Policy Committee **13 December 2023**	Reading Borough Council Working better with you

Title	2023/24 Quarter 2 Performance and Monitoring Report
Purpose of the report	To make a decision
Report status	Public report
Report author (name & job title)	Stuart Donnelly, Financial Planning & Strategy Manager Gavin Handford, Assistant Director of Policy, Performance & Customer Services
Lead Councillor (name & title)	Councillor Terry, Deputy Leader of the Council and Lead Councillor for Corporate Services & Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	**That Policy Committee notes:** 1. That the forecast General Fund revenue outturn position for Quarter 2 is an adverse net variance of £3.685m which is a net improvement of £0.120m from Quarter 1; 2. That the forecast General Fund revenue outturn position for Quarter 2 includes £3.117m of Recovery Plan mitigations identified during the Quarter; 3. That £0.235m (3%) of previously approved Medium Term Financial Strategy savings have been delivered (blue) to date in this financial year, with a further £3.219m (39%) of savings on track to be delivered (green) by March 2024. £2.985m (37%) of savings are currently categorised as non-deliverable (red) and £1.679m (21%) categorised as at risk of delivery (amber); 4. That the General Fund Capital Programme is forecasting a positive net variance of £1.078m against the proposed revised budget of £67.090m; 5. That there is a total £4.595m Delivery Fund available for 2023/24 (inclusive of 2022/23 approved carry forwards). At Quarter 2, £3.753m of this funding has been allocated out to approved schemes; 6. That the Housing Revenue Account (HRA) is projecting a positive net variance of £0.457m as at the end of Quarter 2, which results in a forecast drawdown from HRA Reserves of £2.042m rather than the originally budgeted £2.499m; 7. That the HRA Capital Programme is forecasting to spend to budget against the proposed revised budget of £33.564m. 8. The performance achieved against the Corporate Plan success measures as set out in Section 12 of this report and appendices 5 and 6. **That Policy Committee approves:** 9. The amendments to the General Fund Capital Programme (as set out in Section 8 of this report and Appendix 4a and 4b), which incorporate virements between schemes, including transfers of budget into the Hexagon and Library LUF schemes. These

	amendments result in a revised Capital Programme budget of £67.090m for 2023/24, £93.811m for 2024/25 and £50.221m for 2025/26; 10. The amendments to the HRA Capital Programme (as set out in Section 11 of this report and Appendix 4a and 4b) resulting in a revised Capital Programme budget of £33.564m for 2023/24, £49.183m for 2024/25 and £67.802m for 2025/26; 11. Scheme & Spend approval for the Local Authority Housing Fund scheme within the HRA Capital Programme as set out in Section 11.

1. Executive Summary

General Fund - Revenue

1.1 The General Fund Revenue Budget is forecasting an overall adverse net variance of £3.685m as at the end of Quarter 2, consisting of £10.984m of net pressures within Service expenditure budgets which is partially offset by a positive net variance of £7.299m across Corporate Budgets. The overall forecast variance is a net improvement of £0.120m from Quarter 1.

1.2 The net improvement of £0.120m includes £3.117m of identified recovery plan mitigations that each directorate was tasked with developing as part of the 2023/24 Quarter 1 Performance and Monitoring Report. These mitigations have however been predominantly offset by £2.200m of increased pressures relating to Children's Services delivered by Brighter Futures for Children (BFfC) which is now forecasting an overall adverse net variance of £7.019m; £0.375m of increased pressures within Waste Disposal; and £0.422m of other net pressures across other council services.

1.3 The £3.117m of identified recovery plan mitigations are set out individually in Appendix 1.

1.4 The most significant movement from Quarter 1 relates to Children's Services delivered by Brighter Futures for Children (BFfC) which is now forecasting an overall adverse net variance of £7.019m; an increase of £1.190m from Quarter 1. The majority of the movement from Quarter 1 relates to Childrens' placements. More detail is set out in Appendix 2.

1.5 The second most significant adverse movement since Quarter 1 is in Waste Disposal within Environmental & Commercial Services, which has seen £0.375m of increased pressures as a result of increased overall waste tonnage levels.

1.6 Non-delivery of previously approved Medium Term Financial Strategy savings continues to be a concern with only 42% of these savings currently showing as on track or delivered. The Savings Tracker which lists progress against each individual saving is attached as Appendix 3.

1.7 As has been previously reported, all budgeted contingencies have already been released and factored into the Corporate Budgets forecast.

General Fund - Capital

1.8 The provisional General Fund Capital Programme outturn is forecasting a positive net variance of £1.078m against a proposed revised budget of £67.090m in 2023/24. This variance relates solely to the Delivery Fund.

1.9 During this quarter, the Capital Programme Board led a review of all Capital Programme schemes in respect of scheme deliverability with project managers and re-forecast spending plans with the aim of right sizing the budget to match individual scheme delivery profiles, and to address historic reprofiling/slippage issues.

1.10 The Capital Programme, including the impacts of this review is set out in more detail in Section 8 and Appendices 4a and 4b.

Housing Revenue Account (HRA) - Revenue

1.11 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.499m. At Quarter 2, the forecast revenue outturn position for the HRA is a positive net variance of £0.457m. Therefore, a drawdown from HRA Reserves is forecast of £2.042m rather than the originally budgeted £2.499m.

Housing Revenue Account (HRA) - Capital

1.12 The HRA Capital Programme is forecasting to spend to budget against a revised budget of £33.564m in 2023/24.

1.13 The HRA Capital Programme, including the impacts of the Capital Programme review mentioned above is set out in more detail in Section 11 and Appendices 4a and 4b.

Performance

1.14 The report also sets out performance against the measures of success published in the Council's Corporate Plan.

1.15 Of the 26 Corporate Plan Performance Measures monitored monthly or quarterly, 54% are currently "green", 19% "amber" and 27% "red". 58% have improved since Quarter 1 of 2023/24, whilst 38% have worsened.

1.16 Of the 48 Corporate Plan Projects, 46% are currently "green" and 48% "amber". The status for 2 projects is currently outstanding and 1 project is no longer proceeding: procure and implement crowdfunding solution to support projects delivered by the voluntary and community sector.

1.17 The full list of Performance Measures is attached at Appendix 5 and Projects and Initiatives as Appendix 6.

2. Policy Context

2.1. The Council approved the 2023/24 Budget and Medium-Term Financial Strategy (MTFS) 2023/24 – 2025/26 in February 2023.

3. General Fund - Revenue

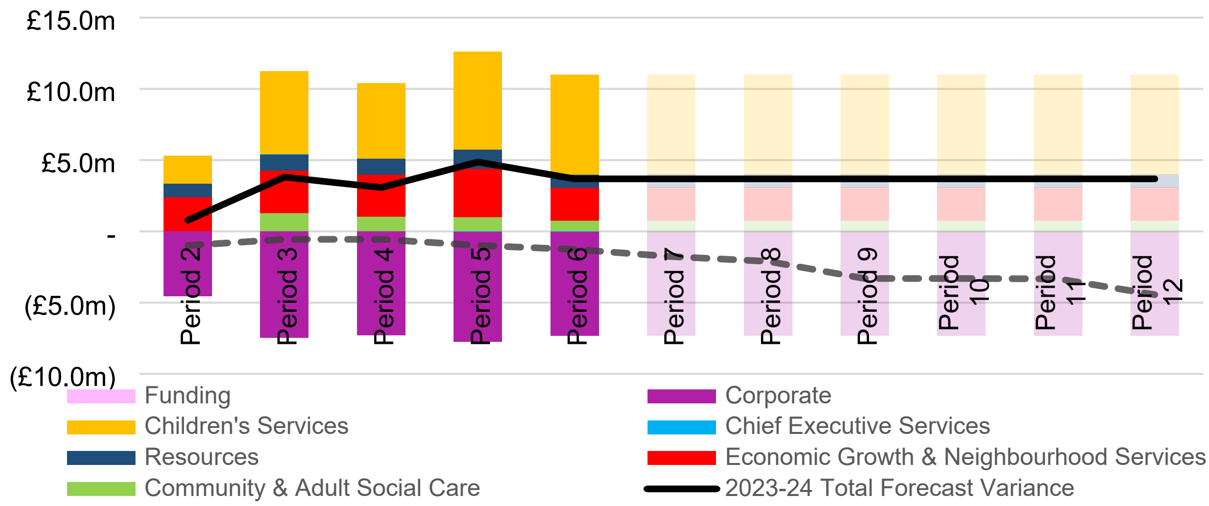
3.1. The forecast outturn position of the General Revenue Fund is an adverse net variance of £3.685m as at the end of Quarter 2, which is a net improvement of £0.120m since Quarter 1, and is broken down by Directorate in the following table:

Table 1. General Revenue Fund Forecast by Directorate 2023/24

	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Community and Adult Social Care	50.467	51.215	0.748	(0.540)
Economic Growth and Neighbourhood Services	17.855	20.176	2.321	(0.659)
Resources	18.519	19.440	0.921	(0.221)
Chief Executive Services	1.584	1.559	(0.025)	(0.040)
Children's Services retained by Council	0.838	0.838	0.000	0.000
Children's Services delivered by BFfC	51.430	58.449	7.019	1.190
Total Service Expenditure	**140.693**	**151.677**	**10.984**	**(0.270)**
Capital Financing	17.601	15.348	(2.253)	0.219
Contingencies	4.108	0.000	(4.108)	0.000
Other Corporate Budgets	(4.099)	(3.630)	0.469	0.095
Movement in Reserves	6.108	4.701	(1.407)	(0.164)
Total Corporate Budgets	**23.718**	**16.419**	**(7.299)**	**0.150**
Net Budget Requirement	**164.411**	**168.096**	**3.685**	**(0.120)**
Financed by:				
Council Tax Income	(111.086)	(111.086)	0.000	0.000
NNDR Local Share	(28.489)	(28.489)	0.000	0.000
New Homes Bonus	(1.453)	(1.453)	0.000	0.000
Section 31 Grant	(15.183)	(15.183)	0.000	0.000
Revenue Support Grant	(2.487)	(2.487)	0.000	0.000
Other Government Grants	(1.498)	(1.498)	0.000	0.000
One-off Collection Fund Surplus	(4.215)	(4.215)	0.000	0.000
Total Funding	**(164.411)**	**(164.411)**	**0.000**	**0.000**
(Positive)/Adverse Variance	**0.000**	**3.685**	**3.685**	**(0.120)**

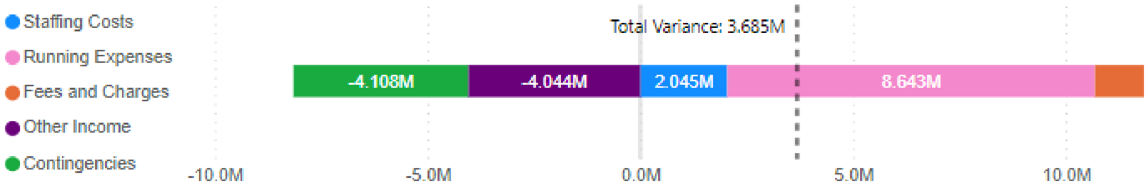
3.2. The following chart summaries the forecast budget variance, split by directorate, for each period to date.

Chart 1. Forecast Variance Period Comparison – General Fund



3.3. The following chart summaries the overall forecast budget variance for the Council by high level category:

Chart 2. Split of Total Variance – General Fund



Community & Adult Social Care - £0.748m adverse variance

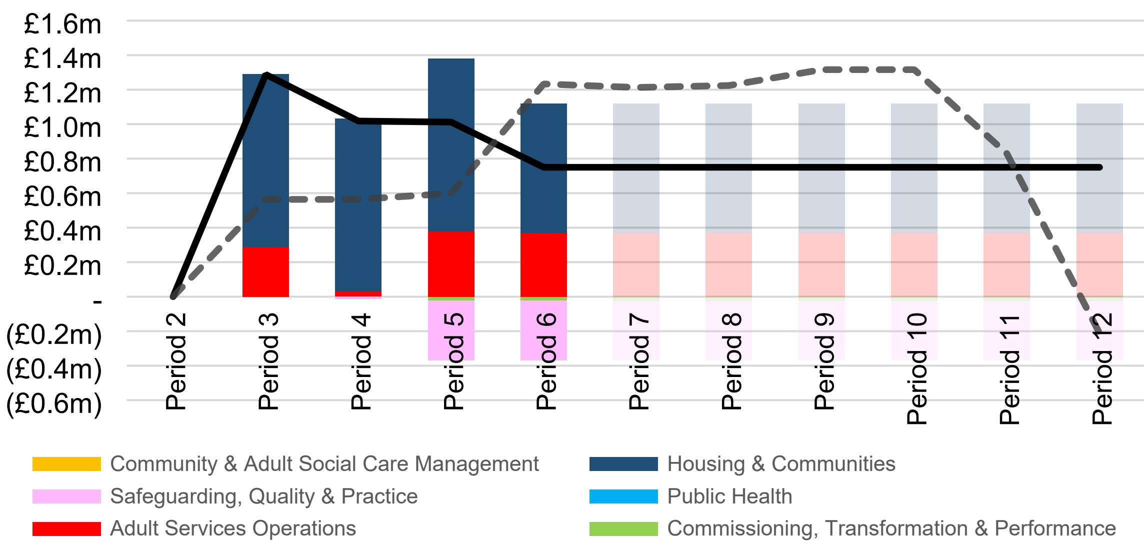
3.4. Community & Adult Social Care is forecasting an adverse net variance of £0.748m at Quarter 2, which includes £1.563m of identified recovery plan mitigations. The forecast position is a positive movement of £0.540m from Quarter 1 and is summarised by service below.

