

# Policy Committee

10 July 2023



**Reading**  
Borough Council  
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<b>Title</b>	2022/23 Quarter 4 Performance Report
<b>Purpose of the report</b>	To make a decision
<b>Report status</b>	Public report
<b>Report author</b> (name & job title)	Stuart Donnelly, Financial Planning & Strategy Manager
<b>Lead Councillor</b> (name & title)	Councillor Terry, Deputy Leader of the Council and Lead Councillor for Corporate Services & Resources
<b>Corporate priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	<p><b>That Policy Committee notes:</b></p> <ol style="list-style-type: none"><li>1. That the provisional General Fund outturn position for 2022/23 is a £4.191m positive net variance (Appendix 1);</li><li>2. That the provisional Housing Revenue Account (HRA) outturn position for 2022/23 is a net £2.022m transfer from HRA Reserves (Appendix 2);</li><li>3. That the provisional General Fund Capital Programme outturn position for 2022/23 is a positive net variance of £15.327m against the proposed revised budget (Appendix 3);</li><li>4. That the provisional HRA Capital Programme outturn position for 2022/23 is a positive net variance of £1.584m against the approved budget (Appendix 3);</li><li>5. That £7.401m of agreed savings have been delivered in 2022/23, with £2.823m of non-delivered savings being carried forward into future years (Appendix 4);</li><li>6. That £1.268m of Capital Receipts have been used to fund transformation in accordance with the Capitalisation Directive (Appendix 5);</li><li>7. The performance achieved against the Corporate Plan success measures as set out in Section 13 of this report and Appendices 7-8.</li></ol> <p><b>That Policy Committee approves:</b></p> <ol style="list-style-type: none"><li>8. The service requests to roll forward funds totalling £0.281m into 2023/24;</li><li>9. That the remaining balance of £3.910m is transferred to earmarked reserves as set out in Appendix 6;</li><li>10. That the Council provides £2.845m of additional funding support to Brighter Futures for Children (BFfC) over and above the 2022/23 contract sum in respect of their 2022/23 outturn position;</li><li>11. The amendments to the General Fund Capital Programme (as set out in Section 6 of this report and Appendix 3) resulting in a revised Capital Programme budget of £74.434m for 2022/23 and £134.209m for 2023/24;</li></ol>

	<p>12. Scheme &amp; Spend approval for the three General Fund Capital Programme schemes as set out in paragraph 6.7 and Table 11 totalling £0.105m;</p> <p>13. Spend approval for the Caversham Court Gardens General Fund Capital Programme scheme as set out in paragraph 6.8 and Table 12 totalling £0.015m;</p> <p>14. The amendments to the HRA Capital Programme (as set out in further detail in Section 7 of this report and Appendix 3) resulting in a revised HRA Capital Programme net budget of £28.403m for 2022/23 and £55.894m for 2023/24;</p> <p>15. The write-off of debt as set out in Appendix 9 relating to:</p> <p style="padding-left: 20px;">(a) Non-Domestic Rates - £156,153.21;</p> <p style="padding-left: 20px;">(b) Sundry Debt - £167,618.08.</p>
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This report contains exempt information within Appendix 9 which is within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

And in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because:

Having applied the public interest test, it is in the Council's interests not to publish this information to protect the Council's financial and commercial position.

## 1. Executive Summary

1.1 This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2022/23. Further changes are not expected at this stage however the outturn is subject to audit and any material issues arising will need to be adjusted for.

### General Fund (Revenue)

1.2 The budget for 2022/23 was prepared during another challenging period due to the continuing uncertainty caused by the wide-ranging ongoing implications of the Covid-19 pandemic and yet another one-year Local Government funding settlement from Central Government. The Budget included £10.224m of savings to be delivered in 2022/23 to deliver a balanced budget position, with a planned contribution of £0.695m to reserves.

1.3 The actual outturn position is positive net variance of £4.191m as set out below, which is an improvement of £0.884m from the projected outturn position as at the end of Quarter 3 reported to Policy Committee in March. The outturn position is inclusive of £12.530m of net transfers from reserves approved under delegated authority by the Director of Finance. The reserve movements include a total net transfer to reserves of £7.398m from service and corporate budgets offset by the budgeted drawdown of £19.928m in respect of the Collection Fund within Funding. The £19.928m drawdown includes £18.148m of s31 grant funding received in 2020/21 and 2021/22 to compensate the Council for additional business rate reliefs awarded during the Covid-19 pandemic. These grants were then budgeted to be released from reserves to fund the Business Rates Collection Fund deficit balance brought forward from 2021/22 (resulting from the additional reliefs awarded) which is required to be accounted for in 2022/23.

- 1.4 The actual outturn position for net service expenditure is £137.408m, inclusive of approved net transfers to reserves of £6.592m, resulting in an adverse net variance of £3.989m. This includes adverse variances of £1.221m within Economic Growth and Neighbourhood Services, £0.123m within Resources, and £0.131m within Chief Executive Services, which are offset by positive variances of £0.237m within Adult Care and Health Services, and £0.094m within Children's Services Retained by the Council. Brighter Futures for Children (BFfC) are requesting additional funding support of £2.845m over and above the 2022/23 contract sum.
- 1.5 The adverse variance on service expenditure is a net increase of £0.004m from the projected outturn position reported to Policy Committee in March, with the most material movements being from the increase in the adverse variance reported by BFfC of £1.974m and the improvement in the Adult Care and Health Services position of £1.553m which is mainly due to additional Winter Pressures income.
- 1.6 Detailed explanations for all service variances are contained within sections 3.2 to 3.84 of this report.
- 1.7 The actual outturn position on Corporate Budgets is a positive net variance of £7.562m. This position includes £0.806m of approved net transfers to reserves. The positive variance on Corporate Budgets is an improvement of £0.270m from the position reported to Policy Committee in March.
- 1.8 The actual outturn position on Funding is a positive net variance of £0.618m which primarily relates to the end of year calculation of the Business Rates Levy payable to Central Government which was not anticipated as part of the Quarter 3 projections. This position includes £19.928m of approved net transfers from reserves.
- 1.9 Services have submitted two carry forward requests totalling £0.281m as set out in paragraph 4.1. If these requests are approved this will leave a remaining surplus of £3.910m that will be added to earmarked reserves. It is recommended per paragraph 4.2, that £0.500m is transferred to a new Hardship Fund and the remaining balance of £3.410m is transferred to the Capital Financing Smoothing Reserve to support the Capital Programme.
- 1.10 The original budget for 2022/23 included assumed savings of £10.224m, including £2.045m of savings brought forward from the previous year. A total of £7.401m of ongoing savings were delivered in 2022/23. This leaves a residual balance of £2.823m to be carried forward for delivery in future years
- 1.11 This balance of £2.823m will be added to the £5.295m of savings already included in the 2023/24 budget to give a revised savings target of £8.118m. Savings delivery will continue to be monitored and reported on regularly throughout 2023/24.

### **Housing Revenue Account**

- 1.12 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.154m. The provisional outturn position for the HRA requires an actual net drawdown from HRA reserves of £2.022m, this is comprised of a drawdown from HRA balances of £3.085m and a contribution to the Major Repairs Reserve balance of £1.063m relating to the excess Depreciation charge over budget in 2023/24. The HRA is therefore reporting a positive net variance compared to budget of £0.132m. The net drawdown from HRA balances of £3.085m is comprised of a drawdown of £3.158m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.

### **Capital**

- 1.13 The provisional General Fund Capital Programme outturn is a £15.327m positive net variance against the proposed revised budget of £74.434m. A net total of £15.443m of

budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3.

- 1.14 The provisional HRA Capital Programme outturn is a £1.584m positive net variance against the approved budget of £29.987m. A net total of £1.584m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3.

### Performance

- 1.15 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.16 Of the 58 Corporate Plan Performance Measures, 72% are currently "green", 16% "amber" and 10% "red".
- 1.17 Of the 27 measures monitored monthly or quarterly, 70% have improved since Quarter 3, whilst 19% have gotten worse.
- 1.18 Of the 52 Corporate Plan Projects, 67% are currently "green", 31% "amber" and 2% "red".
- 1.19 Those measures that have shown significant change since Quarter 2 are set out in Appendix 8.

## 2. Policy Context

- 2.1. The Council approved the 2022/23 Budget and Medium-Term Financial Strategy (MTFS) 2022/23 – 2024/25 in February 2022.

