 2018 established the Delivery Fund and set out in detail how the £13.6m then allocated for the Delivery Fund would be invested. It included:
 - Capacity to set up and deliver the Council's programme of change and transformation; and
 - Resources to deliver specific savings.
- 3.2 Further reports to Council in February of each subsequent year have described how the Delivery Fund had been invested to date, and provided a summary of Delivery Fund allocation from its inception in 2017/18 until the end of the planning period covered at the time.
- 3.3 Slippage in calls on the Delivery Fund saw an outturn for 2021/22 of £3.0m compared to the budgeted spend of £4.5m. This report updates latest projected project budgets to include that slippage together with further proposals being brought forward as well as changes in estimated future costs. Annex A sets out the latest forecasts for 2022/23 and the proposed budget for 2023/24 to 2024/25 (the final year the extended capital receipts flexibility can be applied).
- 3.4 The table below summarises the forecast budgets and historic actual spend by the Delivery Fund from positions previously presented to Members.

Table 1: Summary of Delivery Fund Spend to Date / Future Spend

	Prior Years Actual/Bud (£,000's)	2022/23 Budget (£,000's)	2023/24 Budget (£,000's)	2024/25 Budget (£,000's)	Total (£,000's)
<u>December 2021</u>					
Capital Receipts Strategy	15,504	417	16	0	15,937
Contingency/Unallocated	446	1,782	1,782	1,782	5,792
	<u>15,950</u>	<u>2,199</u>	<u>1,798</u>	<u>1,782</u>	<u>21,729</u>
<u>February 2022</u>					
Capital Receipts Strategy	14,981	818	16	0	15,815
Supported by Revenue Funding	692	0	0	0	692
Contingency/Unallocated	350	1,308	1,782	1,782	5,222
	<u>16,023</u>	<u>2,126</u>	<u>1,798</u>	<u>1,782</u>	<u>21,729</u>
<u>December 2022</u>					
Capital Receipts Strategy	13,391	2,674	1,462	368	17,895
Supported by Revenue Funding	692	590	0	0	1,282
Contingency/Unallocated	0	802	336	1,414	2,552
	<u>14,083</u>	<u>4,066</u>	<u>1,798</u>	<u>1,782</u>	<u>21,729</u>

- 3.5 The change in forecast spend between February 2022 and December 2022 includes the roll forward of underspends from 2021/22, and further re-phasing of 2022/23 budgets together with new spend proposals being approved and others being identified as no longer required.
- 3.6 A number of new Delivery Fund Requests have been received as part of the MTFs refresh to meet new income/savings, see Table 2 below. These are subject to more detailed business case requests and sign off by the Council's S151 Officer. Requests approved by the S151 Officer will be reported to the February and June 2023 Policy Committee's (including requesting approval from Councillors at February Full Council).
- 3.7 If all the new bids listed in Table 2 are approved this will leave £2,552k left unallocated in the contingency.
- 3.8 Annexe A to this Strategy contains a list of all Delivery Fund projects illustrating the changes to Delivery Fund allocations since those agreed in February 2022 and the latest forecast projections and budget proposals.

Table 2 – New Delivery Fund Requests

Directorate	Project	Saving Identified (£'000's)	2022/23 (£'000's)	2023/24 (£'000's)	2024/25 (£'000's)	Total Spend (£'000's)
DOR	Procurement Training & Support	Transform	207	68		275
DACHS	Increase in Reviews completed in DACHS	Transform	338			338
DACHS	Increase in number of CHC Joint Funded cases	Transform	73			73
DACHS	Social Care Reform	Transform	248	-	-	248
DACHS	CQC Assurance	Transform	342		-	342
DACHS	DACHS VCS Front Door and Online Signposting/Self-Serve Tool	2,721	117	285	-	402
DACHS	Mosaic Development	Transform		390		390
DACHS	Maximising DACHS Income	1,294	63	253	23	339
DOR	PMO Team	Transform		300	300	600
DOR	Strengthen Financial Support	Transform	15	60	45	120
DOR	Traded Services within HR&OD	14	5			5
DEGNS	Parking Asset Review	Transform	130			130
DACHS	Adult LD/MH Reablement	466	70	60	-	130
		4,495	1,608	1,416	368	3,392

Annexe A to Flexible Capital Receipts Strategy - Delivery Fund changes

Changes to Delivery Fund Projects Since February 2022

Saving Description	Resource Required	Prior Year Actuals (£,000's)	2021/22 Budget (£,000's)	2021/22 Change (£,000's)	2021/22 Actual (£,000's)	2022/23 Budget (£,000's)	2022/23 Change (£,000's)	2022/23 Forecast (£,000's)	2023/24 Proposed Budget (£,000's)	2024/25 Proposed Budget (£,000's)	2017-25 Total (£,000's)
Housing Benefit Overpayment Recovery	Housing Benefit Overpayment Recovery Officer	72	-	-	-	-	-	-	-	-	72
Service restructure and reconfiguration	Recruitment Costs	61	-	-	-	-	-	-	-	-	61
Supporting delivery of directorate savings and improving Accounts Payable processes	Accounts Payable Assistant. Improving efficiency of AP process to deliver ongoing efficiency and savings	54	-	-	-	-	-	-	-	-	54
Process improvements and more efficient accounts production	CIPFA Big Red Button	16	-	-	-	-	-	-	-	-	16
Digitisation - cross cutting savings and redesign of Council-wide services	Firmstep Developer x2	178	-	-	-	-	-	-	-	-	178
Service restructure and reconfiguration	SOLACE Recruitment Fees For Future Finance Function	45	-	-	-	-	-	-	-	-	45
Engagement of transformation partner to drive process efficiency and cost reduction in parallel with market testing of service	External Support to undertake Market Testing (outsourcing) of the Revenue and Benefits Services	102	-	-	-	-	-	-	-	-	102
	Additional legal and TUPE advice	119	-	-	-	-	-	-	-	-	119
Revenues and Benefits market testing	Associated project costs, supplies and services	4	-	-	-	-	-	-	-	-	4
Charging Financial Analysts to transformation pot to support commercialisation work	One Finance Analyst (plus one interim for 4 months in 18/19)	63	-	-	-	-	-	-	-	-	63
Corporate Approach to Reducing Fraud	IT Costs	8	-	-	-	-	-	-	-	-	8
Management and Staffing Review	Change Management	-	15	7	22	-	-	-	-	-	22
Management and Staffing Review	Organisational Development (OD) Consultant	23	-	-	-	-	-	-	-	-	23
Single Person Discount Council Tax Recovery	Specialist Officer and provision for data matching	14	-	-	-	-	-	-	-	-	14
NNDR RV Maximisation	Engage external consultants	19	-	-	-	-	-	-	-	-	19
New Customer Experience Model	Pilot Thoughtonomy - Robotic Process Automation.	25	8	41	49	-	-	-	-	-	74
New Customer Experience Model	Pilot Thoughtonomy - Virtual workers	55	66	(51)	15	-	-	-	-	-	70
New Customer Experience Model	Pilot Thoughtonomy - Develop role	-	41	(4)	37	-	-	-	-	-	37

Annexe A to Flexible Capital Receipts Strategy - Delivery Fund changes

Changes to Delivery Fund Projects Since February 2022

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Capacity and leadership to deliver change and savings across programme	Corporate Programme Manager	269	-	-	-	-	-	-	-	-	269	
Working across Corporate Programme. Capacity and leadership to deliver change and savings across programme	NMT - Corporate Support	86	-	-	-	-	-	-	-	-	86	
HR support to deliver Corporate Programme and associated savings. Supporting recruitment and retention of social workers as part of improvement and to deliver savings	HR Support 1	14	-	-	-	-	-	-	-	-	14	
Contract Management Savings	V4S Procurement Consultancy Support. Payments due as percentage of savings delivered	288	-	-	-	-	-	-	-	-	288	
Improvements to Electronic Social Care Record and Reporting (MOSAIC) and provision for improvement of other IT systems over term of Programme	Reporting and Performance	76	-	-	-	-	-	-	-	-	76	
	Senior Consultant to act as System Owner	91	-	-	-	-	-	-	-	-	91	
	Process review and MOSAIC improvement for Children's Services	23	-	-	-	-	-	-	-	-	23	
	Interim reporting post in Children's Services	43	-	-	-	-	-	-	-	-	43	
	Corporate Systems Owner	128	-	-	-	-	-	-	-	-	128	
	Finance Specialist	161	-	-	-	-	-	-	-	-	161	
	Project Manager on Business Objects Implementation	31	-	-	-	-	-	-	-	-	31	
	Business Objects Developer	30	-	-	-	-	-	-	-	-	30	
	Provision for application management improvements in other systems (includes. 18/19 i-trent review)		260	-	-	-	-	-	-	-	-	260
	Capacity to support delivery of change and savings across programme	Programme Officer x2	76	-	-	-	-	-	-	-	-	76

Annexe A to Flexible Capital Receipts Strategy - Delivery Fund changes

Changes to Delivery Fund Projects Since February 2022

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Capacity to support delivery of change and savings across programme	Senior Project Manager x 2	125	128	(36)	92	-	-	-	-	-	217
Capacity to support delivery of change and savings across programme	Business Analyst	61	48	3	51	-	-	-	-	-	112
Capacity to support delivery of change and savings across programme	Project Officer	52	41	(7)	34	-	-	-	-	-	86
	Contribution to Team Reading costs	10		-		-	-	-	-	-	10
Management and Staffing Review	OD upskilling	11	-	-	-	-	-	-	-	-	11
	Business Analysts x 2	27	115	(4)	111	-	-	-	-	-	138
Executive Recruitment Search Fees	Psychometric Assessment Training	-	20	(3)	17	-	-	-	-	-	17
	Finance system implementation lead and support	12	183	(97)	86	97	(11)	86	-	-	184
	ICT Accelerator	87	163	(76)	87	-	-	-	-	-	174
	Modern Workplace Project	72	-	-	-	-	-	-	-	-	72
	Finance Transformation	187		-		-	-	-	-	-	187
	PMO Training	-	14	(2)	12	-	-	-	-	-	12
<i>*Making the Customer Service and Corporate Improvement more efficient</i>	<i>Staff and implementation costs</i>	199	301	-	301	-	-	-	-	-	500
Digitisation - cross cutting savings and redesign of Council-wide services	Digital Services Developer x2	-	80	(48)	32						32
<i>Customer Service and Corporate Improvement Service</i>	<i>Senior Project Manager, Business Analyst x3</i>	-				385	(39)	346	-	-	346
Total: Director of Resources (DOR)		3,277	1,223	(277)	946	482	(50)	432	-	-	4,655

Annexe A to Flexible Capital Receipts Strategy - Delivery Fund changes

Changes to Delivery Fund Projects Since February 2022

Saving Description	Resource Required	Prior Year Actuals (£,000's)	2021/22 Budget (£,000's)	2021/22 Change (£,000's)	2021/22 Actual (£,000's)	2022/23 Budget (£,000's)	2022/23 Change (£,000's)	2022/23 Forecast (£,000's)	2023/24 Proposed Budget (£,000's)	2024/25 Proposed Budget (£,000's)	2017-25 Total (£,000's)
Working across workstream of Corporate Programme to deliver savings and transformation	Programme Manager	318	-	-	-	-	-	-	-	-	318
Workstream A: Improving Practice Standards	Practice Improvement leadership. 18/19 start up	127	-	-	-	-	-	-	-	-	127
Workstream A: Improving Practice Standards	Practice Improvement Principle Social Worker	81	-	-	-	-	-	-	-	-	81
	Family Group Conferencing	-	75	(24)	51	-	-	-	-	-	51
Work stream B: Developing Workforce Excellence	Achieve a stable workforce by recruiting more permanent staff in Social Care	8	-	-	-	-	-	-	-	-	8
	Training for Safety Standards Model. 18/9 project start up training	105	-	-	-	-	-	-	-	-	105
Work stream C: Building Community Capacity	Pre Birth Support Team. 18/19 start up	37	-	-	-	-	-	-	-	-	37
	Family Reunification Team. 18/19 start up	16	-	-	-	-	-	-	-	-	16
	Edge of Care Team, Adolescents. 18/19 start up	125	50	-	50	-	-	-	-	-	175
	Revised under 5 offer to make best use of Early Years and Children's Centre provision	10	-	-	-	-	-	-	-	-	10
Work stream D: Stronger Stability for Children	Re-imaging Foster Care. 18/19 start up	77	-	-	-	-	-	-	-	-	77
	Placement Solutions Team	207	550	(28)	522	28	-	28	-	-	757
	Education, therapeutic & support to ensure placement stability for YP moving within 20 miles. Linked to D12 - solutions team savings of £1.8M. 18/19 start up	-	-	-	-	-	-	-	-	-	-
	Strengthen Commissioning Function (provide senior Commissioning and Contract Management capacity) 18/19 start up. Savings linked to Improved Contract Management	268	-	-	-	-	-	-	-	-	268
	Design & implementation of supported lodgings for 16+	5	-	-	-	-	-	-	-	-	5

Changes to Delivery Fund Projects Since February 2022

Saving Description	Resource Required	Prior Year Actuals (£,000's)	2021/22 Budget (£,000's)	2021/22 Change (£,000's)	2021/22 Actual (£,000's)	2022/23 Budget (£,000's)	2022/23 Change (£,000's)	2022/23 Forecast (£,000's)	2023/24 Proposed Budget (£,000's)	2024/25 Proposed Budget (£,000's)	2017-25 Total (£,000's)
	Modernising CIPSC's	10									10
	Review of Continued Health Contribution (CHC). 18/19 start up	29	-	-	-	-	-	-	-	-	29
Work stream E: Consolidating Corporate Resilience	Enhanced utilisation of capacity at Pincroft & Cressingham Children's Homes. 18/19 capital equipment	50			-	-	-	-	-	-	50
	Potential use of RBC property for additional childrens home or respite care. Funding for feasibility study if required	6	-	-	-	-	-	-	-	-	6
	SEND Commissioner. 18/19 start up	206	-	-	-	-	-	-	-	-	206
	Business Improvement	103			-	-	-	-	-	-	103
	Digitalisation	107	75	22	97	-	-	-	-	-	204
	Development of traded services	418	-	-	-	-	-	-	-	-	418
	Transformation Programme Team	1,047	82	-	82	-	-	-	-	-	1,129
	Short Breaks	20			-	-	-	-	-	-	20
	<i>Children in Need Team</i>	-	350	2	352	-	-	-	-	-	352
	<i>End to end mapping and demand management</i>	-	240	(64)	176	64	-	64	-	-	240
	<i>SEND Transport Review</i>	-	100	(19)	81	19	-	19	-	-	100
	<i>Transformation of SEND System</i>	-	330	(330)	-	330	-	330	-	-	330
Total: Childrens (BFFC)		3,380	1,852	(441)	1,411	441	-	441	-	-	5,232

Changes to Delivery Fund Projects Since February 2022

Saving Description	Resource Required	Prior Year Actuals (£,000's)	2021/22 Budget (£,000's)	2021/22 Change (£,000's)	2021/22 Actual (£,000's)	2022/23 Budget (£,000's)	2022/23 Change (£,000's)	2022/23 Forecast (£,000's)	2023/24 Proposed Budget (£,000's)	2024/25 Proposed Budget (£,000's)	2017-25 Total (£,000's)
Resources used for the facilitation of the delivery of the Programme wide savings	Strategic Lead for Transformation	261	-	-	-	-	-	-	-	-	261
	Project Support	16	-	-	-	-	-	-	-	-	16
	Programme Officer	103	-	-	-	-	-	-	-	-	103
Changes to Adult Social Care Front Door; Group Home Rental Increase. Also supports delivery of CSS Digitisation savings and Review and Right Sizing Care Packages & Stretch Targets	Transformation Project Manager 1	197	-	-	-	-	-	-	-	-	197
Transformation of wellbeing; ASC Restructure	Transformation Project Manager 2	112	-	-	-	-	-	-	-	-	112
Effective Utilisation of Extra Care; Learning Disabilities (Operations Team); Development of Home Care; VCS Development and Commissioning. Also supports wider digitisation & efficiency and Changes to the Adult Social Care Front Door	Transformation Project Manager 3	144	-	-	-	-	-	-	-	-	144
Deputies - Review the charging policy; FAB Team Fees & Charges & Stretch Target; Increased usage of Assistive Technology and Equipment; Increased usage of Direct Payments	Transformation Project Manager 4	102	-	-	-	-	-	-	-	-	102
Review and Right Sizing Care Packages & Stretch Targets Investment to secure ongoing savings	Social Workers X6 (S117, LDX2, MH, OP, PD)	676	-	-	-	-	-	-	-	-	676
Review and Right Sizing Care Packages & Stretch Targets Investment to secure ongoing savings	Social Workers X6 (S117, LDX2, MH, OP, PD) extension	20	-	-	-	-	-	-	-	-	20
Reducing Adult Social Care contracts spend	Commissioning Capacity at Senior Level	191	-	-	-	-	-	-	-	-	191
Delivery Models for Commissioning, Prevention & Quality Services	Consultancy advice - accommodation pathway	79	-	-	-	-	-	-	-	-	79
Delivery Models for Commissioning, Prevention & Quality Services	Consultancy advice for service shaping	30	-	-	-	-	-	-	-	-	30

Annexe A to Flexible Capital Receipts Strategy - Delivery Fund changes

Changes to Delivery Fund Projects Since February 2022

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Delivery Models for Commissioning, Prevention & Quality Services	Senior Transformation Manager	129	48	-	48	-	-	-	-	-	177
	Workforce consultancy & Training Programmes (Partners for change)	123	-	-	-	-	-	-	-	-	123
	Transitions - operational consultant	21	-	-	-	-	-	-	-	-	21
	Direct Payments - 2x PA Officers	13	81	(36)	45	36	-	36	-	-	94
	Locum Social Workers x4 Reviewing Team Project	9	243	(115)	128	115	-	115	-	-	252
Investment in Technology Enabled Care at home	Funding for TECH Team	-	139	-	139	-	-	-	-	-	139
Enhanced reablement for mental health and learning disability service users	Transformation Partner MH/LD	-	60	(60)	-	60	-	60	-	-	60
	Transitions Top Up - Transitions Practitioner	-	31	-	31	-	-	-	-	-	31
	Outcome based Service Delivery - Locum Worker and OT	-	133	(93)	40	93	-	93	-	-	133
	PM for outcomes, decision making and outreach.	-	48	(33)	15	97	-	97	16	-	128
	PM for Front Door, Reading Services Guide and Digital Front Door.	-	48	(33)	15	49	-	49	-	-	64
	Reducing the number of overdue reviews	-	143	(87)	56	87	-	87	-	-	143
	Reduce people waiting for Mental Capacity Assessments to move from Appointee to Court Appointed Deputy	-	49	(49)	-	49	-	49	-	-	49
	Physiotherapist for community rehabilitation post rapid hospital discharge	-	57	(29)	28	29	-	29	-	-	57

Annexe A to Flexible Capital Receipts Strategy - Delivery Fund changes

Changes to Delivery Fund Projects Since February 2022

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	Relaunch & expand NHS Health Checks Programme	-	56	(50)	6	50	-	50	-	-	56
	CHC Resource	-	87	-	87	-	-	-	-	-	87
	Commissioning Quality Assurance	-	44	(44)	-	44	-	44	-	-	44
Total: Directorate of Adults Social Care and Health (DACHS)		2,226	1,267	(629)	638	709	-	709	16	-	3,589

Changes to Delivery Fund Projects Since February 2022

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Working across workstream of Corporate Change Programme to deliver savings and transformation	Project Officer 1	51	-	-	-	-	-	-	-	-	51
Review of waste collection delivery models. Also connected to Waste Operations-optimising collection routes; Increase Trade Waste Collection and Disposal service turn over by 100% (£650,000pa to £1.3m)	Specialist advice and support, administration resource, Contract manager costs, Procurement of IT systems, Introduction of revised collection schedule	189	-	-	-	-	-	-	-	-	189
Review option of trust model for Arts	Consultancy costs	29	-	-	-	-	-	-	-	-	29
Maximising Income from the Town Hall & Museum	Consultancy support to provide commercial advice on business plan and associated staffing structures	26	-	-	-	-	-	-	-	-	26
Review existing Parking Permit	Comms Support, IT Support	11	-	-	-	-	-	-	-	-	11
Extend residents parking permit areas	Consultant support	89	-	-	-	-	-	-	-	-	89
Introduce Bus Lane Enforcement on Kings Road and Forbury Road bus lanes	DLO support to introduce new parking schemes	1	-	-	-	-	-	-	-	-	1
Close half of public conveniences - costs related to carrying out a review of the provision	Consultancy costs and costs to improve remaining facilities	12	-	-	-	-	-	-	-	-	12
	Consultancy costs and costs to improve remaining facilities	-	-	-	-	-	-	-	-	-	-
Develop and implement a new borough-wide Car Parking Strategy and associated action plan	Project Manager	53	-	-	-	-	-	-	-	-	53
	Communications Officer	10	-	-	-	-	-	-	-	-	10
	Consultant Support	11	-	-	-	-	-	-	-	-	11
	Consultant Support (Car park surveys / database set-up)	107	-	-	-	-	-	-	-	-	107
	Project Delivery	273	-	-	-	-	-	-	-	-	273
Make theatres break even through working with other operators	Independent consultants to market test (establish feasibility / business case)	23	-	-	-	-	-	-	-	-	23
	Project management (consultant) of procurement process (if it goes ahead based on 1st stage)	34	17	(17)	-	17	-	17	-	-	51
Alternative delivery models - identify	General resource	216	-	-	-	-	-	-	-	-	216