Table 2. Community & Adult Social Care Services Forecast 2023/24

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Commissioning, Transformation & Performance	2.572	2.548	(0.024)	(0.024)
Adult Services Operations	41.049	41.417	0.368	0.080
Community & Adult Social Care Management	1.401	1.401	0.000	0.000
Safeguarding, Quality & Practice	3.536	3.190	(0.346)	(0.346)
Public Health	0.000	0.000	0.000	0.000
Housing & Communities	1.908	2.658	0.750	(0.250)
Total	**50.467**	**51.215**	**0.748**	**(0.540)**

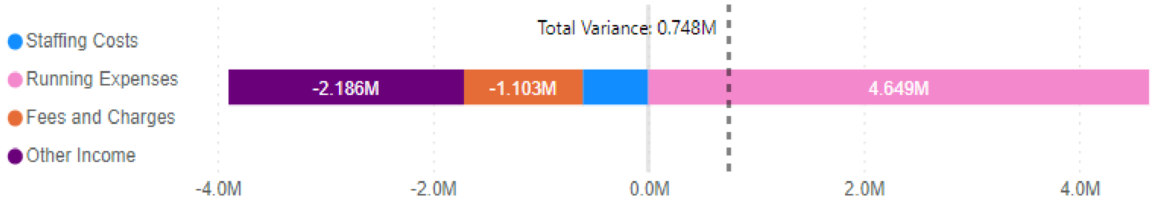
3.5. The following chart summaries the forecast budget variance, split by services within Community and Adult Social Care, for each period to date.

Chart 3. Forecast Variance Period Comparison – Community & Adult Social Care



3.6. The following chart summaries the overall forecast budget variance for Community and Adult Social Care by high level category:

Chart 4. Split of Total Variance – Community & Adult Social Care



3.7. The explanation for these forecast variances is set out below.

Commissioning, Transformation & Performance - £0.024m positive variance

3.8. Commissioning, Transformation & Performance is forecasting a positive net variance of £0.024m, which is a positive movement of £0.024m from Quarter 1, due to a forecast overachievement of income within the Deputies service.

Adult Services Operations - £0.368m adverse variance

3.9. Adult Services Operations is forecasting an adverse net variance of £0.368m, which is an adverse movement of £0.080m from Quarter 1.

3.10. There is an overall forecast pressure within Placement budgets of £1.366m. This forecast is based on the latest committed placement spend data, mitigated by forecast grant funding and client contributions to care.

3.11. The recovery plan identified £1.319m of in-year mitigations to partially offset these placement pressures. Mitigations have already been achieved in-year totalling £0.321m which have contained the placements pressure to £1.366m. A further £0.998m of further mitigations are forecast to be delivered by the end of the year, reducing the overall forecast pressure to £0.368m.

3.12. The recovery plan includes cost reducing schemes within the directorate, aiming to:

- Reduce waiting lists;
- Review all care packages to deliver best service;
- Minimise costs;
- Work with Health to increase Health Contributions to care packages;
- Initiate the Front Door Programme.

Safeguarding, Quality & Practice - £0.346m positive variance

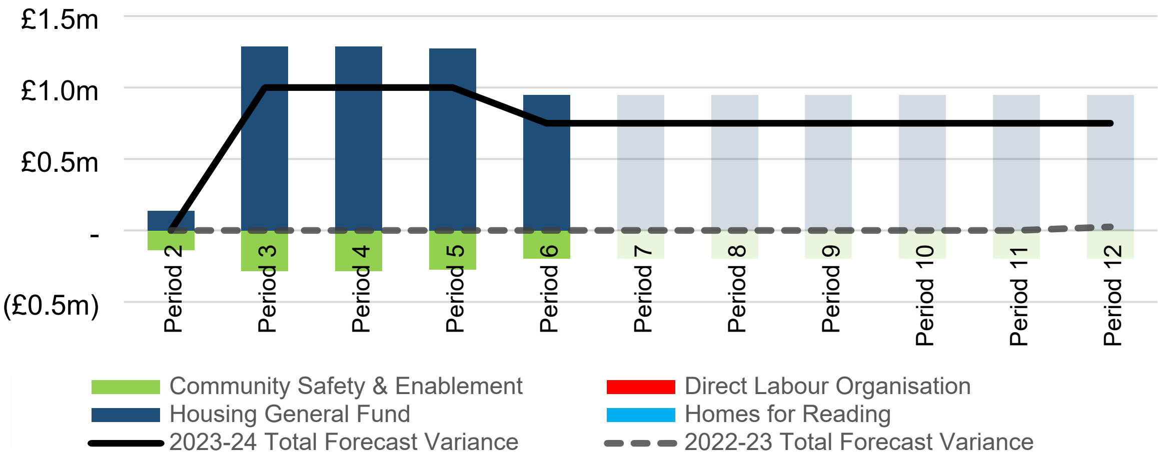
3.13. Safeguarding, Quality & Practice is forecasting a positive net variance of £0.346m, which is a positive movement of £0.346m from Quarter 1. This variance consists of a positive variance of £0.325m due to staffing vacancies and a £0.021m positive variance due to an increase of income in provider services.

Housing & Communities - £0.750m adverse variance

3.14. Housing & Communities is forecasting a £0.750m adverse variance for the year, which is an improvement of £0.250m from Quarter 1. This forecast includes £0.244m of identified recovery plan mitigations.

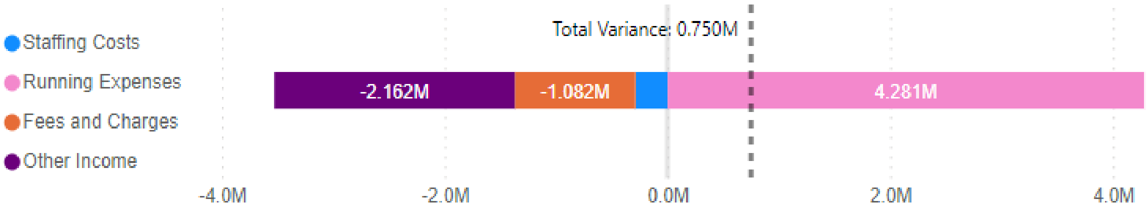
3.15. The following chart summaries the forecast budget variance across Housing & Communities for each period to date.

Chart 5. Forecast Variance Period Comparison – Housing & Communities



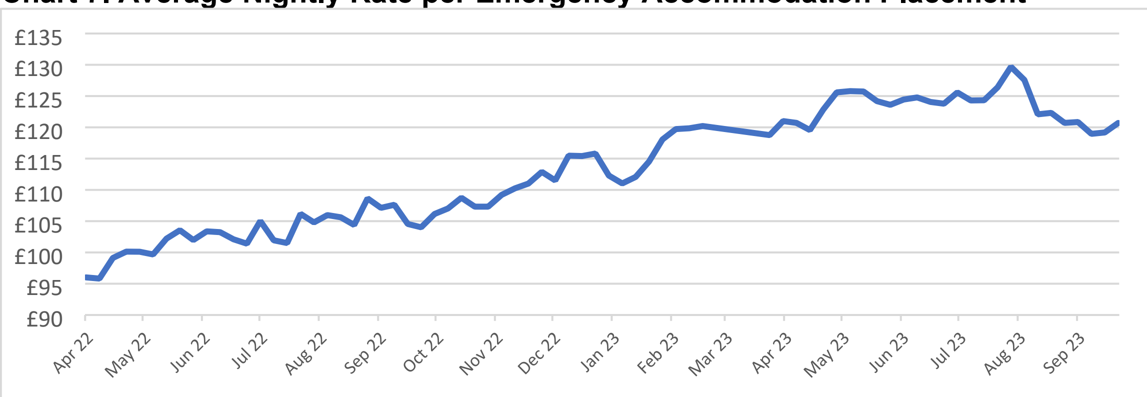
3.16. The following chart summaries the overall forecast budget variance for Housing & Communities by high level category:

Chart 6. Split of Total Variance – Housing & Communities



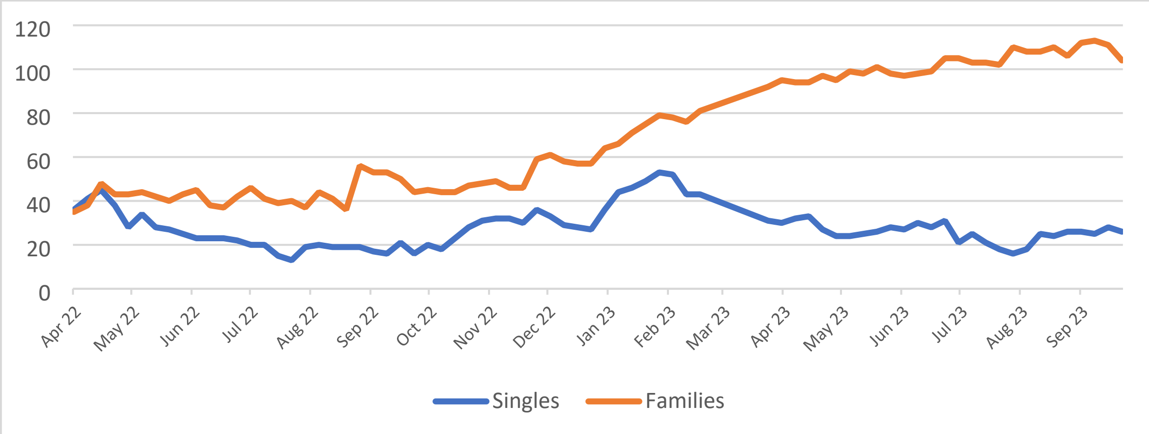
3.17. An area of ongoing concern is the potential impact of the ongoing cost-of-living crisis affecting the Homelessness budgets. Private sector evictions have been steadily rising following on from the Covid restrictions being released, with additional cost of living pressures placed on the sector. High Inflation pressures are being seen in the cost of Emergency Accommodation, the average nightly rate in April 2022 was £90 compared to £121 in September 2023 (as illustrated in Chart 7 below). There has also been a reduction in the number of available properties to use.

Chart 7. Average Nightly Rate per Emergency Accommodation Placement



3.18. This area is a demand led service, and numbers of families in particular in emergency accommodation have been rising since April 2022; the total number of singles and families in April 2022 was 71, rising to a total of 130 in September 2023 (as illustrated in Chart 8 below).

Chart 8. Numbers of Singles and Families in Emergency Accommodation



3.19. If the current high numbers of placements and the high cost of placements seen between April 2023 to September 2023 were to continue unchanged it would suggest an adverse variance on this budget of around £2.300m. It is felt that the current efforts to target both the numbers of placements and the nightly costs will achieve significant reductions to this pressure, as will applying all available brought forward grants. However, even with these mitigations being successful over the coming months, the likely pressure is currently thought to be around £0.750m that will not be able to be offset. In previous years there have been one-off grants given by Central Government in order to offset these pressures, these figures currently assume none will be made available in 2023/24, further information on this forecast pressure and any announcements regarding additional grant funding will be provided in future reports.

<u>Economic Growth and Neighbourhood Services - £2.321m adverse variance</u>

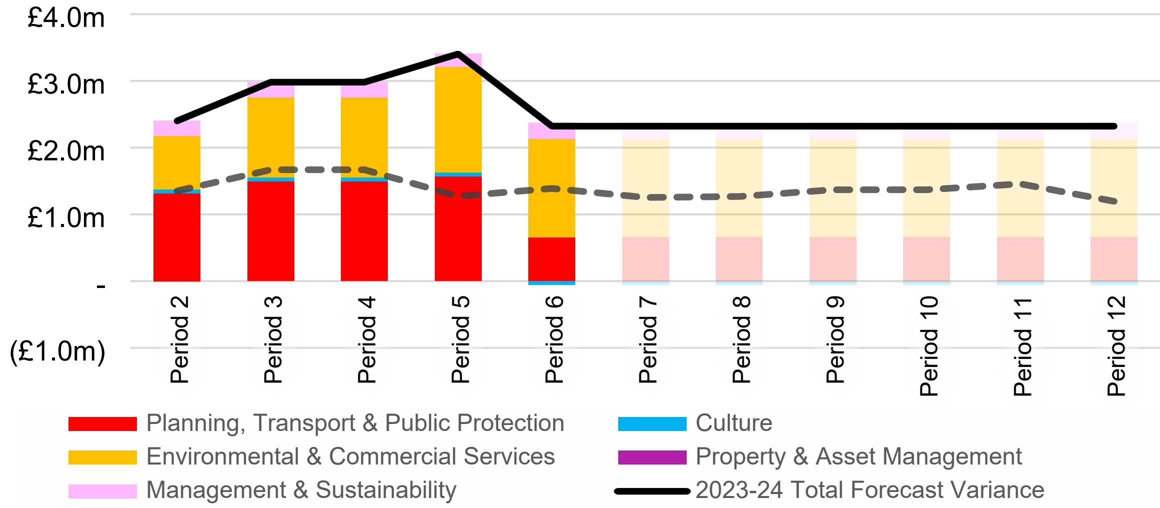
3.20. Economic Growth and Neighbourhood Services' is forecasting an adverse net variance of £2.321m at Quarter 2, which includes £1.197m of identified recovery plan mitigations. The forecast position is a net improvement of £0.659m from Quarter 1 and is summarised by service below.