## 3. General Fund Revenue Summary

- 3.1. The provisional outturn position of the General Revenue Fund is a positive net variance of £4.191m. This includes £12.530m of net transfers from reserves approved under delegated authority by the Director of Finance.

**Table 1. General Revenue Fund Summary by Directorate**

	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Adult Care and Health Services	43.921	44.391	0.470	(0.707)	(0.237)
Economic Growth and Neighbourhood Services	19.821	16.966	(2.855)	4.076	1.221
Resources	18.382	14.757	(3.625)	3.748	0.123
Chief Executive Services	1.556	1.687	0.131	0.000	0.131
Children's Services retained by the Council	0.781	0.687	(0.094)	0.000	(0.094)
Children's Services delivered by BFfC	48.958	52.328	3.370	(0.525)	2.845
<b>Total Service Expenditure</b>	<b>133.419</b>	<b>130.816</b>	<b>(2.603)</b>	<b>6.592</b>	<b>3.989</b>
Capital Financing Costs	16.381	12.873	(3.508)	0.000	(3.508)
Contingency	3.627	0.000	(3.627)	0.000	(3.627)
Movement to/(from) Reserves	0.695	0.000	(0.695)	0.695	0.000
Other Corporate Budgets	(4.132)	(4.670)	(0.538)	0.111	(0.427)
<b>Total Corporate Budgets</b>	<b>16.571</b>	<b>8.203</b>	<b>(8.368)</b>	<b>0.806</b>	<b>(7.562)</b>
<b>Net Budget Requirement</b>	<b>149.990</b>	<b>139.019</b>	<b>(10.971)</b>	<b>7.398</b>	<b>(3.573)</b>
<b>Financed by:</b>					

Council Tax Income	(104.403)	(104.403)	0.000	0.000	0.000
NNDR Local Share	(26.510)	(27.123)	(0.613)	0.000	(0.613)
New Homes Bonus	(2.038)	(2.038)	0.000	0.000	0.000
Section 31 Grant	(12.580)	(12.580)	0.000	0.000	0.000
Revenue Support Grant	(2.108)	(2.108)	0.000	0.000	0.000
Other Government Grants	(2.404)	(2.409)	(0.005)	0.000	(0.005)
One-off Collection Fund (Surplus)/Deficit	3.219	3.219	0.000	0.000	0.000
One-off Collection Fund (Surplus)/Deficit – Business Rates (Covid Reliefs)	16.762	16.762	0.000	0.000	0.000
Section 31 Grants Released from Reserves	(18.148)	0.000	18.148	(18.148)	0.000
Release from Collection Fund Smoothing Reserve	(1.780)	0.000	1.780	(1.780)	0.000
<b>Total Funding</b>	<b>(149.990)</b>	<b>(130.680)</b>	<b>19.310</b>	<b>(19.928)</b>	<b>(0.618)</b>
<b>(Positive)/Adverse Variance</b>	<b>0.000</b>	<b>8.339</b>	<b>8.339</b>	<b>(12.530)</b>	<b>(4.191)</b>

### Adult Care and Health Services

3.2. Adult Care and Health Services' provisional outturn position is a positive net variance of £0.237m. This is an improvement of £1.553m from the Quarter 3 forecast.

3.3. The following table summarises the outturn position for 2022/23.

**Table 2. Adult Care and Health Services Outturn 2022/23**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Commissioning & Transformation	2.163	1.953	(0.210)	0.000	(0.210)
Adult Services Operations	39.892	39.030	(0.862)	0.788	(0.074)
Public Health	0.000	1.495	1.495	(1.495)	0.000
Directorate Other	0.491	0.547	0.056	0.000	0.056
Safeguarding, Quality, Performance & Practice	1.375	1.366	(0.009)	0.000	(0.009)
<b>Total</b>	<b>43.921</b>	<b>44.391</b>	<b>0.470</b>	<b>(0.707)</b>	<b>(0.237)</b>

3.4. The explanation for these variances is set out below.

### **Commissioning & Transformation - £0.210m positive variance**

3.5. Commissioning & Transformation is reporting a positive net variance of £0.210m, which is comprised of:

- £0.066m positive variance relating to additional income linked to the Winter Pressures Hospital Discharge (Non-Placements);
- £0.144m positive variance relating to contract spend and other non-payroll related budgets.

### **Adult Services Operations - £0.074m positive variance**

#### *Placements Budget*

3.6. There is an overall pressure of £1.000m on the placement budgets (inclusive of hospital discharges). This is an improvement of £0.500m from Quarter 3 inclusive of associated income budgets. This is linked to the introduction of the Winter Pressures Hospital Discharge Fund where the Council was able to claim back funds to support additional

placements costs and support charges, and additional one-off income linked to recoupment of direct payments.

#### *Non-Placements Budget*

3.7. The pressures on placements budgets are offset by the following variances on non-placements budgets:

- £0.225m positive variance on staffing budgets due to a high level of vacancies and having to re-direct staff onto the Winter Pressures work which was fully funded through Health. The vacancy levels are already being addressed for 2023/24;
- £0.620m positive variance on additional income linked to the Winter Pressures Hospital Discharge (Non Placements);
- £0.229m positive variances on contract spend, non-payroll related budgets including software and staffing support.

3.8. The required roll-forwards of £0.788m of Better Care Funding is included within the above position.

#### **Public Health – balanced budget**

3.9. Public Health is reporting a balanced position which includes a roll-forward of unspent Public Health Grant to the Public Health Grant Reserve of £0.161m. The service has also drawn down £0.798m of Track & Trace and Contain Outbreak Management Fund grants, £0.485m from Community Vaccines Grant, and £0.373m of Rough Sleeping Drug & Alcohol Treatment Grant from the Revenue Grant Unapplied Reserve.

#### **Directorate Other - £0.056m adverse variance**

3.10. The £0.056m adverse variance relates to staffing budgets due to required interim cover arrangements.

#### **Safeguarding, Quality, Performance & Practice - £0.009m positive variance**

3.11. The £0.009m positive variance relates to an overachievement of income within the Deputies team.

#### **Economic Growth and Neighbourhood Services**

3.12. Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £1.221m. This is an improvement of £0.148m from the Quarter 3 forecast.

3.13. The following table summarises the outturn position for 2022/23.

**Table 3. Economic Growth and Neighbourhood Services Outturn 2022/23**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Transportation	(1.837)	(6.476)	(4.639)	4.839	0.200
Planning & Regulatory Services	2.647	2.996	0.349	0.061	0.410
Housing & Communities	2.022	2.525	0.503	(0.478)	0.025
Culture	3.953	4.048	0.095	0.193	0.288
Environmental & Commercial Services	16.487	16.912	0.425	(0.227)	0.198
Property & Asset Management	(3.966)	(4.044)	(0.078)	0.000	(0.078)

Management & Sustainability	0.515	1.005	0.490	(0.312)	0.178
<b>Total</b>	<b>19.821</b>	<b>16.966</b>	<b>(2.855)</b>	<b>4.076</b>	<b>1.221</b>

3.14. The explanation for these variances is set out below.

**Transportation - £0.200m adverse variance**

3.15. Transportation is reporting an adverse variance of £0.200m.

3.16. This variance arises mostly from income shortfalls still attributable to the aftermath of Covid-19. Income levels are above those achieved in 2021/22 and the recovery on the whole 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 4. Off-Street Car Parking Income Trend**

Financial Year	Budget	Actual/Forecast	Variance
	£m	£m	£m
2019/20	(4.244)	(4.333)	(0.089)
2020/21	(4.734)	(1.183)	3.551
2021/22	(3.668)	(2.933)	0.735
2022/23	(4.126)	(3.549)	0.577
2023/24	(4.776)		

3.17. The adverse variance of £0.577m 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 the 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.

3.18. There is a pressure of £0.075m for repairs on Broad Street Mall Car Park caused by heavy rain.

3.19. Additionally, there are pressures across the service on salary and agency costs of £0.098m.

3.20. These pressures are partially offset by income overachievements including from On-Street Pay & Display Car Parking and Bus Lane Enforcement of £0.550m.