Changes to Delivery Fund Projects Since February 2022

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and prioritise those services that are most likely to yield a significant saving with the 3-year MTFS period	Project Manager	37	-	-	-	-	-	-	-	-	37
	Cost Consultant	-	-	-	-	-	-	-	-	-	-
	Consultancy - report writing	20	-	-	-	-	-	-	-	-	20
The project will focus on delivery of the former Civic Site and other key sites achieving capital receipts	Strategic Project Manager	148	-	-	-	-	-	-	-	-	148
Car Park management processes through IT improvements and staff reductions	Car parking equipment and capital	409	-	-	-	-	-	-	-	-	409
		-	-	-	-	-	-	-	-	-	-
Review enforcement contract	Consultancy support	-	-	-	-	-	-	-	-	-	-
	Project Manager	83	-	-	-	-	-	-	-	-	83
	Consultants to carry out modelling	8	-	-	-	-	-	-	-	-	8
Food Waste	Stickers and Leaflets (Phases 1 & 2)	25	11	(11)	-	11	-	11	-	-	36
	Mailout to all residents	22	10	(10)	-	10	-	10	-	-	32
	Communications time and production	32	15	(15)	-	15	-	15	-	-	47
	Marketing	85	24	(21)	3	21	-	21	-	-	109
Maximising Income from the Town Hall & Museum	One-off investment - equipment, marketing, consultancy	-	41	-	41	-	-	-	-	-	41
Transport and Parking Review	Consultant Support	157	-	-	-	-	-	-	-	-	157
Total: Directorate of Economic Growth and Neighbourhoods (DEGNS)		2,161	118	(74)	44	74	-	74	-	-	2,279
Capacity to manage and support Corporate Programme of Change	Managing Change - unallocated funding	-	519	(519)	-	2,360	(1,558)	802	336	1,414	2,552
Total: Unallocated / Contingency		-	519	(519)	-	2,360	(1,558)	802	336	1,414	2,552

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Procurement Training & Support	Support for current and future savings delivery related to Procurement & Contracts	-		-			207	207	68	-	275
Increase in Reviews completed in DACHS	Increase in Reviews Completed in DACHS (6x Experienced Social Workers, 3x Social Workers, 1 Commissioning Officer, 1 Business Support)	-	-	-			338	338			338
Increase in number of CHC Joint Funded cases	Increasing the number of Continuing Healthcare and Joint Funding cases processed for submission to the CCG.	-		-			73	73	-	-	73
Social Care Reform	Prog Man, Proj Man & Fin Analyst					-	248	248	-	-	248
CQC Assurance	Sen. Commissioning Officer, Care Gov. Officer, Senior Performance Analyst, Business Analyst, Guidance Tool					-	342	342		-	342
DACHS VCS Front Door and Online Signposting/Self-Serve Tool							117	117	285	-	402
Mosaic Development							-		390		390
Maximising DACHS Income	Additional Debt Recovery staff in ASC, Finance and Legal.						63	63	253	23	339
PMO Team							-		300	300	600
Strengthen Financial Support	Strategic Finance Business Partner for 2 Years fixed term						15	15	60	45	120
Traded Services within HR&OD	BACS Bureau set up costs						5	5	-		5
Events & Engagement Income generation	Events Assistant						-	-	30		30
Parking Asset Review							130	130			130
Adult LD/MH Reablement		-				-	70	70	60	-	130
Total: New Projects		-	-	-	-	-	1,608	1,608	1,446	368	3,422
Total: All Projects		11,044	4,979	(1,940)	3,039	4,066	-	4,066	1,798	1,782	21,729

Funded by Revenue Resources					692			590			1,282
Funded/to be Funded by Capital Resources	11,044				2,347	4,066		3,476	1,798	1,782	20,447

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Equality Impact Assessment

Name of proposal/activity/policy to be assessed

2023/24 Provisional Budget and Three-Year Medium Term Financial Strategy

Directorate: RESOURCES

Service: Council-wide

Name and job title of person doing the assessment

Name: Clare Muir

Job Title: Policy and Voluntary Sector Manager

Date of assessment: 11th November 2022

What is the aim of your policy or new service?

The Medium Term Financial Strategy aims to set out the most effective use of the Council's limited financial resources to meet its Corporate Plan objectives taking account of its wider operational environment.

That operational environment contains the continuing, albeit potentially diminished, challenges created by Brexit and the Covid-19 pandemic, as well as the worldwide economic turmoil largely instigated by Russia's invasion of Ukraine. Overarching all of this is the existential threat created by humanity's abuse of the natural environment resulting in climate change and rapidly diminishing biodiversity.

This latest refresh of the MTFs is dominated, as for so many individuals and businesses, by the steeply rising cost of service delivery and attempts to mitigate them.

Who will benefit from this proposal and how?

Residents and service users will benefit from the Council setting a balanced and affordable budget that ensures the Council's finances are sustainable.

Who are the main stakeholders and what do they want?

Residents, businesses, councillors and council staff in Reading.

Assessment of Relevance and Impact

The Equality duty has been considered for each proposed budget business case. For the majority of these the Equality Duty is not relevant to the changes proposed.

There are two business cases where it is recommended that a more detailed equality impact assessment is undertaken.

Appendix 5

Bid Reference	Title	Proposal	Reason for EIA
DACHS-2324-02	Increase in Extra Care Income	The proposal includes an additional 'wellbeing' charge added to the resident's service charge. This would be paid by Adult Social Care for those with eligible needs. Those without eligible needs would have to pay the wellbeing charge themselves.	Under the Equality Act this could be considered unreasonable extra charges due to a person's disability or age. Consideration need to be given to any cumulative impact.
DOR-2324-02	Income generation opportunity - Cremation & Cemetery Service	Changes to fees	Due sensitivity of the service and to previous concern from specific ethnic groups about fairness

Agenda Item 8

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	15 DECEMBER 2022		
TITLE:	EMPLOYMENT AND SKILLS PLANS - UPDATED REPORT AND SKILLS FOR GROWTH PROPOSAL		
LEAD COUNCILLOR:	COUNCILLOR LENG	PORTFOLIO:	POLICY
SERVICE:	PLANNING, TRANSPORT REGULATORY SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	EMMA GEE / SUE BRACKLEY	TEL:	07817 826433
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1. EXECUTIVE SUMMARY

- 1.1 This report updates the Committee on progress made by REDA (formerly Reading UK CIC) with the implementation of planning policies concerned with promoting Employment and Skills Plans, including proposals to support local growth for residents and businesses.
- 1.2 Following an Information report to SEPT in July 2022, in which the previous programme updates were received, it was agreed that a further report be submitted to provide full details of the proposed follow up programme of activity. The report which follows outlines these proposals, which are aligned with other important programmes being delivered - notably Multiply and UKSPF. The next 18 months will also see further engagement with and contributions from both developers and the end users of completed developments which will be used to create employment and skills opportunities to assist local growth and to reach all parts of Reading's community.
- 1.3 The report outlines REDA's proposals to specifically address the challenges facing the town and support the economic resilience of our residents and businesses, in line with the Powered by People Strategy adopted by Policy Committee on 28 September 2020.

2. RECOMMENDED ACTIONS:

- 2.1 That the Committee approves the proposed delivery framework which will deliver targeted employment and skills outcomes for all parts of Reading's community, as enabled by Section 106 Employment and Skills Plans and Financial Contributions.

2.2 That the Committee agrees:

- (i) the action plan, specifically tailored to the needs of the local economy following the impacts of the cost of living crisis and cost of doing business crisis on residents and small business.**
- (ii) the Council continues its commitment to close partnership working to support REDA (the trading name of Reading UK CIC) and its partners to manage and deliver this programme to ensure the sustainable economic recovery of Reading**
- (iii) the allocation of £236,500 of S106 developer contributions to support the delivery of the action plan.**

3. BACKGROUND - DELIVERY OF PLANS BY INVESTOR DEVELOPERS

- 3.1 Reading Borough Council adopted the requirement for Employment and Skills Plans (ESP) under a 2013 Supplementary Planning Document that seeks to implement adopted (2008) Core Strategy Policies CS9: Infrastructure, Services, Resources and Amenities, and CS13: Impact of Employment Development. Policy CC9 ‘Securing Infrastructure’ of the recently adopted Local Plan continues the policy basis for the SPD. The original drafting of the SPD relied on detailed discussion between Reading UK CIC (now t/a REDA) and the Borough Council’s Planning Service, with REDA being identified as the main agent for implementing the policy. The aims of the ESP requirement as part of a planning permission have been clearly defined in working with employers to improve the work and training opportunities of local people. ESP contributions can also support other skills and employment training to benefit the local economy and its skills and employment base.**
- 3.2 An ESP requirement is attached to any new development or any regeneration or extension programme where more than 1,000 square metres of new non-residential floor space or 10 dwellings are being created, or costing more than £1million.**
- 3.3 In simple terms the developer can choose to either enter into a delivery plan, through REDA and working with local partners, or to pay a financial contribution towards the delivery of training and employment programmes. The financial contribution is based on a simple percentage of the anticipated construction costs and floor plans and will typically be confirmed by a S106 legal agreement which is entered into by the developer before planning permission is granted.**
- 3.4 To date (September 22) 35 developers have chosen to pay financial contributions (ranging from £1,311 to £336,598) and a total of 67 plans (both construction and end use) have either been delivered, are in the process of being delivered, or are in pipeline.**
- 3.5 The Economic Development Manager (EDM) at REDA advises and assists developers to prepare plans that are deliverable, with clear outcomes and shaped to the needs of the relevant sector. The EDM co-ordinates partners such as schools and training providers to deliver the plans, provides ongoing monitoring of the delivery and outcomes, and feeds back to Reading Borough Council and the newly formed Skills for Growth Group.**
- 3.6 Delivery partners supporting this work include DWP JobCentre, New Directions, Activate Learning (Reading College), Reading Business Network, University of**

Reading, ECITB, and local schools such as JMA and Reading Girls, amongst others. The ESP programme, alongside other employment and skills initiatives are developed, consulted on and monitored through REDA's Skills for Growth Committee, which reports to REDA's Board and includes businesses and key stakeholder representation.

- 3.7 Working with the contractors and developers the ESPs have delivered the following outcomes in the last 18 months mostly within the Construction Sector (as fully detailed in the July 2022 Information Report):

	2020/22	Previous delivery period 2019/20
Work experience opportunities (all age)	35	40
Apprenticeships	18	11
Local Employment	416	226
School visits / projects / careers talks	126	60

This has included working with 16 developers on programmes - including Henry Construction, Watkin Jones, Morgan Lovell, Midgard/JRL and Ash.

4. PROGRAMME OF PROJECTS SUPPORTED BY S106 ESP CONTRIBUTIONS

(a) Current Position

4.1 Reading UK t/a REDA has a strong track record of delivering benefits to the local community through using S106 developer contributions. Most of these programmes have provided outcomes benefiting local people and the economy (Job Fest, Small Business Network events) and in some cases supporting community programmes (The Real Business Club). Over the last 18 months support has been given to some 1,700 local people (as detailed in the July 2022 Information Report), helping them move forward in the jobs market or into self-employment.

4.2 Partnership working has been pivotal in ensuring our reach into the community and providing real value for money. Partnership with both public and private sector partners will continue to be central to delivery of our programmes. Match funding and support in kind from companies and organisations such as Hammerson, Abbey Rotary Group, Reading Business Network, Hilton Reading, Activate Learning, Thames Valley Berkshire LEP, Thames Valley Chamber of Commerce and the University of Reading will play a major part in shaping delivery.

4.3. In 2020 this committee agreed a drawdown of cash contributions to a total cost of £249,500 for Reading UK against a plan of activity covering a two year period. Full details of the outputs from this funding were submitted to Committee in July 2022, though it was noted that there was outstanding work on some skills development targets, including research into Green Skills, Screen Production Skills and Local Procurement. This work is underway, and proposals for next steps follow in 4.11/4.12.

(b) Using Developer Contributions to Deliver the Next Strategy for Jobs, Training and Self-Employment Within our Communities (November 2022-April 2024)

- 4.4 Reading's level of employment is high, but is accompanied by skills shortages in core sectors such as hospitality, construction and technology. There is also a large number of "hidden" unemployed, exacerbated by Covid, made up of people who would like to work if given the opportunity. The Borough's Universal Credit *unemployed* claimant rate of 4.1% (4,370) remains stubbornly static and above both the GB (3.7%) and southeast (2.9%) averages [ONS Sept 2022].

The rate for over 50's claiming UC sits at 4.3% (1,125), nearly double the southeast rate (2.2%) and well above the GB rate of 2.8%. Women are also disproportionately impacted with 3.6% (1,855) claiming (above southeast and GB - at 2.5% and 3.1% respectively). Universal Credit is also a key in-work benefit and many working people are still reliant on additional financial support to make ends meet or are suffering from the longer-term impacts of the Covid Pandemic.

In response to the impacts of the cost of living crisis and anticipated austerity measures, programmes will be delivered within the framework of the Powered by People Strategy adopted by Policy Committee on September 28th 2020, and in line with the emerging Social Inclusion Board strategy. This identifies the indices of deprivation that adversely affect opportunity within Reading including parts of Whitley and Norcot amongst others. Both strategies aim to drive community participation and equality of opportunity across all parts of the Borough. The Powered by People Strategy (current until 2024) provides the context to ensure every part of our community benefits from support to access training and employment and that our economy is able to adapt to changing demands for both existing and new skills sets. A sectoral based approach *delivered within local neighbourhoods* will enable more people to find good quality work, develop the skills demanded by employers and continue to support those with multiple barriers to employment. In addition, taking delivery to the heart of communities would potentially utilise library space supporting the libraries' role as service hubs for residents.

- 4.5 REDA's Skills for Growth Group has identified the following priority areas: Start up in the Community; Sector-focused Careers Advice for Schools; Employment and Employability Support (particularly targeted at over 50's, single parents and other key cohorts); Developing the New Skills employers will need - creative skills, green skills, engineering and construction and Supporting Skills at the heart of Reading's Economy including construction, technology, hospitality and healthcare.

The framework for ESP delivery will therefore respond to known demand where skills shortages are a regional issue. Training will match residents to available local jobs and enterprise opportunities - *with a particular aim to upskill and retrain to enable residents to access better paid, better quality work with an eye on emerging skills.*

- 4.6 In addition the framework will invest in programmes of support to prepare local people for new and emerging job opportunities from developing sectors. Firstly, supporting the development of a more environmentally sustainable economy and training for jobs in the emerging 'green economy'. Secondly, providing aspirational support for people to secure work in the rapidly developing creative production sector, much of this enabled by the development of studio space of national significance on Reading's borders.

This programme will feature a greater level of outreach activity through council services and the community and voluntary sectors to ensure it is more accessible

and targeted. This could include using neutral and more user-friendly spaces such as libraries and community centres.

Specific groups targeted will include schools in more deprived wards, the over 50s, women and people from minority ethnic communities. Access to opportunity will ensure those with supported employment needs as well as the longer term unemployed are reached. Much of this work will involve working closely with New Directions (the Council's own adult education service), statutory agencies and voluntary organisations dedicated to supporting specific communities through adult employment support, sector skills training and government led programmes such as Multiply.

REDA intends to keep close contact with Thames Valley Chamber of Commerce which has the regional remit to manage the LSIP (Local Skills Improvement Plan) to ensure Reading's skills needs and employment opportunities are to the fore.

All local programmes are informed by the Board of REDA, the newly formed Skills for Growth Group and, where appropriate, the two Business Improvement District Committees (representing some 800 businesses in the Central and Abbey BIDs).

4.7 Work in schools will be undertaken by the Education Business Partnership which has a strong track record of delivery through previous ESP programmes. Working with employers in sectors where skills shortages or emerging skills are to the fore will give *all* pupils the opportunity of challenging work experiences and help cultivate an ethos among employers for growing local talent. Support will be targeted at years 10 - 12 and in the schools most in need of pupil support. These have previously included JMA, Prospect, Maiden Erlegh and Hugh Faringdon. Activity will be coordinated to ensure work is aligned (and does not duplicate) work of other agencies such as the Careers and Enterprise Network, the Climate Change Partnership and the Cultural Education Partnership amongst others.

4.8 There are also opportunities for local people to set up small businesses and get into self-employment, a route that works well for many. Programmes going forward will continue to create access to training, through Rebel Business School and Enterprise Exchange and a workshop and mentoring programme devised with Abbey Rotary Club entitled Launch Reading. The latter will be delivered within local communities and provide training, mentoring support and access to small business grants (made available through UK SPF funding).

These Community Outreach sessions will, where appropriate, include signposting to employability training, upskilling, careers advice and financial advice from partner organisations. The West Berkshire Employability Network of organisations, REDA's Skills for Growth Group and Reading Borough Council partners will help ensure delivery is coordinated and signposting will help individual residents access the best available support.

4.9 Appendix A sets out the details of the programmes to be delivered between 2022 and 2024 continuing the work to support local people into self-employment, develop sector skills, and find good quality work against a backdrop of rising costs and austerity.

4.10 The total package is £236,500 as summarised below, building on successful programmes delivered over the last two years with our partners.

Delivery programme	Cost
Future Skills / New Job Growth	60,000

Start Up in the Community	59,500
Job and Recruitment Support	55,000
Core Skills and Up-Skilling	34,000
Small Business Development	28,000
Total	236,500

(C) Emerging Job Opportunities: Green (Low Carbon) Sectors and Screen Production and Film

- 4.11 Working with Shared Intelligence, a nationally recognised research organisation, REDA undertook research into jobs associated with achieving low carbon and renewable energy, the future of low carbon energy jobs. This particularly focused on emerging or “future jobs”, using the Local Government Association (LGA) approved data sources used by many local authorities.

The research sets out an evidence-based roadmap for achieving 5,600 low carbon jobs in Reading by the year 2050 - which is double the LGA/Ecuity ‘do nothing’ projections, and ten times the number of defined “Low Carbon” jobs in Reading today. The roles on offer will provide real opportunity for local people to upskill, retrain and enter careers in one of the key high growth areas for employment in the next few years. In the shorter term these will be largely in electricity and gas retrofit and adaption type businesses, as well as in engineering and science businesses, but with potential for IT and construction jobs longer term.

Recommended actions in the research include a joint labour market skills survey with the Engineering Construction Industry Training Board (ECITB); commissioning further research into IT companies to explore longer term “green job” opportunities and the scope for higher level apprenticeships. REDA has started discussions with the Borough’s Housing Department to discuss the support for retro fitting skills amongst the Borough’s own workforce.

Following from the initial research REDA will procure a further “deep dive” into understanding these roles and the specific skills required, working with education providers to shape the training requirements. It is expected this work will be supported by the Thames Valley Chamber of Commerce’s Local Skills Improvement Plan report due in June 2023.

- 4.12 As part of emerging jobs development REDA is working with Thames Valley Berkshire LEP and the Berkshire Film Office to research the current scale of employment, and the potential for employment growth, being created by Shinfield Studios. This was outlined by the joint Managing Director of Shinfield Studios, and the British Film Commission, at a recent property event attended by REDA. The research is expected to quantify more specifically the enormous demand for sector skills across all parts of the production industry and exciting opportunities for young people to enter the industry, and mature workers to reskill for jobs within the industry.

In particular, REDA is keen to exploit opportunity for young adults in south Reading, and on the Wokingham borders, to enter a sector that may not have previously been seen as a career option.

Partnership working will be developed through Activate Learning, the University of Reading, Thames Valley Berkshire LEP and the Shinfield Studios Creative Skills Group to ensure delivery in Reading is embedded within the broader skills programmes for Shinfield Studios. Thames Valley Chambers have already

confirmed that Creative Industry Skills will be a major focus of the government funded Local Skills Investment Plan for Berkshire.

- 4.13 REDA proposes to submit a report back to Policy Committee in summer 2023 to update on the Green Skills deep dive research, the partnership arrangements falling into place and to outline a proposal to draw down further S106 funds to support Low Carbon / Renewable Energy Jobs, Construction and Engineering training.

The delivery of the programme outlined in Annex A will also support and add value throughout 2023 to enable the Creative Industry programme work that will be funded by the UK Shared Prosperity Fund in 2024 / 25 (UKSPF Year 3).