Table 3. Economic Growth and Neighbourhood Services Forecast 2023/24

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Planning, Transport & Public Protection	0.512	1.168	0.655	(0.840)
Culture	3.059	3.004	(0.055)	(0.115)
Environmental & Commercial Services	16.845	18.320	1.475	0.275
Property & Asset Management	(3.145)	(3.145)	0.000	0.000
Management & Sustainability	0.584	0.830	0.246	0.021
Total	**17.855**	**20.176**	**2.321**	**(0.659)**

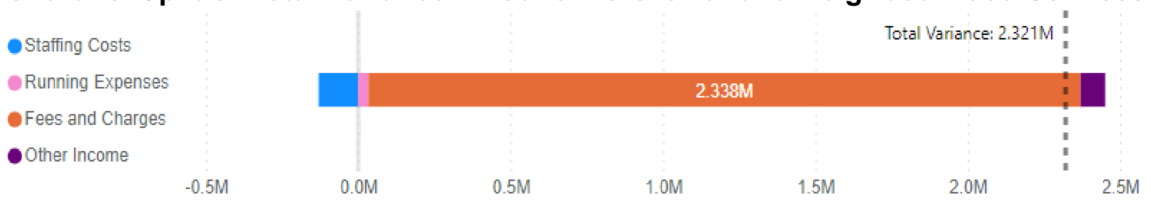
3.21. The following chart summaries the forecast budget variance, split by services within Economic Growth and Neighbourhood Services, for each period to date.

Chart 9. Forecast Variance Period Comparison – Economic Growth and Neighbourhood Services



3.22. The following chart summaries the overall forecast budget variance for Economic Growth and Neighbourhood Services by high level category:

Chart 10. Split of Total Variance – Economic Growth and Neighbourhood Services



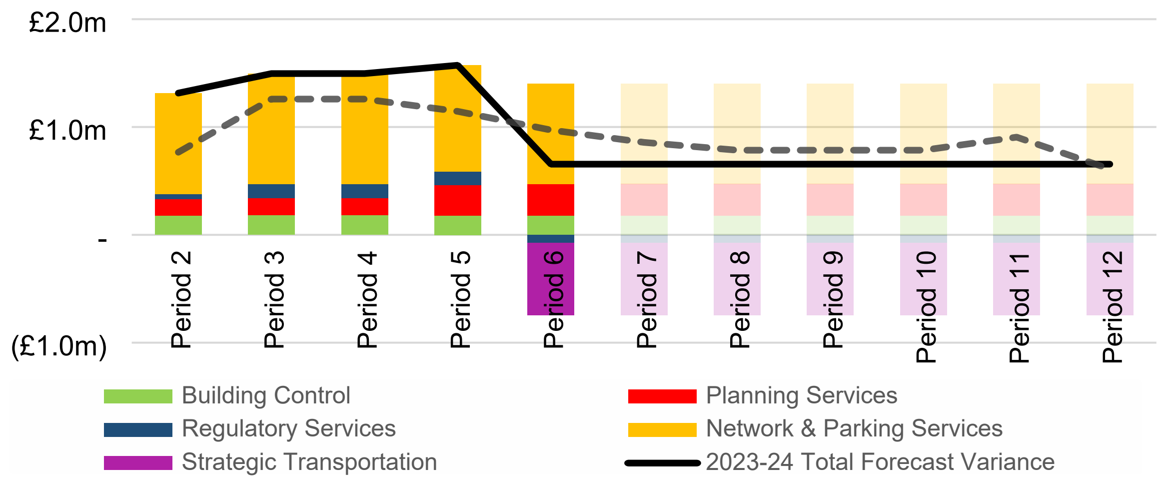
3.23. The explanation for these variances is set out below.

Planning, Transport and Public Protection - £0.655m adverse variance

3.24. Planning, Transport and Public Protection is reporting an adverse variance of £0.655m, which is an improvement of £0.840m from Quarter 1 and includes £0.821m of identified recovery plan mitigations.

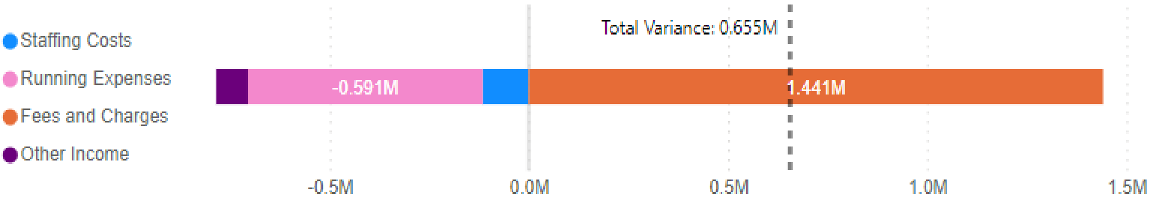
3.25. The following chart summaries the forecast budget variance across Planning, Transport and Public Protection for each period to date.

Chart 11. Forecast Variance Period Comparison – Planning, Transport and Public Protection



3.26. The following chart summaries the overall forecast budget variance for Planning, Transport and Public Protection by high level category:

Chart 12. Split of Total Variance – Planning, Transport and Public Protection



3.27. These shortfalls are arising from a combination of post covid impacts and economic challenges associated with inflation, the effect of high interest rates on business, the availability of skilled professional staff and the support provided for the Homes for Ukraine scheme.

3.28. The net positive variance on all Off-Street and On-Street Parking Services is £0.091m. This variance consists of a net £0.304m overachievement of income, partially offset by £0.213m of running cost pressures. The variances relating to the Off-Street and On-Street Parking income is explained further below.

3.29. Based on year-to-date activity levels in parking and traffic enforcement, income levels as at Quarter 2 continue to rise above those in the same period last year and the recovery continues to gain momentum, particularly for Off-Street Car Parking - the most material Parking income stream by budget. Table 4 below shows the position since 2019/20 (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)	(3.540)	0.586
2023/24	**(5.304)**	**(4.442)**	**0.862**

3.30. The equivalent figures for On-Street parking are set out below and shows that activity levels have moved beyond recovery and the continuing positive performance of this area has offset the off-street parking pressure.

Table 5. On-Street Car Parking Income Trend

Financial Year	Budget	Actual/Forecast	Variance
	£m	£m	£m
2019/20	(1.440)	(1.821)	(0.381)
2020/21	(1.994)	(0.893)	1.101
2021/22	(1.760)	(2.003)	(0.243)
2022/23	(1.952)	(2.761)	(0.809)
2023/24	**(1.957)**	**(3.123)**	**(1.166)**

3.31. Therefore, overall there is a net positive variance of £0.304m on income across Car Parking (Off-Street and On-Street combined) as the recovery trend continues, however the recovery is at a slower rate of increase in income compared to 2021/22 and 2022/23. Examination of the rebasing of budgets between these areas is being considered and will be approached as part of the wider view of new proposals being brought forward in the budget setting process for 2024/25 in this area.

3.32. Risks remain with Off-Street parking where the ongoing cost of living crisis, working from home and high fuel costs has led to fewer visits to 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. Town Centre car parks are subject to competition from providers such as the Oracle, who currently undercut the council's tariffs and have newer facilities. The decreasing draw of the high street for shoppers is another factor and in the next period, there may be a measurable impact with the loss of another high street shop, Wilko.

3.33. There is a net adverse variance of £0.508m relating to Bus Lane Enforcement income, where some equipment issues (which are now resolved) led to a temporary reduction in the amount of Penalty Charge Notices (PCNs) issued, as well as additional leasing costs. There is also a measurable decrease in penalties being issued due to better compliance. The new Civil Enforcement contract in place from November 2023 should help the position moving forward into 2024/25. It should be noted, that whilst reducing numbers of PCN's being issued in bus lanes has a significant financial impact, it is achieving compliance, which is the goal of all traffic enforcement.

3.34. There is an adverse variance of £0.277m within Residents Parking where the income is not expected to exceed the amount achieved in 2022/23. There was additional income budget added to this area within 2023/24 which does not appear likely to be achieved, partly as the trend following Covid is for the consolidation of household vehicles meaning that fewer people are renewing permits for additional cars.

3.35. There is a net adverse variance on income within the Special Parking area of £0.237m, linked to challenges in recruiting additional Civil Enforcement staff. This is currently anticipated to reduce for 2024/25 when the new contract is in place, with all staff in place, new hours of operation and new equipment securing a high rate of issue.

3.36. The Building Control income shortfall of £0.167m directly correlates to the lack of staffing and a lack of availability of suitable agency staff to undertake the fee earning work. A new round of recruitment aims to both provide statutory cover and support fee earning work.

3.37. Premises licence fees are forecasting an income shortfall of £0.103m. Within this, the largest element relates to a shortfall of £0.075m in respect of Reading Festival which is largely based on Festival Republic's need for a licence variation which was not required in 2022/23. The need in future years is under discussion and will be considered as part of the 2024/25 budget setting process.

3.38. Planning applications and planning fees are forecasting an income shortfall of £0.255m. This area is 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, availability of construction materials, skills shortages in the construction and design industry, and the impact of changing legislation (Building Safety Act in particular), is impacting on commercial viability and therefore delaying the planning application process.

3.39. There has also been an impact arising from when development triggers have been activated, meaning that there has been a shortfall in Community Infrastructure Levy (CIL) 5% income of £0.145m.

3.40. Houses in Multiple Occupancy (HMO) is forecasting an income shortfall of £0.130m. There was a requirement to inspect homes under the Homes for Ukraine scheme. Whilst this has been largely completed, there has been a direct correlation with the generation of a backlog of inspection and enforcement work which has been the priority for officers. As a result, work on generating new enforcement leads on unlicensed HMOs and prioritising work to potentially deliver a new discretionary licensing scheme has fallen behind. The Council receives income under the Homes for Ukraine scheme, and some funds were diverted into this area in 2022/23. As part of the 2023/24 recovery plan,

£0.148m has been applied within this forecast to cover the staffing costs of inspecting the properties and a contribution towards the related shortfall in income.

3.41. These pressures are partially mitigated by a positive variance on staff costs due to vacancies arising within the service and lack of suitable agency staff of £0.115m and an additional £0.170m within Running Expenses, as well as an overachievement of £0.118m income from Private Hire driver's licences.

3.42. In order to further mitigate pressures within the service, consideration has been given under the directorate's recovery plan to Concessionary Fares which was agreed in 2022/23 to be reviewed after 6 months. This has resulted in an in year mitigation of £0.650m which has now been included within the overall forecast.

3.43. The recovery plan work also reviewed budgets within Community Transport, and a further mitigation of £0.023m of inflationary growth has been identified as not being required in-year and has also been included within the overall forecast.

Culture - £0.055m positive variance

3.44. Culture is forecasting a positive variance of £0.055m, which is an improvement of £0.115m from Quarter 1 and includes £0.276m of identified recovery plan mitigations. The forecast variance is comprised of the following elements:

- £0.030m positive net variance is forecasted in Leisure and Recreation. Across Active Reading there is a net pressure of £0.128m, comprised of £0.195m flowing from the delayed café opening and less than predicted usage at the Ranger Station, partially offset by a range of staffing and running cost savings totalling £0.067m within the Education Play Team. Additionally, there are further positive variances totalling £0.155m relating to the management fee for GLL in Leisure Centres, pavilion works and the holding of staffing vacancies. In addition, there is a positive variance of £0.003m within the Park Service.

- £0.184m adverse net variance is forecast in Arts and Theatres and the Town Hall. Within the Town Hall there is a £0.050m pressure within salaries including staff cover and agency spend for catering staff. Additionally, there is an £0.084m pressure due to income levels not recovering post pandemic mainly due to the reduction in uptake of formal catering. There is also a £0.050m income pressure from the Concert Hall driven by low ticket sales.

- £0.137m positive net variance is forecasted in Libraries and Museums primarily due to a £0.110m business rates rebate, along with other mitigating actions contributing £0.030m, both identified through the recovery plan. This is net of a reduced level of rent from the top floor of the library of £0.011m, which includes the application of £0.045m of Covid grant as identified in the recovery plan. In addition, one area of the service has a further £0.008m underspend on salaries due to vacant hours.

- £0.072m positive net variance is forecasted in Archives and Records which was identified as part of the recovery plan work.