3.21. The outturn position includes the following net transfers to reserves totalling £4.839m:

- £4.676m transfer to the Revenue Grants Unapplied Reserve in respect of unspent Bus Service Improvement Plan Grant;
- £0.263m transfer to the Revenue Grant Unapplied Reserve in respect of unspent Active Travel Capability Fund Grant;
- £0.100m transfer from the Revenue Grant Unapplied Reserve in respect of Active Travel Tranche 2;

**Planning & Regulatory Services - £0.410m adverse variance**

3.22. Planning & Regulatory Services is reporting an adverse variance of £0.410m.

- 3.23. There is an income shortfall of £0.601m across the service. These are primarily arising from the ongoing Covid recovery as well as the Supporting the Homes for Ukraine scheme. This shortfall consists of:
- The Building Control shortfall of £0.209m directly relates to the lack of staffing and a lack of availability of suitable agency staff to undertake the fee earning work;
  - Premises license fees are reporting an income shortfall of £0.120m. 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;
  - Planning applications and planning fees shortfall of £0.078m 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;
  - Houses of Multiple Occupancy is reporting an income shortfall of £0.194m. 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.
- 3.24. There are also pressures relating to ongoing public enquiries arising within Planning, forecast at £0.187m for 2022/23. There are some residual costs from a previous prosecution. 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.
- 3.25. There are pressures within the Coroners service of £0.155m relating to the Forbury Gardens inquest where the costs are being picked up by Reading Borough Council in full and not reapportioned across other Berkshire Authorities.
- 3.26. These pressures are partially mitigated by a staffing underspend due to vacancies arising within the service and lack of suitable agency staff of £0.367m, miscellaneous fees & charges overachievement of £0.193m and an adverse variance of £0.027m on other supplies and services.
- 3.27. The outturn position includes a net transfer of £0.061m to the Revenue Grants Unapplied Reserve in respect of various grant balances.

### **Housing & Communities - £0.025m adverse variance**

- 3.28. Housing & Communities is reporting a £0.025m adverse variance for the year.
- 3.29. Homelessness is reporting an adverse net variance of £0.280m. 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 have been seen in the cost of emergency accommodation, the average nightly rate in April 2022 was £90 compared to £120 in March 2023. There has also been a reduction in the number of available properties to use. This area is a demand led service, and numbers of families in emergency accommodation have been steadily rising throughout the year; the total number of singles and families in April 2022 was 71, rising to a total of 131 in March 2023.
- 3.30. This pressure has been highlighted throughout the year and is partially offset by the previously reported overachievement of income within Community Safety of £0.255m.

- 3.31. The outturn position includes net transfers totalling £0.478m from the Revenue Grants Unapplied Reserve in respect of various homelessness related grant balances.

**Culture - £0.288m adverse variance**

- 3.32. Culture is reporting an adverse variance of £0.288m for the year. This is mainly due to an under recovery of income in the Hexagon and Concert Hall against pre-covid income targets in a challenging financial climate. There are also pressures relating to contract inflation and income delays in the Play Service.

- 3.33. The variance is comprised of the following elements:

- £0.063m net under recovery of income in Reading arts and venues including the Hexagon and Concert Hall. Despite strong sales, programming and bar sales, the service has not made pre-covid income targets due to the challenging financial climate however, there has been a strong performance of the Town Hall conferencing which has helped to offset other income shortfalls;
- A net £0.216m pressure is being experienced in leisure services. This is comprised of £0.222m of lost income from Play due to the Ranger Station opening later than planned, adverse weather conditions and staff sickness. There has also been additional and unplanned expenditure of £0.035m for external technical support at Christchurch Meadows Paddling Pool. There is also a further variance in Leisure Centres of £0.035m due to higher than anticipated contractual inflation within the GLL Leisure contract as this contract is based on CPI inflation as at March 2022. This has been offset by one-off refunds from prior years, utilities and business rates for the leisure sites now managed under the GLL contract of £0.076m;
- £0.079m of net pressures in Libraries including reduced level of rental income from tenants in the Central Library;
- £0.070m positive variance for 2022/2023 on Reading's contribution to the joint arrangement for the Archives service.

- 3.34. The outturn position includes a net transfer of £0.193m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

**Environmental & Commercial Services – £0.198m adverse variance**

- 3.35. Environmental & Commercial Services is reporting an adverse variance of £0.198m for the year.

- 3.36. Streetscene is reporting an overall positive variance of £0.065m. There is a net income shortfall of £0.617m largely due to staffing shortages in the Arboricultural Team resulting in commercial work not being possible and reductions in income from reduced grounds maintenance/commercial opportunities on industrial sites and New Build Housing developments. These pressures have been more than offset by a positive variance relating to staffing vacancy levels totalling £0.682m.

- 3.37. Recycling and Waste Collection is reporting an overall adverse variance of £0.212m. The staffing budget is reporting a pressure of £0.516m as a result of covering the full employee costs of the required level of service, particularly for covering sickness and annual leave to industry standards. This has been partially offset by application of £0.211m of grants, a positive variance within running costs of £0.043m and £0.050m overachievement of trade waste income.

- 3.38. Fleet Management is reporting an adverse variance of £0.239m. Fuel costs are currently around a third higher than a year ago and this has created a £0.160m adverse variance.

The increased cost of fuel and the recent introduction of five new electric refuse freighters to the fleet were considered as part of the 2023/24 budget setting process. The cost of vehicle maintenance has also been higher than planned and this has created a further adverse variance of £0.079m.

- 3.39. Highways and Drainage is reporting an overall adverse variance of £0.494m. This primarily relates to increased costs of direct materials, paying for waste disposal arising from our work programme and paying increased subcontractor rates totalling £0.580m of additional pressures. The service is also reporting an underachievement of income of £0.097m due to the number of vacancies in the team and the use of driving staff by the Waste Collection team, both of which have reduced capacity in this area to generate income. These pressures are partly offset by a positive variance of £0.183m relating to the aforementioned staffing vacancies within the team.
- 3.40. Civil Engineering is reporting an adverse variance of £0.073m. A positive variance of £0.023m due to vacancies within the team has been more than offset by an increase in the costs of various contracts (including winter maintenance), primarily due to inflationary increases, causing an adverse variance of £0.096m.
- 3.41. Network Management is reporting an adverse variance of £0.232m. This is primarily due to increased running costs and the costs of road traffic collisions damaging traffic system communications that required repairing creating an adverse variance of £0.191m. There has also been a reduction of £0.084m 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. These pressures have been partly offset by £0.043m of vacancies within the team.
- 3.42. Waste Disposal is reporting a positive variance of £0.987m. This has arisen from reduced waste disposal costs, as a result of circa 8% less residual waste per household being presented for disposal. In addition, reductions in costs have been negotiated, reduced insurance premiums sought and the value of income from the sale of re3 recycling has been higher than predicted. Each of these factors has contributed to this positive position for Waste Disposal which was considered within the 2023/24 budget setting process.
- 3.43. The outturn position includes net transfers totalling £0.227m from the Revenue Grants Unapplied Reserve in respect of various grant balances.

#### **Property & Asset Management – £0.078m positive variance**

- 3.44. Property & Asset Management is reporting a positive variance of £0.078m.
- 3.45. There is a positive variance relating to Investment Property income of £0.048m comprising small additional income from a number of sites, and a further positive variance arising from Acre business Park additional lettings of £0.030m. These have been offset by an adverse variance £0.091m due to the decline in income from the Oracle shopping centre following on from the Covid-19 pandemic affecting footfall, which has had a knock-on effect of reducing the base rent received.
- 3.46. There is a positive variance on staffing costs within the Valuations team of £0.078m due to vacancies in the team, and other minor positive variances from business rates adjustments as well as overachievement of lettings income of £0.013m.

#### **Management & Sustainability – £0.178m adverse variance**

- 3.47. Management & Sustainability is reporting an adverse variance of £0.178m.

- 3.48. The Business Development service is reporting a pressure of £0.183m 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 and has been considered as part of the 2023/24 budget setting process.
- 3.49. Sustainability is reporting a positive variance of £0.028m. This has arisen due to staffing vacancies and an overachievement of solar panel income.
- 3.50. There are also further net pressures of £0.025m relating to costs of specialist reports and a reduction to the amount of staff costs able to be recharged to the HRA.
- 3.51. The outturn position includes the following net transfers from reserves totalling £0.312m:
- £0.065m transfer to the Revenue Grants Unapplied Reserve in respect of unspent grant balances;
  - £0.006m transfer to the Climate Change Reserve in respect of the surplus on the Reading Climate Change Partnership;
  - £0.030m transfer from the DEGNS Strategic Reserve in respect of training and mentoring costs incurred during the year;
  - £0.353m transfer from the Transformation Reserve in respect of funding revenue costs incurred on the two Levelling Up Fund (LUF) schemes (Civic Library and HexBox) and the Minster Quarter scheme.