5. CASE STUDIES

- 5.1 Reading Job Fest and Supportive Links. As part of its employment support work since July REDA has organised two events for local residents with DWP JobCentre. The Supportive Links event was held at Penta Hotel and brought together 30 organisations and Disability Confident employers with live vacancies. The support on offer ranged from general advice and guidance to financial planning and job applications help. Over 300 people attended the half day event.

The second Job Fest of the year took place at The Town Hall in late September, with the support of Reading Central Business Improvement District. Over 40 employers took part, looking for new permanent and temporary recruits. Employers ranged from House of Frasers to Austin International and over 600 residents visited the event. Over 50 people took advantage of National Careers Service CV support, nearly 100 signed up with the recruitment agencies that attended and job seekers included Ukrainian, Afghan and Hong Kong migrants who have settled in Reading.

Discussions are ongoing between the Borough and DWP Job Centre to shape a partnership agreement that will provide more detailed information on outcomes. This will track the progress of residents receiving a variety of support. It is anticipated that this formalised working arrangement will be in place when activity starts in the New Year.

- 5.2 Local Procurement and Buying Local. As part of Small Business and Start Up support REDA is working with the Federation of Small Business (FSB) to research the barriers to local companies winning contracts from major organisations such as Reading Borough Council, RBH Hospital Trust and the University of Reading. This work has followed from the Buy Local, Value Local project launched at Green Park in April, which is seeking to develop greener, circular, local purchasing options for businesses and consumers. Developing local procurement routes is also a key part of the Sustainable Futures strand of the Reading 2050 Vision. The research findings and recommended actions are expected before Christmas.

6. CONTRIBUTION TO STRATEGIC AIMS

The outcomes of the Employment, Skills and Training SPD contributes to achieving the Council's Corporate Plan 2018 -2021 objectives in particular:

- Securing the economic success of Reading; and
- Promoting great education, leisure and cultural opportunities for people in Reading

The outcomes also respond to the local economic situation following both the covid pandemic and the ensuing cost of living crisis.

7. COMMUNITY ENGAGEMENT

Consultation was held on the draft SPD in November and December 2012, and carried out in line with the Council's adopted Statement of Community Involvement at the time. Responses received were taken into account in revising the SPD before adoption. Public consultation is not a requirement for developing ESPs, although comments received during the application process may inform those plans.

8. EQUALITY ASSESSMENT

A scoping assessment and Equality Impact Assessment (EqIA) were undertaken with regard to the Draft Employment, Skills and Training SPD (Nov 2012) as considered by Cabinet on 5th November 2012. There have been no issues arising during implementation of the SPD that affect the conclusions of that assessment and none arise from this information report.

9. LEGAL IMPLICATIONS

Employment and Skills Plans are secured through the Section 106 process, which is now governed by the Community Infrastructure Levy Regulations 2010 (as amended). The tests for Section 106 agreements are whether they are

- necessary to make the development acceptable in planning terms,
- directly related to the development, and
- fairly and reasonably related in scale and kind.

Employment and skills plans are not part of the Community Infrastructure Levy regime and will continue to be sought on major sites, where they meet the above tests.

10. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). A new Reading Climate Emergency Strategy for 2020-25, produced by the Reading Climate Change Partnership with the Council's support was approved in November 2020. Employment and Skills Plans align with the aims of the Climate Emergency Strategy particularly in their adoption of Green Skills as part of the emerging Future Skills agenda. In particular the ESP programme has identified the potential for some 5,600 Low Carbon and Renewable Energy Jobs in Reading by 2050 and the opportunity to upskill the Council's Housing Services repairs and maintenance teams to undertake this work on its own housing stock as well as compete in the Reading market among private ownership households .

11. FINANCIAL IMPLICATIONS

- 11.1 The majority of ESPs referred to in this report are secured through Section 106 agreements, and are either carried out by the developer in conjunction with Reading UK, sourcing third party funds, or funded by the developer directly.

VALUE FOR MONEY

- 11.2 The SPD requires developers to prepare or fund ESP's that have a positive effect on employment, skills and training. This has a direct implication for economic

development in the Borough, especially at this time of cost of living and austerity pressures. The needs and challenges of local people and businesses are addressed within the plan's responses to key sector skills shortages, and the idea of "future proofing" skills demand and upskilling and retraining local people to increase job opportunity, employment resilience and the dependence on financial support.

The Developer ESP's plans and programme of activity will be delivered and managed by the Council's Economic Development Partnership Company, REDA. This is costed in the proposals and at no cost to the council. The delivery of many programmes is supported by private sector and third sector partners, all of which provides excellent value for money and opportunities to attract further external funding to expand the programme for example from government sources such as UKSPF and the Adult Education Budget.

RISK ASSESSMENT

- 11.3 There are no direct financial risks associated with this report.

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Appendix A

Employment and Skills Plans – S106 Financial Contributions

Outline for 18 month delivery plan to support Economic Growth, Nov 2022 - Apr 2024

Recovery Theme	Delivery Programme	Outcome Targets	Budget
<p><u>Future Skills and Jobs</u></p> <p>Employment Opportunity and Support for every Reading student with strong focus on development of skills needs from emerging sectors (Low Carbon Economy and Creative Film Sector Jobs)</p>	Employability Masterclasses In targeted secondary schools	10 x Sessions target 1,800 students	6,000
	Interview Skills In targeted secondary schools	4 x sessions target 750 students	7,000
	Careers Development for students In targeted secondary schools	5 x sessions target 500 students	10,000
	Site Visits working with employers in key growth skills sectors	4 x employers supporting 60 x students	5,000
	Enterprise and Employment Skills – preparing students for careers in a self-employed environment, including creative industries	4 x Schools / 750 x students engaged	12,000
	Co-ordinating Employment and Skills Partner Plans with Strategic Delivery	Business outreach with schools, FE and HE linking in ESP plan delivery	Minimum 300 student engagements per annum
New Employment Opportunities for Residents	Work with Property Sector to support new inward employment opportunities Work with End Users through ESP agreements and property network outreach	Develop programme with min 10 developers and agents Min 4 x end user agreements	10,000
		Total Student and Employer Engagements:	Total Budget

		4,174	Future Skills and Employment Advice: £60,000
<u>Start Up Reading</u>			
Start Up and Employment Support in the Community	Weekly Advice and Guidance Sessions in Minimum 3 x Community Settings	400 residents	7,000
Skills Training and Upskilling for Reading's Self-Employed	One Week Intensive Workshop – Rebel Business School collaboration	70 students	10,000
Supported Ways into Self-employment	Intensive One on One Support for 9 months Help with Digital Training and Access	30 start-ups	20,000
Introduction to Self-Employment Events	4 x Taster Events in minimum 3 x Community Settings, Additional Signposting to Workshops, Training and Personal Support	80 residents	2,500
Workshop and Mentoring Programmes	Weekly training sessions for hard to reach communities in collaboration with Abbey Rotary	25 per course	5,000
Management of Self-Employment Programmes	Co-Ordinating and attracting partner support, additional support in kind, new sources of funding. Administration and marketing support		15,000
		Total Outcomes Start Up Support: 605 +	Total Budget Start Up and Adult Employment Guidance £59,500

<p><u>Core Skills for Local People</u></p> <p>Ensuring our workforce has the skills that employers need and where there are jobs waiting to be filled – including construction, hospitality, digital and healthcare. Ensuring access to quality work for all, working with employers to grow a more flexible approach to recruitment.</p>	<p>Reskilling courses and employment support for over 50's, long term unemployed, 19-24s</p> <p>Accreditation for people learning new skills</p> <p>Support for Digital Up-Skilling and reducing digital exclusion</p> <p>Construction Skills Certification and Testing Guaranteeing access to construction employment</p> <p>Development, monitoring and delivery of construction ESPs. Aligning ESP plans with construction skills programmes, low carbon jobs strategy, upskilling programmes Developing Skills for Growth Programme</p>	<p>4 x courses Target of 200 returners and hidden unemployed per annum</p> <p>Support for 100 potential returners</p> <p>Minimum 150 people helped through training</p> <p>Minimum 100 supported with non-funded costs</p> <p>Approx 10 plans per year (1,000+ local people engaged)</p>	<p>5,000</p> <p>4,000</p> <p>5,000</p> <p>5,000</p> <p>15,000</p>
		<p>Total Core Skills Outcomes:</p> <p>1,150</p>	<p>Total Budget Core Skills Work :</p> <p>£34,000</p>
<p>Employment And Employability</p> <p>Post Covid and Cost of Living Crisis: Access to employment opportunities for all our residents through a range of jobs and skills events around the Borough, working with National Careers</p>	<p>Reading Job Fairs featuring employment support, advice and guidance</p> <p>Supported Employment Events featuring disability confident and supportive</p>	<p>2 x events 700 + attendees 50 + exhibitors</p> <p>2 x events 200+ attendees 20+ exhibitors</p>	<p>9,000</p> <p>8,000</p>

Service, New Directions and JCP to provide recruitment support and soft skills	learning for employers and stakeholders		
	Sector Skills Events - providing Community delivery linked to current sector opportunities / new developments. Encouraging new cohorts into new skills	4 x events with local employers 25 attendees per event	6,000
	Targeted Women into Work and Women into New Skills events, working with local providers	4 x events 40 attendees per event	6,000
	Targeted Over 50s into New Skills events, working with local providers in Community Settings	4 x events 40 attendees per event	6,000
	Management, administration, partner support and funding . Marketing and post event follow up.		20,000
		Total Employment Support Outcomes:	Total Budget Employment and Upskilling:
		Business Engagements: 82	and
		Residents Supported: 1,320	£55,000
<u>Small Business Support</u>			
Creating Strong Local Business Pathways and Growth Support to help business survive and grow local employment	Delivery of small business network events, provide network of networks with existing organisations – local supply chains and shop local sustainability programmes	Grow business network to 1,000 members	4,500
	Developing local employment and small business procurement	Creation of new B2B relationships with min 4 major employers –	4,500

	networks with our SME community	Min 2 x specialist procurement support events	
	Self-employed business Promotion Campaign Strategy including circular / sustainable business policy/ local B2B directory	Marketing and promotion campaign and paid social media for local business services, pilot of 50 companies	9,000
	Administration and Organisational Support, Technical Support for Low Carbon policy, Strengthening Network policy including greater Reading / Berks self-employment delivery	Monthly Newsletter, Website Content, and Pilot Directory, Social Media Campaign Monthly network meetings (on line and in person) Contract Management	10,000
		Total outcomes in business outreach: 1,000 +	Total Budget Small Business and Local Economy Support: £28,000

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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	15 DECEMBER 2022		
TITLE:	DRAFT RESIDENTIAL CONVERSIONS SUPPLEMENTARY PLANNING DOCUMENT		
LEAD COUNCILLOR:	COUNCILLOR LENG	PORTFOLIO:	PLANNING AND ASSETS
SERVICE:	PLANNING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	MARK WORRINGHAM	TEL:	0118 9373337
JOB TITLE:	PLANNING POLICY MANAGER	E-MAIL:	mark.worringham@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 With the new Reading Borough Local Plan having been adopted in November 2019, the Council is in the process of producing a number of Supplementary Planning Documents (SPDs), which give further guidance on the implementation of policies within the Local Plan.
- 1.2 This report seeks Committee's approval to undertake community involvement on a Draft Residential Conversions SPD (Appendix 2), a document which gives detailed guidance on proposals for conversion of dwellinghouses to flats or to houses in multiple occupation (HMOs). The proposal is that the SPD will be published for consultation, the results of which will inform the development of a final version for adoption.
- 1.3 Appendices:
Appendix 1 - Equality Impact Assessment
Appendix 2 - Draft Residential Conversions Supplementary Planning Document

2. RECOMMENDED ACTION

- 2.1 That the Draft Residential Conversions SPD (Appendix 2) be approved for consultation.
- 2.2 That the Assistant Director of Planning, Transport and Public Protection be authorised to make any minor amendments necessary to the SPD that do not alter the policy direction, in consultation with the Lead Councillor for Planning and Assets, prior to consultation.

3. POLICY CONTEXT

- 3.1 The Council adopted the Reading Borough Local Plan in November 2019, which contains the policies that guide decisions on planning applications within Reading up to 2036. Since the adoption of the plan, progress has been made on putting in place Supplementary Planning Documents (SPDs) that provide further guidance on important issues and sites to supplement the Local Plan. SPDs are documents which supplement higher level policy in a development plan, but which cannot introduce new policy in themselves.
- 3.2 The policy covering changes of use from residential to Houses in Multiple Occupation (HMOs) or for conversions to flats is set out in policy H8 (Residential Conversions) of the Local Plan. The Council has an existing Residential Conversions SPD, adopted in November 2013. This pre-dates the adoption of the Local Plan and supplements the previous development plan documents that the Local Plan replaced. Whilst the policy approach of those documents has not significantly altered, and paragraph 4.4.72 of the Local Plan makes clear that the SPD continues to apply, a need has nonetheless been identified to update and revise the SPD to ensure that it links in full to the Local Plan policy. This will in turn ensure that it can be given appropriate weight in decision making.
- 3.3 Policy H8 is a criteria-based policy for assessing proposals to convert houses to flats or HMOs. The main principle is that proposals will be assessed against the impact on the amenity or character of the surrounding area, particularly in terms of intensification of activity, loss of privacy, loss of external amenity space, the provision and location of adequate on-site car parking and the treatment of bin storage areas and other related servicing.
- 3.4 As background, it is also worth being aware of some of the other measures that have been taken in relation to conversions to HMOs in Reading. In terms of Planning, there are two types of HMO:
- ‘Small’ HMOs, defined within the C4 planning use class, which consist of 3-6 unrelated inhabitants; and
 - ‘Large’ HMOs, considered to be a ‘sui generis’ use (i.e. falling within its own use class), consisting of 7 or more unrelated inhabitants.
- 3.5 A conversion from a house to a large HMO (under sui generis) always needs planning permission. However, a conversion from a house to a small HMO benefits from permitted development rights under the General Permitted Development Order (GPDO) and does not therefore generally require planning permission.
- 3.6 Due to concerns about the impact of changes from houses to small HMOs, the Council has legal directions in place under Article 4 of the GPDO covering much of Park, Redlands and Katesgrove wards (since May 2013) as well as Jesse Terrace (since February 2017) that removes this permitted development right to change a C3 dwellinghouse to a small HMO, meaning that, in those areas only, planning permission is required. For this reason, policy H8, as well as the existing SPD, specifies that proposals for a conversion to a small HMO in these areas should not result in the proportion of HMOs within 50m of the application property exceeding 25%.

4. THE PROPOSAL

(a) Current Position

4.1 The current position is that an existing Residential Conversions SPD dating from 2013 remains in effect. However, its age and the fact that it pre-dates the Local Plan could affect its weight in decision-making, and there are some issues that have arisen from its implementation that require addressing in a revised version.

(b) Option Proposed

4.2 Committee is recommended to approve a new draft Residential Conversions SPD for consultation. Appendix 2 contains a full draft of the SPD.

4.3 The revised version of the SPD is based on the existing SPD but with some important changes and updates. The following represent the main changes from the existing version:

- Clarification that, within the Article 4 area, the 25% threshold (see paragraph 3.6) applies to the total number of residential buildings as opposed to residential dwellings. This addresses an issue that has arisen in relation to recent planning applications.
- A new, criteria-based approach to proposals for conversion to both flats and HMOs outside the Article 4 area. This incorporates its own threshold approach, where the proportion of residential buildings within 50m of the application site that have been converted either to flats or an HMO would not be expected to exceed 50%. Other criteria would include whether or not the application site falls within the 30% most deprived local areas in Reading,
- Reference to avoiding a situation where a residential dwelling is sandwiched between two HMOs.
- General updates to policy references and alignment with the Local Plan.

4.4 If agreed, the document will be subject to a consultation, intended to begin on 19th December. SPD consultations generally last for six weeks, but the Council's Statement of Community Involvement proposes that this be extended to eight weeks where a consultation takes place over Christmas, and this will be the case here, meaning that the end date is currently intended to be 13th February.

4.5 Responses received will be considered in preparing a final draft SPD for adoption, which is intended for March 2023.

(c) Other Options Considered

4.6 The main alternative option is not to progress an update to the SPD at this stage. Whilst the existing SPD would continue to apply, the fact that it pre-dates Local Plan policy could cause issues in terms of its weight in decision-making. It would also fail to take the opportunity to address deficiencies in the existing SPD that have become apparent through its application in recent years.

- 4.7 There are also a variety of options for how the threshold approach within the SPD could be treated for the areas not covered by an Article 4 direction, including extending the 25% threshold that applies within the Article 4 area to the whole Borough. However, this would fail to take the main issue in the relevant areas, the proliferation of flat conversions, into account and would be unlikely to therefore address the particular situation in these areas.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Production of the Residential Conversions SPD will guide future development in a way that will contribute to achieving the Council's priorities as set out in the Corporate Plan (2022-2025). It will contribute towards 'Healthy Environment' by ensuring that developments avoid detrimental effects on the character of the local environment, for example by inadequate or inappropriate bin storage. It contributes towards 'Thriving Communities' by seeking to avoid conversions to HMOs or flats harming existing mixed and sustainable communities.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Local Plan policy to which the SPD relates has been subject to a Sustainability Appraisal process, which assesses the impacts of policies on environmental, social and economic objectives. No significant adverse environmental impacts were identified. Conversions to flats or HMOs can have positive environmental impacts where they reduce the need for new build housing, but a careful balance is required because a reduction in family housing stock through conversions could also increase the need for new build family housing.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 The Council's consultation process for planning policy, as set out in the Statement of Community Involvement (adopted March 2014), is that the widest and most intensive community involvement should take place at the earliest possible stage, to allow the community a genuine chance to influence the document. Therefore, significant and wide-ranging community involvement exercises took place during development of the new Local Plan. The draft SPD provides more details for implementation.
- 7.2 Consultation is expected to last a period of eight weeks as described in paragraph 4.4 above. The consultation will involve contacting all individuals and groups on our consultation lists, as well as publication on the website.

8. EQUALITY ASSESSMENT

- 8.1 The Sustainability Appraisal of the Pre-Submission Draft Local Plan incorporated the requirement to carry out a screening stage of an Equality Impact Assessment. This did not identify any negative impacts of the policy in terms of equality. Nevertheless, an Equality Impact Assessment has been carried out in Appendix 1. This has identified that there are potential

implications of the SPD in terms of age, where family housing that can accommodate children must be balanced against HMOs which are frequently occupied by young adults. These effects will be quite geographically specific, and are unlikely to result in a significant negative effect overall in Reading.

9. LEGAL IMPLICATIONS

- 9.1 Regulation 12 and 13 of the Town and Country Planning (Local Planning) (England) Regulations 2012 set out the requirements for undertaking consultation on SPDs. The production of and consultation on the SPD would be in compliance with the requirements under the Regulations. Once the SPD is adopted by the Council, it will hold weight in the determination of planning applications for development in the Borough.
- 9.2 The Levelling-Up and Regeneration Bill 2022 contains proposals to replace SPDs with Supplementary Plans, which would be subject to public examination as part of the process. The details of production of such Supplementary Plans and any transitional arrangements are delegated to future regulations, and it is likely that future work will be required to put an equivalent supplementary plan in place for this SPD as well as others. It is not clear at this stage what that would entail or when it would need to be undertaken, and it is recommended that progress on SPDs continue to be made, because this will reduce the workload in producing such a Supplementary Plan in future.

10. FINANCIAL IMPLICATIONS

- 10.1 The draft SPD has been produced using existing budgets.
- 10.2 Consultation exercises can be resource intensive. However, the Council's consultation process is based mainly on electronic communication, which helps to minimise resource costs, and consultation will also be carried out using existing budgets.
- 10.3 The SPD does not contain any proposals that would have additional financial implications for the Council.

Value for Money (VFM)

- 10.4 The preparation of a new SPD will ensure that development is appropriately guided and that significant effects are minimised. Production of the SPD, in line with legislation, national policy and best practice, therefore represents good value for money.

Risk Assessment

- 10.5 There are no direct financial risks associated with the report.

BACKGROUND PAPERS

None

APPENDIX 1: EQUALITY IMPACT ASSESSMENT

Provide basic details

Name of proposal/activity/policy to be assessed:

Draft Residential Conversions SPD

Directorate: DEGNS - Directorate of Economic Growth and Neighbourhood Services

Service: Planning

Name: Mark Worringham

Job Title: Planning Policy Manager

Date of assessment: 01/12/2022

Scope your proposal

What is the aim of your policy or new service?

To provide detailed policy and guidance on proposals to convert houses to flats or houses in multiple occupation.

Who will benefit from this proposal and how?

Local residents in areas subject to such proposals; applicants will benefit from clear policy.

What outcomes will the change achieve and for whom?

