

COUNCIL MEETING MINUTES - 25 FEBRUARY 2025

Present: Councillor Dennis (Mayor);
Councillors Mpofu-Coles (Deputy Mayor), Asare, Ayub, Barnett-Ward, Cresswell, Cross, Davies, Eden, Edwards, Emberson, Ennis, Gavin, Gittings, Griffith, Goss, Hacker, Hornsby-Smith, Hoskin, Juthani, Keeping, Lanzoni, Leng, Lovelock, McCann, McElroy, McEwan, McGrother, Mitchell, Moore, Naz, Nikulina, O'Connell, Rowland, R Singh, DP Singh, Stevens, Tarar, Terry, Thompson, White, Williams, Woodward and Yeo

In attendance Councillor Keane
via Teams:

Apologies: Councillors Ballsdon, Magon and McGoldrick

40. MAYOR'S ANNOUNCEMENTS

Former Councillor Margaret Cook

Margaret, who was known locally as Meg Singh and was a Labour Councillor in Katesgrove Ward from 1972 until 1995, sadly passed away recently. Meg was Chair of the Housing Committee from 1986 to 1988 and went on to chair the Association of District Councils for a number of years. The ADC was eventually merged with the Association of County Councils to become the Local Government Association.

The Council stood for a minute's silence in Meg's memory.

41. MINUTES

The Minutes of the meeting held on 28 January 2025 were confirmed as a correct record and signed by the Mayor.

42. QUESTIONS FROM COUNCILLORS

	Questioner	Subject	Answer
1.		Withdrawn	
2.	Cllr White	Cuts to Inequality Budget Impacting Community Projects	Cllr Terry
3.	Cllr McElroy	Reading's Labour Council delivers Labour Government's Austerity Agenda	Cllr Terry

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

43. CHIEF FINANCE OFFICER'S REPORT ON THE ROBUSTNESS OF THE COUNCIL 2025/26

The Director of Finance submitted a report fulfilling the requirement on him under Section 25 of the Local Government Act 2003 as the Council's Chief Finance Officer to report on the robustness of the estimates made for the purposes of the calculations of the budget and the adequacy of the proposed level of financial reserves. The Council had a duty to have regard to the advice set out in the report when considering setting its 2025/26 Budget and Medium-Term Financial Strategy for the subsequent two financial years. The Statement of Reserves and Balances, which provided a summary of estimated reserve movements from 31 March 2025 and 31 March 2028, were attached to the report for information.

The following motion was moved by Councillor Terry and seconded by Councillor Leng and CARRIED:

Resolved -

That the Chief Finance Officer's report on the robustness of the Council's 2025/26 budget and indicative budgets for the subsequent two financial years 2026/27 and 2027/28 be noted and the opinion contained therein be taken into account in making the decisions set out in Minutes 44-47 below.

44. 2025/26 BUDGET & MEDIUM-TERM FINANCIAL STRATEGY 2025/26 - 2027/28

Further to Minutes 46 and 61 of the Policy Committee meetings held on 18 December 2024 and 17 February 2025 respectively, the Director of Finance submitted a report on the Budget and Medium-Term Financial Strategy (MTFS) for the three years 2025/26 - 2027/28. The report provided an update on the results of the subsequent budget engagement exercise, changes arising from the publication of the Final Local Government Finance Settlement 2025/26 as well as other changes that had arisen since the report to Policy Committee in December 2024. The following documents were attached to the report:

- The Medium Term Financial Strategy 2025/26 - 2027/28
- Summary of the Proposed General Fund Budget 2025/26 - 2027/28
- General Fund Revenue Budget by Service 2025/26 - 2027/28
- Detailed General Fund Budget Changes 2025/26 - 2027/28
- The Housing Revenue Account Proposed Budget 2025/26 - 2027/28
- The Dedicated Schools Grant Budget Proposals 2025/26
- The General Fund and HRA Capital Programmes 2025/26 - 2027/28