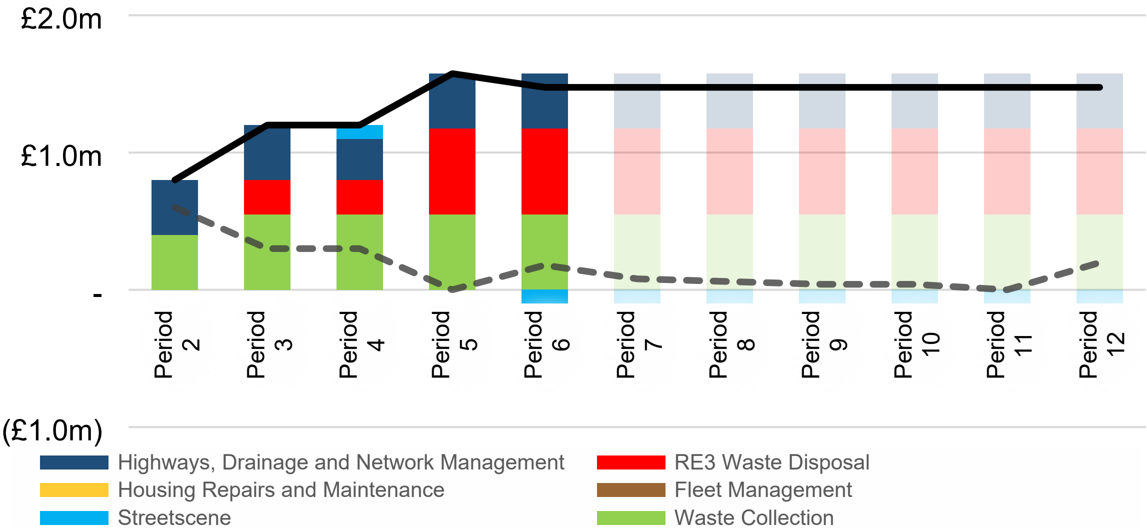
3.45. As laid out within the GLL Leisure contract, a utilities Benchmarking exercise is underway. This exercise is likely to generate an additional £0.700m pressure due to the increases in energy costs seen in the past few years relating to 21 months of the contract. Allocations based on estimates were made as part of the 2023/24 budget setting process and the pressure is anticipated to be funded from the Energy Reserve.

Environmental & Commercial Services – £1.475m adverse variance

3.46. Environmental & Commercial Services is reporting an adverse variance of £1.475m for the year and includes £0.100m of recovery plan mitigations. This is an adverse movement of £0.275m from Quarter 1.

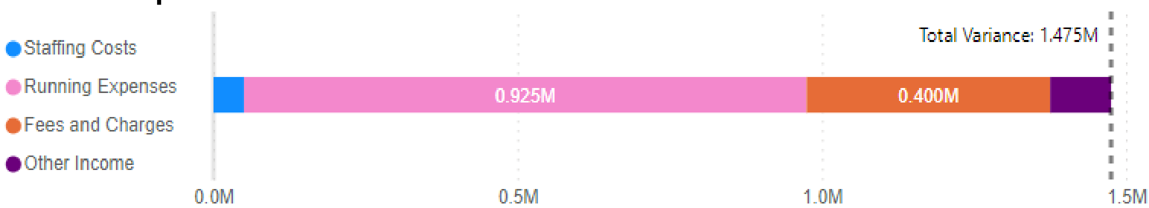
3.47. The following chart summaries the forecast budget variance across Environmental & Commercial Services for each period to date.

Chart 13. Forecast Variance Period Comparison – Environmental & Commercial Services



3.48. The following chart summaries the overall forecast budget variance for Environmental & Commercial Services by high level category:

Chart 14. Split of Total Variance – Environmental & Commercial Services



3.49. Recycling and Waste Collection is presently forecasting an overall pressure of £0.550m in staffing. The Staffing Establishment budget is not sufficient to cover the full employee costs of maintaining the required service level. Agency usage, overtime and staff sickness remain high. The service continues to consider measures targeted at the reduction of this adverse variance. Sickness has recently fallen to its lowest level for a long time, and it is hoped that agency usage will reduce in the coming months as part of the recovery plan. This pressure will be considered as part of the 2024/25 Budget Setting process.

3.50. Waste Disposal is currently forecasting an adverse variance of £0.625m. Waste Collection tonnages were broadly in line with budget overall, however the mix is significantly different. Residual Waste is much higher than budgeted, which is attributable to:

- Food waste tonnages being lower than forecast. The expectation from flats was the same as single households and this is not the case. Additionally, the roll out to flats has been slower than hoped for;

- Deposits at the Smallmead Household Waste Recycling Centre (HWRC) have increased significantly in the year to date;

- Transfers of collected waste from Bennet Road are much higher than anticipated and are returning to pre-Covid levels;

- Green waste has also increased compared to last year and income from recycling is expected to be lower as market prices have fallen.

3.51. These issues will be reviewed as part of the 2024/25 Budget Setting process.

3.52. Also included within this variance are additional cost pressures relating to Persistent Organic Pollutants (POPS) additional processing and haulage costs, an expected loss on HWRC income and an anticipated increase in other haulage costs in Quarter 4 of 15%, as the contract is up for renegotiation during the year. A number of projects have recently been instigated across the RE3 partnership to look at composition analysis, participation rates and marketing to increase the use of the food waste and recycling services and to reduce contamination.

3.53. Highways is forecasting an adverse variance of £0.300m due the cost of materials and waste disposal. The inflationary pressure on highways and civil engineering materials has seen items like road surfacing materials increase in price by 40% and other materials by 20-25% which is above the 2023/24 budgeted inflationary increases. These pressures will be further reviewed as part of the 2024/25 Budget Setting process and a further set of actions will be looked into to close the rest of the gap going forward.

3.54. Network Management is forecasting an adverse variance of £0.100m, mainly due to a reduced capital recharge for the staffing element of the budget. The current level of staff budget and high vacancy levels does not allow for the size of capital recharge that is required to meet the budget. The completion of the workforce review will hopefully help to reduce this issue with some vacant posts being filled. It is hoped that use of the delivery fund will allow the introduction of street works permits, which will generate additional income to offset the existing shortfall from 2024/25.

3.55. Streetscene is forecasting a positive variance of £0.100m as identified through the recovery plan. There are a high number of vacancies due to turnover and the workforce review, resulting in a forecast positive variance on staffing costs of £0.500m. However, the staffing position has also impacted on the level of income that can be generated and there is a forecast underachievement of income of £0.400m.

Management & Sustainability – £0.246m adverse variance

3.56. Management & Sustainability is reporting an adverse variance of £0.246m, which is an adverse movement of £0.021m from Quarter 1.

3.57. Advertising income within the Business Development service is forecast to create an income pressure of £0.146m. There are delays to the planning process for new sites and changes to existing sites. There are still contractual and developer delays around new sites which have not yet come online.

3.58. There is also a pressure totalling £0.100m relating to management team staffing costs.

<u>Resources - £0.921m adverse variance</u>

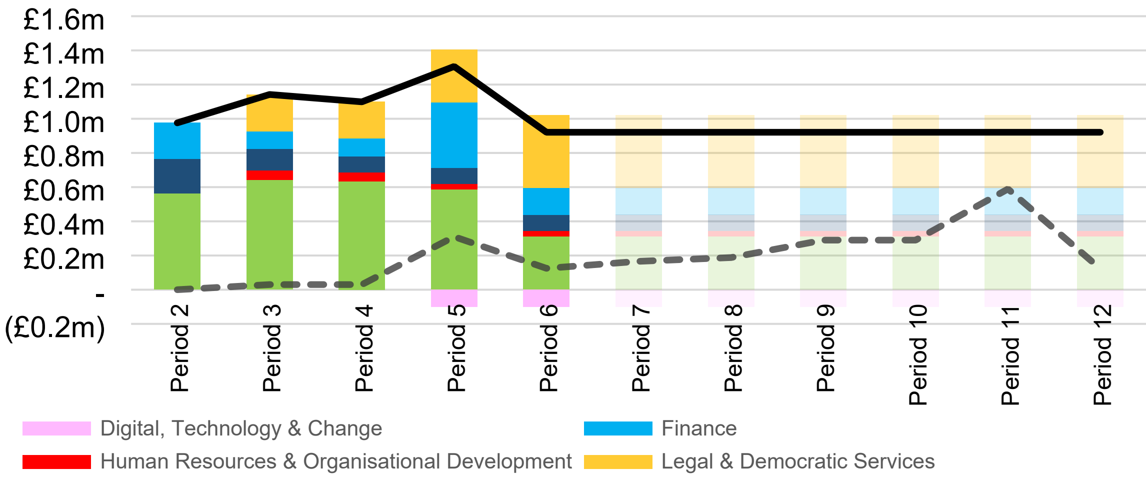
3.59. The Directorate of Resources' is forecasting an adverse net variance of £0.921m at Quarter 2, which includes £0.666m of identified recovery plan mitigations. The forecast position is a net improvement of £0.221m from Quarter 1 and is summarised by service below.

Table 6. Resources Services Forecast 2023/24

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Policy, Performance & Customer Services	2.302	2.614	0.312	(0.331)
Human Resources & Organisational Development	1.918	1.950	0.032	(0.024)
Procurement & Contracts	0.381	0.476	0.095	(0.030)
Finance	4.489	4.645	0.156	0.053
Legal & Democratic Services	2.981	3.407	0.426	0.211
Digital, Technology & Change	6.448	6.348	(0.100)	(0.100)
Total	**18.519**	**19.440**	**0.921**	**(0.221)**

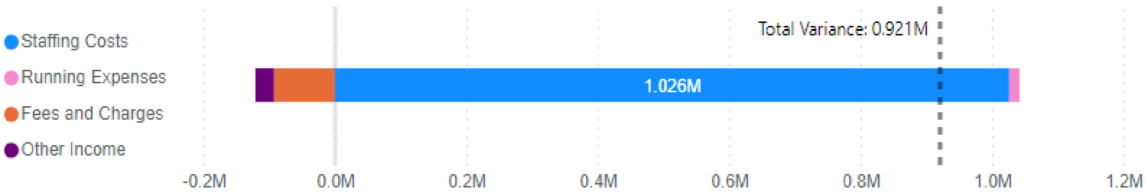
3.60. The following chart summaries the forecast budget variance, split by services within Resources, for each period to date.

Chart 15. Forecast Variance Period Comparison – Resources



3.61. The following chart summaries the overall forecast budget variance for Resources by high level category:

Chart 16. Split of Total Variance – Resources



3.62. The explanations for these variances are set out below.

Policy, Performance & Customer Services - £0.312m adverse variance

3.63. Policy, Performance & Customer Services is reporting an adverse net variance of £0.312m, which is an improvement of £0.331m from Quarter 1. This forecast position includes £0.333m of mitigations identified through the recovery plan.

3.64. Customer services is forecasting £0.515m of expenditure pressures primarily relating to corporate cross-council savings of £0.607m from 2021/22 through to 2023/24 still needing to be identified and allocated, linked to the Customer Experience Programme. A business case has been developed reviewing the delivery of improvements and savings in later years. One-off offsetting staffing vacancies of £0.092m are helping to reduce the impact of the corporate savings.

3.65. Registrations and Bereavements is forecasting an overall positive variance of £0.161m, consisting of £0.073m linked to an increase in fees and charges from 1st November 2023, and £0.088m of reduced running costs which include holding staffing vacancies.

3.66. Policy and Performance is forecasting a positive variance of £0.042m through the holding of vacancies.

Human Resources & Organisational Development - £0.032m adverse variance

3.67. Human Resources & Organisational Development is forecasting an adverse net variance of £0.032m. This is an improvement of £0.024m from Quarter 1.

3.68. Recruitment pressures at Kennet Day Nursery is resulting in agency staff covering vacancies, partially offset by additional income with a small adverse net variance of £0.020m. Additionally, a small adverse variance of £0.035m is being experienced across the main HR & OD employee budget, partially offset by vacancies across Health and Safety of £0.023m.

Procurement & Contracts - £0.095m adverse variance

3.69. Procurement & Contracts is forecasting an adverse variance of £0.095m, which is an improvement of £0.030m from Quarter 1. This includes £0.100m of expenditure pressures relating to savings targets that are currently not allocated. A Contracts Pipeline Oversight Group has been formed, which is reviewing the Council's contracts that are being retendered aiming to deliver as much of the £0.200m target as possible, with approximately 50% estimated to be at risk.

3.70. There is a small positive variance of £0.005m across employee and other non-pay budgets, identified as part of the recovery plan.

Finance - £0.156m adverse variance

3.71. Finance is forecasting an adverse net variance of £0.156m. This is an adverse movement of £0.053m from Quarter 1.

3.72. Finance is forecasting £0.212m of expenditure pressures relating to a delay in being able to deliver efficiency savings from procuring the new finance system. This pressure is being partially offset by the holding of vacancies of £0.128m which were identified through the recovery plan, resulting in a net adverse variance of £0.084m.

3.73. There are additional pressures relating to agency costs of £0.120m within Accounts Payable and Internal Audit linked to sickness and workload pressures.

3.74. Revenues and Benefits anticipate being able to over-achieve their income and funding resulting in a positive variance of £0.048m.

3.75. A previously reported pressure of £0.100m relating to insurance premiums has been removed from the forecast as part of the recovery plan as this will now be funded from the Insurance Reserve.

Legal & Democratic Services – £0.426m adverse variance

3.76. Legal & Democratic Services is forecasting an adverse net variance of £0.426m. This is an adverse movement of £0.211m from Quarter 1.

3.77. The local elections in May 2023 and the recent by-election required additional support to facilitate the new Voter Identification requirements resulting in an adverse variance of £0.210m. A business case proposal seeking to review the methodology and budget available for supporting elections across the borough is being considered as part of the 2024/25 budget setting process.

3.78. Employee shortages and the use of agency staff is resulting in a pressure of £0.136m due to workload pressures along with associated pressure on the use of expert Counsel of £0.050m.

3.79. Reduced building activity is resulting in a small adverse impact on Land Charges income levels of £0.030m.

Digital, Technology and Change – £0.100m positive variance

3.80. Digital, Technology and Change is forecasting a positive net variance of £0.100m, due to a one-off saving on licences identified via the recovery plan. This is an improvement of £0.100m from Quarter 1.