The production of the Residential Conversions SPD will ensure that there is up-to-date policy and guidance in place across the Borough to deal with proposals for conversions to HMOs and flats. This will achieve a consistent basis for decision making for applicants, local residents and the Council.

Who are the main stakeholders and what do they want?

Local residents - a policy framework that balances the need for housing with the impacts proposals can have on the amenity of local residents and the character of the local area.
Applicants - a clear policy framework that allows for consistent decision making.

Assess whether an EIA is Relevant

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? (Think about your monitoring information, research, national data/reports etc)

Yes No

Is there already public concern about potentially discriminatory practices/impact or could there be? Think about your complaints, consultation, feedback.

Yes No

If the answer is **Yes** to any of the above you need to do an Equality Impact Assessment.

If No you **MUST** complete this statement

An Equality Impact Assessment is not relevant because: N/A

Assess the Impact of the Proposal

Your assessment must include:

- **Consultation**
- **Collection and Assessment of Data**
- **Judgement about whether the impact is negative or positive**

Consultation

Relevant groups/experts	How were/will the views of these groups be obtained	Date when contacted
Developers, residents	As part of Local Plan consultation. Consultation involved notifying consultees of the documents, publication on the website and a number of consultation events.	January - March 2016 May - June 2017 November 2017 - January 2018

Collect and Assess your Data

Describe how could this proposal impact on Racial groups
No specific impacts are identified.
Is there a negative impact? Yes No Not sure

Describe how could this proposal impact on Gender/transgender (cover pregnancy and maternity, marriage)
No specific impacts are identified.
Is there a negative impact? Yes No Not sure

Describe how could this proposal impact on Disability
No specific impacts are identified.
Is there a negative impact? Yes No Not sure

Describe how could this proposal impact on Sexual orientation (cover civil partnership)
No specific impacts are identified.
Is there a negative impact? Yes No Not sure

Describe how could this proposal impact on Age

Younger people are considered particularly likely to be residents of HMOs, particularly students and young professionals. A policy that has the effect of reducing the overall number of HMOs would potentially have a negative effect in terms of the overall availability of accommodation for younger people. However, the policies in the SPD are spatially concentrated to avoid serious detrimental impacts on specific areas, including order to prevent the loss of family accommodation. As such in these instances it could have a positive effect on the availability of homes for families with children. Due to the geographical concentration of the policies, it is not considered that there will be a negative overall effect on the availability of space within Reading.

Is there a negative impact? Yes No Not sure

Describe how could this proposal impact on Religious belief?

No specific impacts are identified.

Is there a negative impact? Yes No Not sure

Make a Decision

Tick which applies

1. **No negative impact identified** Go to sign off
2. **Negative impact identified but there is a justifiable reason**
You must give due regard or weight but this does not necessarily mean that the equality duty overrides other clearly conflicting statutory duties that you must comply with.
Reason
3. **Negative impact identified or uncertain**
What action will you take to eliminate or reduce the impact? Set out your actions and timescale?

How will you monitor for adverse impact in the future?

Monitoring the prevalence of HMOs in specific areas occurs through the planning application process, as it is required to assess applications. In overall terms, the impacts on the area in terms of loss of services, which may be a result of loss of family accommodation, may be highlighted in the Annual Monitoring Report.

Signed (completing officer) Mark Worringham Date: 1st December 2022
Signed (Lead Officer) Mark Worringham Date: 1st December 2022

RESIDENTIAL CONVERSIONS SUPPLEMENTARY PLANNING DOCUMENT

Draft, December 2022

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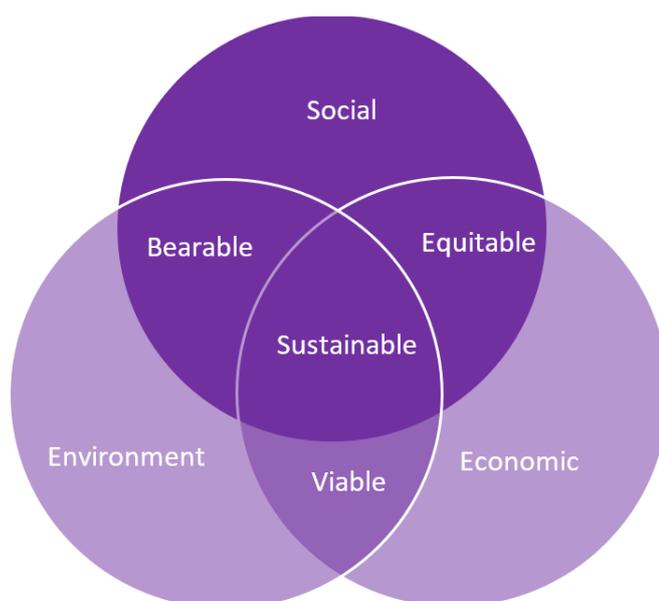
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1. Introduction

Background

- 1.1 Residential conversions have an important role to play in housing land supply in Reading. The subdivision of large houses has often enabled renovation and affordable maintenance of properties. Conversion to flats and houses in multiple occupation has also added a valuable supply of reasonably affordable private rented accommodation, meeting a need in the market.
- 1.2 Generally, the goal of policy and this guide is to promote sustainable mixed communities in Reading. The implications of this goal will vary in scope and substance based on the specifics of the situation in question. In some circumstances, residential conversions have proved unsatisfactory, providing poor or inadequate accommodation for tenants and leading to problems and issues for adjoining residents and for wider local areas. The significant loss of family housing can erode the character of an area through insensitive individual conversions and the cumulative impacts of physical changes to properties as a result of such use. At a minimum, acceptable proposals will not harm the sustainability of the area it is in. This means a diverse mix and distribution of housing types will be sought throughout the Borough for a number of reasons relating to the social, environmental, and economic pillars of sustainable development. Conversions, either individually or cumulatively, can have a harmful impact on the character of the area through unduly diluting mixed and sustainable communities. Conversely, in locations with already high numbers of flats or houses in multiple occupation, conversions to single family housing could help create a more mixed and sustainable community.

Figure 1: The three pillars of sustainable development



- 1.3 Whilst the Reading Borough Local Plan (2019) seeks to continue to develop a healthy private rented sector, this must be undertaken in a manner that minimises the potential adverse impacts that high concentrations of conversions and intensification of use can bring to areas of the Borough.
- 1.4 For the purposes of this SPD, residential conversions are considered to include flats and houses in multiple occupation (HMOs), which are sub-divided into small and large HMOs. A definition for both flats and the two types of HMO is set out below.

Definitions and Permitted Development Rights

- 1.5 **Flat:** Is a separate and self-contained set of premises constructed for use for the purpose of a dwelling and forming part of a building from some other part of which it is divided horizontally.
- 1.6 There are two types of HMO referred to for planning purposes and throughout this document. These are defined below:
- **C4 HMO (or small HMO):** Broadly a property which is occupied by 3-6 unrelated individuals, who share one or more basic amenities¹.
 - **Sui Generis HMO (or large HMO):** If there are more than 6 unrelated individuals sharing one or more basic amenity, it is likely to be classed as a ‘large HMO’ falling outside Use Class C4 and classed as sui generis.
- 1.7 Note: The Environmental Health, Council Tax and Building Control departments operate under different legislation and requirements and their definition of an HMO may not be entirely consistent with the planning definition. Therefore, individual departments should be contacted with regards their specific legislation and requirements.
- 1.8 Permitted development rights under Part 3 of the General Permitted Development Order (GPDO) apply to dwellinghouses (flats or buildings containing flats are excluded). A dwellinghouse is considered to be a house occupied by a single person, or people regarded as forming a single household (basically a family); a house occupied by up to 6 residents living as a single household and receiving care (e.g. supported housing); or certain other limited cases (e.g. small religious communities, or owners residing with up to two lodgers).
- 1.9 Houses occupied by unrelated people are considered to be ‘houses in multiple occupation’ and, depending on the number of occupants, are likely either to fall within the C4 Use Class, or to be outside the Use Class altogether. **In either case, houses in multiple occupation are not considered to be in use as dwellinghouses for the purposes of the GPDO i.e. they will not have permitted development rights under Part 3.** An application for a certificate of lawfulness may be advisable

¹ The Town and Country Planning (Use Classes) (Amendment) (England) Order 2010 (SI 2010/653) confirms that, ‘For the purposes of Class C4 a ‘house in multiple occupation’ does not include a converted block of flats to which section 257 of the Housing Act 2004 applies but otherwise has the same meaning as in section 254 of the Housing Act 2004’.

in order to establish what is the lawful use of the property, and whether or not permitted development rights are available.

Policy Background

- 1.10 Since the existing Supplementary Planning Guidance on ‘*Residential Conversions Supplementary Planning Document*’ was adopted in November 2013, there have been several significant changes to national legislation, the GDPO, and the Reading Borough Local Plan.
- 1.11 Of particular note is policy H8: Residential Conversions and H2: Density and Mix of the Reading Borough Local Plan (2019). Policy H8 sets out the strategic approach to converting residential properties into self-contained flats or for multiple occupation, covering aspects such as impact on the amenity and character of the area, loss of privacy, ensuring adequate car parking etc.
- 1.12 Policy H8 also sets out additional detailed matters for consideration of all types of conversions, self-contained flats and sui generis HMOs (i.e. those which already required planning permission before the C4 Use Class was introduced, typically those housing more than 6 unrelated persons.) This includes for example, unduly diluting or harming an existing mixed and sustainable community, minimum size for converting properties to flats or ‘sui generis’ HMOs and to ensure that ‘sui generis’ HMOs have an appropriate balance between communal and private areas.
- 1.13 With regard to HMOs within Reading, in particular, evidence demonstrated that in an area around the University, incorporating parts of Redlands, Park and Katesgrove wards, there were exceptional circumstances and strong justification for the removal of permitted development rights for converting from a house to a small HMO. Planning permission is now required to convert from a house to a small HMO within a defined area and from a house to a large HMO in any part of the Borough.
- 1.14 Adopted policies covering all residential conversions plus the introduction of the Article 4 Direction for HMOs together aim to find the right balance between:
- Making a contribution towards identified housing needs;
 - Ensuring adequate standards of accommodation, which are suited to the needs of the growing number of smaller households;
 - Protecting existing residential amenity;
 - Providing acceptable levels of on-site amenity space and car parking;
 - Ensuring a mixed and sustainable community; and
 - Maintaining the supply of single family housing.

Purpose and Structure of the SPD

- 1.15 This draft SPD is split into two sections; the first (Section A) deals with conversion of properties into self-contained flats or for multiple occupation, including both small (C4) HMOs and larger (sui generis) HMOs. The second section (Section B) will focus on how applications that are required as a result of the ‘Article 4 Direction’

that came into force on 16th May 2013, will be assessed. The Article 4 Direction removes permitted development rights to convert from a dwellinghouse (C3 use) to a small house in multiple occupation (C4 use) in parts of Redlands, Katesgrove and Park Wards. It should be noted that applications required as a result of the Article 4 Direction will also be considered under Section A of the SPD.

Weight of this SPD

- 1.16 Once adopted, this Supplementary Planning Document (SPD) will be a material consideration in the determination of planning applications. This guidance supersedes the previous ‘*Residential Conversions Supplementary Planning Document*’ adopted November 2013.

Consultation and next steps

- 1.17 This version is a draft for consultation, and we welcome your views. Please provide any comments by 5 pm on Monday 13th February 2023.
- 1.18 Comments should be made in writing, either by e-mail or post. Please e-mail responses to:

planningpolicy@reading.gov.uk

Or send responses by post to:

Planning Policy
Reading Borough Council
Civic Offices
Bridge Street
Reading
RG1 2LU

- 1.19 Your comments will be taken into account in producing a final version of the SPD, which will be adopted for use in determining planning applications.

2. All Conversions

- 2.1 This part should be used in the assessment of any application for a residential conversion and, in particular, provides detail on the interpretation of policy H8: Residential Conversions of the Reading Borough Local Plan (2019). The full policy is set out in Appendix 5. Some parts of the document also draw on other policy requirements, and these are referenced as appropriate.

Physical Character of the Area

- 2.2 A report by Ecotec that was commissioned by the Government entitled “Evidence Gathering - Housing in Multiple Occupation and Possible Planning Responses” (CLG, 2008)² found that the poor management of rented HMO accommodation can lead to amenity and character issues which directly affect a local community. These issues

² www.communities.gov.uk/publications/planningandbuilding/evidencegatheringresearch

can include: poor refuse management; on-street parking pressure; noise and anti-social behaviour; high property turnover; neglected gardens and lack of maintenance to housing stock. These issues tend to be exacerbated where there is a high concentration of HMOs.

External Alterations

- 2.3 Many house conversions affect the outside appearance of a property. External alterations may include the removal of boundary treatment and landscaping along the frontage to accommodate bin storage, cycle storage or additional parking or facilitate access to an enlarged or altered parking area. Satellite dishes and television aerials may also be added to external elevations. Where these require planning permission, they may also be considered under this Section.

Checklist 1 (H8, H9, and CC8): Any external alterations must be carried out sympathetically, respecting the physical character of the area.

- 2.4 Conversions should normally be carried out within the existing shell of the building, but where external alterations, including an extension is proposed the details will be assessed against the Council’s adopted policies, in particular policy CC8: Safeguarding Amenity and H9: House Extensions and Ancillary Accommodation of the Reading Borough Local Plan (2019), plus SPD, ‘Design Guide to House Extensions’ (2021).
- 2.5 Policy CC8 highlights the need to ensure proposals do not have a detrimental impact to the living environment of existing or new residents, taking into account issues such as:
- Privacy and overlooking;
 - Access to sunlight and daylight;
 - Visual dominance and overbearing effects of a development;
 - Noise and disturbance; and
 - Crime and safety.
- 2.6 Policy H9 emphasises the need to respect the character of the house in terms of scale, location, materials and design, plus the character and pattern of neighbouring properties. The location of satellite dishes and television aerials should be located to have minimum visual impact and respect the character of the house as much as possible, particularly in conservation areas.
- 2.7 Additionally, Policy H10: Private and Communal Outdoor Space explains that house extensions should not reduce the amount of amenity space for the property to an unacceptable degree.

Checklist 2 (CC8, H9, H10): Extensions must achieve acceptable residential amenity for existing and new occupiers plus respect the character of the existing house and area ensuring outside amenity space is not unacceptably reduced.

Mixed and sustainable community

- 2.8 Note: this criteria should be taken into account for any residential conversion. Where the residential conversion relates to the creation of an HMO within the area covered by the Article 4 Direction for HMOs, section 2 of this SPD provides additional detail on how such applications will be considered.
- 2.9 It is recognised that residential conversions have an important role to play in housing land supply in Reading with the subdivision of large houses providing a valuable supply of reasonably affordable private rented accommodation. However, the significant loss of family housing can erode the character of an area and either individually or cumulatively, can have a harmful impact on the character of the area through unduly diluting mixed and sustainable communities, as set out in more detail in the supporting text to policy H8: Residential Conversions.
- 2.10 In certain parts of the Borough, there are high concentrations of flat conversions and houses in multiple occupation, in part reflecting the very high student population which is especially prevalent around the universities. In the vicinity of the universities, a high proportion of the housing accommodates students. Given that they are predominantly present during term time only, it can leave some roads and areas feeling quite dormant at other times, adding to the problems and issues arising from failing to achieve a mixed and sustainable community.
- 2.11 In order to achieve an appropriate mixed and sustainable community that respects the physical character of the area, any residential conversion must demonstrate:
- How it will contribute to an acceptable housing mix, taking into account the thrust of policy H5: Standards for New Housing even where less than 20 new dwellings are proposed and policy CR6: Living in the Central Reading as appropriate.
 - That single family housing would remain the dominant form of dwelling within the vicinity of the application.
 - That there would not be an undesirable intensification of the use of the property which cumulatively, in addition to other conversions, may impact on the physical character of the area.

Checklist 3 (H8): Any residential conversion must contribute to achieving an appropriately mixed and sustainable community by providing an acceptable housing mix, ensuring that, as appropriate, single family housing remains the dominant form of dwelling in the vicinity of the application and ensuring there is not a detrimental impact on the physical character of the area.

Useable Outdoor Amenity Space

- 2.12 The provision of outdoor amenity space can make a vital contribution to a high quality of life, it benefits occupants (in terms of outlook and amenity) and maintains space between buildings. Policy H10: Private and Communal Outdoor Space and the supporting text sets out the standards that will be considered acceptable when considering applications.

- 2.13 Policy H10 sets out that houses will be provided with private outdoor space whereas flats may be provided with communal outdoor space, balconies and/ or roof gardens.
- 2.14 When considering HMOs an equivalent level to a house will be considered appropriate, in that the useable private outdoor space should be no less than the gross floor area of the dwelling to which it relates (measured externally and including garage space).
- 2.15 Flats outside central Reading will be expected to provide:
- For 1 and 2-bedroom flats: 25sqm per flat;
 - For 3 or more bedroom flats: 40sqm per flat.
- 2.16 Development in central Reading will not always be expected to comply with the standards above. Open space is nonetheless required, unless exceptional circumstances prevail, to accommodate modest sitting out areas and clothes drying facilities. Ideally this open space should benefit from direct sunlight particularly during the summer months.
- 2.17 Where amenity space can be provided for non-family units it should be conveniently accessible. The Council recognises that not all residents, will, however, want to own and/ or maintain an area of private amenity space. Where a communal area is provided, there may be problems with its maintenance if there is not a sense of ownership by residents. The Council is committed to ensuring that outdoor amenity space, where provided, is accessible and put to ‘best use’.

Checklist 4 (H10): An appropriate level of private outdoor space will be expected.³

Intensification of Activity and Safeguarding Amenity

- 2.18 Adopted policy CC8: Safeguarding Amenity recognises that development must be designed so that an acceptable living environment for both existing and new residents is provided. Without careful planning, an intensified use of a building may result in a poor standard of development and may harm the residential amenity of both prospective occupants and nearby residents. When considering an application for conversion:

Checklist 5 (CC8, H8): Issues such as those below need to be taken into account in any residential conversions application:

- ***Privacy and overlooking;***
- ***Access to sunlight and daylight;***
- ***Visual dominance and overbearing effects of a development;***
- ***Noise and disturbance; and***
- ***Crime and safety⁴.***

³ Note: Checklist point 9 should also be referred to in the case of flat conversions.

⁴ Where appropriate, an informative could be added to any permission granted to draw the applicant’s attention to Part 2 of the Secured by Design, which is a minimum standard for security.⁴

Minimum Size of Property (maintaining family supply of housing)

- 2.19 The Council’s policies seek to deliver appropriate residential conversions whilst maintaining a supply of family housing and protecting the character and amenity of the surrounding area. In this regard properties must be a minimum size as detailed below in order for a conversion to a flat or large HMO to be considered acceptable.

Checklist 6 (H8): The property to be converted to a flat or large HMO should have four or more bedrooms⁵ or measure more than 120 square metres gross. When calculating the floor area of the property the measurement should be based on the external dimensions as at 1st July 1948 or when built (whichever is the later).

Internal Floorspace

- 2.20 Policy H8 states that a property or properties resulting from conversion should include adequate internal floorspace and headroom for residents. The policy states that these standards are defined in the Residential Conversions SPD.

Checklist 7 (CC8, H8): Internal floorspace and headroom should be provided in all forms of residential resulting from conversions to allow for a high quality of life. The nationally-described space standards provide a good basis for assessment.

- 2.21 There are national minimum internal space standards set out in the nationally described space standards⁶. These apply where a local planning authority has opted into the standards with a Local Plan policy. The Local Plan only includes this as a requirement for new-build outside defined centres. It is recognised that, within dwellings to be converted, achieving these standards in full will not always be possible. However, these space standards are a useful starting point, and applications that propose to provide reduced standards should justify why this is the case.

Noise and Disturbance

Checklist 8 (CC8, H8): It will be necessary to ensure appropriate sound insulation between proposed and neighbouring units before a converted property is occupied.

- 2.22 Such works are likely to be required by way of condition attached to any planning permission issued, and a minimum standard of sound insulation is also required under the Building Regulations. Failure to adequately sound-proof conversions when built could lead to complaints, which may result in action under the Environmental Protection Act (1990) (as amended).

⁵ ‘Four or more bedrooms’ means the original number of bedrooms in the property as built i.e. bedrooms that are a result of extensions or using ground floor rooms intended as reception rooms cannot be used to be counted as bedrooms for the purposes of checklist 6.

⁶ [Technical housing standards – nationally described space standard - GOV.UK \(www.gov.uk\)](https://www.gov.uk/technical-housing-standards)

- 2.23 In accordance with Building Regulations entrance lobbies should be provided for each flat so that entry is not achieved directly into a living room from a flight of communal stairs. Adequate ventilation and daylight must be available to all rooms.

Stacking and Location of Rooms and Sound Insulation

- 2.24 When considering a conversion the impact from noise and disturbance, in terms of the number and layout of units proposed and the proximity of the property to other residential properties, will need to be addressed.