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- The Flexible Use of Capital Receipts Strategy 2025/26
- Fees and Charges Proposals from April 2025
- Equality Impact Assessment of the Budget Proposals
- Summary of the Response to the Budget Engagement
- Summary of the Residents' Survey 2024

The Ministry of Housing, Communities and Local Government (MHCLG) had published the Final Local Government Financial Settlement 2025/26 on 3rd February 2025. Most of the figures had remained the same as the Provisional Settlement (18th December 2024), however there was one change that impacted on the Council's net budget: the Employer National Insurance Contribution Grant was announced as £1.572m, which was an increase of £0.035m from what had been estimated. Allocations in respect of the Public Health Grant for 2025/26 had been announced on 7th February 2025. In 2025/26 the Council's allocation was £11.604m. As the grant was ringfenced any increase/decrease to the Council's grant allocation would be offset by a corresponding increase/decrease in expenditure. Therefore, the MTFS assumed a nil impact on the bottom line.

The underpinning rationale of the Medium-Term Financial Strategy was to deliver a balanced and affordable 2025/26 budget, to ensure that the Council's finances were robust and sustainable over the medium term and that, in the longer term, the Council's finances would not be reliant on the unsustainable use of one-off reserves or funding. The Strategy was informed by the Council's Vision: "to help Reading realise its potential and to ensure that everyone who lives and works here can share the benefits of its success", as well as its Corporate Plan priorities.

The report explained that Reading Borough Council was not immune to national issues. The 2025/26 Budget and MTFS 2025/26-2027/28 reflected the changing landscape in which Councils were now operating and was based on another one-year Local Government funding settlement from Central Government. The most significant impacts on the Budget and the MTFS included demand pressures, exacerbated by the impact of the cost of living crisis, in particular, increased placement costs in adult and children's social care services arising from increased demand, complexity and market challenges; the cost of temporary accommodation arising from increased homelessness presentations due to landlords moving out of the private rented sector and pressures on Housing Benefit resulting from the significantly increased demand in temporary accommodation and supported accommodation for which Housing Benefit subsidy was not 100% recoverable.

The Budget and MTFS assumptions included:

- a) Council Tax increases of 2.99% plus an Adult Social Care precept of 2.0% for each year 2025/26-2027/28;
- b) Delivery of £16.135m of efficiencies and increased income across 2025/26-2027/28;

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- c) A net draw from earmarked reserves totalling £3.945m in 2025/26, as set out in paragraph 10.2 of the report;
- d) A housing rent increase for 2025/26 of 2.7% in line with approved Government policy of CPI + 1%;
- e) General Fund capital investment of £155.487m and Housing Revenue Account (HRA) capital investment of £178.261m over the 5 year period 2025/26 to 2029/30;
- f) An initial allocation of £1.500m of transformation funding for each year from 2025/26 to 2029/30 to support delivery of efficiency savings assumed within the MTFS, taking the total transformation funding to £29.229m across the whole life of the Delivery Fund.

The Dedicated Schools Grant High Needs Block was anticipated to be £26.503m in deficit by 31st March 2025. Further details were set out in paragraphs 2.8 to 2.11 and in Appendix 6 of the report.

This report had been prepared with reference to the following documents:

- Medium Term Financial Strategy 2025/26-2027/28 Update Report agreed by Policy Committee (18th December 2024)
- Autumn Budget 2024 - HM Treasury (30th October 2024)
- Final Local Government Finance Settlement 2025/26 - MHCLG (3rd February 2025)
- 2025/26 Budget & Medium-Term Financial Strategy 2025/26-2027/28 Report approved by Policy Committee (17th February 2025)

The following motion was moved by Councillor Terry and seconded by Councillor Leng and CARRIED:

Resolved -

That, in relation to the report on the 2025/26 budget and Medium-Term Financial Strategy to 2028, due regard be taken of the results of the budget consultation exercise (as outlined in Appendices 11 and 12 of the report) and the 2025/26 General Fund and Housing Revenue Account budgets, Capital Programme and Medium-Term Financial Strategy as set out in Appendices 1-10 be approved, whilst noting the following:

- (a) the Council's General Fund Budget Requirement of £178.109m for 2025/26 and consequent increase in the band D Council Tax for the Council of 2.99% plus an additional 2.00% Adult Social Care Precept, representing a band D Council Tax of £2,117.52 per annum, an increase of £100.64 per annum excluding precepts from Police and Fire, as set out in paragraph 2.4 of the report;

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- (b) the proposed efficiency and invest to save savings of £7.065m and additional income of £7.277m in 2025/26 required to achieve a balanced budget for that year as set out in Appendices 2 and 3 to the report;
- (c) the overall savings proposed within the £16.135m (£11.559m savings and efficiencies and £4.576m additional income) and three-year growth changes to service budgets of £50.190m as set out in Appendices 3 and 4 to the report;
- (d) the budgeted net draw down from earmarked reserves in 2025/26 totalling £3.945m, as set out in paragraph 10.2 of the report;
- (e) the Housing Revenue Account budget for 2025/26 of £57.304m as set out in Appendix 5 and the average increase of 2.7% in social dwelling rents from April 2025;
- (f) the allocation of £117.432m Dedicated Schools Grant (DSG) as set out in Appendix 6 to the report;
- (g) the General Fund and Housing Revenue Account Capital Programmes totalling £155.487m and £178.261m respectively over the next five years, as set out in Appendices 7a and 7b to the report;
- (h) the Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 8 to the report;
- (i) the Fees and Charges set out in Appendix 9 of the report;
- (j) the Equalities Impact Assessment as set out in Appendix 10 to the report;

A recorded vote having been required, the voting was as follows:

For the motion: 32

Councillors Asare, Ayub, Barnett-Ward, Cross, Davies, Dennis, Eden, Edwards, Emberson, Ennis, Gavin, Gittings, Griffith, Hacker, Hornsby-Smith, Hoskin, Juthani, Keeping, Lanzoni, Leng, Lovelock, McEwan, McGrother, Mpofu-Coles, Naz, Rowland, D Singh, Stevens, Tarar, Terry, Woodward and Yeo.

Against the motion: 9

Councillors Cresswell, Goss, McCann, McElroy, Mitchell, Nikulina, R Singh, White and Williams.

Abstentions: 3

Councillors Moore, O'Connell and Thompson.

45. CAPITAL STRATEGY 2025/26

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Further to Minute 62 of the Policy Committee held on 17 February 2025, the Director of Finance submitted a report setting out the draft Capital Strategy 2025/26, which was attached to the report at Appendix 1.

The report noted that the CIPFA 2021 Prudential and Treasury Management Code required the Council to prepare a Capital Strategy report which set out the Council's capital requirements arising from policy objectives, as well as the associated governance procedures and risk appetite of the Council. The Strategy provided an overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services; along with an overview of how associated risk was managed and the implications for future financial sustainability.

The Strategy was informed by the Council's priorities and links to other key strategy documents notably the Corporate Plan, Medium Term Financial Strategy (MTFS), Treasury Management Strategy, Asset Management Strategy, Corporate Investment Strategy and Carbon Reduction Strategy.

The Council's approach to asset management planning, development, and monitoring of the Capital Programme's delivery was set out in the Strategy. The figures in the various tables within the Strategy, most particularly the Capital Programme itself, had been updated to reflect the latest position consistent with the MTFS report (see Minute 44 above). The Action Plan at Appendix 1 Annex D had similarly been refreshed. The Director of Finance would keep this under review during the year and would bring forward any changes that may be required.

The Capital Programme Board was introduced in December 2022 to increase oversight of the Capital Programme and its delivery. Terms of Reference for the Board were attached to the report at Appendix 1, Annex B.

The proposed Action Plan at Appendix 1, Annex D of the Strategy identified three areas of ongoing work required for the Council to remain compliant with the CIPFA Code requirements. These were:

- Developing knowledge of the Council's existing asset base;
- Identifying what assets were needed in the future;
- Developing and implementing new systems and processes to enable the transition.

