

POLICY COMMITTEE MEETING MINUTES - 15 DECEMBER 2022

Present: Councillor Brock (Chair);

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

Apologies: Councillor Hoskin

35. DECLARATIONS OF INTEREST

Councillor Brock declared a prejudicial interest in Item 40 on the grounds that he was a Director and Vice-Chair of REDA and the report recommended awarding funding to that organisation.

36. MINUTES

The Minutes of the meeting held on 31 October 2022 were agreed as a correct record and signed by the Chair.

37. QUESTIONS

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr Thompson	Cost of Living Vouchers	Cllr Brock
2.	Cllr McElroy	Cricket at Cintra Park	Cllr Barnett-Ward
3.	Cllr White	Ensuring School Meals Remain Tasty and Nutritious	Cllr McEwan
4.	Cllr White	Traffic Light Outages	Cllr Page

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

38. 2022/23 QUARTER 2 PERFORMANCE AND MONITORING REPORT

The Director of Finance submitted a report setting 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), as well as performance against the measures of success published in the Council's Corporate Plan. The following documents were attached to the report:

- 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

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The report stated that the forecast General Fund revenue outturn position at the end of Quarter 2 included a projected adverse net variance on service expenditure of £3.509m. This variance was offset by a projected £4.776m positive net variance on Corporate Budgets, of which £3.627m related to the unallocated Corporate Contingency, resulting in a projected overall positive net variance of £1.267m. The forecast adverse variance on services included 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 were set out in the report. The pressures were 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.

The report explained that £1.935m (19%) of budgeted savings had been delivered to date in this financial year, with a further £5.020m (49%) of savings on track to be delivered by March 2023. £2.084m (20%) of savings were currently categorised as non-deliverable and £1.185m (12%) categorised as at risk of delivery. There was therefore a potential impact on the 2023/24 budget should these savings not be deliverable on a recurring basis and they would be reviewed as part of the 2023/24 budget setting and 2023/24-2025/26 Medium Term Financial Strategy processes.

The report sought approval for amendments to the General Fund Capital Programme, following a review during Quarter 2. The amended Capital Programme was now forecasting a positive net variance of £1.201m against a proposed revised budget of £80.027m in 2022/23. This variance related to £1.151m of the Delivery Fund that had 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.

The report also noted that the Housing Revenue Account was projecting a positive net variance of £2.662m as at the end of Quarter 2, which resulted in a forecast contribution to HRA reserves of £0.508m. The HRA Capital Programme was forecasting an adverse variance of £0.060m against a revised budget of £27.828m in 2022/23.

The report also set out performance against the measures of success published in the Council's Corporate Plan and key projects and initiatives helping to deliver the Council's mission and priorities. In Quarter 2 the target had been achieved for 54% of the measures of success and performance was within 10% of the target for 29%.

Resolved -

(1) That it be noted that:

- a) **The forecast General Fund revenue outturn position as at the end of Quarter 2 was a positive net variance of £1.267m;**

- b) The Housing Revenue Account (HRA) was 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;
 - c) £1.935m (19%) of savings had 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 were currently categorised as non-deliverable (red) and £1.185m (12%) categorised as at risk of delivery (amber);
 - d) There was 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;
 - e) The General Fund Capital Programme was reporting a positive net variance of £1.201m against a revised budget of £80.027m;
 - f) The HRA Capital Programme was forecasting an adverse variance of £0.060m against a revised budget of £27.828m;
 - g) The performance achieved against the Corporate Plan success measures was as set out in Section 12 of this report and Appendices 3 and 4.
- (2) That the BFfC Contract Sum for 2022/23 be increased by £0.707m in order to fund the additional pressure arising from the 2022/23 pay award;
- (3) That the amendments to the General Fund Capital Programme (as set out in further detail in Section 11 of the report and Appendix 2) be agreed, resulting in a revised budget of £80.027m;
- (4) That the amendments to the HRA Capital Programme (as set out in further detail in Section 11 of the report and Appendix 2) be agreed, resulting in a revised budget of £27.828m;
- (5) That spend approval be given for the Capital Programme Schemes set out in Table 10 totalling £0.880m and paragraph 11.9 totalling £0.162m.

