

POLICY COMMITTEE MEETING MINUTES - 20 FEBRUARY 2023

Present: Councillor Brock (Chair);

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

Apologies: Councillors Hoskin

RESOLVED ITEMS

51. MINUTES

The Minutes of the meeting held on 23 January 2023 were agreed as a correct record and signed by the Chair.

52. PETITIONS AND QUESTIONS

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr McElroy	Licensing Houses in Multiple Occupation	Cllr Emberson
2.	Cllr White	Tackling Rat Problems	Cllr Rowland

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

53. 2023/24 BUDGET & MEDIUM-TERM FINANCIAL STRATEGY 2023/24 - 2025/26

Further to Minute 39 of the meeting held on 15 December 2022, the Director of Finance submitted a report setting out for recommendation to Council the 2023/24 Budget and 2023/24-2025/26 Medium-Term Financial Strategy and updating the Committee on the results of the budget consultation exercise, changes arising from the publication of the Local Government Finance Settlement (LGFS) as well as other changes that had arisen. The following documents were attached to the report:

- Appendix 1 - The Medium-Term Financial Strategy (MTFS) 2023/24 - 2025/26
- Appendix 2 - Summary of the General Fund (GF) budget proposals 2023/24 - 2025/26
- Appendix 3 - General Fund Revenue Budget by Service 2023/24 - 2025/26
- Appendix 4 - Detailed General Fund Budget Changes 2023-24 to 2025-26
- Appendix 5 - The Housing Revenue Account (HRA) budget proposals 2023/24 - 2025/26
- Appendix 6 - The Dedicated Schools Budget proposals 2023/24 - 2025/26
- Appendix 7 - The General Fund and HRA Capital Programmes 2023/24 - 2025/26
- Appendix 8 - The Flexible Use of Capital Receipts Strategy 2023/24 - 2025/26

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- Appendix 9 - Fees and Charges proposals from April 2023
- Appendix 10 - Equality Impact Assessment of the budget proposals
- Appendix 11 - Summary of the Response to the Budget Consultation
- Appendix 12 - Summary of the Results of the Residents Survey 2022

The report explained that the underpinning rationale of the Medium-Term Financial Strategy was to deliver a balanced and affordable 2023/24 budget and ensure that the Council's finances were robust and sustainable over the medium term, and that in the longer term the Council's finances were not reliant on the unsustainable use of one-off reserves or funding. The Strategy was informed by the Council's Vision: "to ensure that Reading realises its potential - and that everyone who lives and works in Reading can share in the benefits of its success" and the Corporate Plan themes of Healthy Environment, Thriving Communities and Inclusive Economy.

The report set out the budget assumptions which included: Council Tax increases of 2.99% plus an Adult Social Care precept of 2.0% for the first two years of the MTFs (2023/24 to 2025/26) with increases of 1.99% and 1.0% respectively in 2025/26; Delivery of £9.841m (£9.591m services and £0.250m corporate) of efficiencies and increased income across the period; a contingency provision over the three years (£4.1m 2023/24; £4.9m 2024/25; and £5.1m 2025/26) to mitigate possible slippage or non-achievement of higher risk savings and/or income targets over the period; a housing rent increase of 7.0% (Government Cap) in 2023/24, returning to a rent increase in line with approved policy of CPI + 1% in subsequent years; General Fund capital investment of £188.0m and Housing Revenue Account (HRA) capital investment of £151.3m over the period 2023/24 to 2025/26; and £3.580m of transformation funding (over the period 2023/24 to 2024/25) to support delivery of efficiency savings assumed within the MTFs, taking the total transformation funding to £21.729m across the whole life of the Delivery Fund.

The deficit on the Dedicated Schools Grant High Needs Block was anticipated to be £4.3m by 31st March 2023. An updated deficit recovery plan would be presented to Schools Forum in March 2023. The Government recognised that there was a national SEND funding crisis and in 2022/2023 the Department of Education had launched a "Delivering Better Value" programme inviting 55 local authorities to take part. Reading was one of the 55 authorities invited to join the programme and work had started in February 2023. Further details were set out in paragraphs 4.5 and 4.6 and in Appendix 6 of the report.

The preparation of the 2023/24 Budget and MTFs 2023/24 - 2025/26 had again been challenging due to the continuing uncertainty caused by the wide-ranging implications of inflation and the cost of living crisis, Covid-19, the war in Ukraine, climate change, and, despite a multi-year Autumn Statement, yet another one-year Local Government funding settlement from Central Government.

The report stated that the Government had announced that the Culture and Community at Minster Quarter bid, which included the new performance space at the Hexagon and the re-provisioning of the Central Library at the Civic Offices, had been successful and would receive funding from the Levelling Up Fund (LUF). The grant awarded in respect of this bid was £19.164m. The Council would need to enter into a funding agreement and

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agree variations as necessary. The next step would be for the Council to agree the delivery programme, including all necessary procurements and to agree any variations as necessary and go out to consultation, including statutory, to progress delivery of the LUF projects.