Checklist 9 (CC8, H8): Acceptable proposals for layouts will avoid locating living rooms, bathrooms and kitchens next to, above, or below proposed and neighbouring bedrooms. Instead, the ‘stacking’ of rooms of a similar type is preferable.

Checklist 10 (CC8, H8): Habitable rooms, such as living rooms and bedrooms, will include an external window. The provision of natural light and ventilation is a legal requirement under Environmental Health legislation.

- 2.25 These requirements will often be secured through Building Regulations and Environmental Health legislation and, therefore, pre-application discussion with a Building Control and Environmental Health Officer is advised.

Unneighbourly Siting of HMOs (sandwiching)

Checklist 11 (CC8, H8): A proposal for conversion should not result in a dwellinghouse being located directly between two HMOs.

- 2.26 It is recognised that there is particular potential for noise and disturbance impacts as a result of HMO accommodation, particularly in locations of older housing where there are thin party walls without sound insulation. This can be magnified in a situation where a dwellinghouse shares a party wall with HMOs on either side. This situation should be avoided. Avoiding ‘sandwiching’ of HMOs also contributes towards maintaining a mixed and balanced community.
- 2.27 For the avoidance of doubt, this requirement will only apply where a property would directly adjoin an HMO on either side with a party wall. It will not apply where, on one side, a dwellinghouse is separated from the HMO property by a gap such as a road, pathway or side garden.

Basements

- 2.28 A large proportion of Reading’s existing housing stock, particularly within the town centre, is terraced. Those units that are, in principle, capable of being converted often contain a basement level. However, not all basements are suitable for conversion to a separate unit of living accommodation. In terms of daylight provision, outlook and headroom the basement level is often deficient. There are no adopted standards relating specifically to basements, but a planning judgement will be made as to the suitability of the accommodation proposed.

Checklist 12 (CC8, H8): Proposals for self-contained units solely within a basement will normally be permitted where this unit would benefit from dual aspect*, an acceptable outlook** and sufficient headroom.***

A unit with dual aspect is one which provides residents with an outlook in two different directions. ** An acceptable outlook is one that, for example, provides residents with a view of a garden area and/ or the sky and is not restricted to narrow light wells and associated retaining walls. *There is no statutory minimum requirement for ceiling heights, although Building Regulations requires a 2.0 metres headroom clearance for staircases. It is, nevertheless, generally recommended that residential accommodation should have a ‘good practice’ minimum floor to ceiling height of 2.3 metres. This standard will be applied to the principal rooms of accommodation, which include kitchens, bathrooms and living rooms. This will prevent cramped residential accommodation.*

- 2.29 When a basement is proposed for conversion the application should be supported by drawings of the building in section.

Loft/Attic Accommodation

- 2.30 The Local Planning Authority recognises that attic accommodation can provide a valuable housing resource. It is, however, evident that many attics are not suitable for conversion to a separate unit of residential accommodation as they often result in a cramped form of living space. The addition of dormer windows may not be a suitable solution to providing additional headroom and useable space.

Checklist 13 (H8): Proposals which seek to convert attic/ loft space will normally be permitted where the attic/loft space would benefit from sufficient headroom and is incorporated into a self-contained unit which is split over two floors of accommodation.

- 2.31 In larger properties the conversion of an existing attic space to self-contained living accommodation may be acceptable when adequate headroom and useable space can be provided. When an attic is proposed for conversion the application should be supported by drawings of the building in section.
- 2.32 The use of dormer windows to accommodate additional headroom should be sensitively designed so as not to dominate the roof. Applications will be considered against the criteria contained in the adopted Sites and Detailed Policies Document, policy DM9: House Extensions and Ancillary Accommodation plus the Council’s SPG on House Extensions and where relevant, policy EN1: Protection and Enhancement of the Historic Environment. In some cases, a double glazed roof-light may be a more acceptable alternative to a dormer window.

Location of Adequate On-site Parking

- 2.33 The Council’s parking standards are set out in the adopted SPD ‘Revised Parking Standards and Design’. This document sets out the required parking standards across the Borough. The urban nature of Reading, coupled with good alternatives to the

private car provide an ideal base to create a zonal system for parking standards. The principle is that developments located close to public transport and local centres will require less parking than equivalent developments in less sustainable areas of the Borough.

- 2.34 The table for Residential Parking Provision on page 15 of the ‘Revised Parking Standards and Design’ SPD sets out the required parking levels for all types of residential development, including C3, C4 and Sui Generis HMOs in all of the four zones in Reading Borough.

Checklist 14 (H8, TR5): Parking standards for all residential conversions should be in accordance with the Council’s adopted ‘Revised Parking Standards and Design’ (2011) SPD.

Parking Permits

- 2.35 Residents parking schemes operate in many streets within the Borough. The Reading Borough website provides information on the streets involved plus other relevant information at: [Parking permit scheme - Reading Borough Council](#)
- 2.36 Where there is already strong demand for on-street parking space, it is likely that the issue of residents’ parking permits to the occupants of new flats will not be possible.. Where this is the case, an informative will generally be placed on a planning permission for conversion to flats or an HMO, although it should be noted that an absence of such an informative will not imply that a permit will be granted.

Checklist 15: HMOs located within a street where a residents’ parking permit scheme operates will not be entitled to on-street car parking permits. The same restrictions may apply to new flats in such streets, see the ‘Revised Parking Standards and Design’ SPD.

- 2.37 Where a site is providing off-street car parking, the laying of hardstanding will only be considered acceptable where it is in keeping with the character of the area. Similarly, if access to off-street car parking is dependent on the removal of boundary walls or other boundary treatment this will not be considered acceptable where the boundary treatment makes a valuable contribution to the character of the area. Proposals which result in the loss of existing green landscaping that currently makes a valuable contribution to the streetscene, such as boundary hedging and planting, will not normally be permitted. Opportunities should be taken to enhance existing green landscaping on road frontages as part of any proposal. Also see the ‘external alterations’ section of the SPD.

Checklist 16 (CC7, H8, H9): Removal of boundary treatment to accommodate parking or access to parking will not be permitted where it makes a valuable contribution to the character of the area.

Cycle Storage

- 2.38 The provision of cycle parking must be considered essential for most developments. The quality of any cycle parking should reflect the likely usage with more secure

systems being used for longer term storage such as within residential developments. Standards for cycle parking should be applied as minimum standards and reflect the potential for cycling.

- 2.39 Cycle parking and storage facilities should be designed with consideration for the following objectives:
- Conveniently located in relation to the trip origin and destination;
 - Where the cycle can be easily secured;
 - Secure cycle storage, to contribute to designing out crime; and
 - Covered.

Checklist 17 (TR5, CC8, H8, TR5): The provision of outdoor cycle storage should have a secure, covered and convenient location. The storage area should be lockable with provision to secure bicycles within it.

Bin Storage

Checklist 18 (H8, H10, H11): Sufficient and suitable refuse containers should be provided within the curtilage of the application building which are easily accessible for all occupants of the house and the refuse collectors and ensuring they are sympathetically located with regard to their visual impact.

- 2.40 The use and layout of external space to the front and rear of the property should be carefully considered. For instance, the visual impact of converted dwellings can be lessened by screening refuse storage areas and providing external spaces that are easy to maintain (i.e. with hard standing and hardy plant species). Bin storage should have a level access to the public highway in order to facilitate collection. Bin storage should be located with a maximum carry distance of 9 metres for refuse collectors. Details of the refuse disposal arrangements must be included as part of any planning application for a conversion. Consideration should include the cumulative effects of bin storage as a result of neighbouring conversions.

Accessibility

- 2.41 Society's awareness of access issues is being raised and a number of pieces of legislation have been introduced in recent years to tackle the issue. The NPPF emphasises the need for '*Designing the built environment, to be inclusive, in that all buildings and their surrounding spaces, can be accessed and used by everyone*'. Policy CS5: Inclusive Access re-emphasises this requirement at the local level. When considering an application for conversion:

Checklist 19 (CC7): Where possible, a level access from the public highway to the building's principal entrance should be provided or retained.

- 2.42 It is however, recognised that many buildings suitable for conversion are already constrained by existing levels and steps.

Planning Obligations

- 2.43 Development impacts on local amenity and the provision of infrastructure, affordable housing, services and facilities etc. Development is required to play a role in delivering sustainable development and should minimise damage, loss and impact upon existing infrastructure and environmental assets.

Checklist 20 (CC9, H3, TR1, EN9, H3, H6): Developers should compensate for loss or damage created by a development and mitigate any impact caused. A planning obligation to secure a financial or other contribution towards physical or social infrastructure improvements may be sought.

- 2.44 In line with the Local Plan, there may be a need for impacts on infrastructure or other matters to be covered by a planning obligation under Section 106 of the Town and Country Planning Act 1990. Such contributions are sought in accordance with adopted policy, including CC9: Securing Infrastructure, H3: Affordable Housing, TR1: Achieving the Transport Strategy, and EN9: Provision of Open Space .
- 2.45 It is most likely that such contributions will be sought where development represents a particular intensification of the use, in particular where additional floorspace will be provided. The supporting text to policy H3 notes that conversions from houses to flats that do not provide additional floorspace will not be expected to contribute towards affordable housing, but if additional development is proposed to accommodate a larger number of dwellings, an affordable housing contribution in line with policy H3 will be necessary. A conversion from a house to an HMO without additional development will also not need to make an affordable housing contribution.
- 2.46 Additionally, development may be liable to pay the Community Infrastructure Levy (CIL). Conversions from houses to flats or HMOs would not be liable for CIL unless additional floorspace is to be created to allow an additional dwelling. Further information on CIL can be found on the Council’s website⁷.

Planning Enforcement and Lawful Development Certificates

Checklist 21: The Council can serve an Enforcement Notice where conversion works have been carried out without planning permission. This action can result in the unauthorised works being removed (or the unauthorised use discontinued) and the building/ use being reinstated. Non-compliance with the provisions of an enforcement notice constitutes a criminal offence.

- 2.47 However, the planning system provides the possibility of obtaining a statutory document confirming that an existing use is lawful for planning management purposes. For instance, unauthorised house conversions to self-contained flats may claim the ‘four year rule’ and apply for a Lawful Development Certificate (LDC). In those circumstances where an application for a LDC for a conversion is accompanied by appropriate evidence (such as Council Tax information, Environmental Health Licencing information, utility bills, tenancy agreements etc confirming that the

⁷ [Community Infrastructure Levy - Reading Borough Council](#)

number of units created by the sub-division have been paying Council Tax, had a licence, paid bills, paid rent etc for a minimum continuous period of 4 years from a specific date) the Council will regularise the use accordingly. However, there may still be action taken by Environmental Health and/ or Building Control Officers in respect of, for instance, fire safety or sound insulation.

- 2.48 Applications for HMOs will need to demonstrate that the property has been used in that manner continuously for 10 years from the date a specific date unless an applicant is seeking to demonstrate that permitted development rights for C4 HMOs have been exercised.
- 2.49 In all cases the onus of proof lies with the applicant to provide relevant evidence and where appropriate continuous use for the specified time periods. Further information is available on the planning portal website at <http://www.planningportal.gov.uk/permission/responsibilities/planningpermission/ldc>

Other Departments of Council most actively involved with Residential Conversions

Building Regulations Requirements

Means of escape:

Checklist 22: Early discussions with a Building Control Officer will improve the internal layout of the scheme and may avoid the need for external fire-escapes (which may require planning permission in their own right).

Building Regulation Requirements

- 2.50 External fire escapes are often unsightly and result in unacceptable levels of overlooking towards neighbouring property. Where external fire escapes are necessary and do not cause harm to residential amenity, particular attention should be given to the position, design and colour of the escapes. These details should be included as part of the planning application to enable a full assessment of the implications and should also comply with Building Regulations.

Environmental Health Legislation

- 2.51 The HMO team should be contacted about matters such as
- Council Inspections and Procedures
 - Enforcement Powers
 - Housing Act 2004 - Housing Health and Safety Rating System
 - Licensing of Houses in Multiple Occupation
 - Fire Safety in Houses in Multiple Occupation
 - Space Standards in Housing

Checklist 23: The HMO team should be contacted about Environmental Health matters.

3. Flats

- 3.1 The Council’s policies seek to deliver appropriate residential conversions whilst maintaining a supply of family housing and protecting the character and amenity of the surrounding area.
- 3.2 The NPPF highlights the need to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities. When determining an application for a house conversion, the provision of choice will be an important issue to consider and the provision of only one-bed units will fail to provide that choice for potential occupants. Instead, such a development will result in the loss of a family-sized unit and is likely to lead to an undesirable intensification of the use of the property in terms of noise and activity. It may also dilute the existing character of the street; many of which are currently characterised by a mix of family dwellings and smaller households. To achieve this aim, the following considerations should be taken into account when considering planning applications:
- 3.3 Note: In order for a conversion to a flat the residential building must have four bedrooms or measure more than 120 square metres. See checklist point 6 above.

Provision of Family Accommodation (maintaining supply of family housing).

Checklist 24 (H8): At least one unit of accommodation created should be suitable for family occupation with a minimum of two bedrooms.

- 3.4 There may be exceptional circumstances where the retention of a family unit is not physically possible and, in these cases, the Council will consider such applications on their own merits. The onus will be on the applicant to demonstrate that a building cannot be converted in accordance with the above Checklist Note.
- 3.5 This requirement may result in non-family sized units being approved without direct access to amenity space, although these units will still benefit from an enhanced outlook. On balance, the Council believes that conversions which provide family-sized accommodation with direct access to a useable area of private amenity space will result in the ‘best use’ of amenity space. All units should meet the requirements of policy DM10: Private and Communal Outdoor Space. Also, see general section on useable outdoor amenity space.

4. Sui Generis HMOs

- 4.1 The Council will expect any proposals for non self-contained accommodation to be of good standard with an appropriate level of facilities. To this end full consultation will be undertaken with the Council's Environmental Health and HMO Team when considering proposals for non self-contained accommodation and regard will be had for the standards set out in their code of practice. All units of accommodation shall have access to a kitchen or cooking facilities that are conveniently accessible, suitable and sufficient for the number of occupants.

- 4.2 Planning applications for the change of use of properties into large HMOs will be assessed using the threshold limit as discussed in Section 2 of this SPD.
- 4.3 Planning permission will be required to change the use of a small HMO to a large HMO, or to intensify the use of a lawful large HMO (without any physical extension or external alteration to the property) by increasing the number of occupiers. In this instance the threshold limit will not be triggered as the HMO has already been established in the street and, therefore, have no further effect on the concentration of HMOs and balance and mix of households in the local community.
- 4.4 These types of planning applications will be assessed on their own individual merits on a case by case basis against the Council’s relevant policies and guidance, including mixed and sustainable communities, character of the area, residential amenity, parking standards, cycle storage and bin storage, as set out in adopted policy and in this SPD.
- 4.5 To achieve these aims; the following points should be taken into account in the determination of such an application:

Minimum Size of Property for Conversion (maintaining supply of family housing)

- 4.6 See checklist point 6 above, in the general part of the SPD about residential conversions which sets out that properties need to be a minimum size to be considered appropriate for such conversions in addition to other considerations as set out in this SPD.

Appropriate Balance Between Communal and Private Areas

- 4.7 The amount of communal space in larger HMOs that is considered appropriate will depend on the number of bedrooms and the size of the bedrooms proposed.
- 4.8 Communal rooms will be expected to have an acceptable outlook and meet the amenity standards as set out in policy CC8 in particular, in terms of access to sunlight and daylight, noise and disturbance and artificial lighting to ensure the standard of accommodation meets the needs of the occupants using this space.
- 4.9 If the bedrooms provided as part of the HMO are at the minimum size considered appropriate, then a standard of one communal room per four bedrooms as a guide would be sought. Each communal room must provide sufficient space for four occupants, given that bedrooms are likely to have little or no room for any living space. It is not sufficient to have one large room, as with a significant number of residents living together this is considered more likely to result in conflict between the users. It should be assumed that the provision of a communal room is in addition to the provision of a kitchen, particularly where the kitchen provides no seating area or space to relax and is purely a functional area.
- 4.10 Where all bedrooms significantly exceed minimum room standards and Environmental Health confirms that any licence demonstrates the rooms are

intended for single occupancy only, as a guide, one communal room per six bedrooms, may be considered appropriate.

- 4.11 All units of occupation shall have independent access to the communal areas. Proposals which rely on access through another unit of occupation will not be accepted.

Checklist 25 (H8): A standard of one communal room for every 4-6 bedrooms (depending on the size of the bedroom) will be provided, which will have acceptable amenity standards and appropriate access for all residents.

- 4.12 The applicant will be required to fully provide all communal spaces as approved prior to first occupation by the tenants and, thereafter, retained unless otherwise agreed in writing with the Council. Where appropriate, it may be required that a proper agreement is in place to secure acceptable management of the HMO which will cover all internal and external communal areas.

Checklist 26: A proper agreement may be required to ensure acceptable management of all communal parts of the HMO.

5. Applications for HMOs within Areas Covered by Article 4 Direction

Local Background and Context

- 5.1 In Reading, 6.9% of dwellings, which is higher than the national average, are estimated to be Houses in Multiple Occupation (HMOs) as defined under the Housing Act 2004, distributed unevenly across the Borough. In wards with higher concentrations of HMOs the complex and often conflicting issues surrounding these properties can at times be keenly felt by residents.
- 5.2 A map showing the distribution of all HMOs across the Borough, based on Environmental Health data is included at Appendix 1.
- 5.3 Reading is home to the University of Reading, as well as Reading College. Residential conversions, often in the form of houses in multiple occupation, provides suitable accommodation sought by students who often spend some time at University in shared houses. Over recent years, there has been substantial growth in university places. Housing areas close to universities have seen an expansion in houses being bought and converted for let to students. It is unclear if this trend will continue, given changes to fees on one hand and changes to housing benefits for single people under 35 years on the other, plus other factors including the recession. Nevertheless, students and other more transient populations currently have, and are likely to continue to have, a significant effect on several parts of Reading Borough.
- 5.4 The issues surrounding residential conversions including conversions to houses in multiple occupation (HMOs) are complex and often conflicting. On the one hand, such conversions contribute to the provision of reasonably affordable rented accommodation, meeting an important need in the market. They can also contribute to the need for small, flexibly let accommodation reflecting household formation

trends in the population and the more transient nature of some households, e.g. student households and parts of the labour market.

- 5.5 On the other hand, where there are concentrations of flats and HMOs, they are often perceived as being the cause of environmental and social problems, impacting on the character and appearance of an area or street, bringing increased pressure for parking and other issues associated with the more intensive use of properties. In addition, there are concerns about the mix of communities along with various social and anti-social behavioural problems.

Background of Article 4 Direction

- 5.6 HMOs are treated differently under planning law according to their size. Larger HMOs of 7 or more unrelated individuals are categorised as ‘sui generis’, of its own use class, and a conversion from a house to a larger HMO always requires planning permission. A small HMO of 3-6 unrelated individuals is classed as the C4 use class⁸. There are permitted development rights under the General Permitted Development Order (GPDO) to convert a dwellinghouse (C3 use) to a small HMO (C4 use) without requiring planning permission, which means that permission would not be required unless those rights have been removed.
- 5.7 There are powers for local authorities to remove permitted development rights through making an ‘Article 4 Direction’. In Reading, there are two Article 4 Directions that apply to changes of use from a dwellinghouse to a small HMO, and within these areas planning permission will be required to make such a change:
- Parts of Redlands, Katesgrove and Park wards (in force since May 2013); and
 - Jesse Terrace (in force since February 2017).
- 5.8 The SPD will be used to assess applications that are required as a result of the ‘Article 4 Direction’ that was made in May 2012. This Direction removes permitted development rights to convert from a dwellinghouse (C3 use) to a house in multiple occupation (C4 use) in parts of Redlands, Katesgrove and Park Wards.
- 5.9 As set out above in paragraph 4.3, in cases where small HMOs are proposed to be converted to a larger, sui generis HMO, they will not trigger the threshold criteria. Paragraph 4.3 explains how they will be considered.
- 5.10 A map of the Article 4 Direction in Reading covering parts of Redlands, Park and Katesgrove Wards is included at Appendix 2. This Article 4 Direction came into force on 16 May 2013.
- 5.11 Adopted policy H8 in particular will form the basis for consideration of such applications. The SPD will provide detail on the interpretation of policy H8 in particular with regard to applications required as a result of the Article 4 Direction.

⁸ A property, which is occupied by 3-6 unrelated individuals, who share one or more basic amenities, is an HMO under the new Use Class C4: Houses in Multiple Occupation. See also footnote 1. If there are more than 6, it is likely to be classed as a ‘large HMO’ (sui generis) which will be outside Use Class C4.

