

## **READING BOROUGH COUNCIL**

**COUNCIL MEETING**

**17 OCTOBER 2023**

**QUESTION NO. 2** in accordance with Standing Order No.10

Councillor White to ask the Leader of the Council:

### **Council Overspend and Failure to Achieve Savings**

Years of cuts from the Conservative government have taken their toll on Council services. Green Party Councillors are concerned that so early on in the year this Labour-run Council is predicting an overspend of £3.8 million. It is also worrying that there is an increasing trend of non-delivery of budget savings with only 42% on track or delivered this year.

Each directorate has been tasked with developing a recovery plan with further savings. But if the Council is only delivering 42% of the proposed savings this doesn't bode well for the recovery plans.

Can the Leader of the Council update us on progress with creating the recovery plans and how the Council is going to change its approach to make sure savings are delivered and the Council doesn't go bust ?

**REPLY** by Councillor Brock Leader of the Council:

I thank Councillor White for his question, and I'm pleased to see him taking an interest in budgetary responsibility. Perhaps I have rubbed off on him after so many years of his party proposing only additional expenditure drawn up on the back of an envelope.

The Council is not immune to wider pressures impacting on the Local Government sector which include:

- A cost-of-living crisis with pay and inflation pressures far in excess of what was anticipated when the budget was set in February 2023;
- Cost pressures arising from increasing demand and increasing complexity of need in children's social care services;
- Increasing numbers of families presenting as homeless;
- Income still not returning to pre-Covid levels.

It is often the case that the Quarter 1 forecast paints a worst-case scenario, however the early reporting of potential financial pressures gives the Council time to put in place steps to address the situation and to identify compensating savings. I should always prefer this more cautious, even pessimistic projection, personally.

It is worth saying that many of the unachieved 'savings' actually relate to income growth that has not materialised (car parks income, for example).

There is no way to push such a 'saving' from a red status to a green one independent of the broader operation of the economy. All the same, we budget appropriate contingency sums to mitigate the impact of this type of challenge and can seek further amelioration from other interventions where required.

The principal structural challenges are therefore those around increased demand for social care and homelessness services, and it is here that I would call for a more considered response from the Government. Our reserves position is robust, and the projected overspend comparatively modest against the size of our annual budget, but other councils are already in a precarious state and will not survive long. One can simply look at the financial position of our Berkshire neighbours to see the reality of this. Nonetheless, I would not be complacent about this in Reading, and I've seen what happens when councils just try to sit and wait for a Conservative Government to help – a forlorn hope which is never realised.

Accordingly, the Corporate Management Team have been proactively working on developing recovery plans to identify options and mitigations for in-year savings. The results will be presented to Policy Committee on 13<sup>th</sup> December 2023 as part of the 2023/24 Quarter 2 Performance and Monitoring Report.