### **Resources**

- 3.52. The Directorate of Resources' provisional outturn position is an adverse net variance of £0.123m. This is an improvement of £0.167m from the Quarter 3 forecast.
- 3.53. The following table summarises the outturn position for 2022/23.

**Table 5. Resources Services Outturn 2022/23**

<b>Service</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Movement to/(from) Reserves</b>	<b>Adjusted Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Policy, Performance & Customer Services	2.650	2.275	(0.375)	0.064	(0.311)
Human Resources & Organisational Development	1.889	1.746	(0.143)	0.029	(0.114)
Procurement & Contracts	0.488	0.632	0.144	(0.050)	0.094
Finance	4.417	1.524	(2.893)	2.955	0.062
Legal & Democratic Services	2.630	3.314	0.684	0.000	0.684
Digital, Technology & Change	6.308	5.266	(1.042)	0.750	(0.292)
<b>Total</b>	<b>18.382</b>	<b>14.757</b>	<b>(3.625)</b>	<b>3.748</b>	<b>0.123</b>

- 3.54. The explanations for the material variances are set out below.

### **Policy, Performance & Customer Services - £0.311m positive variance**

- 3.55. Policy, Performance & Customer Services is reporting a positive net variance of £0.311m. This variance has arisen due to an overachievement of income in Bereavement Services of £0.145m, staffing vacancies within the Policy Team of £0.170m and £0.107m of unallocated Voluntary Sector & Community Grants. These variances are partially offset

by an adverse net variance within Customer Fulfilment of £0.113m, which relates to £0.207m of unachieved savings, partially offset by £0.094m of staffing vacancies.

- 3.56. The outturn position includes transfers to the Revenue Grants Unapplied Reserve totalling £0.221m in respect of unspent Afghan and Syrian resettlement grants and a transfer from the Revenue Grants Unapplied Reserve of £0.157m in respect of the Household Support Fund.

### **Human Resources & Organisational Development - £0.114m positive variance**

- 3.57. Human Resources & Organisational Development is reporting a positive net variance of £0.114m.
- 3.58. Health & Safety is reporting a positive variance of £0.071m relating to £0.063m of eligible staff costs being funded by Contain Outbreak Management Fund (COMF) and Homes for Ukraine grants. Additionally, there is an overachievement of external training income of £0.008m.
- 3.59. There are further net positive variances totalling £0.043m across the service.
- 3.60. The outturn position includes a transfer to the Revenue Grants Unapplied Reserve of £0.029m in respect of unspent mortuary related grant.
- 3.61. The service has requested that the positive variance delivered within the Health & Safety budget of £0.071m is rolled forward into 2023/24 as set out below:

- The Council has introduced a new Risk Management Policy and process. At the launch of the new Policy the introduction was supported by the Senior Health, Safety & Risk Management Advisor and a temporarily seconded member of staff. That seconded officer has now returned to their substantive post. The new processes are continuing to require a high level of support to ensure that risk management becomes embedded into normal management activity. It is proposed that the positive variance in the Health, Safety & Risk Management Team's budget is used to recruit a temporary Risk Management Officer to enhance the existing resources in the team, which currently for risk management is only 15 hours per week officer time.

### **Procurement & Contracts - £0.094m adverse variance**

- 3.62. Procurement & Contracts is reporting an adverse variance of £0.094m due to unachieved Corporate Procurement savings of £0.100m, which is partially offset by a £0.006m positive variance relating to staffing costs.
- 3.63. The outturn position includes a drawdown of £0.050m from the Procurement Training earmarked reserve.

### **Finance - £0.062m adverse variance**

- 3.64. Finance is reporting an adverse net variance of £0.062m.
- 3.65. There is an adverse net variance of £0.062m consisting of £0.681m of temporary staffing and agency pressures across Accountancy, Exchequer and Internal Audit which are predominantly offset by £0.619m of overachieved income, including new burdens grants, within Revenues & Benefits.
- 3.66. The outturn position includes the following transfers to/from reserves:
- £0.442m transfer to the Self-Insurance Reserve which is in line with the annual contribution as recommended per the last actuarial fund review;

- £2.502m transfer to the Revenue Grants Unapplied Reserve in respect of unspent Homes for Ukraine grant;
- £0.011m transfer to the Revenue Grants Unapplied Reserve in respect of New Burdens Grant for Housing Benefit Administration.

### **Legal & Democratic Services – £0.684m adverse variance**

- 3.67. Legal & Democratic Services is reporting an adverse variance of £0.684m.
- 3.68. Customer Relations & Information Governance are reporting an adverse variance of £0.213m due to staffing costs exceeding the budgeted establishment.
- 3.69. Legal Services is reporting an adverse variance of £0.257m through using agency to cover vacancies, non-achievable fees & charges and HRA recharge income, additional spend on supplies and services including additional legal fees where the service has experienced demand for legal expertise outside of their in-house capability and capacity, particularly in areas of employment and data protection where counsel are having to be instructed to cover hearings.
- 3.70. Local Elections are forecasting an adverse variance of £0.155m due to the council holding an “all out” local election resulting 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 elections remaining in place for 2022/23.
- 3.71. Minor adverse variances of £0.059m are reported across the rest of service.

### **Digital, Technology & Change - £0.292m positive variance**

- 3.72. Digital, Technology & Change is reporting a positive net variance of £0.292m which is comprised of the following:
- £0.105m positive variance due to staffing vacancies within the Project Management Office (PMO);
  - £0.105m positive variance relating to other staffing budgets across the service;
  - £0.050m positive variance resulting from savings in hosting rationalisation;
  - £0.053m positive variance on software licensing;
  - £0.021m adverse variance on mobile telephony.
- 3.73. The outturn position includes a transfer to the Revenue Grants Unapplied Reserve of £0.750m in respect of the Local Digital Future Councils grant received in March 2023.
- 3.74. The service has requested that the positive variances arising from the staffing budgets totalling £0.210m are rolled forward into 2023/24 as set out below:
- The positive variance derived from our inability to recruit to vacancies in the PMO team until its restructure completed at the end of April 2023. Recruitment has now been initiated but the need to fill the gaps is now so urgent that agency or consultancy resource will be needed as a short-term measure. This funding will help to bridge this gap.

### **Chief Executive Services**

- 3.75. Chief Executive Services provisional outturn position is an adverse net variance of £0.131m. This is an improvement of £0.008m from the Quarter 3 forecast.
- 3.76. The following table summarises the outturn position for 2022/23.

**Table 6. Chief Executive Services Outturn 2022/23**

<b>Service</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Movement to/(from) Reserves</b>	<b>Adjusted Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Corporate Management Team	0.883	0.973	0.090	0.000	0.090
Communications	0.673	0.714	0.041	0.000	0.041
<b>Total</b>	<b>1.556</b>	<b>1.687</b>	<b>0.131</b>	<b>0.000</b>	<b>0.131</b>

- 3.77. The reported variances relate to £0.090m of expenditure pressures within Corporate Management Team budgets, including job advertising and recruitment costs and £0.041m of underachieved advertising income within Communications.

### **Children's Services retained by the Council**

- 3.78. Children's Services retained by the Council's provisional outturn position is a positive variance of £0.094m. This is an improvement of £0.094m from the Quarter 3 forecast.
- 3.79. This variance has arisen following the annual reconciliation process of the Adoption Thames Valley contract, which for 2023/24 identified that a partial refund of the annual contribution was due back to the Council.

### **Children's Services delivered by BFfC**

- 3.80. Brighter Futures for Children's (BFfC) have requested that the Council provides additional funding support of £2.845m, over and above the 2022/23 revised contract sum (including Service Level Agreements) of £48.958m.

**Table 7. Children's Services delivered by BFfC Outturn 2022/23**

<b>Service</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Movement to/(from) Reserves</b>	<b>Adjusted Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Services delivered by BFfC	48.958	52.328	3.370	(0.525)	2.845
<b>Total</b>	<b>48.958</b>	<b>52.328</b>	<b>3.370</b>	<b>(0.525)</b>	<b>2.845</b>

- 3.81. BFfC is reporting that they have incurred exceptional costs totalling £1.855m in respect of:
- £0.425m contract inflation on social care placements;
  - £0.323m contract inflation on home to school transport;
  - £1.107m unavoidable high cost placements in relation to two individual cases.
- 3.82. Additionally, BFfC is reporting a further £1.887m of pressures consisting of:
- £0.897m placement, agency staff and home to school transport costs;

- £0.990m under accrual of placements costs from 2021/22.