The report explained that the Council had an obligation to deliver works to Ranikhet School as part of the Dee Park Regeneration Scheme. A decision was currently awaited on the redesignation of funding from Homes England regarding the works. Therefore, the report was seeking authority to tender and award contracts for the works, subject to approval of the Homes England funding being received.

The report had been prepared with reference to the following documents: 2022/2023 Budget & Medium Term Financial Strategy 2022/23 - 2024/25 Report approved by Full Council (23rd February 2022); Autumn Statement 2022 - HM Treasury (17th November 2022); Provisional Local Government Finance Settlement 2022/23 - DLUHC (19th December 2022); Final Local Government Finance Settlement 2023/24 - DLUHC (6th February 2023); and Medium-Term Financial Strategy 2023/24- 2025/26 Update Report approved by Policy Committee (15th December 2022).

Items 53-55 were considered together for recommendation to the Council meeting on 28 February 2023.

Resolved -

- (1) That, taking due regard of the results of the budget consultation exercise and residents' survey (as outlined in Appendices 11 and 12), that Council be recommended to approve the 2023/24 General Fund and Housing Revenue Account budgets, Capital Programme and Medium-Term Financial Strategy as set out in Appendices 1-10, noting the following:**
 - a) the Council's General Fund Budget Requirement of £164.411m for 2023/24 and an increase in the band D Council Tax for the Council of 2.99% plus an additional 2.00% Adult Social Care Precept, or £91.30 per annum, representing a band D Council Tax of £1,921.02 per annum, excluding precepts from Police and Fire, as set out in paragraph 4.3;**
 - b) the proposed efficiency and invest to save savings of £3.810m together with additional income of £1.485m in 2023/24 required to achieve a balanced budget for that year as set out in Appendices 2 and 3;**
 - c) the overall savings proposed within the MTFs of £9.841m (of which increases to income, fees and charges was £2.902m) and three-year growth changes to service budgets of £20.431m as set out in Appendices 3 and 4;**

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- d) the budgeted net contribution to earmarked reserves totalling £6.128m, as set out in paragraph 3.24 of Appendix 1;
 - e) the Housing Revenue Account budget for 2023/24 of £49.229m as set out in Appendix 5 and the average increase of 7.0% in social dwelling rents from April 2023;
 - f) the allocation of £93.765m Dedicated Schools Grant (DSG) as set out in Appendix 6;
 - g) the General Fund and Housing Revenue Account Capital Programmes totalling £188.045m and £151.304m respectively, as set out in Appendices 7a and 7b;
 - h) the Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 8;
 - i) the Fees and Charges set out in Appendix 9 of the report; and
 - j) the Equalities Impact Assessment as set out in Appendix 10.
- (2) That, in respect of the Levelling Up Fund award:
- a) the grant funding of up to £19.164m from the Department of Levelling Up, Housing and Communities and additional capacity building funding of £0.060m in 2023/24 and £0.050m in 2024/25 be accepted, to deliver the Levelling Up Fund projects, and match funding be committed from approved capital budgets as per the Council's Levelling Up Fund bid set out in the report to Policy Committee on 11 July 2022 (Minute 12 refers);
 - b) the Executive Director of Economic Growth and Neighbourhood Services be authorised, in consultation with the Director of Finance, Assistant Director of Legal and Democratic Services and the Leader of the Council, to enter into the relevant grant agreement and agree variations as necessary;
 - c) the Executive Director of Economic Growth and Neighbourhood Services be authorised, in consultation with the Director of Finance, Assistant Director of Procurement and Contracts, the Chief Executive and the Leader of the Council, to agree delivery of the Levelling Up Fund (LUF) programme, including all necessary procurements;
 - d) permission be granted to go out to consultation, including statutory, to progress delivery of the Levelling Up Fund projects;

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- (3) That the Assistant Director of Property & Assets be authorised, in consultation with the Assistant Director for Housing & Communities and the Director of Finance, to tender and award contracts for the programme of works to Ranikhet school.

54. CAPITAL STRATEGY 2023/24

The Director of Finance submitted a report setting out for recommendation to Council the draft Capital Strategy 2023/24, 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. It showed how revenue, capital and balance sheet planning were integrated and set out, among other things, the Council's approach to asset management planning, development and monitoring of the Capital Programme.

This year, the Capital Strategy had been subject to updates arising from the revised Prudential Code for Capital Finance in Local Authorities 2021. The figures in the various tables, most particularly the Capital Programme itself had been updated to reflect the latest position consistent with the MTFs report (Minute 53 above refers). During 2022/23, a Capital Programme had been established to increase oversight of the Capital Programme and its delivery. Terms of Reference for the Board were included at Appendix C to the Strategy document.