Securing a Mixed and Sustainable Community - Significant Loss of Single Family Housing/ Background

- 5.12 As set out both in the introduction to this SPD and general section on ensuring a mixed and sustainable community:

‘Residential conversions have an important role to play in housing land supply in Reading and contributing to the provision of reasonably affordable rented accommodation. However, conversions, either individually or cumulatively, can have a harmful impact through unduly diluting mixed and sustainable communities.’

- 5.13 There is therefore a need to identify what proportion of properties an area can accommodate as HMOs and what proportion of properties would represent a ‘significant loss of single family housing’ which would result in ‘unduly diluting or harming an existing mixed and sustainable community’.

- 5.14 This proportion is defined as a ‘tipping point’, i.e. when the concentration of HMOs becomes over-dominant and the community is no longer considered to be mixed and sustainable. Some streets within the area covered by the Article 4 Direction have already exceeded this ‘tipping point’. In those areas, it is unlikely that further HMOs would be permitted. If properties in an HMO use are converted back to a single family use, it may be possible to start to redress the balance over time. However, residents that have lawfully converted their property prior to the Article 4 Direction coming into force will be entitled to continue to use their property as an HMO.

Defining the Tipping Point

- 5.15 It is difficult to identify precisely what constitutes a mixed and sustainable community. It is evident that areas with high concentrations of HMOs experience negative impacts on the sustainability of the communities (especially as perceived by permanent residents).

- 5.16 Paragraph 62 of the NPPF states that:

- *“the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).”*

- 5.17 In order to help define a tipping point, various considerations have been taken into account including:

- Changes to the population structure of households in the three wards have been compared over a 10 year period using Census data from 2001 and comparing this to Census data from 2011.
- Reviewing Environmental Health and Council Tax data to establish known levels of HMOs.
- Feedback from consultations within the Article 4 Direction area.

- 5.18 The Census data indicates that across England there are around 3.6% of multi-person households. This figure is just over 80% higher in Reading at 6.6% of households in 2011.
- 5.19 For Reading as a whole, the proportion of multi-person households has remained virtually the same throughout the 10 year period from 2001 to 2011 at 6.6 and 6.7% respectively. Breaking this figure down further, Redlands Ward has seen the largest increase in the total number of multi-person households with an increase from 14.8% of the total households in 2001 to 20.5% in 2011, representing a 37.9 percentage increase.
- 5.20 Multi-person households are split into two sub-sections in the Census data; a) All full time students; b) Other multi-person households.
- 5.21 When the statistics are broken down further, England, the South East and Reading Borough have seen an approximate 50% percentage increase in the multi-person households occupied by full time students. In Redlands, this percentage increase is over double that amount at 126%. In Park ward there has been a percentage increase of multi-person households occupied by full time students of 30.9%.
- 5.22 In Redlands there is almost three times the proportion of HMOs compared to Reading Borough. Park has just over double the proportion compared to Reading Borough and Katesgrove has just under double this figure. Reading Borough itself has almost double the proportion compared to the proportion in England as a whole.
- 5.23 The 2011 Census data therefore demonstrates that the levels of HMOs in these three wards are significantly higher than the average mix for other parts of the Borough and country.
- 5.24 Furthermore, research carried out when considering the area for the Article 4 Direction identified that large numbers of respondents, when questioned about the impacts of HMOs and what happens to an area when there are lots of HMOs, responded that there is the breakdown of the community and lack of interest by student tenants in the local community. There is a loss of families and children in the area, which are replaced by transient tenants. The social structure changes affect shops, schools and other amenities and there is a loss of a sense of community due to the increasing numbers of transient tenants.
- 5.25 This is contrary to the aims of the NPPF and the Local Plan. Both the Census data and research collected from residents demonstrate that in parts of these wards, levels are such that the community is already considered to no longer be mixed and sustainable.
- 5.26 The definition of a tipping point must take into account historical data and a comparison of that data with current data and consideration of the impacts of the changes to the population.
- 5.27 The figures in the 2011 Census data represent the entire ward. As shown in Figure 1 above, there are definite hotspots of HMOs within certain parts of these three wards, with larger more concentrated hotspots in Redlands and Park wards. In terms of levels of HMOs, Council Tax and Environmental Health information indicates that

levels of HMOs in some of these roads in Redlands and Park Ward are in excess of 40%. These roads are already suffering severe impacts in terms of the breakdown of the community structure as highlighted through feedback from residents during consultation carried out in these areas as well as various physical impacts on the character of the area.

- 5.28 The tipping level, or threshold, needs to be set significantly below the current levels of some hotspots of HMOs in these areas given that these are already considered to be severely suffering from the effects of a community that is no longer mixed and sustainable.
- 5.29 The threshold needs to recognise that many streets are already suffering severe impacts and are no longer considered to be balanced and unsustainable, whilst also acknowledging the proximity of the university to the area covered by the HMO Article 4 Direction.
- 5.30 A threshold of 25% meets this balance. This level would fall well below these concentrated hotspot levels, but would be above the average level for each of the wards as identified in the 2011 Census data.

Implementing the Threshold

- 5.31 Having considered different radii, a 50m radius provides a fair and balanced area to create a meaningful sample size that will also respond to area specific concentrations.
- 5.32 The centre of the radius will be the front door of the property. A 50m radius will be drawn from this point and any properties or any part of a building falling within the radius will be taken into account in the assessment. If a part of a building falls within the circle and partly without, then the property will form a part of the assessment.⁶
- 5.33 This approach provides a consistent method of identifying the area surrounding the application site affected by a concentration of HMOs. A radius of 50m defined in this way, will almost always include the immediate neighbours to the application site and will typically include some properties on nearby streets.
- 5.34 Where the radius includes properties that are within Reading Borough's administrative boundaries but outside the area covered by the Article 4 Direction, they will be taken into account in the assessment.⁹
- 5.35 Where the radius includes properties that lie outside Reading Borough's administrative boundaries (for example they fall within Wokingham Borough boundary), they will not be taken into account in the assessment and only those properties in Reading Borough will contribute to the assessment.

⁹ Where a garage is attached to a property, it will be taken as a part of the property and where it is detached, it will not be taken into account in the assessment. Outbuildings will be considered in the same way. Extensions that have been completed and result in a property falling within the 50m radius, the property will be taken into account in the assessment. Where there is any doubt as to whether an extension is completed, it will also be taken into account.

- 5.36 Where the radius includes entire buildings falling within an A, B, C1 or C2 use class, D or Sui Generis Use Class apart from a Sui Generis HMO they will be discounted from the total number of buildings in the radius¹⁰. Similarly, purpose built flats will be discounted from the total number of buildings in the radius. Any existing flat conversions will be included in the number of C3 dwellings (with the residential building being counted as opposed to the individual flats) and will not be included in the number of HMOs for the purposes of the threshold calculation. Any concern about how the number of flats contributes to the mixed and sustainable community will be considered in the general section about mix above.

Identifying types of properties

- 5.37 The Council will use information available to it to identify which of these properties is within an HMO use (either C4 or Sui Generis). It is anticipated that the information to calculate the percentage will initially be based primarily on environmental health and council tax information. Given data protection and other regulations preventing the use of certain information, these will form the principal sources of information. As part of data protection controls, the council tax information will be unable to identify specific properties in any public report, but will be able to refer to percentages of known HMOs within the defined area. However, it is intended that the evidence base would be built up over time from other available sources such as estate agency information.
- 5.38 The applicant should also undertake their own estimate of the number of HMOs to accompany the planning application and provide all of their supporting data. It is advised that pre-application advice is sought prior to submitting any planning application. It should also be noted that where the threshold in an area already is at, or exceeds, 25%, there will be a presumption against permitting any further HMOs within the Article 4 Direction area.
- 5.39 Using the above information and other sources as they emerge, the concentration of HMOs within the defined area will be calculated. The concentration of HMOs in the area surrounding the application site is calculated as a percentage of the ‘total estimated number of existing HMOs’ against the ‘total number of residential properties’, following the methodology set out above under ‘Implementing the Threshold’.
- 5.40 Any extant but as yet unimplemented planning permissions will be counted as being in that use. For example, where a Sui Generis HMO has been granted planning permission, this would count towards the proportion of HMOs, even if it had not yet been implemented.
- 5.41 There may be existing HMOs which are occupied but unknown to the Council. Prior to 2013, the reclassification of existing dwellings to C4 use within these areas did not require planning permission and therefore will not be registered on the Council’s register of planning applications.

¹⁰ For clarification, if a building is partly within an B, C1 or C2 use class, E, F or Sui Generis Use Class (apart from a Sui Generis HMO) and partly used as a C3, C4 or sui generis HMO, the C3, C4 or sui generis HMO use will still count towards the threshold calculation.

- 5.42 Environmental health, council tax information and planning records provide a reasonable indication of the numbers and location of HMOs in a street. Further investigation of individual properties may be required by the planning officer to provide greater confidence in the estimate, but it is emphasised that it will not be possible to guarantee a 100% accurate count in all cases. Where there is significant doubt as to whether a property is an HMO, it will not be counted towards the threshold.
- 5.43 The Council does not have a comprehensive database or register of HMOs and it would be impossible to create or maintain one with the resources available.

Threshold Guidance

- 5.44 In implementing policy H8 and ensuring that any change of use to a HMO within the area covered by the Article 4 Direction, either individually or cumulatively, does not unduly dilute or harm an existing mixed and sustainable community through the significant loss of single family housing, the following guidance will be used to determine a planning application:

Planning permission will not normally be granted for a change of use from a dwelling to HMO where the proportion of HMOs (either C4 or Sui Generis) will result in HMOs representing 25% or more of the residential properties within a circle of 50m radius measured from the application site.*

**Paragraph 5.31 explains how the radius would be measured and paragraph 5.35 explains how various building uses would be taken into account in calculating the percentage and additionally which buildings would be discounted from the calculations.*

- 5.45 For clarification in interpreting the threshold guidance; if by permitting a planning application, it would result in the proportion of HMOs being taken from below 25% to 25% or over, then planning permission will not normally be granted. For the avoidance of doubt, the application property will be taken into account in calculating this percentage of properties.
- 5.46 A worked example of the threshold approach is included at Appendix 3.

6. Applications for HMOs and flat conversions outside areas covered by Article 4 Direction

- 6.1 Local Plan policy H8 states that in all areas proposals to convert properties into self-contained flats or multiple occupation would only be acceptable where they “would not, either individually or cumulatively, unduly dilute or harm an existing mixed and sustainable community through the significant loss of single family housing”. Whilst, unlike for the areas covered by Article 4 direction, policy H8 includes no specific threshold approach to proposals for flat conversions or HMOs in other areas, it is nevertheless clear that the same concerns around harming a mixed and sustainable community apply.

- 6.2 There is therefore a need for this SPD to give further clarity on how this policy criterion is to be applied outside the areas covered by an Article 4 direction relating to changes of use of C3 dwellinghouses to C4 small HMOs.

Outside the areas covered by an Article 4 direction relating to small HMOs, planning permission for a conversion of a dwellinghouse to flats or to a large HMO will not normally be granted where any of the following apply:

- The proportion of houses within a 50m radius of the application site that are in use as HMOs or which have been converted to flats would not exceed 50%;
- The application is for an HMO and the area falls within the 30% most deprived areas in England according to the Indices of Multiple Deprivation; or
- There is other evidence of dilution or harm of a mixed and sustainable community.

Threshold approach

- 6.3 The previous section has established a tipping point for identifying a tipping point of when a community is no longer mixed and balanced, and defined this as 25% of residential properties within 50m of the application site being HMOs. This is an appropriate tipping point within the Article 4 Direction areas, which represent particular hotspots of HMOs. However, outside this area the picture is somewhat different because it is not purely the proportion of HMOs which is the issue, rather it is the combined effect of HMOs and, in particular, flat conversions. In some parts of Reading, whilst the proportion of HMOs is relatively low by comparison with some of the areas within the Article 4 area, the number of flat conversions is very high, and it means that the overall proportion of houses which have been converted to either flats or HMOs exceeds 80% and, in some cases, 90%.
- 6.4 Therefore, outside the Article 4 areas, it is important that a threshold approach reflect not only the number of HMOs but also the number of flat conversions. In this case, it is considered that the appropriate threshold is 50%. This represents a clear-cut situation where family housing has become outnumbered by flats and HMOs and is clearly a situation where a mixed and sustainable community is likely to have been harmed or diluted.
- 6.5 The threshold is to be applied in the same way as outlined for the approach within the Article 4 area as described in section 5. Of particular relevance:
- The proportion is to be calculated as a proportion of current (or former) residential houses. Purpose-built flats are to be excluded, as are any uses not within use classes C3, C4 or sui generis HMOs.
 - The 50m radius is to be measured from the front door of the application site.
 - A building is to be included within the calculation where any part of the building falls within the 50m radius.
 - Buildings that fall within the 50m radius but outside Reading Borough are excluded.

- Any extant permitted conversions to flats or HMOs will be counted as being in that use for the purposes of the threshold.

- 6.6 It is also important to note that, although changes of use to C4 HMOs do not require planning permission outside the Article 4 Direction area, where there is evidence that a property outside the Direction area is a C4 HMO, this will count as a HMO for the purposes of calculating the threshold.
- 6.7 Appendix 3 contains a worked example of how to calculate the threshold.
- 6.8 The threshold is not the sole determining factor, and consideration must also be given to the matters below as well as other matters in both policy H8 and this SPD. Compliance with the threshold alone does not indicate that a proposal is acceptable.

Deprivation

- 6.9 One important criterion to take into account could be the level of deprivation in the local area. Recent research into the topic of HMOs impact on deprivation suggests there are significant impacts where a particularly high concentration exists. Research has found that:
- High concentrations of HMOs are linked with a ‘broken window effect’ where poorly maintained HMOs impact the perceptions of other people living nearby causing average or decent sites to suffer from increased wear and tear. This effect has been shown to reduce the overall quality of housing upkeep in an area impacting residents and the quality of housing overall.
 - High concentrations of HMOs are also linked with a reduction in overall social cohesion of a community as residents are typically more transient than average renters.
 - HMO adult residents over 30 are frequently recently divorced and or single parents with children living with them. Concentration of low-income residents geographically ties into other concerns relating to the “post-code lottery.”
- 6.10 Outside London, Reading has one of the highest proportions of residents living in HMOs. This is likely due in part to University students, but also due to the concentration of deprivation within the Borough compared to the Greater Reading area. Reading has areas that are relatively affluent, and others which fall within some of the most deprived areas in England. Many parts of Reading have actually seen their relative levels of deprivation worsen from 2015 to 2019. Stacking HMOs into such areas can serve to further exacerbate issues relating to access to services and educational opportunity.
- 6.11 A number of areas within Reading fall within the 30% most deprived in England according to the Indices of Multiple Deprivation, the most recent version of which was produced in 2019. Not only are these areas deprived in absolute terms, but the contrast with other areas of Reading is particularly stark given the overall affluence of the area.

- 6.12 For reasons of the exacerbating effect that HMOs can have on the experience of deprivation, it will not generally be considered appropriate for additional HMOs to be located within these areas that fall within the 30% most deprived. Information on relative deprivation levels can be seen on a map on the website¹¹.

Other evidence

- 6.13 There may be other indications in the local area that there is a particular threat to a mixed and balanced community as a result of a loss of family housing, and this matter should be considered on a case-by-case basis. For instance, there may be evidence that local services upon which certain sections of the community depend, such as nurseries or primary schools, health services or community centres, are under threat or have been lost. In these cases, it may indicate that further loss of dwellinghouses should be avoided.

7. Conversions of flats to a dwellinghouse

- 7.1 This document is mainly focused on conversions from houses to HMOs or to flats, but proposals for conversions back to houses are received on a relatively regular basis. These are primarily judged against policy H7 in the Local Plan, which states that:

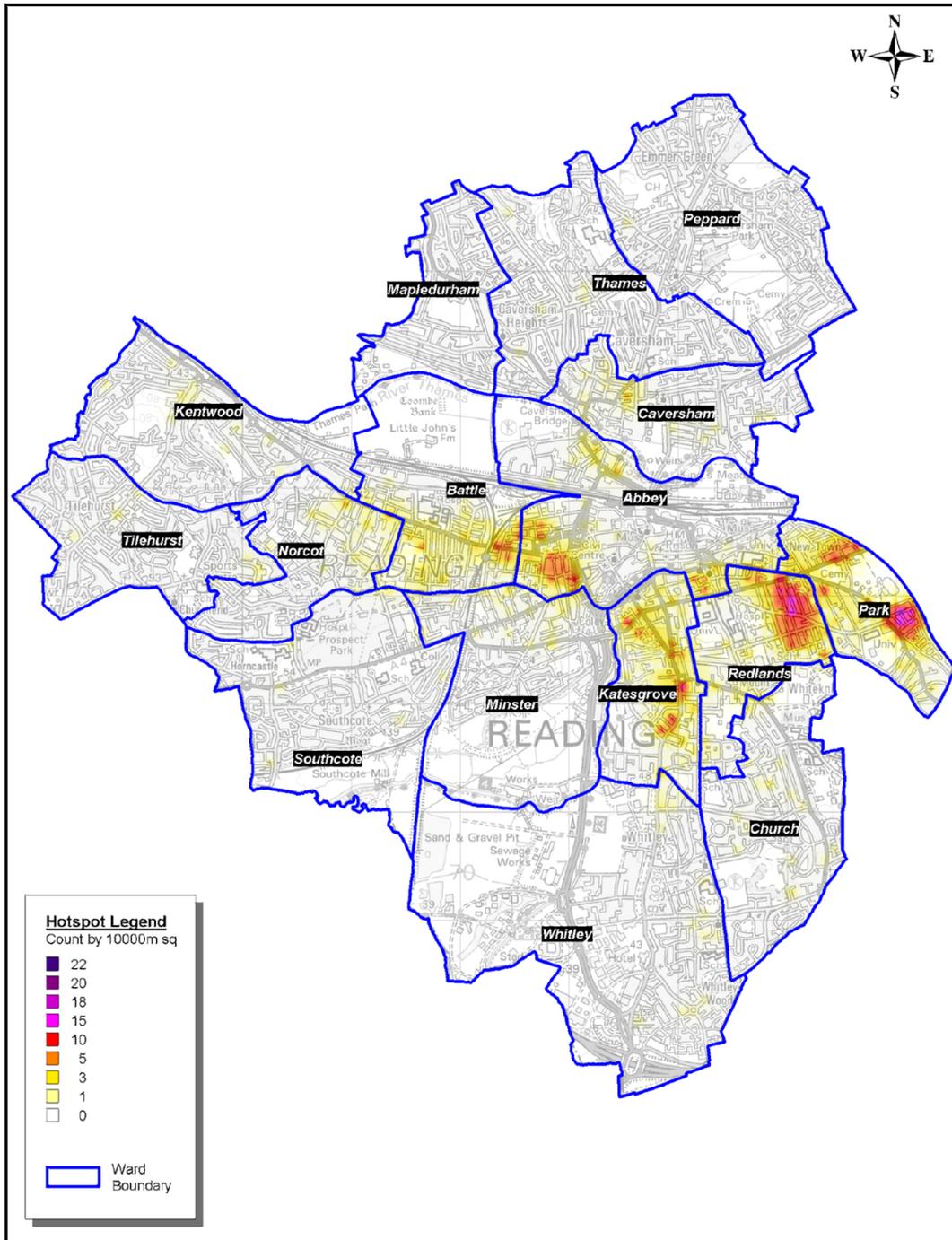
“Planning permission will not be granted for any loss of residential accommodation or land unless there are exceptional circumstances. Planning permission will not be granted for a net loss in the number of residential units or gross floor area.”

- 7.2 A conversion from an HMO to a dwellinghouse will not conflict with this policy, but a conversion from flats (or other smaller dwellings) to a single dwelling or a reduced number of dwellings will lead to a net loss in the number of residential units and will therefore need to be considered against policy H7. Indeed, as has arisen in recent appeal decisions, the compliance with policy H7 is in fact relevant to whether or not such proposals require planning permission at all.
- 7.3 The supporting text to policy H7 (4.4.56) notes some exceptional circumstances where a net loss may be appropriate, such as where it *“would help to meet other key identified needs, for instance for a specific identified need for accommodation for vulnerable groups (see policy H6) or to reinstate a use more appropriate to the significance of a heritage asset”*. This list is not however exhaustive, and there are other possible exceptional circumstances where such a conversion would be appropriate. These include:
- Where the proposal would help to meet another identified need, such as a net gain in family accommodation of three bedrooms or more or affordable housing;
 - Where an application for the original conversion to flats would not be considered appropriate under current policy in the Local Plan and this SPD were it determined today; or

¹¹ [Indices of Deprivation 2015 and 2019 \(communities.gov.uk\)](https://communities.gov.uk)

- Where the proposal would provide a significantly more satisfactory standard of accommodation, for instance in terms of internal space standards or layouts.