39. MEDIUM TERM FINANCIAL STRATEGY 2023/24 - 2025/26 UPDATE

The Director of Finance submitted a report providing an update on the Council's Medium Term Financial Strategy (MTFS) prior to public consultation on the Council's proposed Budget. The following documents were attached to the report:

- 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
- Appendices 3a and 3b - General Fund and HRA Capital Programmes 2023/24 to 2025/26
- Appendix 4 - Flexible Capital Receipts Strategy
- Appendix 5 - Equality Impact Assessment

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The report noted that the updated MTFS had been developed to reflect the changing landscape in which local authorities were now operating including the economic effects of the conflict in the Ukraine and uncertainty created by Brexit and a change in leadership of the UK Government. The MTFS reports for the previous two years had been dominated by the impact of the Covid-19 pandemic which had increased costs and reduced levels of income. Although the situation had improved, income levels had still not returned to pre Covid-19 levels in a number of cases. The updated MTFS proposed further re-profiling of income targets to later years, although not on the scale previously required. Initially the impact of lost income had been offset by grant funding from Central Government, but this was no longer the case. It was noted that the high levels of inflation currently being experienced might subdue economic activity and in turn a further reduction in income levels to the Council.

The report explained that there were significant pressures in the social care system and that the updated MTFS included 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 allowed 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. In addition, an initial assessment had been undertaken of the financial impact of Adult Social Care funding reforms, which were included as cost pressures in year 3 of the MTFS following the announcement to push back the reforms to 2025/26. The MTFS also assumed that the Business Rate reset originally assumed to happen in 2022/23 would not now happen until 2024/25 at the earliest. The proposed budget also included an increase in the Brighter Futures for Children (BFfC) contract sum for 2023/24 of £2.2m. This included inflationary increases and a growth pressure in respect of Home to School Transport that had previously been assumed to be absorbed by BFfC. Bids for additional discretionary funding had not yet been agreed and negotiations are ongoing.

Appendix 3 attached to the report set out the draft capital programmes, the financing cost of which would be included in the revenue budget. The Department for Levelling Up, Housing & Communities had published a consultation on changes to the capital framework for Minimum Revenue Provision (MRP proposed to become effective from April 2023 onwards). The outcome of this consultation was still outstanding and the draft MTFS assumed that the changes would not be implemented.

The report outlined other considerations in drafting the MTFS including the impact of the Environment Bill proposals on Waste Operations which was included as a cost pressure in Year 3, and the removal of the 1.25% increase in employers National Insurance contributions and other funding in respect of the Health and Social Care. A general Council Tax increase of 1.99% and an additional Adult Social Care precept of 1% were assumed across each of the three years. There was an estimated funding gap of £2.394m in 2023/24 which would need to be addressed to comply with the legal requirement to set a balanced budget.

The report explained that a period of public consultation on the budget would commence on 19 December 2022 and conclude on 19 January 2023. Following the conclusion of the consultation a further report would be submitted to the Committee on 20 February 2023

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recommending approval of a balanced budget to Full Council in order that it could approve its budget, associated Council Tax level and precept for 2023/24 at its meeting on 28 February 2023.

Resolved -

That the Draft Medium Term Financial Strategy as set out in the Appendices to the report be noted, 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 of the report;**
- 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 was (£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.**

40. EMPLOYMENT AND SKILLS PLANS - UPDATED REPORT AND SKILLS FOR GROWTH PROPOSAL

Further to Minute 11 of the meeting of the Strategic Environment, Planning and Transport Committee held on 7 July 2022, the Executive Director of Economic Growth and Neighbourhood Services submitted a report providing an update on progress made by REDA with the implementation of planning policies concerned with promoting Employment and Skills Plans (ESPs) and seeking approval for the associated delivery framework and action plan. Attached to the report at Appendix A was an outline 18-month delivery plan for supporting Economic Growth Nov 2022 - Apr 2024.