3.83. Therefore, of the total pressures of £3.742m, BFfC have proposed that the company will fund the £0.897m relating to placement, agency staff and home to school transport costs, and are requesting that the Council funds the exceptional costs totalling £1.855m and the £0.990m placement costs relating to 2021/22.

3.84. The outturn position includes a drawdown of £0.525m from the Revenue Grants Unapplied Reserve in respect of funding ongoing Covid-19 recovery projects from the residual un-ringfenced Covid-19 grant, as originally approved as part of the 2021/22 Quarter 1 Performance Report to Policy Committee in September 2021.

### **Corporate Budgets**

3.85. Corporate Budgets are reporting a provisional positive net variance of £7.562m. this is an improvement of £0.270m from the Quarter 3 forecast.

3.86. The following table summarises the outturn position for 2022/23.

**Table 8. Corporate Budgets Outturn 2022/23**

<b>Service</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Movement to/(from) Reserves</b>	<b>Adjusted Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Financing Costs	16.381	12.873	(3.508)	0.000	(3.508)
Contingency	3.627	0.000	(3.627)	0.000	(3.627)
Movement to/(from) Reserves	0.695	0.000	(0.695)	0.695	0.000
Other Corporate Budgets	(4.132)	(4.670)	(0.538)	0.111	(0.427)
<b>Total</b>	<b>16.571</b>	<b>8.203</b>	<b>(8.368)</b>	<b>0.806</b>	<b>(7.562)</b>

3.87. The explanation for these variances is set out below.

3.88. Capital Financing Costs is reporting a positive total net variance £3.508m. As a result of the slippage on the Capital Programme reported in the 2021/22 Outturn Report, there is a positive variance of £0.752m relating to the Minimum Revenue Provision (MRP). There is a further positive variance of £1.105m on the interest payable budget which has arisen from a combination of the slippage on the Capital Programme and efficient management of the Council's cashflow negating the need to borrow and a revision to the share of the interest costs between the General Fund and the HRA. Finally, there is a positive variance of £1.651m on the interest receivable budget due to a combination of the rises in interest rates during the year, a higher amount of cash available for investment than originally anticipated and a revision to the share of the interest income between the General Fund and the HRA. This is an improvement of £1.003m from Quarter 3, which is primarily due to the Council being able to invest more surplus cash during the period than had previously been anticipated.

3.89. The Contingency budget of £3.627m to mitigate against non-delivered in-year savings has not been allocated out to services and therefore contributes a further positive variance.

3.90. Other Corporate Budgets is reporting a positive net variance of £0.427m. This variance includes a pressure of £0.954m relating to the 2022/23 pay award, which is more than offset by positive net variances of £1.381m within Other Corporate Budgets due to the release of all unspent contingencies and a reduction in the bad debt provision.

3.91. The outturn position includes the following transfers to/from reserves:

- £0.695m to the General Fund Reserve;

- £1.060m transfer to the Legal & Taxation Reserve ;
- £0.496m transfer to the Energy Earmarked Reserve;
- £0.050m transfer to the Capital Financing Smoothing Reserve;
- £0.025m transfer to the Housing Benefit Subsidy Loss Reserve;
- £1.520m transfer from the Collection Fund Smoothing Reserve.

### **Funding**

3.92. There is a positive variance of £0.618m within Funding. The net NNDR Local Share which consists of the Council's share of retained business rates income, less the business rates Tariff and Levy. Whilst the retained business rates income and Tariff and fixed amounts and known throughout the year, the Levy is variable and is only finalised post completion of the NNDR3 return to Central Government in April at the end of the financial year. It had been assumed throughout the year that the Levy amount would be equal to the budget, however the final calculation has resulted in a positive variance of £0.613m. There is a further positive variance of £0.005m relating to other government grants.

## **4. Requested Roll Forwards**

4.1. It is recommended that the following roll-forward request as set out in paragraphs 3.61 and 3.74 above, totalling £0.281m, are agreed:

**Table 9. Requested Roll Forwards**

<b>Directorate</b>	<b>Service</b>	<b>Reason</b>	<b>Amount £m</b>
Resources	Human Resources & Organisational Development	To fund a temporary Risk Management Officer	0.071
Resources	Digital, Technology & Change	To fund temporary resource in the PMO whilst permanent recruitment processes are completed	0.210
<b>Total</b>			<b>0.281</b>

4.2. It is recommended that £0.500m of the remaining £3.910m surplus is transferred to a new Hardship Fund and that the remaining balance of £3.410m is transferred to the Capital Financing Smoothing Reserve to support the Capital Programme.

## **5. Housing Revenue Account (HRA)**

5.1. The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.154m. The provisional outturn position for the HRA requires an actual net drawdown from HRA reserves of £2.022m, this is comprised of a drawdown from HRA balances of £3.085m and a contribution to the Major Repairs Reserve balance of £1.063m relating to the excess Depreciation charge over budget in 2023/24. The HRA is therefore reporting a positive net variance compared to budget of £0.132m. The net drawdown from HRA balances of £3.085m is comprised of a drawdown of £3.158m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve. The breakdown of the net variance is set out in the following table and Appendix 2 and is explained below.

**Table 10. Housing Revenue Account Forecast 2022/23**

	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Housing Management	9.759	9.325	(0.434)

Special Services	3.606	3.047	(0.559)
Revenue Repairs	6.432	7.402	0.970
PFI Costs	7.197	7.405	0.208
Bad Debt Provision	0.753	0.069	(0.684)
Major Repairs/Depreciation	11.616	13.367	1.751
Debt Costs	6.741	6.044	(0.697)
HRA Income	(43.950)	(43.574)	0.376
<b>Over/(Under) Budget</b>	<b>2.154</b>	<b>3.085</b>	<b>0.931</b>
Movement to/(from) HRA Balances	(2.154)	(3.085)	(0.931)
Movement to/(from) Major Repairs Reserve	0.000	1.063	1.063
<b>Total movement to/(from) HRA Reserves</b>	<b>(2.154)</b>	<b>(2.022)</b>	<b>0.132</b>

5.2. The outturn position was due to:

#### *Expenditure*

- Positive variances within Housing Management and Special Services of £0.434m and £0.559m respectively due to staff vacancies and reduced support services costs;
- An adverse variance within Revenue Repairs of £0.970m mainly due to a high volume of works completed in the latter half of the year, cost inflation and the proportion of in-year expenditure being revenue repairs works, rather than major/improvement works which are capital. There was a corresponding reduction in the planned spend on the Major Repairs – Existing Homes Renewal line in the Capital programme which was reprofiled into later years during 2022/23;
- An adverse variance relating to PFI costs of £0.208m relating to higher inflation than budget affecting the contractual payments. The Business Plan for 2023/24 onwards incorporates the higher inflation rate;
- A positive variance on the movement on the Bad Debt Provision of £0.684m which reflects a good performance on rent collection this year requiring a lower contribution to cover rent arrears;
- An adverse variance on Depreciation of £1.751m which reflects the latest external HRA stock valuations;
- A positive variance on Interest charges on borrowing ('Debt Costs') which were £0.697m lower compared with the budget.

#### *Income*

- An adverse variance on Dwelling Rents of £0.557m. The Rent Collection rate was 95.96% for 2022/23;
- An adverse variance on Service Charges of £0.087m;
- A positive variance on Interest receivable on balances of £0.296m against budget due to an increased average interest rate an increase in the balances on which the interest is calculated;
- An adverse variance on Other Income of £0.028m.

## 6. General Fund Capital Programme

- 6.1. The General Fund Capital Programme for 2022/23 has an approved budget of £74.517m. The following amendments are requested to be formally approved which would result in a revised Capital Programme budget of £74.434m. These amendments are set out on an individual scheme basis in Appendix 3.
- 6.2. The provisional General Fund Capital Programme outturn position is a positive net variance of £15.327m against the proposed revised budget of £74.434m.