Appendix 1: Distribution of HMOs across the Borough (based on 2011 Census data)



Title: Census HMO Data 2011 - Hotspot Theme

Drq.No.:
Produced by GIS & Mapping Services

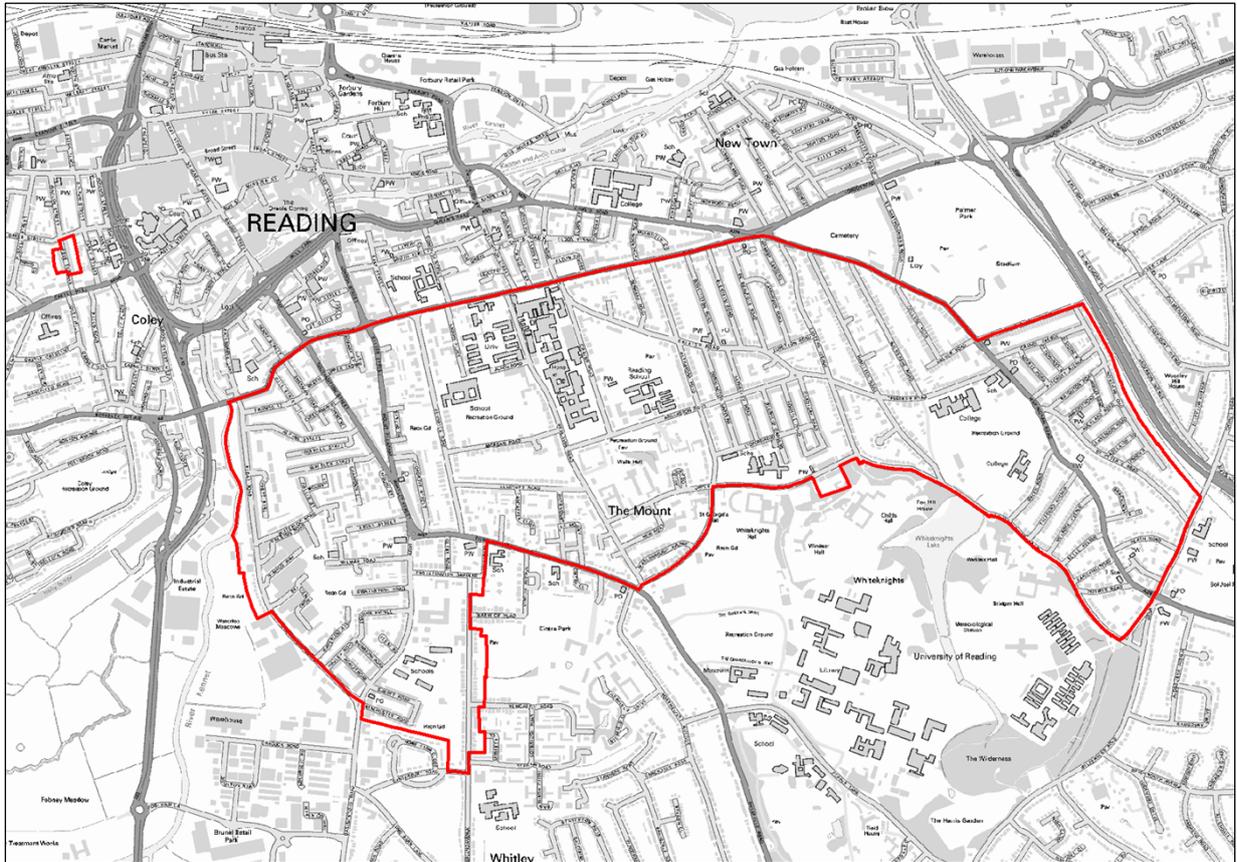
Date: 07/04/2011 Scale at A4: 1:46000
Ref: 35075\Census HMO Data 2011, Hotspot - A4P wor



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Note: More up-to-date information on HMO distribution is expected to become available from the 2021 Census, but has not been published at the time of this draft. If information is available at the time of adoption, this appendix will be updated.

Appendix 2: Map showing areas covered by the ‘Article 4 Direction’ relating to small HMOs



Appendix 3: Worked examples of the threshold guidance

A3.1 The detailed guidance on how the threshold should be operated is set out in the SPD. In practice, there are four steps:

- Step 1 - draw a 50m radius from the front door of the property
- Step 2 - Identify the number of properties which fall wholly or partly within the radius
- Step 3 - Identify current number of HMOs and flat conversions
- Step 4 - Work out proportion of HMOs and flat conversions

A3.2 These steps are explored below, using an example of a fictional address, 2 Oak Road.

Step 1 - draw a 50m radius from the front door of the property

A3.3 Step 1 involves defining the 50 metre radius from the front door within which the assessment is to be carried out.

A3.4 The radius drawn for 28 Oak Road is below.

Figure A3.1: Worked example - map of radius



Step 2 - Identify the number of properties which fall wholly or partly within the radius

A3.5 The next step is to identify the total number of residential properties within the radius. This step is less straightforward than it may appear.

A3.6 Inclusion within the calculation is based on the building footprint, not the curtilage. If even a small part of the building is within the radius, the whole

building is included. This includes attached garages. However, if only part of the garden or detached outbuildings are within the radius, the building is not included.

- A3.7 For the example of 28 Oak Road, the map below shows all of the buildings included in the radius in purple. The total number of buildings identified is 26.

Figure A3.2: Worked example - identifying properties wholly or partly within radius



- A3.8 However, not all of these buildings are to be included in the total. The SPD clarifies that any buildings wholly in use for A, B, C1, C2, D or sui generis uses (excluding HMOs) is to be excluded. Equally, purpose built flats are to be excluded. This means that, from the map above, 46 Sycamore Street is excluded as it is wholly non-residential. 43 Willow Avenue, containing both commercial and residential, is not excluded as it is a traditional flat over a shop. There are no other purpose-built flats within this example - all other flatted development in this location has resulted from conversions.
- A3.9 In a situation where the radius extends outside the Borough boundaries (as would be the case for instance in parts of Redlands and Park), any buildings outside the Borough boundaries are not counted. This is mainly for practical reasons, as the Council will not hold information on HMOs outside its boundaries.
- A3.10 54 dwellings have been identified in the radius in 25 residential buildings, as set out below.

Table A3.1: Worked example - types of properties identified

Address	Number of residential properties	Type
28 Oak Road	1	House
29 Oak Road	1	House

Address	Number of residential properties	Type
30 Oak Road	6	Flats/HMO
31 Oak Road	1	House
32 Oak Road	5	Flats/HMO
33 Oak Road	1	House
34 Oak Road	6	Flats/HMO
35 Oak Road	2	Flats
24 Oak Road	1	House
25 Oak Road	2	Flats
26 Oak Road	1	House
44 Sycamore Street	1	House
45 Sycamore Street	1	House
1 Willow Avenue	2	Flats
18 Willow Avenue	1	House
39 Willow Avenue	2	Flats
40 Willow Avenue	1	House
40b Willow Avenue	2	Flats
41 Willow Avenue	1	House
42 Willow Avenue	1	House
43 Willow Avenue	1	Flat
68 Rowan Road	1	House
69 Rowan Road	6	Flats/HMO
70 Rowan Road	2	Flats
71 Rowan Road	5	Flats/HMO
TOTAL	54	N/A

Step 3 - Identify current number of HMOs and Flat Conversions

- A3.11 The next stage is to identify the number of residential properties that are in HMO or flat conversion use within the radius. There are a number of sources of data that are typically used, including Environmental Health, Council Tax, planning permissions for HMOs/flat conversions, data on property websites, and data held by the Planning Enforcement team.
- A3.12 A property with unimplemented planning permission for an HMO or flat conversion use will be counted as being in HMO or flat conversion use for the purposes of these calculations. In this worked example, there are no such planning permissions, but this may well occur more often in the Article 4 area where small HMOs in use class C4 also require permission.
- A3.13 In the case of 28 Oak Road, the case officer would identify five existing HMOs, marked in yellow on the map below. In this case, all five were on the Council's HMO Register, whilst three of them could also be identified as HMOs in Council Tax

records. Six buildings which have undergone flat conversions has been identified and marked in blue on the map below.

Figure A3.3: Worked example - identifying number of HMOs and flat conversions



Step 4 - Work out proportion of HMOs

- A3.14 Using this example, five existing HMOs have been identified of a total number of residential properties of 25. This means there are currently 20% HMOs, i.e. 5/25. Six other residential properties have records demonstrating they were single-family residential dwellings which have been converted into flats. This means that at least 24% are flat conversions, i.e. 6/25. A combined total of 44% of the residential properties are currently HMOs or flat conversions.
- A3.15 A proposal to turn 28 Oak Street into an HMO would result in an increase to six HMOs out of a total of 25 residential properties. This means 24% would be HMOs, i.e. 6/25 and a combined total of HMOs and residential conversions would be 48%, i.e. 12/25.
- A3.16 Both the existing and proposed situations therefore exceed the policy threshold of 25% within 50 metres.
- A3.17 It is also worth noting that the most recent approval for conversion of a house to a HMO, 32 Oak Road, would not have been possible under the existing rules due to the unneighbourly sandwiching effect on number 31 and 33 Oak Road.

Summary

- A3.18 Under the above example, the threshold would have been exceeded prior to the proposal. However, it should be noted that there are a number of other criteria within both policy H8 and the SPD which would also need to be considered,

including physical changes, noise and disturbance and the size of the dwelling to be converted.

Appendix 4: Checklist

The following checklist is for the full assessment of an application for a residential conversion. Prior to engaging in the assessment developers and officers should first consider for developments in areas not covered by an Article 4 direction relating to small HMOs, planning permission for a conversion of a dwellinghouse to flats or to a large HMO whether the following applies:

- The proportion of houses within a 50m radius of the application site that are in use as HMOs or which have been converted to flats would not exceed 50%;
- The application is for an HMO and the area falls within the 30% most deprived areas in England according to the Indices of Multiple Deprivation; or
- There is other evidence of dilution or harm of a mixed and sustainable community.

As such development will not normally be granted permission as they would harm or dilute the mix and sustainability of the community.

Checklist 1 (H8, H9, and CC8): Any external alterations must be carried out sympathetically, respecting the physical character of the area.

Checklist 2 (CC8, H9, H10): Extensions must achieve acceptable residential amenity for existing and new occupiers plus respect the character of the existing house and area ensuring outside amenity space is not unacceptably reduced.

Checklist 3 (H8): Any residential conversion must contribute to achieving an appropriately mixed and sustainable community by providing an acceptable housing mix, ensuring that, as appropriate, single family housing remains the dominant form of dwelling in the vicinity of the application and ensuring there is not a detrimental impact on the physical character of the area.

Checklist 4 (H10): An appropriate level of private outdoor space will be expected.

Checklist 5 (CC8, H8): Issues such as those below need to be taken into account in any residential conversions application:

- Privacy and overlooking;
- Access to sunlight and daylight;
- Visual dominance and overbearing effects of a development;
- Noise and disturbance; and
- Crime and safety.

Checklist 6 (H8): The property to be converted to a flat or large HMO should have four or more bedrooms or measure more than 120 square metres gross. When calculating the floor area of the property the measurement should be based on the external dimensions as at 1st July 1948 or when built (whichever is the later).

Checklist 7 (CC8, H8): Internal floorspace and headroom should be provided in all forms of residential resulting from conversions to allow for a high quality of life. The nationally-described space standards provide a good basis for assessment.

Checklist 8 (CC8, H8): It will be necessary to ensure appropriate sound insulation between proposed and neighbouring units before a converted property is occupied.

Checklist 9 (CC8, H8): Acceptable proposals for layouts will avoid locating living rooms, bathrooms and kitchens next to, above, or below proposed and neighbouring bedrooms. Instead, the ‘stacking’ of rooms of a similar type is preferable.

Checklist 10 (CC8, H8): Habitable rooms, such as living rooms and bedrooms, will include an external window. The provision of natural light and ventilation is a legal requirement under Environmental Health legislation.

Checklist 11 (CC8, H8): A proposal for conversion should not result in a dwellinghouse being located directly between two HMOs.

Checklist 12 (CC8, H8): Proposals for self-contained units solely within a basement will normally be permitted where this unit would benefit from dual aspect*, an acceptable outlook** and sufficient headroom***.

A unit with dual aspect is one which provides residents with an outlook in two different directions. ** An acceptable outlook is one that, for example, provides residents with a view of a garden area and/ or the sky and is not restricted to narrow light wells and associated retaining walls. *There is no statutory minimum requirement for ceiling heights, although Building Regulations requires a 2.0 metres headroom clearance for staircases. It is, nevertheless, generally recommended that residential accommodation should have a ‘good practice’ minimum floor to ceiling height of 2.3 metres. This standard will be applied to the principal rooms of accommodation, which include kitchens, bathrooms and living rooms. This will prevent cramped residential accommodation.*

Checklist 13 (H8): Proposals which seek to convert attic/ loft space will normally be permitted where the attic/loft space would benefit from sufficient headroom and is incorporated into a self-contained unit which is split over two floors of accommodation.

Checklist 14 (H8, TR5): Parking standards for all residential conversions should be in accordance with the Council’s adopted ‘Revised Parking Standards and Design’ (2011) SPD.

Checklist 15: HMOs located within a street where a residents’ parking permit scheme operates will not be entitled to on-street car parking permits. The same restrictions may apply to new flats in such streets, see the ‘Revised Parking Standards and Design’ SPD.

Checklist 16 (CC7, H8, H9): Removal of boundary treatment to accommodate parking or access to parking will not be permitted where it makes a valuable contribution to the character of the area.

Checklist 17 (TR5, CC8, H8, TR5): The provision of outdoor cycle storage should have a secure, covered and convenient location. The storage area should be lockable with provision to secure bicycles within it.

Checklist 18 (H8, H10, H11): Sufficient and suitable refuse containers should be provided within the curtilage of the application building which are easily accessible for all occupants of the house and the refuse collectors and ensuring they are sympathetically located with regard to their visual impact.

Checklist 19 (CC7): Where possible, a level access from the public highway to the building's principal entrance should be provided or retained.

Checklist 20 (CC9, H3, TR1, EN9, H3, H6): Developers should compensate for loss or damage created by a development and mitigate any impact caused. A planning obligation to secure a financial or other contribution towards physical or social infrastructure improvements may be sought.

Checklist 21: The Council can serve an Enforcement Notice where conversion works have been carried out without planning permission. This action can result in the unauthorised works being removed (or the unauthorised use discontinued) and the building/ use being reinstated. Non-compliance with the provisions of an enforcement notice constitutes a criminal offence.

Checklist 22: Early discussions with a Building Control Officer will improve the internal layout of the scheme and may avoid the need for external fire-escapes (which may require planning permission in their own right).

Checklist 23: The HMO team should be contacted about Environmental Health matters.

Checklist 24 (H8): At least one unit of accommodation created should be suitable for family occupation with a minimum of two bedrooms.

Checklist 25 (H8): A standard of one communal room for every 4-6 bedrooms (depending on the size of the bedroom) will be provided, which will have acceptable amenity standards and appropriate access for all residents.

Checklist 26: A proper agreement may be required to ensure acceptable management of all communal parts of the HMO.

Appendix 5: Policy H8 of the Reading Borough Local Plan

H8: RESIDENTIAL CONVERSIONS

Proposals to convert buildings into self-contained flats or for multiple occupation will be assessed against the impact on the amenity and character of the surrounding area, particularly in terms of intensification of activity, loss of privacy, loss of external amenity space, the provision and location of adequate on-site car parking and the treatment of bin storage areas and other related servicing.

Proposals to convert properties into self-contained flats or for multiple occupation will only be acceptable where:

- *The proposal respects the physical character of the area in terms of scale, location, materials and design, the arrangement of doors, windows and other principal architectural features;*
- *The proposal would not, either individually or cumulatively, unduly dilute or harm an existing mixed and sustainable community through the significant loss of single family housing;*
- *There are no unacceptable adverse impacts to residents of the scheme or surrounding properties arising from noise and disturbance in terms of the number and layout of units proposed and the proximity to other properties;*
- *There is no inappropriate stacking and location of rooms between units;*
- *Bin and cycle storage is of an appropriate size and standard for the units proposed and should be located at ground floor level with easy access; and*
- *The resulting property or properties would provide adequate internal floorspace and headroom¹² for residents.*

Additionally, in the case of conversions of houses to self-contained flats:

- *The property to be converted measures more than 120 square metres gross;*
- *At least 25% of the units formed and, where there are 4 or fewer units at least one unit of accommodation, should be suitable for family occupation with a minimum of two bedrooms.*

Additionally, in the case of sui generis houses in multiple occupation (HMOs):

- *The property to be converted measures more than 120 square metres gross;*
- *There is sufficient communal space¹².*

Additionally, in areas covered by an Article 4 direction that restricts changes of use from Class C3 to Class C4:

- *Planning permission will not normally be granted where the proportion of HMOs (either C4 or sui generis) will result in HMOs representing 25% or more of the residential properties within a circle of 50m radius measured from the application site.*

4.4.57 Residential conversions have an important role to play in housing land supply in Reading. The subdivision of large houses has often enabled renovation and

¹² This is defined in the Council's Residential Conversions SPD – see www.reading.gov.uk/readingldf

affordable maintenance of properties. Conversion to flats has also added a valuable supply of reasonably low cost private rented accommodation, meeting a need in the market. Generally, conversions provide for a market need for small, flexibly let accommodation reflecting household formation trends in the population and the more transient nature of parts of the labour market.

- 4.4.58 Council Tax data indicates that 27.4% of the dwellings in Reading are currently rented privately, compared to a national rate of only 11.9%. Work on the private rented sector by the Council in developing its Housing Strategy, using data such as Private Sector Stock Condition Survey, shows significant problems and issues associated with private rented sector property in Reading. Whilst the strategy wishes to continue to develop a healthy private rented sector, this must be undertaken in a manner that minimises the potential adverse impacts that high concentrations of conversions and intensification of use can bring to areas of the Borough.
- 4.4.59 There are potential adverse effects from such conversions, particularly where there are concentrations. The significant loss of family housing can erode the character of an area through insensitive individual conversions and the cumulative impacts of physical changes to properties as a result of such use. Such streets are suffering from impacts such as significant car parking problems; clutter and untidiness; unsightly accumulation of satellite dishes; poor building maintenance; increased activity, noise and nuisance, etc. The quality of conversions, particularly where unregulated, can also be poor, with poor standards of accommodation and health and safety concerns.
- 4.4.60 Conversions, either individually or cumulatively, can also have a harmful impact on the character of the area through unduly diluting mixed and sustainable communities. In certain parts of the Borough, there are high concentrations of flat conversions and houses in multiple occupation, in part reflecting the very high student population which is especially prevalent around the University. Given that students are predominantly present during term time only, it can leave some roads and areas feeling quite dormant at other times, failing to achieve a mixed and sustainable community. In locations with already high numbers of flats or houses in multiple occupation, conversions to single family housing could help create a more mixed and sustainable community.
- 4.4.61 This policy relates to both small and large Houses in Multiple Occupation (HMOs) in addition to conversions to flats. A small HMO (those occupied by 3-6 unrelated individuals sharing one or more basic amenity/ies) falling within a C4 use class has permitted development rights to change between the C4 and C3 (general residential) use classes without the need for a planning application, unless it is subject to an Article 4 direction (see below).
- 4.4.62 If there are more than six unrelated occupants sharing one or more basic amenities, the property is likely to be classed as a 'large HMO' (sui generis) which will be outside use class C4. Planning permission will always be required for a change to a large HMO.

- 4.4.63 In areas where there is considered to be a need to control the spread of HMOs, the Council can introduce an ‘Article 4 direction’, which removes the automatic right to convert a dwellinghouse to a small HMO, and means that planning permission is required. Two such directions have so far been introduced - in a large area covering much of Katesgrove, Park and Redlands wards close to the University, and in a smaller area covering Jesse Terrace in west Reading. Details of these areas can be found on the Council’s website. If any new directions are introduced after publication of this Plan, those details will also be on the website.
- 4.4.64 In ensuring that any change of use to a HMO within the area covered by the Article 4 Direction, either individually or cumulatively, does not unduly dilute or harm an existing mixed and sustainable community through the significant loss of single family housing in line with the policy, the following guidance will be used to determine a planning application for change of use from C3 (dwellinghouse) to a HMO.
- 4.4.65 Planning permission will not normally be granted where the proportion of HMOs (either C4 or sui generis) will result in HMOs representing 25% or more of the residential properties within a circle of 50m radius measured from the application site.
- 4.4.66 The centre of the radius will be the front door of the property. A 50m radius will be drawn from this point and any properties or any part of a building falling within the radius will be taken into account in the assessment. If a part of a building falls within the circle and partly without, then the property will form a part of the assessment.
- 4.4.67 Where the radius includes properties that lie outside Reading Borough’s administrative boundaries (for example they fall within Wokingham Borough boundary), they will not be taken into account in the assessment and only those properties in Reading Borough will contribute to the assessment.
- 4.4.68 Where the radius includes entire buildings falling within an A, B, C1 or C2, D or sui generis use class (apart from a sui generis HMO) they will be discounted from the total number of buildings in the radius. Similarly, purpose-built flats will be discounted from the total number of buildings in the radius. Any existing flat conversions will be included in the number of C3 dwellings and will not be included in the number of HMOs for the purposes of the threshold calculation.
- 4.4.69 The Council will use information available to it to identify which properties are within an HMO use (either C4 or sui generis). It is anticipated that the information to calculate the percentage will initially be based primarily on Environmental Health and Council Tax information, given data protection and other regulations preventing the use of certain information. Where there is significant doubt as to whether a property is an HMO, it will not be counted towards the threshold. For the avoidance of doubt, the application property will be taken into account in calculating this percentage of properties.
- 4.4.70 The applicant should also undertake their own estimate of the number of HMOs to accompany the planning application and provide all of their supporting data. It is

advised that pre-application advice is sought prior to submitting any planning application.