The report noted that REDA (formerly Reading UK CIC) was the Borough's preferred economic development partner, managing all aspects of ESPs through both delivery plans and programmes funded by S106 contributions, as set out in the Borough's Supplementary Planning Document 2013. The report set out the outcomes of this work to date which showed that REDA had a strong track record of delivering benefits to the local community through using S106 developer contributions, including over the last 18 months providing

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support to 1,700 local people helping them move forward in the jobs market or into self-employment. Partnership with both public and private sector partners would continue to be central to delivery of the programmes with match funding and support-in-kind from companies and organisations including 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.

The report explained that REDA's Skills for Growth Group had 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 would respond to known demand where skills shortages were a regional issue; training would 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. In addition, the framework would invest in programmes of support to prepare local people for new and emerging job opportunities from developing sectors: supporting the development of a more environmentally sustainable economy and training for jobs in the emerging 'green economy', and 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.

The report explained that the proposed programme would feature a greater level of outreach activity through council services and the community and voluntary sectors to ensure it was more accessible and targeted. This could include using neutral and more user-friendly spaces such as libraries and community centres. Specific groups targeted would include schools in more deprived wards, the over 50s, women and people from minority ethnic communities. Access to opportunity would ensure those with supported employment needs as well as the longer term unemployed were reached. Much of this work would 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.

Appendix A to the report set out the detail 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. A total of £236,500 of S106 developer contributions was proposed to be allocated across the delivery programmes of Future Skills / New Job Growth, Start Up in the Community, Job and Recruitment Support, Core Skills and Up-Skilling and Small Business Development.

Resolved -

- (1) That the proposed delivery framework for targeted employment and skills outcomes for all parts of Reading's community, as enabled by**

Section 106 Employment and Skills Plans and Financial Contributions, be approved;

- (2) That the action plan 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, and the allocation of £236,500 of S106 developer contributions to support the delivery of the action plan, be approved;**
- (3) That the Council continue 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.**

(Councillor Brock declared a prejudicial interest in this Item on the grounds that he was a Director and Vice-Chair of REDA. He left the meeting and took no part in the debate or decision.)

41. DRAFT RESIDENTIAL CONVERSIONS SUPPLEMENTARY PLANNING DOCUMENT

The Executive Director of Economic Growth and Neighbourhood Services submitted a report seeking approval to undertake community involvement on a Draft Residential Conversions Supplementary Planning Document (SPD), to provide detailed guidance on proposals for conversion of dwellinghouses to flats or to houses in multiple occupation (HMOs). The results of the public consultation would inform the development of a final version of the SPD for adoption. The following documents were attached to the report:

- Appendix 1 - Equality Impact Assessment
- Appendix 2 - Draft Residential Conversions Supplementary Planning Document

The report noted that an existing Residential Conversions SPD dating from 2013 remained in effect, but that its age and the fact that it pre-dated the Local Plan could affect its weight in decision-making, and there were some issues that had arisen from its implementation that required addressing in a revised version. A new draft Residential Conversions SPD for consultation was attached to the report at Appendix 2.

The report explained that the revised version of the SPD was based on the existing SPD but with some important changes and updates. The main changes from the existing version included: clarification that, within the Article 4 area, the 25% threshold applied to the total number of residential buildings as opposed to residential dwellings; a new, criteria-based approach to proposals for conversion to both flats and HMOs outside the Article 4 area, including a threshold that the proportion of residential buildings within 50m of the application site that had been converted either to flats or an HMO would not be expected to exceed 50%; reference to avoiding a situation where a residential dwelling was sandwiched between two HMOs; general updates to policy references and alignment with the Local Plan.

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The draft SPD would be subject to a consultation which was intended to take place between 19 December 2022 and 13 February 2023. Responses received would be considered in preparing a final draft SPD for adoption.