**Table 11. General Fund Capital Programme Amendments**

<b>General Fund Capital Programme</b>	<b>£m</b>
<b>Revised Budget Quarter 3 2022/23</b>	<b>74.517</b>
Budget Movements Between Schemes	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	2.220
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing	0.000
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	(2.303)
<b>Proposed Revised Budget Quarter 4 2022/23</b>	<b>74.434</b>

- 6.3. A total of £2.220m of additional budgets across eleven schemes (as set out in Appendix 3) that are fully funded by grants and contributions are requested to be formally added into the Capital Programme. This includes:
- £0.105m for three new schemes to the capital programme where scheme and spend approval is requested as set out in Table 11;
  - £0.647m for capital expenditure directly incurred by schools and funded by devolved formula capital grant funding;
  - £0.903m for the Construction of Green Park Station reflecting an increase in costs to complete the scheme;
  - £0.565m for other schemes.
- 6.4. A total of £2.303m of budget reductions/adjustments are requested to be formally approved as set out in Appendix 3. This includes:
- £2.250m budget reduction where it has been identified that spend will not go ahead as originally planned. This relates entirely to the Loan to Reading Transport (RTL) Ltd scheme. RTL advised that they would not be requesting a loan from the Council during 2022/23;
  - £0.066m budget reduction relating to a 2021/22 carry forward adjustment for the Leisure Procurement scheme;
  - £0.013m budget increase relating to a 2021/22 carry forward adjustment for the Public Sector Decarbonisation Funds – School Estate Double Glazing Programme scheme.
- 6.5. A net total of £15.443m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3. This includes:
- £1.229m for the Co-located Profound and Multiple Learning Disabilities Day Opportunities and Respite Facility and Sheltered Housing Flats scheme due to

delays and changes to plans for the works to be carried out for some of the properties;

- £1.216m for South Reading Mass Rapid Transit (MRT) to reflect the actual level of expenditure achieved for 2022/23;
- £2.797m for the Delivery Fund to reflect the actual outturn achieved across the transformation programme in 2022/23;
- £1.396m to be brought forward into 2022/23 from 2023/24 for the Reading West Station scheme, to reflect updated interim billing information provided by an external partner, where the Council acts as a banker for the funding, for expenditure incurred on parts of the scheme by this partner;
- £1.494m to be brought forward into 2022/23 from 2023/24 for the Leisure Procurement scheme where works have been completed ahead of previous estimates;
- £6.215m of net re-programming between years relating to the Education related schemes that are fully funded by grants and contributions;
- £6.876m of net re-programming between years across all other schemes.

6.6. The Capital Programme has been supported by a drawdown of £2.718m from the Capital Financing Smoothing Reserve to fund the following schemes:

- £0.629m Customer Digital Experience;
- £0.470m Universal Digital Systems;
- £1.116m IT Future Operating Model;
- £0.503m Re-procurement/re-implementation of Finance System.

6.7. It is requested the following capital schemes are given scheme and spend approval as they will be funded from grants and Section 106 contributions. The Caversham Court Gardens scheme is an approved scheme in the 2023/24 capital programme, but works have started in advance of the 2023/24 financial year.

**Table 12. Capital Programme Scheme & Spend Approval Requests**

Scheme	Budget £m
New Directions Ways into Work Skills capital project	0.072
Forbury Gardens Bandstand	0.012
Ecological Works	0.021
<b>Total</b>	<b>0.105</b>

6.8. It is requested that the Caversham Court Gardens capital scheme is given spend approval. This is an approved scheme in the 2023/24 capital programme, but works have started in advance of the 2023/24 financial year.

**Table 13. Capital Programme Spend Approval Requests**

Scheme	Budget £m
Restoration of historic Wall at Caversham Court Gardens	0.015
<b>Total</b>	<b>0.015</b>

## 7. Housing Revenue Account Capital Programme

- 7.1. The HRA Capital Programme for 2022/23 has an approved budget of £29.987m.
- 7.2. The provisional HRA Capital Programme outturn position is a £1.584m positive net variance against the approved budget of £29.987m. A net £1.584m of budget is requested to be slipped between 2022/23 and 2023/24 per Appendix 3.
- 7.3. A net total of £1.584m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3. This includes:
- £0.448m and £0.754m to be brought forward into 2022/23 from 2023/24 for the Major Repairs rolling programme of works due to an increase in the programme in the final quarter of the year;
  - £0.114m to be brought forward into 2022/23 from 2023/24 for other schemes;
  - £2.900m of budget to be re-profiled into 2023/24 for the Local Authority New Build and Acquisitions schemes.

## 8. Savings Delivery

- 8.1. The Council had a challenging savings target for 2022/23 of £10.224m to meet current and expected funding pressures. This total was made up of £8.179m of in-year savings as per the 2022/23 MTFS and £2.045m of savings rolled forward from 2021/22.
- 8.2. A total of £7.401m of savings were delivered in 2022/23. The residual £2.823m will be carried forward for delivery in 2023/24. Further details regarding the delivery of savings are set out in Appendix 5.
- 8.3. Despite £2.823m of savings not being delivered in 2022/23 directly as planned, the Council is reporting a positive net position against the net budget, as set out in Table 1 above; these savings targets have therefore effectively been mitigated against in-year.
- 8.4. The following table summarises the final savings delivery for 2022/23:

**Table 14. General Funds Savings Tracker Summary**

Directorate	Savings Target 2022/23	Savings Delivered 2022/23	Non-Delivered Savings 2022/23	Savings Removed at 2023/24 Budget Setting	Savings Carried Forward to 2023/24
	£m	£m	£m	£m	£m
Adult Care & Health Services	(1.735)	(1.735)	0.000	0.000	0.000
Economic Growth & Neighbourhood Services	(6.579)	(4.140)	(2.439)	0.000	(2.439)
Resources	(0.658)	(0.351)	(0.307)	0.000	(0.307)
Chief Executive Services	0.000	0.000	0.000	0.000	0.000
Corporate	(0.077)	0.000	(0.077)	0.000	(0.077)
<b>Total Council Services</b>	<b>(9.049)</b>	<b>(6.226)</b>	<b>(2.823)</b>	<b>0.000</b>	<b>(2.823)</b>
Children's Services (BFfC)	(1.175)	(1.175)	0.000	0.000	0.000
<b>Total</b>	<b>(10.224)</b>	<b>(7.401)</b>	<b>(2.823)</b>	<b>0.000</b>	<b>(2.823)</b>

- 8.5. The successful delivery of agreed savings remains critical to achieving the underlying balanced base budget position agreed as part of the MTFS. Accordingly, all savings have been rigorously monitored throughout 2022/23 and mitigations sought so far as possible for any identified delay in implementation or delivery.
- 8.6. The following table shows the revised savings required over the period 2023/24-2025/26, including the £2.823m of savings brought forward from 2022/23.

**Table 15. Savings Targets 2023/24-2025/26**

Directorate	Savings Target 2023/24	Savings Target 2024/25	Savings Target 2025/26	Total
	£m	£m	£m	£m
Adult Care & Health Services	(0.461)	0.000	0.000	(0.461)
Economic Growth & Neighbourhood Services	(5.716)	(1.771)	(0.930)	(8.417)
Resources	(1.314)	(0.846)	(0.299)	(2.459)
Chief Executive	0.000	0.000	0.000	0.000
Corporate	(0.327)	0.000	0.000	(0.327)
<b>Total Council Services</b>	<b>(7.818)</b>	<b>(2.617)</b>	<b>(1.229)</b>	<b>(11.664)</b>
Children's Services (BFfC)	(0.300)	(0.600)	(0.100)	(1.000)
<b>Total</b>	<b>(8.118)</b>	<b>(3.217)</b>	<b>(1.329)</b>	<b>(12.664)</b>

## 9. Delivery Fund

- 9.1. Costs of service transformation and the delivery of future ongoing savings are able to be charged to capital (and financed from new capital receipts) due to the introduction of the Flexible Capital Receipts Regulations. These regulations are currently due to end at 31<sup>st</sup> March 2025.
- 9.2. £1.268m was spent in delivering 2022/23 savings and transformation. Including previous years, a total of £15.351m has been invested from the Delivery Fund to assist in delivering identified savings and transformation proposals as at 31<sup>st</sup> March 2023.
- 9.3. Further details on the Delivery Fund are set out in Appendix 5.

## 10. Reserves

- 10.1. The impact of the 2022/23 outturn position on the Council's reserves, as proposed in Appendix 6 is set out in the following table.