The revised Code also clarified that non-treasury management investments would need to be reported as part of the Capital Strategy rather than within the Treasury Management Strategy. Consequently, where the Council had loaned funds to or held equity investments in its wholly owned companies to facilitate service provision/investment this was now incorporated into the Capital Strategy (Appendix 1 - Section 4). Appendix A to the Strategy set out a prioritisation matrix for new capital schemes. The proposed Action Plan at Appendix D of the Strategy identified four areas of ongoing work required for the Council to remain compliant with the CIPFA Code requirements.

Items 53-55 were considered together for recommendation to the Council meeting on 28 February 2023.

Resolved -

- (1) That the Council be recommended to adopt the Capital Strategy as attached at Appendix 1 to the report;

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- (2) That the updated Action Plan set out at Appendix D of the Capital Strategy, together with the associated financial implications, be noted.

55. TREASURY MANAGEMENT STRATEGY STATEMENT (2023/24); MINIMUM REVENUE PROVISION POLICY (2023/24); ANNUAL INVESTMENT STRATEGY (2023/24)

The Director of Finance submitted a report setting out a Treasury Management Strategy for endorsement and recommendation to Council. 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) was attached to the report at Appendix A.

The report explained that the TMSS set out the parameters for the Council's planned treasury activity during 2023/24 under which the Council's Treasury Team would manage day to day activity, and 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 (Minute 54 above refers). 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; 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 report had been prepared with reference to the following documents:

- CIPFA Code of Practice for Treasury Management in the Public Services 2021;
 - CIPFA The Prudential Code 2021;
 - MHCLG Statutory Guidance on Local Government Investments (February 2018);
- and
- CIPFA Bulletin Treasury and Capital Management Update (October 2018).

Items 53-55 were considered together for recommendation to the Council meeting on 28 February 2023.

Resolved -

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- (1) That Council be recommended to approve:
 - a) The Treasury Management Strategy Statement for 2023/24 as set out in Appendix A, section 2;
 - b) The Capital Prudential Indicators as set out in Appendix A section 3;
 - c) The Minimum Revenue Provision (MRP) Policy for 2023/24 as set out in Appendix A, section 5;
 - d) The Borrowing Strategy for 2023/24 as set out in Appendix A, section 5;
 - e) The Annual Investment Strategy for 2023/24 as set out in Appendix A, section 6;
 - f) The Prudential and Treasury Management indicators as set out in Appendix A, Annex 1;
- (2) That the requirement within the Prudential Code 2021 for quarterly reporting on the Council's Treasury Management activities from 2023/24 be noted and that in future these reports would be presented to Audit & Governance Committee in line with the current delegation.

56. BRIGHTER FUTURES FOR CHILDREN LIMITED - RESERVED MATTERS

In accordance with Section 100B (4)(b) of the Local Government Act 1972, the Chair had agreed that this item be considered as a matter of urgency to fill the vacancy for a Council Nominated Director as soon as possible to ensure the Brighter Futures for Children Board could continue to meet its minimum requirements, which included having a Council Nominated Director and avoid any unnecessary delay to the Company's decision making and administrative arrangements.

The Executive Director of Resources submitted a report, in the Committee's capacity as the sole member of Brighter Futures for Children Ltd (BFfC), seeking to fill the vacancy for the Council Nominated Director on the BFfC Board, which had arisen due to the retirement of the former Executive Director of Adult Care and Health Services. The report explained that the minimum requirements for the Board were specified in the Company's Articles of Association (Article 9.2) and included the appointment of a Council Nominated Director. The report recommended making an interim appointment pending the recruitment of a new permanent Executive Director of Adult Care & Health Services.

Resolved -

That, in its capacity as sole member for BFfC, the appointment of Mike Graham, Assistant Director for Legal and Democratic Services be agreed as the

interim Council Nominated Director until such time as a new permanent Executive Director of Adult Care and Health Services was in post.

57. EXCLUSION OF THE PRESS AND PUBLIC

Resolved -

That pursuant to Section 100A of the Local Government Act 1972 (as amended), members of the press and public be excluded during consideration of item 58 below as it was likely that there would be a disclosure of exempt information as defined in the relevant paragraphs specified in Part 1 of Schedule 12A to that Act.

58. LAND AT ISLAND ROAD

The Executive Director of Economic Growth & Neighbourhoods submitted a report on three interlinked transactions involving Council land holdings at Island Road. The report was seeking approval to progress the recommendations as set out in the report in respect of the land interests and to agree a delegation to allow officers to negotiate and complete the necessary transactions, in consultation with the Lead Councillor for Planning & Assets and the Leader of the Council.

Resolved -

That the recommendations, as set out in Section 2 of the report, be approved with the addition of the Leader of the Council to the list of consultees.

(Exempt information as defined in paragraph 3).

(The meeting started at 6.30 pm and closed at 7.15 pm)