Chief Executive Services - £0.025m positive variance

3.81. Chief Executive Services is forecasting a positive net variance of £0.025m at Quarter 2, which is summarised below. This is an improvement of £0.040m from Quarter 1.

Table 7. Chief Executive Services Forecast 2023/24

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Corporate Management Team	0.891	0.891	0.000	(0.020)
Communications	0.693	0.668	(0.025)	(0.020)
Total	**1.584**	**1.559**	**(0.025)**	**(0.040)**

3.82. Communications is forecasting a positive net variance of £0.025m relating to one-off income contributions towards events run by the Council.

Children's Services Delivered by Brighter Futures for Children (BFfC) - £7.019m adverse variance

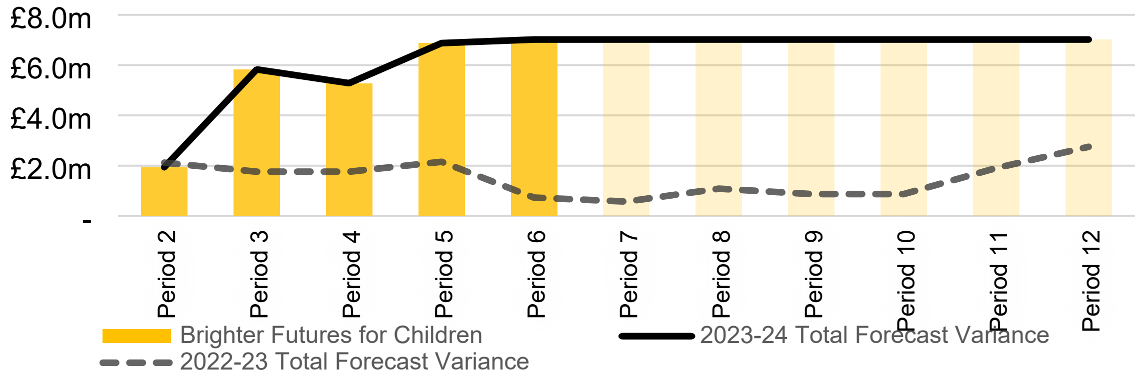
3.83. Brighter Futures for Children's (BFfC) is forecasting an adverse net variance of £7.019m over the 2023/24 Contract Sum at Quarter 2. This is an adverse movement of £1.190m from Quarter 1. The majority of the movement from Quarter 1 relates to Childrens' placements. More detail is set out in Appendix 3.

Table 8. Children's Services delivered by BFfC Forecast 2023/24

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Children's Services delivered by BFfC	51.430	58.449	7.019	1.190
Total	**51.430**	**58.449**	**7.019**	**1.190**

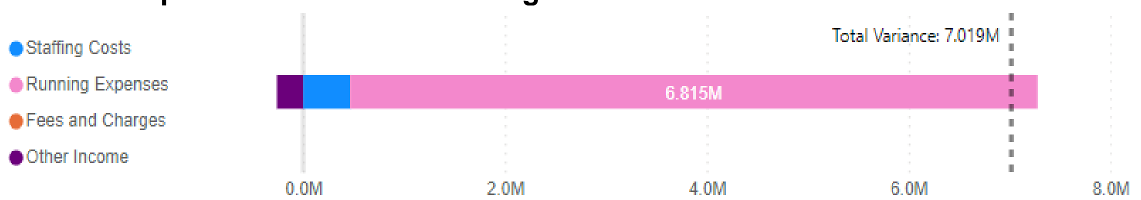
3.84. The following chart summaries the forecast budget variance, split by services within Children's Services Delivered by BFfC, for each period to date.

Chart 17. Forecast Variance Period Comparison – Childrens Services (BFfC)



3.85. The following chart summaries the overall forecast budget variance for Children's Services Delivered by BFfC by high level category:

Chart 18. Split of Total Variance – Brighter Futures for Children Contract



3.86. BFfC are forecasting £8.145m of pressures as follows:

- £4.730m on Social Care Placements;
- £1.805m on High-Cost Social Care Placements;
- £0.718m on agency staff;
- £0.161m on school travel costs;
- £0.126m on demand management in SEN;
- £0.100m on restructure costs;
- £0.096m on internal nurseries;
- £0.164m of 2023/24 pay award pressures;
- £0.245m of other pressures.

3.87. These are reduced by positive variances from income and savings totalling £1.126m.

3.88. Further details are included in Appendix 3.

<u>Corporate Budgets - £7.299m positive variance</u>

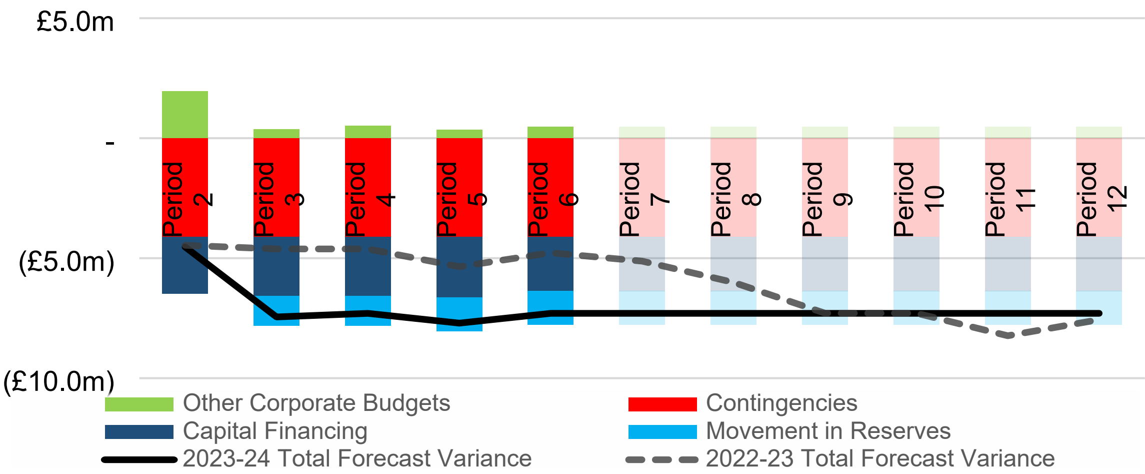
3.89. Corporate Budgets are forecasting a positive net variance of £7.299m at Quarter 2 which is summarised below. This is an adverse movement of £0.150m from Quarter 1, primarily relating to the Capital Financing costs.

Table 9. Corporate Budgets Forecast 2023/24

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Capital Financing Costs	17.601	15.348	(2.253)	0.219
Contingency	4.108	0.000	(4.108)	0.000
Other Corporate Budgets	(4.099)	(3.630)	0.469	0.095
Movement to/(from) Reserves	6.108	4.701	(1.407)	(0.164)
Total	**23.718**	**16.419**	**(7.299)**	**0.150**

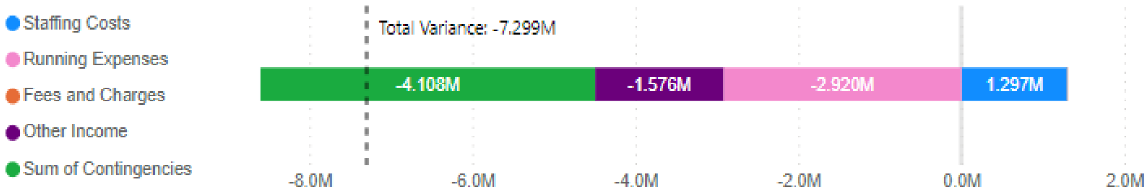
3.90. The following chart summaries the forecast budget variance, split by services within Corporate Budgets, for each period to date.

Chart 19. Forecast Variance Period Comparison – Corporate Budgets



3.91. The following chart summaries the overall forecast budget variance for Corporate Budgets by high level category:

Chart 20. Split of Total Variance – Corporate Budgets



3.92. Capital Financing Costs is reporting a positive total net variance £2.253m. As a result of the slippage on the Capital Programme reported in the 2022/23 Outturn Report, there is a positive variance of £0.067m relating to the Minimum Revenue Provision (MRP). There is a further positive variance of £1.879m on the interest payable budget which is forecast to arise from a combination of the slippage on the Capital Programme and the Council's strategy of maximising internal borrowing, supported by temporary borrowing where required, in terms of managing the Council's cashflow. Finally, there is a positive variance forecast of £0.307m on the interest receivable budget relating to treasury investments due to interest rates currently being higher than originally forecast.

3.93. The Contingency budget of £4.108m to mitigate against non-delivered in-year savings has not been allocated out to services and therefore contributes a further positive variance.

3.94. Other Corporate Budgets is reporting an adverse net variance of £0.469m. This variance includes a forecast pressure of £1.243m relating to current 2023/24 pay award assumptions and a forecast pressure of £0.600m relating to Housing Benefits, which is predominantly offset by positive net variances of £1.374m within Other Corporate Budgets which is mainly due to the forecast release of all other contingencies.

3.95. The 2023/24 Budget assumes a total net transfer to reserves of £6.108m. The current 2023/24 pay award assumptions outlined previously in the report have created forecast pressures of £1.243m in RBC and £0.164m in BFFC. As a result, a drawdown of £1.407m from the Pay & Inflation earmarked reserve is now anticipated, resulting in a positive net variance on Movement to/(from) Reserves of £1.407m.

4. Savings Delivery

4.1. Delivery of the Council's budget is predicated on achieving savings and additional income as agreed as part of the budget setting process in February 2023. Detailed monitoring of agreed savings is tracked on a monthly basis.

4.2. The projected financial impact of any non-delivery of savings has been included in the projected outturn position reported above.

4.3. A total of £7.401m of savings were delivered in 2022/23. The residual £2.823m have been carried forward for delivery in 2023/24, giving a revised 2023/24 savings target of £8.118m.

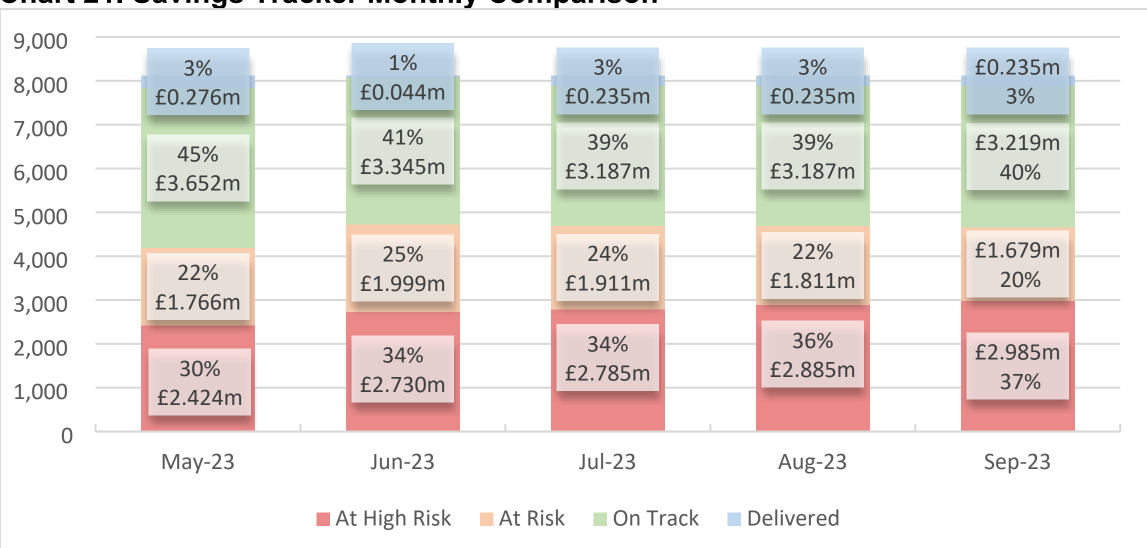
4.4. The following table summarises the current forecast savings delivery for 2023/24 (a further detailed breakdown by saving is provided in Appendix 3):

Table 10. General Funds Savings Tracker Summary

Service	Savings At Risk £m	Savings Delayed or at Risk £m	Savings on Track £m	Savings Achieved £m	Directorate Total £m
Community and Adult Social Care	0.000	(0.108)	(0.191)	(0.191)	(0.490)
Economic Growth and Neighbourhood Services	(1.538)	(1.471)	(2.702)	0.024	(5.687)
Resources	(0.881)	(0.100)	(0.265)	(0.068)	(1.314)
Chief Executive Services	0.000	0.000	0.000	0.000	0.000
Corporate	(0.266)	0.000	(0.061)	0.000	(0.327)
Children's Services delivered by BFfC	(0.300)	0.000	0.000	0.000	(0.300)
Total	**(2.985)**	**(1.679)**	**(3.219)**	**(0.235)**	**(8.118)**

4.5. The following chart shows the Savings Tracker Summary trend by period:

Chart 21. Savings Tracker Monthly Comparison



4.6. Any savings not delivered in 2023/24 will cause an immediate pressure on 2024/25, unless mitigated with alternative ongoing savings. Delivery of existing savings within the

Medium-Term Financial Strategy will also be reviewed as part of the 2024/25 Budget setting and 2024/25-2026/27 Medium-Term Financial Strategy processes over the upcoming months.