**Table 16. Reserves Summary**

	Balance as at 1 April 2022	In-Year Transfers (To)/From Reserves	Proposed Transfers (To)/From Reserves (Service Requests)	Proposed Transfers (To)/From Reserves (Outturn)	Balance as at 31 March 2023	Projected Balance at 31 March 2023 per 2023/24 Budget Setting	Movement
	£m	(To)/From £m	(To)/From £m	(To)/From £m	£m	£m	£m
<b>General Fund Reserves</b>							
Minimum Balance	(7.500)	(0.721)	0.000	0.000	(8.221)	(8.221)	0.000
Earmarked Reserves	(80.027)	15.968	(0.281)	(3.910)	(68.250)	(61.828)	(6.422)

<b>Total General Fund Reserves</b>	<b>(87.527)</b>	<b>15.247</b>	<b>(0.281)</b>	<b>(3.910)</b>	<b>(76.471)</b>	<b>(70.049)</b>	<b>(6.422)</b>
Schools' Reserves	(0.855)	2.833	0.000	0.000	1.978	1.281	0.697
Housing Revenue Account Reserves	(51.295)	3.085	0.000	0.000	(48.210)	(51.170)	2.960
<b>Total Revenue Reserves</b>	<b>(139.676)</b>	<b>21.165</b>	<b>(0.281)</b>	<b>(3.910)</b>	<b>(122.702)</b>	<b>(119.938)</b>	<b>(2.764)</b>

- 10.2. The General Fund Reserve balance of £8.221m is in line with the recommendation made in the Chief Finance Officer's Report on the Robustness of the Council's 2023/24 budget that the level of working balance for the General Fund should be 5% of net revenue expenditure.
- 10.3. Net transfers totalling £15.968m from earmarked reserves have been processed during 2022/23 to date. This includes previously approved transfers as well as those transfers that are a requirement such as required roll forwards of government grants. The reserve movements include a total net transfer to reserves of £7.398m from service and corporate budgets offset by the budgeted drawdown of £19.928m in respect of the Collection Fund within Funding, and a transfer to the General Fund Reserve of £0.721m. Additionally, £2.718m has been transferred from the Capital Financing Smoothing Reserve to support the Capital Programme.
- 10.4. Service roll-forward requests totalling £0.281m have been received as set out in paragraph 4.1.
- 10.5. It is proposed that the General Fund positive net variance of £4.191m is transferred to earmarked reserves as set out in Appendix 6 (which includes the service roll-forward requests of £0.281m). The total earmarked reserve balance as at 31<sup>st</sup> March 2023 would therefore be £68.250m which is £6.422m higher in total than the estimated £61.828m projected at 2023/24 budget setting, primarily due to additional grants carried forward to the Revenue Grant Unapplied Reserve.
- 10.6. Schools' reserves are ringfenced for local authority managed schools. There is a net transfer from reserves of £1.534m resulting in a balance of £1.485m as at 31<sup>st</sup> March 2023. The Dedicated Schools Grant Reserve deficit has increased by £1.299m to £3.463m.
- 10.7. The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £0.132m which results in a net drawdown from HRA reserves of £2.022m, comprised of a drawdown of £3.158m from the main HRA Reserve, a transfer of £0.073m to the North Whitley PFI Reserve and a transfer to the HRA Major Repairs Reserve of £1.063m (the Major Repairs Reserve is a capital reserve and therefore is not included within Table 16).
- 10.8. The HRA reserve balance as at 31<sup>st</sup> March 2023 is therefore £37.990m. The North Whitley PFI reserve balance of £10.220m is also contained within the overall HRA reserves, therefore total HRA revenue reserves as at 31<sup>st</sup> March 2023 are £48.210m. The total HRA revenue balances are £2.960m lower than forecast at 2023/24 budget setting but this partially offset by an increase in HRA capital reserves of £1.063m due to increased depreciation and a reduced level of capital expenditure.

## 11. Collection Fund

- 11.1. The following table shows the Council's collection rate of the total annual debit raised for Council Tax and Non-Domestic (Business) Rates as at the end of Quarter 4.
- 11.2. Council Tax collection rates are marginally behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) but are ahead when compared to 2021/22 and 2020/21. This indicates a near full recovery from the impacts of the Covid-19 pandemic; a full recovery is likely being restricted due to the impacts of the cost of living crisis beginning to take hold.
- 11.3. Non-Domestic collection rates are also still behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) but ahead when compared to 2021/22 and 2020/21. The improvement compared to the last two financial years is likely due to no periods of national lockdowns as a response to the Covid-19 pandemic having been required in 2022/23.

**Table 17. Collection Fund Collection Rates**

	2019/20	2020/21	2021/22	2022/23	Comparison to 2021/22	Comparison to 2019/20
	%	%	%	%	%	%
Council Tax	96.17	95.43	95.53	<b>96.07</b>	0.44	(0.10)
Non-Domestic Rates	97.71	94.22	95.56	<b>96.61</b>	1.05	(1.10)

## 12. Impact on 2023/24 Budget and Medium-Term Financial Strategy

- 12.1. The provisional outturn figures, as set out above, will have the following impact in 2023/24 and future years:
- overall General Fund Reserve balances of £70.049m were assumed as part of 2023/24 budget setting. Based on the provisional outturn there is therefore an overall net increase of £6.422m;
  - £2.823m of non-delivered 2022/23 savings have been rolled forward into 2023/24. These savings were assumed as delivered in the 2023/24 base budget setting and require delivering.

## 13. Corporate Plan Performance

- 13.1. 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.
- 13.2. 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.
- 13.3. 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.

13.4. The Council is now using a new system for performance management reporting, following the expiry of our InPhase licence. We are now using SharePoint for data entry and Power BI for viewing and reporting performance. This system provides a more user-friendly experience.

### **Corporate Plan Measures**

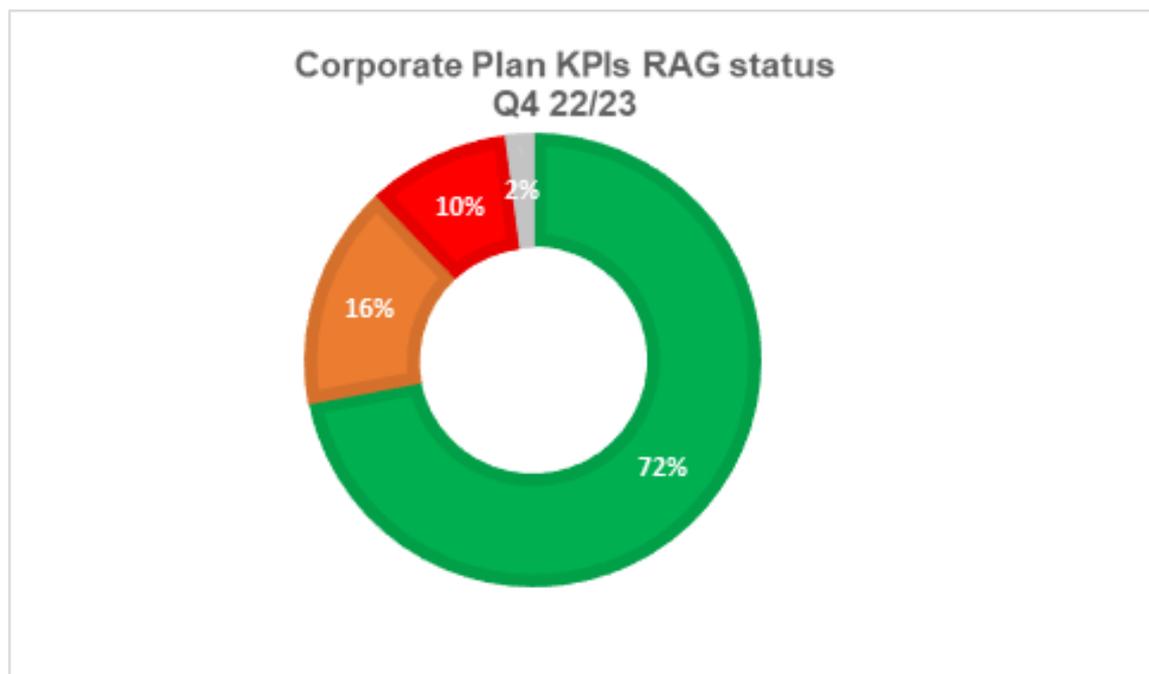
13.5. The tables and charts below display an overview of the shifts in performance for the Corporate Plan measures between Q3 and Q4 for the quarterly measures; direction of travel is not reported for the annual measures. Table 18 shows performance against the target (red/amber/green) for all the measures, including the annual measures.