- 4.4.71 Planning permission will be required to change the use of a small HMO to a large HMO, or to intensify the use of a lawful large HMO (without any physical extension or external alteration to the property) by increasing the number of occupiers. In this instance the threshold limit will not be triggered as the HMO has already been established in the street and, therefore, have no further effect on the concentration of HMOs and balance and mix of households in the local community.
- 4.4.72 It is important to read this policy in conjunction with Policy CC8 on safeguarding amenity, as many of the planning issues associated with house conversions relate to impacts on neighbours. The Supplementary Planning Document (SPD) on Residential Conversions provides further guidance on these points. The method for calculating nearby HMOs using a 50m radius reflects current practice, but this may be amended by any future changes to the SPD.

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READING BOROUGH COUNCIL

REPORT BY THE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	15th DECEMBER 2022		
TITLE:	ALLOCATION OF S106 FUNDING FOR READING STATION SUBWAY SCHEME 2022/23		
LEAD COUNCILLOR:	COUNCILLOR TONY PAGE	PORTFOLIO:	CLIMATE STRATEGY & TRANSPORT
SERVICE:	ENVIRONMENTAL & COMMERCIAL SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	SAM SHEAN	TEL:	
JOB TITLE:	HIGHWAYS & TRAFFIC SERVICES MANAGER	E-MAIL:	sam.shean@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report sets out the request for spending approval for Reading Station Subway Refurbishment capital scheme 2022/23 to the value of £205,761.05. It is anticipated that this scheme will be funded from the secured Section 106 contribution, however some additional funding may be required from the Local Transport Plan (LTP) Bridges & Carriageway Capital award for 2022/23.
- 1.2. This scheme will contribute to the delivery of the current Corporate Plan 2022-25 and any future Corporate Plan by implementing a Highway improvement scheme to the current Reading Station Subway and providing improved north / south access across the station, which will make a significant contribution to driving the change we want to see in Reading through our three themes: Healthy Environment, Thriving Communities, and Inclusive Economy.
- 1.3. The £205,761.05 referred to in this report allocates Section 106 contributions that have been received and is an update to the figures detailed within the Council's Capital Programme approved at February 2022 Policy Committee.
- 1.4. **Appendix 1** to this report provides a summary of the S106 contributions and the capital scheme they are to fund.

2. RECOMMENDED ACTION

- 2.1 That spending approval is given for the Capital schemes outlined in Appendix 1.

- 2.2 That the Executive Director for Economic Growth & Neighbourhood Services in consultation with the relevant Lead Councillor for Environmental Services & Community Safety and Director of Finance, be given delegated authority to finalise details of the scheme and programme within the overall approval given.
- 2.3 That the Committee grants delegated authority to the Executive Director for Economic Growth & Neighbourhood Services in consultation with the Lead Councillor for Climate Strategy & Transport, the Assistant Director of Legal & Democratic Services and the Director of Finance to enter into relevant contracts required to undertake the approved S106 scheme and works programme.

3. POLICY CONTEXT

- 3.1 As set out in the Council's Supplementary Planning Document on Planning Obligations under Section 106, 'the Council publishes annual information on its website on Section 106 as part of its annual statement and accounts. This sets out the details and description of the scheme, Section 106 agreement number, amount brought forward into the accounting year, receipts within the accounting year, expenditure total, for what, and the amount to be carried forward into the next Financial Year'.
- 3.2 The Section 106 contribution in **Appendix 1** is currently listed in the annual statement and accounts for specific schemes and therefore do not currently appear in the Capital Programme.
- 3.3 The proposed scheme in **Appendix 1** will have a positive impact on contributing towards the Council's Corporate Plan, the current Local Transport Plan 2011-2026 and the draft Reading Transport Strategy 2036.
- 3.4 The Council's Corporate Plan supports the delivery of new and improved transport & highway infrastructures in order to manage levels of congestion, improve air quality and reduce carbon emissions, whilst accommodating the significant levels of planned economic growth.
- 3.5 The Council's current Local Transport Plan (LTP) sets out the transport strategy for Reading to 2026. Consultation on a new Local Transport Plan (LTP) was undertaken from 4th May to 30th August 2020. The new strategy is being developed to help achieve wider objectives including the Reading 2050 Vision, the Climate Emergency and improved air quality. The LTP will be heavily focused on addressing these wider challenges through a package of solutions to provide realistic sustainable alternatives to the private car, including enhanced cycling and walking routes to improve air quality. The new strategy is being aligned with other Council strategies including the Local Plan and the Local Cycling and Walking Infrastructure Plan.

4. THE PROPOSAL

Current Position:

- 4.1 In 2013, following the substantial redevelopment of Reading Railway Station and its interchanges, the subway linking the north and south interchanges was dedicated as a Highway under a deed of variation between Network Rail Infrastructure Ltd and Reading Borough Council. Responsibility for the overhead concrete / rail structure remains with Network Rail while the internal subway and low-level ceiling are the responsibility of Reading Borough Council's Highways & Traffic Services Team.
- 4.2 The Network Rail Reading Station Subway construction included a suspended ceiling that is lower than that of engineering constraints of the surrounding structure, which provided an aesthetically pleasing ceiling that matches existing Network Rail Station Subways nationwide and to mask the service ducts. It is a potential safety risk to cyclists and as such, a Traffic Regulation Order was put in place implementing a prohibition of cycling along the subway.
- 4.3 The public have a right of access through the Reading Station Subway on foot and cycling is not currently permitted, as the width and height clearances are substandard.
- 4.4 The current suspended Reading Station Subway ceiling panels installed by Network Rail as part of the Station redevelopment are vulnerable to vandalism and as such need to be removed and / or replaced with a more robust solution.
- 4.5 The Council inherited the Reading Station Subway Ceiling Panels on completion of the Reading Station Scheme. These panels continue to attract considerable criticism since installation and have become a maintenance liability for the Council.

The Proposal:

- 4.6 The scheme will remove the vulnerable low level ceiling panels, secure and protect the Network Rail Services, while increasing the headroom clearance and will include minor repairs to floor and wall tiles, along with improved signage. It has been a long-standing desire of Reading Borough Council and cycling groups to find a solution that would enable safe cycling along the subway, as this prohibition and the surrounding rail infrastructure and strategic road network are significant cycling barriers between the north and south sides of the station and beyond.
- 4.7 The Council commissioned a feasibility report on allowing cycling as part of a scheme to remove the lowest ceiling panels using S106 funding specifically for this scheme. The solution will see the removal of the low sections of ceiling panels, a tidy up of the existing concrete ceiling and protection of Network Rail services.
- 4.8 The scheme will provide improved head room clearance, which although below national guidelines, will enable the Council to accept the position and allow cycling through the subway following the necessary consultation process and revoking of the Cycling Prohibition Order.
- 4.9 There is also a separate proposal to replace the lighting with a LED equivalent lanterns to reduce energy consumption and enable remote monitoring and control the lighting units.

- 4.10 A report was approved at Traffic Management Sub-Committee on 14th September 2022 to run a consultation on revoking the cycling prohibition, creating a shared use (pedestrian/cyclist) facility. The outcome of that consultation will be included within the final design of the scheme.
- 4.11 The scheme design is currently being finalised and works are provisionally scheduled to commence early 2023. It should be noted that the scheme is not dependant on the outcome of the consultation to revoke the cycling prohibition, as the works to remove the low sections of ceiling panels are still required to ensure that a viable long-term solution is delivered.

Other Options Considered

- 4.12 The terms and conditions of the individual S106 contribution legal agreements are closely fettered and this therefore limits choices on where funding can be spent.
- 4.13 The removal of the low-ceiling panels which are regularly vandalised and a maintenance cost burden for the Council is long overdue. It is noted that the outcome of the Traffic Management Sub-Committee may not support the revoking of the current cycling prohibition and the final design will take this into account.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposals as set out within this report will help to deliver the following Corporate Plan Themes:
- Healthy Environment
 - Thriving Communities
 - Inclusive Economy

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a climate emergency at its meeting in February 2019 and as such recognises the need to minimise the climate impacts of its decisions. To this end, Council on 15th October 2019 formally adopted the 'Unite Construction Charter' where the Authority supports the 'Get Britain Building' campaign, which is aimed at supporting and sustaining the British construction industry. All relevant construction contracts will be required to comply with the Authority's Sustainable Buying Standard for Highways and Construction Materials, which requires structural steel and other relevant materials to be covered by BES 6001 Responsible Sourcing of Construction Product Certification, or equivalent.
- 6.2 The Tender for the Bridges & Structures Service Term Maintenance Contract 2022-2025 provision invited tenderers to submit Environmental Implications proposals, which formed part of the quality element of the tender evaluation. A social value quality submission was also submitted with tenders and evaluation carried out.
- 6.3 Tenders also included carbon reduction targets and improved sustainability. The intent was to reduce the amount of carbon used to produce the materials at source, using recycled materials, reducing the uncontrolled waste in the environment to reduce pollution of the natural environment, use of electric

vehicles and plant, sourcing green energy alternatives, carbon off-setting, as well as how they will achieve their own carbon reduction targets.

- 6.4 A Climate Impact Assessment has been conducted, which considers a net ‘low-positive’ impact as a result of the Station Subway Refurbishment. The scheme will support the Council’s Transport Strategy which is focused on encouraging the use of sustainable transport, walking and cycling as attractive alternatives to the private car. This includes managing congestion and improving air quality by providing a more efficient network and suitable alternatives for vehicular traffic.
- 6.5 The Reading Climate Emergency Strategy, which was endorsed by the Council in November 2020, highlights the importance of adapting to climate impacts as well as reducing the emissions which are driving climate change.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Consultation and engagement with local communities and interest groups will be undertaken prior to the project, including the Access & Disability Forum and Cycling Groups. Ward Councillors will be consulted on all projects within their Ward.
- 7.2 The scheme set out in **Appendix 1** will require the revoking of an existing cycling prohibition Traffic Regulation Order (TRO), if approved following the statutory consultation. Advertising of the TRO will be conducted in accordance with appropriate legislation. Notices will be advertised in the local printed newspaper and erected on lamp columns within the affected area. If this is not possible, alternative means will be proposed such as delivering the notice to each property within the affected area and promoting the notice in the online version of local media.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149 the Council must, in the exercise of its functions, have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 The Council has reviewed the scope of the proposals as outlined within this report and considers that the proposals have no direct impact on any groups with protected characteristics. Therefore, an Equality Impact Assessment is not relevant to the decision in this instance, however, further work will be undertaken for the scheme, as designs are developed further.
- 8.3 It should be noted that the Council is currently consulting on whether to revoke the cycling prohibition order currently in place through the subway and will review all responses including those from access & disability and other interest

groups. If the outcome is to revoke the cycling prohibition order, then an equality impact assessment will be carried out.

9. LEGAL IMPLICATIONS

- 9.1 Reading Borough Council, as Highway Authority, has a duty under the Highways Act 1980 (Section 41) to maintain public highway at public expense and (Section 90) protection of Bridges & Structures.
- 9.2 Section 106 agreements are legally binding obligations between Reading Borough Council as the local planning authority and developers under Section 106 of Town and Country Planning Act 1990.
- 9.3 The funding of the schemes will include the appropriate use of Section 106 contributions, in accordance with the terms of the individual legal agreements. Money provided through Section 106 agreements can only be used for the purposes set out in the agreement and not for other purposes. In almost all Section 106 agreements, contributions are fettered to a particular use, such as education, open space, transport etc. In some agreements the contributions can be heavily fettered to particular pieces of infrastructure such as a road junction improvement or to tree planting or to a particular area or facility. The fettering of this S106 is for the improvements of the Reading Station Subway.
- 9.4 The fettering details of the contributions are as per **Appendix 1**; the fettering is quoted from the original legal agreements held on the S106 database.
- 9.5 The schemes outlined in **Appendix 1** will be delivered in line with the Council's Local Transport Plan. The Local Transport Plan is a statutory requirement as set out in the Transport Act 2000, as amended by the Local Transport Act 2008.
- 9.6 Necessary changes to Highway signs and road markings, including temporary, may also be required and subsequently will need to be implemented in accordance with the Traffic Signs, Regulations and General Directions 2016 and associated Code of Practice for temporary Highway signing.

10. FINANCIAL IMPLICATIONS

- 10.1 S106 is one of the main External Sources (Government/Non-Governmental/Private Sector) financing the Council's Capital Programme.
- 10.2 The effective application of Section 106 and CIL receipts against the Council's Capital Programme will reduce the future revenue cost of borrowing.
- 10.3 The receipt and subsequent use of obligations is a matter principally for the benefitting services and Finance, with the focus on funding the Council's Capital Programme.
- 10.4 If approved, the scheme set out in **Appendix 1** will contribute towards the Council's Capital Programme and contribute to reducing the Council's revenue cost of borrowing by the effective use of Section 106 before raising borrowing finance.

11. BACKGROUND PAPERS

11.1 None.

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Appendix 1: Allocation of Section 106 Funding for Transport & Highway Schemes 2022/2023

Reading Station Subway Scheme:

Highways & Traffic Services

Scheme Name	Obligation	Fettering description	NET Contribution (£'000)	Spend deadline
Station Hill North (Reading Station Subway)	S106 - 192032 — Transport - 8931-9473-8931UQ-00	Station Underpass Contribution means the sum of two hundred thousand pounds (£200,000.00) Index Linked to be used by the Council towards the cost of such improvement works on the station underpass as may be reasonably required to facilitate the use of the underpass by cyclists and pedestrians.	£205,761.05	21/12/2031
Total			£205,761.05	

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HOUSING BENEFIT WAR PENSION AND ARMED FORCES COMPENSATION DISREGARD POLICY

Introduction

1. The Housing Benefit Regulations 2006 make provision for the first £10.00 of income from War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Scheme to be disregarded in any benefit assessment. The cost of this disregard is fully reimbursed to the Council.
2. The Social Security Administration Act 1992 gives the Council discretion to disregard any amount it chooses in addition to the statutory provision.

Policy Aims

3. The policy aims to:
 - Ensure income from the scheme is treated consistently when assessing entitlement to Housing Benefit and local Council Tax Reduction Support.
 - Promote a transparent and simple process that is easily understood; and
 - Provide staff with guidance for making reasonable, fair and consistent decisions.

Policy

4. The Council will fully disregard income from War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Scheme when assessing entitlement to Housing Benefit.

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	15 DECEMBER 2022		
TITLE:	HOUSING BENEFIT WAR PENSION AND ARMED FORCES COMPENSATION DISREGARD POLICY		
LEAD COUNCILLOR:	COUNCILLOR TERRY	PORTFOLIO:	CORPORATE SERVICES & RESOURCES
SERVICE:	REVENUES & BENEFITS	WARDS:	BOROUGHWIDE
LEAD OFFICER:	SAMANTHA WILLS	TEL:	0118 937 2711
JOB TITLE:	REVENUES & BENEFITS MANAGER	E-MAIL:	SAMANTHA.WILLS@READING.GOV.UK

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To review the arrangements for Housing Benefit made in respect of Section 134 8(a) of the Social Security Administration Act 1992, entitling local authorities to modify any part of the Housing Benefit scheme to provide for the disregarding of prescribed war disablement pensions or war widow's pensions. The Policy must be approved by full Council and owing to the financial implication for the Council, should be reviewed annually.
- 1.2 Appendix 1 - War Pension and Armed Forces Compensation Disregard Policy

2. RECOMMENDED ACTION

- 2.1 That the Council continues to disregard the whole of any incomes prescribed in the Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007 and approves the Housing Benefit War Pension and Armed Forces Compensation Disregard Policy attached at Appendix 1 for the 2022-23 subsidy year and subsequent years.

3. POLICY CONTEXT

- 3.1 Before the introduction of the Social Security Administration Act 1992, there was a statutory £10.00 per week disregard on War Disability and War Widows pensions in means tested social security benefits including Housing Benefit. Above the £10.00 per week disregard, the pensions were counted as income, reducing the amount of benefit received.
- 3.2 Section 134(8) of the Social Security Administration Act 1992 allowed councils to disregard up to 100% of war pensions above the £10.00 per week disregard. The cost of this disregard is borne by the council. Reading Borough Council agreed to disregard war pensions in full above the weekly disregard at some point in the 1990s.

- 3.3 From April 2004, the Government agreed to subsidise 75% of the discretionary disregard councils made if the amount did not exceed 0.2% of the total Housing Benefit subsidy received. This means that the Council now only pays for 25% of the discretionary disregard.
- 3.4 From April 2005, the War Pension and War Widow(er)s Pension schemes were closed to applicants who were injured or became a widow(er) after this date and replaced by the Armed Forces Compensation Scheme. Payments from the Armed Forces Compensation Scheme were given a full statutory disregard in means tested benefits, including Housing Benefit.
- 3.5 The £10.00 disregard also applied to Council Tax Benefit, but when this was replaced by local Council Tax Reduction schemes in 2013, Reading Borough Council fully disregarded War Pensions and War Widow(er)s Pensions. This is contained separately in the Local Council Tax Reduction Scheme Policy.
- 3.6 Last year, a number of councils were asked to provide evidence that they had passed resolutions disregarding War Pensions and War Widow(er) Pensions from Housing Benefit by external auditors. Many councils no longer have the original documentation confirming the disregard and the auditors have agreed to accept the historic position but insist that councils re-affirm their agreement to the disregard going forward.
- 3.7 This report is to ask the Council to re-affirm the discretionary disregards for War Pensions and War Widow(er)'s Pensions in order to safeguard the finances of war pensioners and war widow(er)s.
- 3.8 Adoption of the policy has already been factored into the operation of the Benefits Service and the administration of claims in 2022/23. As such, the financial implications have already been factored into budget projections for the service for the current year.

4. ALTERNATIVE OPTIONS CONSIDERED AND RECOMMENDED FOR REJECTION

- 4.1 Amending the policy to disregard only part of the prescribed incomes would create a lack of consistency between the administration of Housing Benefit and Local Council Tax Reduction Scheme (LCTRS).
- 4.2 Revoking the policy and making no alteration to the Housing Benefit scheme in respect of these incomes would equally create a lack of consistency between the administration of Housing Benefit and LCTRS.
- 4.3 Either of these changes would also potentially bring financial hardship to those in receipt of Housing Benefit by reducing their entitlement. Although this could bring a financial saving to the Council, it is likely that it will also create a compensating demand on the Discretionary Housing Payments Scheme, which is already severely strained and potentially create hardship for a specific group in the community.
- 4.4 To not have an approved War Pension Policy is not recommended as there would be no clear guidance on the agreed approach for claimants and to the Reporting Accountancy undertaking the Housing Subsidy review.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 This proposal will support the Council's vision and contribute to the following Corporate Plan priorities:

Thriving Communities - The proposed continuation of the War Pension and Armed Forces Compensation Disregard Policy will contribute to the well-being of local people most in need by retaining the level of financial support available.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 None to record, this proposal provides financial support and re-affirms the position in relation to the War Pension and Armed Forces Compensation Disregard Policy.

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 The consultation duty is not applicable; this would have been undertaken in the 1990's when the policy was first introduced.

8. EQUALITY IMPACT ASSESSMENT

8.1 The War Pension and Armed Forces Compensation Disregard Policy applies equally to all claimants; therefore, no equalities issues arise.

9. LEGAL IMPLICATIONS

9.1 Section 134 8(a) of the Social Security Administration Act 1992 entitles local authorities to modify any part of the Housing Benefit scheme to provide for the disregarding of prescribed war disablement pensions or war widow's pensions.

10. FINANCIAL IMPLICATIONS

10.1 In 2021-22 the full cost to the Council was £3,541 (25%) with £10,623 (75%) of the total expenditure of £14,164 met through Subsidy.

10.2 The financial implications have already been factored into budget projections for the service for the current year.

11. BACKGROUND PAPERS

11.1 None

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