5. Debt Performance

5.1. Total General Fund sundry debt as at the end of Quarter 2 is £8.060m, compared to £7.945m at the end of Quarter 1. In addition to this, the General Fund also has £10.948m of current debt and £0.901m of deferred debt which is not yet considered overdue. A breakdown of this debt by age and directorate is provided below.

Chart 22. Split of General Fund Debt by Directorate and Days Outstanding

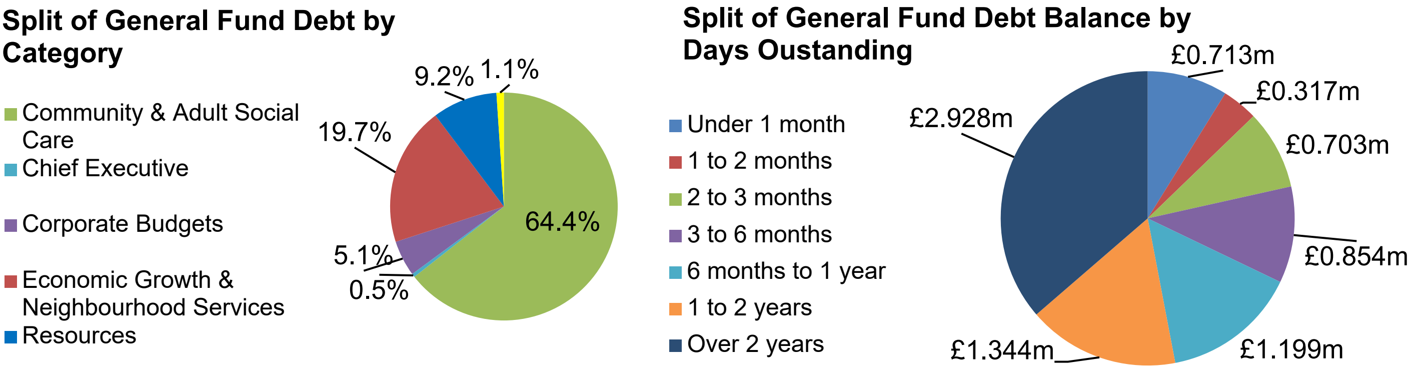
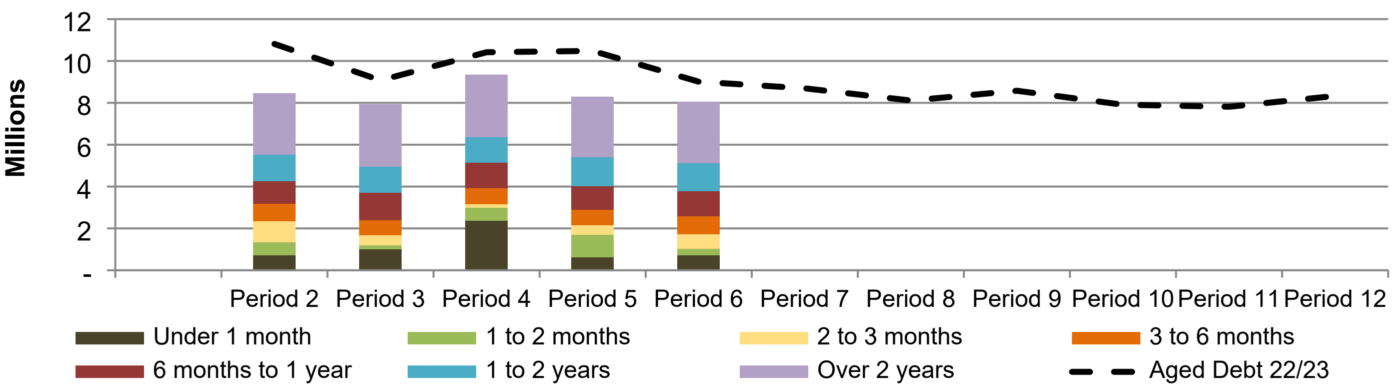


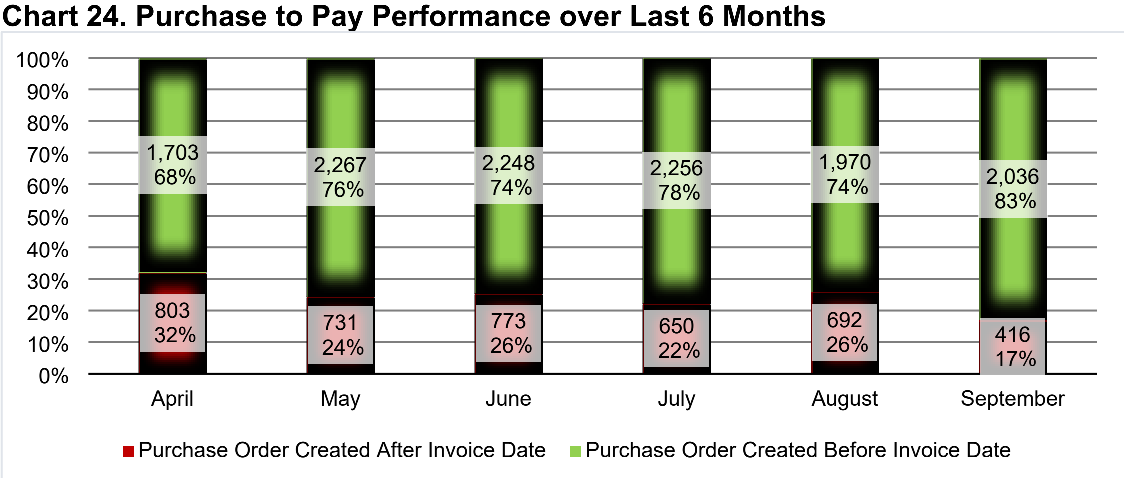
Chart 23. Overdue General Fund Debt Monthly Comparison



6. Purchase to Pay Performance

6.1. The chart below shows the total numbers of Purchase Orders raised before and after the invoice date over the last six months.

Chart 24. Purchase to Pay Performance over Last 6 Months



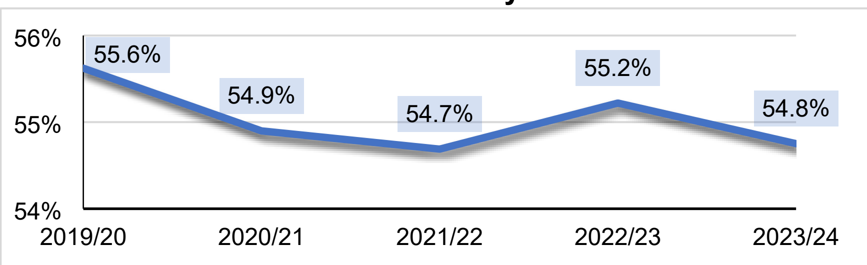
6.2. As at the end of Quarter 2, there were 2,411 open Purchase Orders, with a total open ordered amount of £60.923m.

7. Collection Fund

7.1. The following chart 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 2.

7.2. Council Tax collection rates are marginally behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) and 2022/23 collection rates at the same point last year. Collection rates for 2022/23 ultimately ended up being only 0.10% behind 2019/20 at the end of the year so the current forecast is that collection rates will continue to improve over the remainder of the year, however this will continue to be closely monitored in light of the ongoing cost of living crisis.

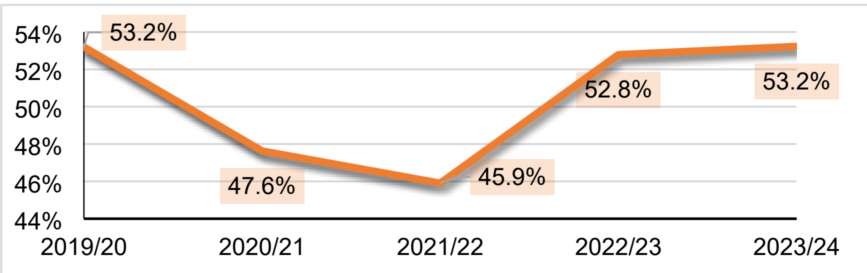
Chart 25. Council Tax Recovery Rates



Comparison to 2022/23	Comparison to 2019/20
0.47%	0.87%

7.3. Non-Domestic collection rates are ahead of pre-Covid-19 pandemic rates (2019/20) and 2022/23 collection rates at the same point last year. This will continue to be monitored but current expectations are that this position will be maintained over the coming months.

Chart 26. NNDR Recovery Rates



Comparison to 2022/23	Comparison to 2019/20
0.44%	0.03%

8. General Fund - Capital Programme

8.1. The General Fund Capital Programme for 2023/24 has an approved budget of £107.178m. The following amendments are requested to be formally approved which would result in a revised Capital Programme budget of £67.090m. These amendments are set out on an individual scheme basis in Appendix 4a.

8.2. Against the proposed revised budget of £67.090m there is a forecast positive net variance of £1.078m. This variance relates solely to the Delivery Fund, as set out in paragraph 9.2.

Table 11. General Fund Capital Programme Amendments

General Fund Capital Programme	**£m**
Revised Approved Budget 2023/24	**107.178**
Budget Transfers between Existing Schemes (Reduction)	(6.287)
Budget Transfers between Existing Schemes (Increase)	6.287

Additional Budgets added to the Programme - Funded by Grants & Contributions	0.816
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts, Revenue Contributions and Borrowing	0.000
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	0.404
Budgets reprogrammed (to)/from Future Years	(41.308)
Proposed Revised Budget Quarter 2 2023/24	**67.090**

8.3. Included within the budget movements between schemes are a number of adjustments in respect of the New Performance Space at the Hexagon Theatre and New Reading Library at the Civic Centre Levelling Up schemes. This includes budget movements from other schemes as set out in Appendix 4a.

8.4. A total of £0.816m of additional budgets across seven schemes (as set out in Appendix 4a) that are fully funded by grants and contributions are requested to be formally added into the Capital Programme. This includes:

- £0.375m for The Renewable Energy scheme;
- £0.195m for capital expenditure directly incurred by schools and funded by devolved formula capital grant funding;
- £0.153m for the Restoration of Historic Wall at Caversham Court Gardens scheme;
- £0.072m for the Forbury Gardens Bandstand scheme;
- £0.016m for the Levelling Up Delivery Plan – New Reading Library at the Civic Centre scheme;
- £0.005m for other schemes.

8.5. A net total of £0.404m of budgets over 15 schemes, as set out in Appendix 4a, are requested to be formally added into the Capital Programme to correct the 2022/23 budget carry forward figure.

8.6. A net total of £41.308m of budgets are requested to be reprogrammed between 2023/24 and future years of the Capital Programme as set out in Appendix 4a. This includes the following adjustments in excess of £0.500m:

From 2023/24 to future years:

- £12.016m for grant funded Education schemes;
- £4.850m for the Levelling Up Delivery Plan - New performance space at the Hexagon Theatre scheme due to delays in appointing a contractor;
- £3.795m for the Levelling Up Delivery Plan - New Reading Library at the Civic Centre scheme due to delays in appointing a contractor;
- £2.954m for the Bus Service Improvement scheme due to funding delays and procurement and feasibility works;
- £2.509m for the Highways Infrastructure Programme scheme due to reprofiling following procurement;
- £2.500m for the Loan to RTL (Bus replacement programme) scheme as there are currently no plans to issue a loan to RTL during 2023/24;
- £2.432m for the Leisure Centre Procurement scheme due to a delay on the Rivermead build works and the athletics track at Palmer Park;
- £1.202m for the Co-located Profound and Multiple Learning Disabilities Day Opportunities and Respite Facility and Sheltered Housing Flats scheme where construction is now due to commence in 2024/25;
- £0.988m for the S106 Individual schemes list scheme due to internal delivery capacity;

- £0.757m for the Corporate and Community Buildings scheme to reflect the revised expenditure projections for the current year;
- £0.724m for the CIL Local Funds – Transport scheme due to internal delivery capacity;
- £0.643m for the Renewable Energy scheme relating to works at the Smallmead site;
- £0.584m for the CIL Local Funds – Community scheme to reflect the revised expenditure projections for the current year;
- £0.532m for the Minster Quarter scheme due to a delay in the original time scales as entered negotiation phase;

From future years into 2023/24:

- £2.204m for the Regeneration Projects scheme has been brought forward from 2024/25 and has then been moved into the New Performance Space at the Hexagon Theatre and New Reading Library at the Civic Centre Levelling Up schemes.

8.7. Further work has been undertaken this period to re-profile the re-programmed budgets from 2023/24, as set out above, and the existing approved budgets for 2024/25 and 2025/26 more accurately across future years.

8.8. The overall impact of the requested re-programming, as set out in Appendix 4b, is a £0.068m net decrease to budgets in 2024/25 and a £28.766m net increase to budgets in 2025/26. This includes a request to re-programme £12.610m of budgets past 2025/26. The requested changes include:

- £8.800m to 2025/26 for the Maintenance & Enhancement of Council Properties scheme which is currently on hold until funding can be identified;
- £1.641m to 2025/26 for the Burial Land Acquisition scheme due to delays in identifying a suitable site/an alternative solution;
- £1.534m to 2025/26 for the Reading Football Club Social Inclusion Unit to SRLC where the scheme is due to be funded from S106 funding from a delayed planning development;

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 31st March 2025.

9.2. There is a total £4.595m Delivery Fund available for 2023/24 (inclusive of 2022/23 approved carry forwards). At Quarter 2, £3.753m of this funding has been allocated out to approved schemes, leaving £0.842m available to be allocated. At Quarter 2, the forecast spend is £3.517m, which represents a positive net variance against approved allocations of £0.236m. The overall forecast positive net variance is therefore £1.078m.