**Table 18. Summary of Direction of Travel**

	Q1-Q2	Q2-Q3	Q3-4	
	%	%	Number of Measures	%
Getting better	44	56	19	70
Getting worse	41	29	5	19
Unchanged	4	11	3	11
N/A – No Target/Comparison <sup>1</sup>	11	4	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>27</b>	<b>100</b>

**Table 19. Summary of Performance Against Target<sup>2</sup>**

	Q1		Q2		Q3		Q4	
	No.	%	No.	%	No.	%	No.	%
Green	13	48	15	54	19	70	41	72
Amber	4	15	8	29	4	15	9	16
Red	5	18	4	14	4	15	7	10
N/A - No Target/Comparison	5	19	1	3	0	0	1	2
<b>Total</b>	<b>27</b>	<b>100</b>	<b>28</b>	<b>100</b>	<b>27</b>	<b>100</b>	<b>58</b>	<b>100</b>



<sup>1</sup> Q2 data not available for comparison purposes

<sup>2</sup> Green = target achieved; Amber = up to 10% below target; Red = more than 10% below target figures in Qs 1-3 only include quarterly and monthly measures

- 13.6. The six Corporate Plan measures recorded with a 'red' status against 2022/23 targets are listed below.

**Table 20. Corporate Plan Measures – Red Status**

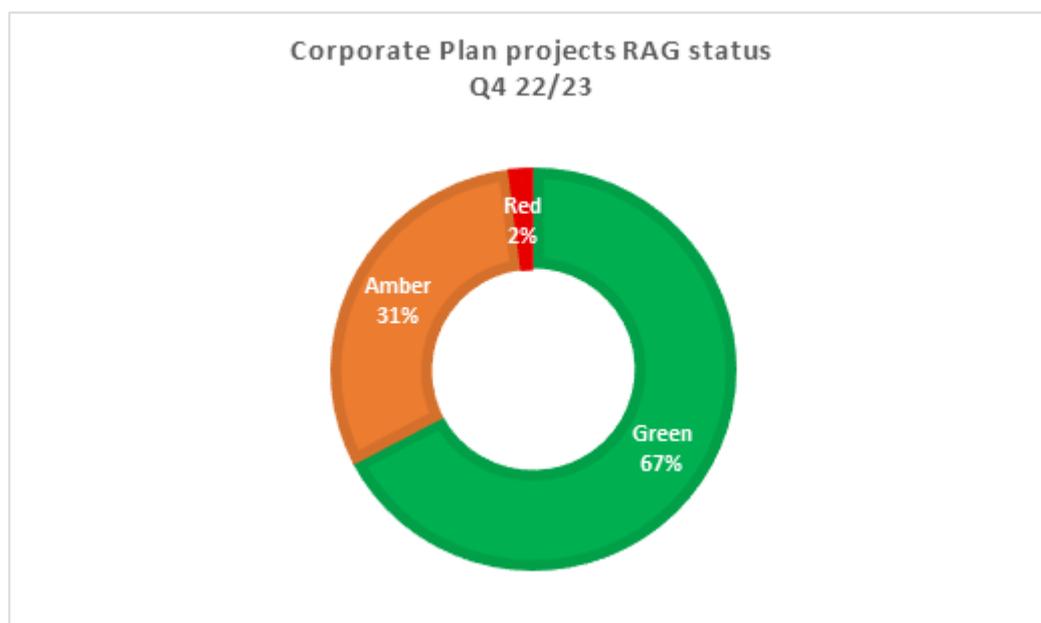
<b>Key Performance Indicator (KPI)</b>	<b>Commentary</b>
Hectares turned over to re-wilding	Target not quite achieved due to the wet Winter which has meant that the full area couldn't be prepared. This will be added to the target for 2023/24.
Key stage 2 results - reducing the gap in attainment between advantaged and disadvantaged pupils	The Annual School Standards report being presented to ACE Committee on 12 July sets out current actions being taken and recommended next steps in the coming academic year to reduce the attainment gaps for disadvantaged pupils.
Percentage of people with a learning disability in paid employment	This KPI remains a high priority in the Transition and SEND groups, proactive work is being undertaken with the Elevate and New Direction College to target residents with LD.
Number of affordable homes delivered	<p>Affordable housing delivery is lower than 2021/22 (178) but significantly higher than 2019/20 (80) and 2020/21 (54). The amount of affordable housing delivered in a year is heavily dependent on when a limited number of large housing schemes are delivered, and this can fluctuate significantly from year to year. In addition, there were relatively low levels of local authority new build affordable housing completed in 2022/23 as some of the larger projects (e.g. Wensley Road, North Street and Arthur Hill) remain under construction.</p> <p>There are continued challenges with securing fully policy-compliant affordable housing on private sites for reasons of viability, which are likely to continue to impact on meeting affordable housing needs. With around 280 affordable homes currently under construction, there is expected to be increased provision in 2023/24.</p>
Number of people sleeping rough	Various factors since Covid and economic and socio-economic circumstances have influenced an increase and not achieving this target. A new National Rough Sleeping Strategy was released in 2022 and Reading's Rough Sleeping Strategy/Action Plan is due for revision in 2023, alongside additional funding streams and interventions to tackle the issue in Reading. These are being implemented between 2022 – 2025 aiming to reduce and sustain a reduction in this figure.
Percentage of service users in receipt of Adult Social Care Direct Payments	A Direct Payment set-up function has been established (one DP Officer post) to encourage usage of Direct Payments and support staff with the process.

## Corporate Plan Projects

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

**Table 21. Summary of RAG Status**

RAG Status	Q1	Q2	Q3	Q4	
	%	%	%	No.	%
Green	58	58	56	35	67
Amber	40	40	38	16	31
Red	2	2	6	1	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>52</b>	<b>100</b>



13.8. The one Corporate Plan project recorded with a 'red' status this quarter is:

- Review and expansion of the Community Reablement Team to maximise people's independence - this transformation project has paused whilst an operation improvement plan is completed by the service. The project will be reviewed for further action in Spring 2023.

13.9. Appendix 7 sets out the Q4 performance for the full list of measures and projects.

13.10. Appendix 8 sets out those measures where there has been a significant change in performance from the previous period.

## **14. Debt Write-Off**

14.1. Having complied with the requirements of the Council's Debt Management Strategy, all recovery activity has been exhausted and the Director of Finance recommends that the total amounts submitted to the Committee for write-off for cases above £20,000 are:

- Non-Domestic Rates - £156,153.21;
- Sundry Debt (including Adult Social Care) - £167,618.08;

14.2. The list of specific debts requested to be written-off are set out in Appendix 9. It is considered that information contained within Appendix 9 contains exempt information under the meaning of sections 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, as amended, and therefore cannot be made public.

- 14.3. The Non-Domestic Rates write-offs will be contained within the existing respective bad debt provisions. These bad debt provisions are reviewed annually to take account of the likely levels of bad debt write-offs and the potential for any recovery of debt that has been previously written off.
- 14.4. The cost of non-domestic rates write-offs is shared between the Council (49%), Royal Berkshire Fire and Rescue Service (1%) and Central Government (50%).

## **15. Contribution to Strategic Aims**

- 15.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical.
- 15.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

## **16. Environmental and Climate Implications**

- 16.1. The Council declared a Climate Emergency at its meeting on 26<sup>th</sup> February 2019 (Minute 48 refers), with the intention of achieving a carbon neutral Reading by 2030. The Council endorsed the Reading Climate Emergency Strategy 2020-25 and its vision for a 'net zero, resilient Reading by 2030' in November 2020. At the same time it adopted a new corporate Carbon Plan for the Council's own operations, including the target of an 85% cut in Council emissions by 2025 en route to net zero by 2030. The Council's Corporate Plan monitors progress in reducing the carbon footprint of both the Borough and the Council (Appendix 7).
- 16.2. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

## **17. Community Engagement**

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

## **18. Equality Implications**

- 18.1. 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.

## **19. Other Relevant Considerations**

- 19.1. There are none.

## **20. Legal Implications**

- 20.1. 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.

- 20.2. 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.

## **21. Financial Implications**

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

## **22. Timetable for Implementation**

- 22.1. Not applicable.

## **23. Background Papers**

- 23.1. There are none.

## **Appendices**

- 1. General Fund Outturn**
- 2. Housing Revenue Account (HRA) Outturn**
- 3. Capital Programme Outturn**
- 4. Savings**
- 5. Delivery Fund**
- 6. Reserves Position as at 31<sup>st</sup> March 2023**
- 7. Corporate Plan Monitoring for Quarter 4 2022/23 (Measures & Projects)**
- 8. Corporate Plan Measures for Quarter 4 (Charts)**
- 9. Debt Write-Offs**