The following motion was moved by Councillor Terry and seconded by Councillor Leng and CARRIED:

Resolved -

- (1) **That the Capital Strategy 2025/26, as attached at Appendix 1 to the report, be approved;**

- (2) That the updated Action Plan that forms Annex D of the Capital Strategy (Appendix 1) be noted, together with the associated financial implications.

46. TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26

Further to Minute 63 of the Policy Committee held on 17 February 2025, the Director of Finance submitted a report setting out a Treasury Management Strategy for endorsement. The Strategy required approval before the start of the new financial year in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 and the CIPFA Prudential Code for capital finance in local authorities (2021). The Treasury Management Strategy Statement (TMSS), which was attached to the report at Appendix 1, set out the parameters for the Council's planned treasury activity during 2025/26, under which the Council's Treasury Team would manage day to day activity. The report stated that the successful identification, monitoring and control of financial risk were central to the Strategy. Included in the TMSS alongside the Treasury Management Strategy were Capital Prudential Indicators, a Minimum Revenue Provision (MRP) Policy Statement, a Borrowing Strategy and an Annual Investment Strategy.

The CIPFA 2021 Prudential and Treasury Management Code also required the Council to prepare a Capital Strategy report which set out the Council's capital requirements arising from policy objectives, as well as the associated governance procedures and risk appetite. The Capital Strategy included non-treasury investments and was reported separately from the TMSS (see Minute 45 above). The CIPFA Treasury Management Code 2021 further broke down non-treasury investment into: Investments for service purposes - taken or held primarily for the provision and purpose of delivering public services (including housing, regeneration, and local infrastructure), or in support of joint working with others to deliver such services; and Investment for commercial purposes - taken or held primarily for financial return and were not linked to treasury management activity or directly part of delivering services.

The following motion was moved by Councillor Terry and seconded by Councillor Leng and CARRIED:

Resolved -

- (1) That the Treasury Management Strategy Statement for 2025/26 be approved as set out in Appendix 1, Section 2 to the report;
- (2) That the Capital Prudential Indicators be approved as set out in Appendix 1, Section 3 to the report;
- (3) That the Minimum Revenue Provision (MRP) Policy for 2025/26 be approved as set out in Appendix 1, Section 4 to the report;

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- (4) That the Borrowing Strategy for 2025/26 be approved as set out in Appendix 1, Section 5 to the report;
- (5) That the Annual Investment Strategy for 2025/26 be approved as set out in Appendix 1, Section 6 to the report; and
- (6) That the Prudential and Treasury Management indicators be approved as set out in Appendix 1, Annex 1 to the report.

47. COUNCIL TAX SETTING 2025/26

The Director of Finance submitted a report seeking approval of the calculations for determining the Council Tax requirement for the year 2025/26, in accordance with the Local Government Finance Act 1992. The report also sought approval to set the Council Tax amounts for each property valuation band in the Borough including precepts from the Office of the Police & Crime Commissioner for Thames Valley and Royal Berkshire Fire & Rescue Service.

The following motion was moved by Councillor Terry and seconded by Councillor Leng and CARRIED:

Resolved -

- (1) That the following amounts that have been calculated for the year 2025/26 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 be agreed:
 - (i) £476,131,500 - Gross Revenue Expenditure, including transfers to reserves and any collection fund deficit, being the estimated aggregate expenditure of the Council in accordance with section 31A (2) of the Act;
 - (ii) £349,997,200 - Gross Revenue Income, including transfers from reserves, general government grants and any collection fund surplus, being the estimated aggregate income of the Council for the items set out in section 31A (3) of the Act;
 - (iii) £126,134,300 - Net Revenue Expenditure, being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated in accordance with section 31A (4) of the Act, as the Council's Council Tax Requirement for the year (Item R in the formula in section 31A (4) of the Act);
 - (iv) £2,117.52 - Reading Borough Council Band D Council Tax, being the amount at (iii) above (Item R) divided by the Council's tax base 59,566.99 (Item T) calculated in accordance with section 31B (1)

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of the Act, as the basic amount of its Council Tax for the year, representing an increase of 4.99% in the Council's own tax;

- (2) That the net tax base of 59,566.99 band D equivalent properties (being the gross tax base adjusted for an assumed collection rate) for 2025/26 was agreed by Council on 28 January 2025 be noted; and
 - (i) that the band D charge for Reading Borough Council be £2,117.52 as shown in Table 2 of the report; and
 - (ii) that, including the Berkshire Fire & Rescue Service and Thames Valley Police precepts, Council Tax by property valuation band be as set out in Table 3 of the report.