10. Housing Revenue Account – Revenue

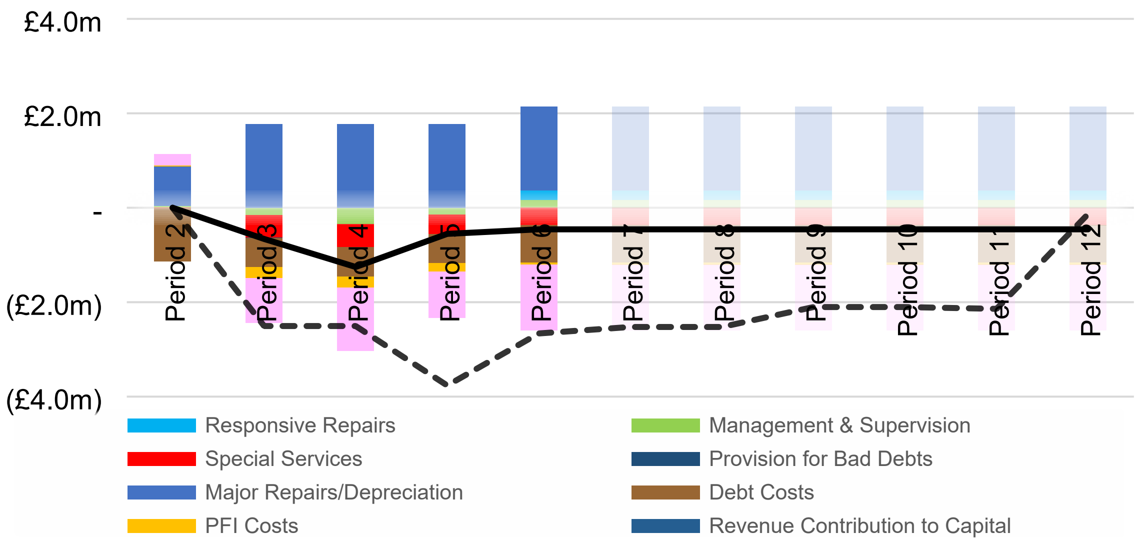
10.1. The approved Housing Revenue Account budget assumed a drawdown from HRA reserves of £2.499m. At Quarter 2 the forecast revenue outturn position for the HRA is a positive net variance of £0.457m. Therefore, a drawdown from HRA Reserves is forecast of £2.042m rather than the originally budgeted £2.499m. The breakdown of the net variance is set out in the following table and explained below.

Table 12. Housing Revenue Account Forecast 2023/24

	Budget £m	Forecast Outturn £m	Forecast Variance £m	Increase/ (decrease) from Quarter 1 £m
Management & Supervision	8.796	8.962	0.166	0.318
Special Services	4.404	4.034	(0.370)	0.116
Provision for Bad Debts	0.405	0.405	0.000	0.000
Responsive Repairs	4.144	4.341	0.197	0.197
Planned Maintenance	3.488	3.484	(0.004)	(0.004)
Major Repairs/Depreciation	12.871	14.649	1.778	0.000
Debt Costs	7.148	6.362	(0.786)	(0.164)
PFI Costs	7.975	7.932	(0.043)	0.193
Revenue Contribution to Capital	0.000	0.000	0.000	0.000
HRA Income	(46.731)	(48.126)	(1.395)	(0.451)
Over/(Under) Budget	**2.499**	**2.042**	**(0.457)**	**0.204**
Movement to/(from) HRA Reserves	(2.499)	(2.042)	0.457	(0.204)

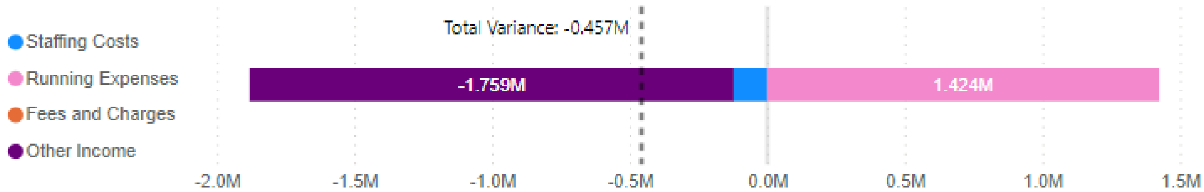
10.2. The following chart summaries the forecast budget variance, split by services within the HRA, for each period to date.

Chart 27. Forecast Variance Period Comparison – Housing Revenue Account



10.3. The following chart summaries the overall forecast budget variance for the HRA by high level category:

Chart 28. Split of Total Variance – Housing Revenue Account



10.4. Within Management and Supervision, there is a forecast adverse net variance of £0.166m which primarily relates to increased spend on temporary accommodation. This is offset by a smaller positive variance on staffing costs.

10.5. Within Special Services, there are a number of vacant posts leading to a current projected positive variance on salary budgets of £0.098m. Furthermore, there is an additional positive variance of £0.350m in respect of sheltered housing rents and Right-to-Buy housing association charges. This is partially offset by an adverse variance on running costs of £0.078m.

10.6. Recruitment attempts to fill the aforementioned vacancies are ongoing.

10.7. Responsive Repairs is currently forecasting a net adverse variance of £0.197m. This variance is primarily made up of a £0.400m adverse variance on major voids, partially offset by positive variances on plumbing and minor voids totalling £0.203m.

10.8. Planned Maintenance is currently forecasting a net positive variance of £0.004m.

10.9. Major Repairs/Depreciation is currently forecasting an adverse variance of £1.778m. This directly relates to the higher external valuation figures seen within the HRA over the past few years. Depreciation is set based on the prior year valuation level. Unlike the General Fund, depreciation is a real charge to the HRA however any increase in the level of depreciation is moved to the Major Repairs Fund and is available to be used on capital expenditure.

10.10. Debt costs are forecast to be lower than budgeted by £0.786m due to less borrowing currently being required within the HRA to meet its capital expenditure.

10.11. PFI Costs is forecasting a positive variance of £0.043m due to minor contractual variances in respect of the payments to Affinity.

10.12. HRA Income is forecasting a positive net variance of £1.395m. Interest income is forecast to overachieve by £1.637m due to a combination of the increases in the Bank of England base rate compared to the assumptions in the HRA Business Plan and as the HRA has a high level of reserve balances, it takes a high share of the Council's overall interest income. This is partially offset by adverse variances on the following income streams:

- £0.085m underachievement on Dwelling Rents (0.2% less than budget);
- £0.099m underachievement on service charges;
- £0.058m underachievement forecast on Other Income.

11. Housing Revenue Account - Capital Programme

11.1. The HRA Capital Programme for 2023/24 has an approved budget of £36.442m. The following amendments are requested to be formally approved which would result in a revised HRA Capital Programme budget of £33.564m. These amendments are set out on an individual scheme basis in Appendix 4a.

Table 13. HRA Capital Programme Amendments

HRA Capital Programme	**£m**
Revised Approved Budget 2023/24	**36.442**
Budget Movements Between Schemes	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	3.461
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts, Revenue Contributions and Borrowing	4.080
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	0.150
Budgets reprogrammed (to)/from Future Years	(10.269)
Proposed Revised Budget Quarter 1 2023/24	**33.564**

11.2. A total of £3.461m of additional budget funded by grants and contributions is requested to be formally added into the Capital Programme in respect of the Local Authority Housing Fund as set out in paragraphs 11.8 – 11.10.

11.3. A total of £4.080m of additional budget funded by HRA borrowing is requested to be formally added into the Capital Programme in respect of the Local Authority Housing Fund as set out in paragraphs 11.8 – 11.10.

11.4. A net total of £0.150m budget adjustments are requested to be formally added to the capital programme, as set out in Appendix 4a, to correct the 2022/23 carry forward figure.

11.5. A net total of £10.269m of budgets are requested to be reprogrammed between 2023/24 and future years of the Capital Programme as set out in Appendix 4a. This includes:

- £1.647m for Major Repairs – Existing Homes Renewal and £0.713m for Major Repairs – Zero Carbon Retrofit Works schemes from 2023/24 into future years to re-state budgets back to the levels set out in 2023/24 HRA Business Plan. Work on the 2024/25 HRA Business Plan is due to be finalised in January 2024 and this will amend the budgets for these schemes to reflect the latest expenditure budgets;

- £2.196m for the Local Authority New Build programme for Older People and Vulnerable Adults scheme from 2023/24 into future years to reflect the revised expenditure projections for the current year;

- £5.714m for the New Build & Acquisitions - Phase 2 – 4 scheme from 2023/24 into future years to reflect the revised expenditure projections for the current year;

- £0.001m for the Disabled Facilities Grant scheme from future years into 2023/24.

11.6. Further work has been undertaken this period to re-profile the re-programmed budgets from 2023/24, as set out above, and the existing approved budgets for 2024/25 and 2025/26 more accurately across future years.

11.7. The overall impact of the requested re-programming, as set out in Appendix 4b, is a £26.231m net decrease to budgets in 2024/25 and a £29.316m net increase to budgets in 2025/26. This includes a request to re-programme £7.184m of budgets past 2025/26.

Local Authority Housing Fund

11.8. In April 2023, Policy Committee received a report and approved the recommended actions relating to the Local Authority Housing Fund (Round 1). This report set out the acquisition of 15 properties at a total estimated cost of £5.410m, funded with £2.460m of DLUHC grant (including £0.020m per property for refurbishment costs), and £2.950m of match funding (S106 grant and HRA borrowing). Scheme and spend approval for the £5.410m was requested and given.

11.9. Round 2 of this programme assumes the acquisition of a further 6 properties, taking the total to 21. The total revised budget requested to be approved and formally added into the Capital Programme is £7.541m, of which £3.402m is funded by DLUHC grant and £4.139m of match funding (S106 and HRA borrowing). Policy Committee is therefore requested to give scheme and spend approval for the revised amount of £7.541m.

11.10. The 21 properties will be ready for letting once any refurbishment works have been carried out, resulting in an immediate revenue stream. As detailed in the April Policy Committee report, the financial viability of each acquisition is assessed before an offer is made and properties will only be considered once an assessment of their condition has been carried out by the Housing Surveying Team.

11.11. The viability of each acquisition is also evaluated against the full 30-year HRA business plan.

12. Corporate Plan Performance

Summary

12.1. This section of the Performance Report sets out progress against the Performance Measures and Projects included in the Council's Corporate Plan "Investing in Reading's Future".

12.2. The Corporate Plan sets out the Council's vision "To help Reading realise its potential and to ensure that everyone who lives and works here can share the benefits of its success" and three priority themes of:

- Healthy Environment
- Thriving Neighbourhoods
- Inclusive Economy

12.3. These themes are supported by the strong Foundations of effective service delivery, improvement and transformation needed to ensure the effective delivery of the ambitious programme set out in the Corporate Plan.

12.4. The Corporate Plan update agreed in March 2023, includes fifty-seven performance measures and forty-eight[1] key projects and initiatives which underpin delivery of the Council's vision and priorities. Of the fifty-seven performance measures, thirty-one are annual measures that will not be reported on until after March 2024.

12.5. The following sections set out performance against the key measures and projects published in the Council's Corporate Plan and specifically detail:

- Measures where there has been a significant positive shift in performance since the last relevant reporting period;
- Measures where there has been a significant negative shift in performance since the last relevant reporting period.
- Measures where performance against target is red (variance is > 10% of target)
- Projects and initiatives where status reported as red.

12.6. For each of these the explanation and any action taken to get back to green by the service is included.

12.7. The full list of Performance Measures is at Appendix 5 and Projects and Initiatives as Appendix 6.

12.8. The table below provides a summary of the status of the projects and initiatives reported quarterly at the end of Quarter 2 2023/24:

Table 14. Performance Overview

What	Status		
	Green	Amber	Red
Key Measures	54%	19%	27%
Key Projects[2]	51%	49%	0%

[1] One project is no longer proceeding "Procure and implement crowdfunding solution to support projects delivered by the voluntary and community sector."
[2] The project "Procure and implement crowdfunding solution to support projects delivered by the voluntary and community sector" is no longer proceeding.