Resolved -

- (1) That the Draft Residential Conversions SPD, as attached to the report at Appendix 2, be approved for consultation;**
- (2) That the Assistant Director of Planning, Transport and Public Protection Services, in consultation with the Lead Councillor for Planning and Assets, be authorised to make any minor amendments necessary to the SPD that did not alter the policy direction prior to consultation.**

42. ALLOCATION OF S106 FUNDING FOR READING STATION SUBWAY SCHEME 2022/23

The Executive Director of Economic Growth and Neighbourhood Services submitted a report seeking spend approval for £205,761.05 for a Reading Station Subway Refurbishment capital scheme to improve north/south access across the station. It was anticipated that the scheme would be funded from the secured Section 106 contribution, however some additional funding might be required from the Local Transport Plan (LTP) Bridges & Carriageway Capital award for 2022/23. Appendix 1 to the report set out a summary of the relevant S106 contributions.

The report noted that it had been a long-standing desire of the Council and cycling groups to enable safe cycling along the subway, as this prohibition and the surrounding rail infrastructure and strategic road network were significant cycling barriers between the north and south sides of the station and beyond. The Council had commissioned a feasibility report on allowing cycling as part of a scheme to remove the lowest ceiling panels using S106 funding. The proposed scheme would remove the vulnerable low level ceiling panels, secure and protect the Network Rail Services, increase the headroom clearance and include minor repairs to floor and wall tiles, along with improved signage. There was also a separate proposal to replace the lighting to reduce energy consumption and enable remote monitoring and control the lighting units.

The report explained that the proposed scheme would provide improved head room clearance, which although below national guidelines, would enable the Council to accept the position and allow cycling through the subway if the Cycling Prohibition Order was revoked. The Traffic Management Sub-Committee at its meeting on 14 September 2022 (Minute 20 refers) had agreed a consultation on revoking the cycling prohibition to create a shared use (pedestrian/cyclist) facility. The outcome of the consultation would be reflected in the final design of the scheme. The scheme was not dependent on the outcome of the consultation to revoke the cycling prohibition, as the works to remove the low sections of ceiling panels were still required to ensure that a viable long-term solution was delivered. The scheme design was currently being finalised and works were provisionally scheduled to commence in early 2023.

Resolved -

- (1) That spending approval be given for the Reading Station Subway Refurbishment scheme;
- (2) That the Executive Director for Economic Growth & Neighbourhood Services, in consultation with the Lead Councillor for Environmental Services & Community Safety and Director of Finance, be authorised to finalise details of the scheme and programme within the overall approval given;
- (3) That 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 be authorised to enter into relevant contracts required to undertake the approved scheme and works programme.

43. HOUSING BENEFIT WAR PENSION AND ARMED FORCES COMPENSATION DISREGARD POLICY

The Director of Finance submitted a report reviewing 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. Attached to the report at Appendix 1 was War Pension and Armed Forces Compensation Disregard Policy.

The report explained that prior to the introduction of the Social Security Administration Act 1992, there had been a statutory £10.00 per week disregard on War Disability and War Widows pensions in calculation of income for means tested social security benefits including Housing Benefit. The Social Security Administration Act 1992 had allowed councils to disregard up to 100% of war pensions above the £10.00 per week disregard and the Council had agreed to disregard war pensions in full at some point in the 1990s. From April 2004, the Government had 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 meant that the Council only paid for 25% of the discretionary disregard.

In 2021 a number of councils had been asked by external auditors to provide evidence that they had passed resolutions disregarding War Pensions and War Widow(er) Pensions from Housing Benefit. Many councils no longer had the original documentation confirming the disregard and the auditors had agreed to accept the historic position but insisted that councils re-affirm their policy. The report therefore recommended that the Committee 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. Adoption of the policy had already been factored into the budget projections and operation of the Benefits Service and the administration of claims in 2022/23.

Resolved -

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

(The meeting started at 6.30 pm and closed at 7.49 pm)