48. 2023/24 AUDITOR'S ANNUAL REPORT - KPMG

Further to Minute 24 of Audit & Governance Committee on 21 January 2025, the Director of Finance submitted a covering report on behalf of the Council's External Auditor, KPMG, which had attached their Annual Report, providing a summary of the findings and key issues arising from the 2023/24 audit. The report had been prepared in line with the requirements set out in the Code of Audit Practice by the National Audit Office and was required to be published by the Council with the annual report and accounts. The report set out a summary of KPMG's conclusions that were required in respect of their responsibilities. In relation to the Council's Accounts, KPMG would issue a disclaimed opinion as part of the nationally agreed process to bring audit opinions back up to date. The significant financial statement audit risks identified were valuation of land and buildings, valuation of investment property, management override of controls and valuation of post-retirement benefit obligations, details of which were described in the Auditor's report. There were not any significant inconsistencies between the content of the narrative report and KPMG's knowledge of the Council. In addition, regarding Value for Money, the Council was found to have appropriate arrangements in place with no identified significant weaknesses in respect of arrangements to secure economy, efficiency and effectiveness in the use of resources.

The following motion was moved by Councillor Emberson and seconded by Councillor Terry and CARRIED:

Resolved -

That the Auditor's Annual Report for 2023/24, as attached to the report, be noted.

49. ANNUAL GOVERNANCE STATEMENT 2023/2024

The Executive Director of Resources submitted a report on the Annual Governance Statement 2023/24. The Council was responsible for ensuring that financial management

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was adequate and effective and had a sound system of internal control, which facilitated the effective exercise of the Council's functions and included arrangements for the management of risk. The Accounts and Audit Regulations required local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year to accompany the authority's financial statements. The Annual Governance Statement was a key record of the overall effectiveness of governance arrangements within the Authority. The statement reflected the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrated how the key governance requirements had been met. The AGS had to be agreed prior to the Annual Statement of Accounts being approved (see Minute 50 below).

The following motion was moved by Councillor Emberson and seconded by Councillor Terry and CARRIED:

Resolved -

- (1) **That the Annual Governance Statement for 2023/2024, as attached to the report, be approved.**
- (2) **That the Assistant Director of Legal and Democratic Services be authorised to make minor amendments to the Statement, in consultation with the Leader and Chief Executive, prior to signature by the Leader and Chief Executive.**

50. 2023/24 STATEMENT OF ACCOUNTS

The Director of Finance submitted a report on the Statement of Accounts for 2023/24. The report explained that the approval of the annual Statement of Accounts was a matter reserved to Council. The Council's external auditor, KPMG, was expected to issue a 'disclaimed' audit opinion by the statutory backstop date of 28 February 2025. The accounts would be 'disclaimed' purely because KPMG had insufficient time to provide assurance on 'unaudited' opening balances and prior year comparisons before the backstop date. A full audit for 2023/24 had been undertaken and there were no significant issues arising. The report stated that any adjustments identified during the audit had been corrected and there were no matters arising from the public inspection period, which had now closed.

The following motion was moved by Councillor Emberson and seconded by Councillor Terry and CARRIED:

Resolved -

- (1) **That the Statement of Accounts 2023/24, as attached to the report, be approved;**
- (2) **That the Director of Finance, as Section 151 Officer, be authorised to make minor amendments to the 2023/24 Statement of Accounts, in consultation with the Lead Councillor for Corporate Services and Resources.**

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(The meeting closed at 8.24 pm)