Corporate Plan Measures

12.9. The tables and charts below compare the movement in Corporate Plan measures between Q1 and Q2 for the 26 measures reported quarterly. The following table, shows a summary of the direction of travel where performance is getting better, remains the same or is getting worse compared to the previous quarter:

Table 15. Summary of Direction of Travel

Status	Q3-Q4	Q4 – Q1		Q1 – Q2	
	%	%	No. of measures	%	No. of measures
Getting Better	70	38	10	58	15
Unchanged	11	8	2	0	0
Getting Worse	19	50	13	38	10
N/A – No Target / Comparison	0	4	1	4	1
Total	**100**	**100**	**26**	**100**	**26**

12.10. The following table shows performance against the target (red/amber/green) for the measures monitored in year:

Table 16. Summary of Performance against Target

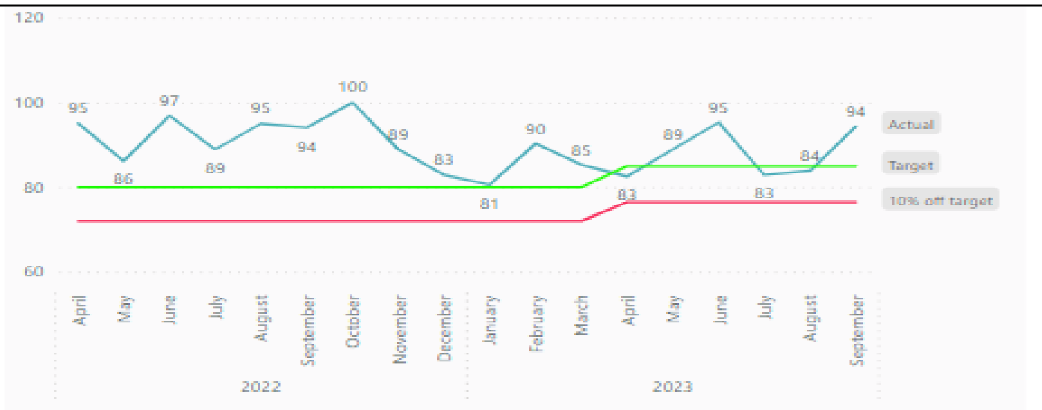
Status	Q3		Q4		Q1		Q2	
	No.	%	No.	%	No.	%	No.	%
Green	19	70	41	72	13	50	14	54
Amber	4	15	9	16	6	23	5	19
Red	4	15	7	10	7	27	7	27
N/A – No Target / Comparison	0	0	1	2	0	0	0	0
Total	**27**	**100**	**58**	**100**	**26**	**100**	**26**	**100**

12.11. The following table details measures where there has been notable change since the previous period:

Table 17. Measure Showing Significant Change Since Previous Period

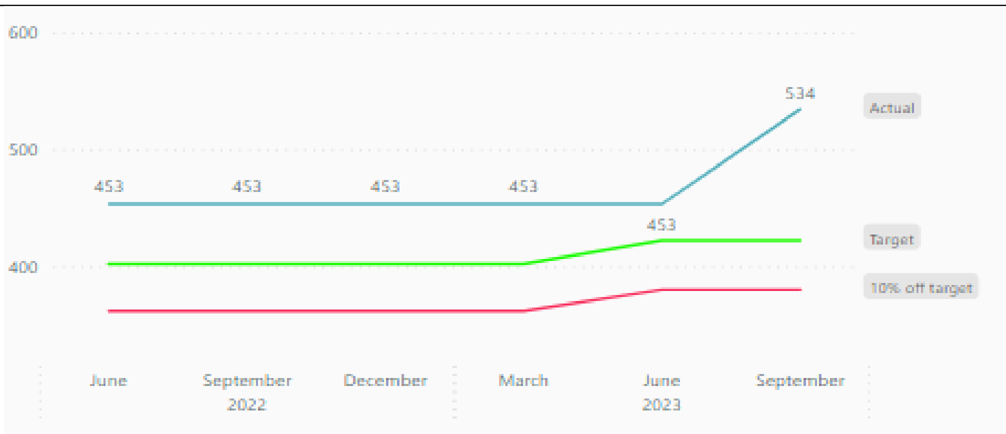
Measures showing notable change since previous period - Positive.

Older People (65+) who were still at home 91 days after discharge from hospital into reablement.



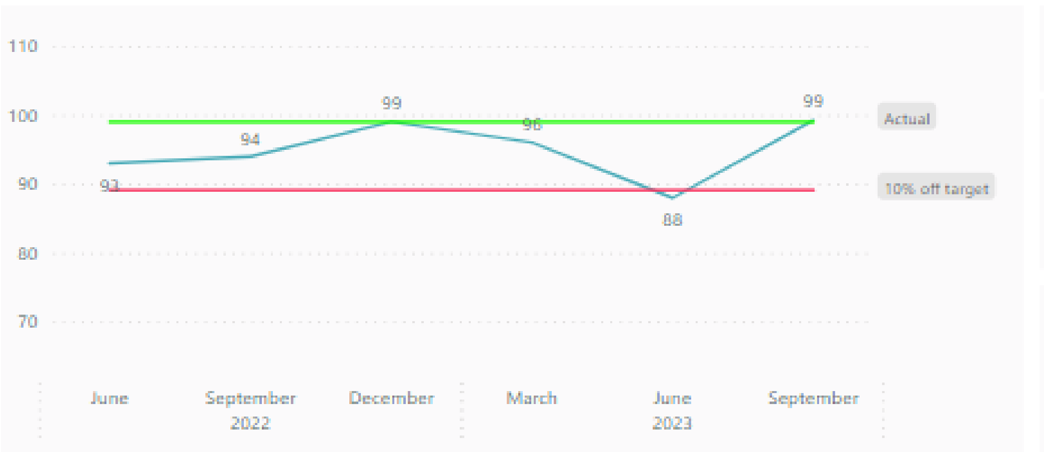
Q1 2023/24	Q2 2023/24	Target	Comments
95.3%	94.4%	85%	The service continues to deliver good outcomes and performance is currently exceeding target.

Number of places for children & young people with Special Education needs.



Q1 2023/24	Q2 2023/24	Target	Comments
	534	422	Additional places became available in September 2023 and has increased capacity by 112 places.

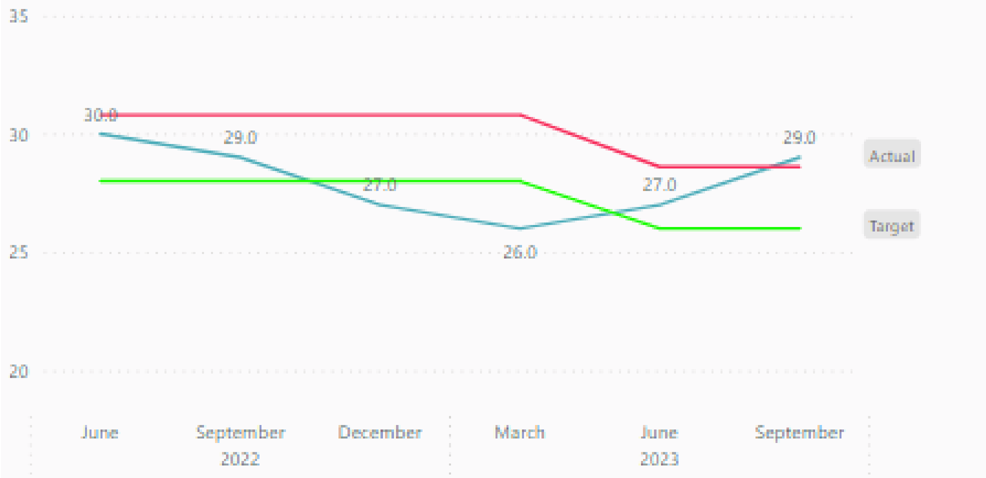
Percentage of actionable (40mm depth) potholes repaired within 28 days.



Q1 2023/24	Q2 2023/24	Target	Comments
			There was an issue with the Asset management system (WDM) not exporting the data in April this has been resolved but caused a small number of potholes to go out of date in Q1. This has been resolved and performance is meeting its target with an 11% improvement this quarter.

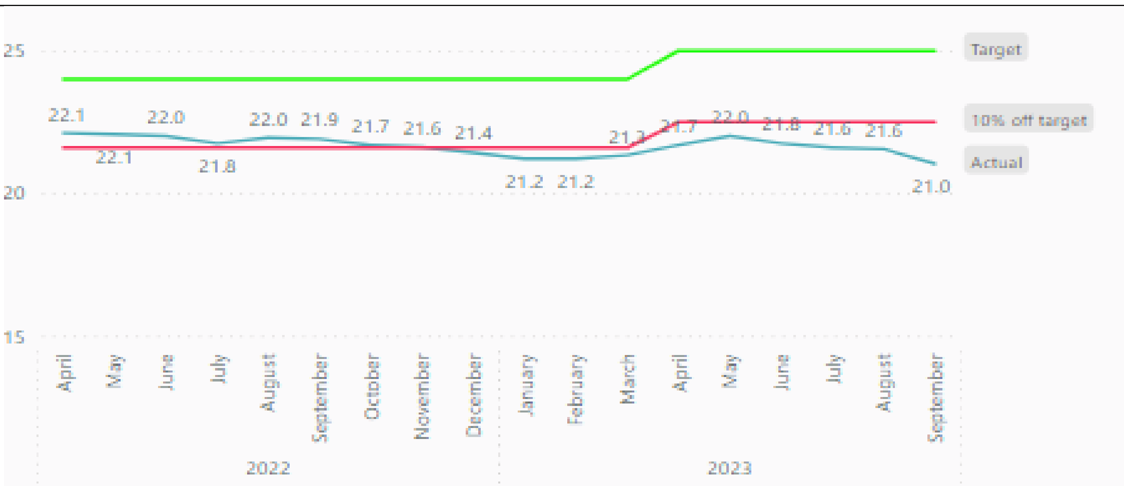
Measures showing significant change since previous period – Negative

Percentage of children in care living more than twenty miles from Reading



Q1 2023/24	Q2 2023/24	Target	Comments
27%	29%	26%	Proactive action taken to address the challenge of local place sufficiency (a challenge that Local Authorities across England are experiencing is beginning to evidence impact with more children initially being placed in or returning to placements in Reading. A reduction in the overall number of children coming into care means that the number of children who became looked after some years ago and are settled with long term carers beyond twenty miles continues to have a high proportionate impact on this indicator

Percentage of service users in receipt of Adult Social Care Direct Payments



Q1 2023/24	Q2 2023/24	Target	Comments
21.6	21%	25%	As part of the Commissioning restructure in ASC additional management support for Direct Payments (DP) will be provided to help increase numbers and identify Personal Assistants. We have a number of DP users who pass away & those who no longer want to manage a DP, but also a number of people who need to move into a care home so can no longer have a direct payment.

Measures where performance against target is red

	Q1 2023/24	Q2 2023/24	Target	
Direct Payments (Red last Quarter)	21.6%	21%	25%	See above graph and comments
Cumulative reduction in crime (Red last Quarter)	Sixteen percent increase	Sixteen percent increase	7% Reduction	Data adjusted by Data Provider, Iquanta, following verification process. This now reflects a significant increase in crime reports and shows a 16% increase in crime, against 2019/20 baseline, for Q1 23/24. National data not yet available for Q2 23/24, so have estimated based on the Q1 position.
Percentage of children in care living more than 20 miles from Reading	27%	29%	26%	See previous graph and comments.
Number of stop smoking service users, who have set a date to stop smoking and are still not smoking 4 weeks later, that are routine and manual workers. (Red last Quarter)	34	40	45	Due to the lag in stop smoking service data, the previous quarter's data can now be confirmed (Q1 23/24 = 34%). Q2 figure is only provisional.
Percentage of people with a learning disability in paid employment **(Red last Quarter)**	4.94%	4.81%	5.5%	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. We are in the process of commissioning a supported employment provision for service users with an LD and Mental Health.
Youth Reoffending Rate	30%	35.4%	28%	There is a lag in reporting of data for this national measure. Therefore, the latest available performance figure is included here. Re-offending rates within Reading had historically been beneath our comparators. More recently our reoffending rate has risen and the latest cohort data (Oct 20 – Sept 21) has a rate of 35.4%. This is in excess of the statistical comparators who average a rate of 31.5%.
Customer satisfaction in the Customer Fulfilment Centre	61%	84.4%	90%	Performance was disrupted during a period of service restructure, with a number of vacancies including in management roles – these have now been recruited to. Although below target, this indicator continues to improve each month. Improvements to the performance management systems within the service continue, including enhancing the use of qualitative feedback. Stronger recording and reporting are in place, improving the understanding of demand drivers and satisfaction levels.

Corporate Plan Projects

12.12. The RAG status for the Corporate Plan projects[3] is shown below:

Table 18. Summary RAG Status Corporate Plan Projects

Status	Q3	Q4	Q1	Q2	
	%	**%**	**%**	**%**	**No.**
Green	56	67	52	51	24
Amber	38	31	46	49	23
Red	6	2	2	0	0
Total	**100**	**100**	**100**	**100**	**47**

13. Contribution to Strategic Aims

13.1. 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.

13.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

14. Environmental and Climate Implications

14.1. The Council declared a Climate Emergency at its meeting on 26th February 2019, 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 enroute to net zero by 2030. The Council's Corporate Plan monitors progress in reducing the carbon footprint of both the Borough and the Council.

14.2. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

15. Community Engagement

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

16. Equality Implications

16.1. The equality duty is relevant to the development of the Budget. 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.

17. Other Relevant Considerations

17.1. There are none.

[3] "Procure and implement crowdfunding solution to support projects delivered by the voluntary and community sector" is no longer proceeding.

18. Legal Implications

18.1. 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.

19. Financial Implications

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

20. Timetable for Implementation

20.1. Not applicable.

21. Background Papers

21.1. There are none.

Appendices

1. Recovery Plan Quarter 2 (2023/24)
2. Brighter Futures for Children (BFfC) Budget Monitoring Report Quarter 2 (2023/24)
3. Savings Tracker Quarter 2 (2023/24)
4. a. Capital Programme Quarter 2 (2023/24)
b. Capital Programme Quarter 2 (2023/24 to 2025/26)
5. Corporate Plan Performance Measures (Monthly & Quarterly) Quarter 2 (2023/24)
6. Corporate Plan Projects and Initiatives Quarter 2 (2023/24)