

# Policy Committee

11 March 2024



**Reading**  
Borough Council  
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<b>Title</b>	2023/24 Quarter 3 Performance and Monitoring 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 Gavin Handford, Assistant Director of Policy, Performance & Customer Services
<b>Lead Councillor</b> (name & title)	Councillor Terry, Deputy Leader of the Council and Lead Councillor for Corporate Services & Resources
<b>Corporate priority</b>	Our Foundations
<b>Recommendations</b>	<p><b>That Policy Committee notes:</b></p> <ol style="list-style-type: none"><li>1. That the forecast General Fund revenue outturn position for Quarter 3 is an adverse net variance of £5.117m which is an adverse net movement of £1.432m from Quarter 2;</li><li>2. That £1.392m (17%) of savings have been delivered (blue) to date in this financial year, with a further £2.368m (29%) of savings on track to be delivered (green) by March 2024. £3.067m (38%) of savings are currently categorised as non-deliverable (red) and £1.291m (16%) categorised as at risk of delivery (amber);</li><li>3. That the General Fund Capital Programme is forecasting a positive net variance of £1.407m against the proposed revised budget of £50.129m;</li><li>4. That there is a total £4.790m Delivery Fund available for 2023/24 (inclusive of 2022/23 approved carry forwards) of which £0.195m has been brought forward from 2024/25. At Quarter 3, all of this funding has been allocated out to approved schemes;</li><li>5. That the Housing Revenue Account (HRA) is projecting a positive net variance of £0.030m as at the end of Quarter 3, which results in a forecast drawdown from HRA Reserves of £2.469m;</li><li>6. That the HRA Capital Programme is forecasting to spend to budget against the approved budget of £33.564m.</li><li>7. The performance achieved against the Corporate Plan success measures as set out in Section 12 of this report and Appendices 5 and 6.</li></ol> <p><b>That Policy Committee approves:</b></p> <ol style="list-style-type: none"><li>8. The proposed amendments to the General Fund Capital Programme (as set out in Section 8 of this report and Appendix 4a and 4b), which would result in a revised Capital Programme budget of £50.129m for 2023/24, £108.809m for 2024/25 and £53.576 for 2025/26;</li><li>9. The proposed amendments to the HRA Capital Programme (as set out in Section 11 of this report and Appendix 4a and 4b), which would result in a revised Capital Programme budget of £33.564m for 2023/24, £47.985m for 2024/25 and £54.370 for 2025/26;</li></ol>

## **1. Executive Summary**

### **General Fund - Revenue**

- 1.1 The General Fund Revenue Budget is forecasting an overall adverse net variance of £5.117m as at the end of Quarter 3, consisting of £12.741m of net pressures within service expenditure budgets which is partially offset by a positive net variance of £7.624m across Corporate Budgets. The overall forecast variance is an adverse net movement of £1.432m from Quarter 2.
- 1.2 The adverse net movement of £1.432m includes £1.889m of additional recovery plan mitigations that have been identified/delivered since Quarter 2. The £1.889m of newly identified recovery plan mitigations are set out individually in Appendix 1.
- 1.3 Children's Services delivered by Brighter Futures for Children (BFfC) is now forecasting an overall adverse net variance of £8.869m; an increase of £1.850m from Quarter 2. The majority of the movement from Quarter 2 relates to increased pressures within children's social care placements, which includes a net increase of 22 in the number of Looked After Children. More detail is set out in Appendix 2.
- 1.4 Non-delivery of savings continues to be a concern with only 46% of savings currently showing as on track or delivered. The impact of the 2024/25 budget proposals has removed, reduced or re-profiled £2.792m of the £3.067m of red rated savings. The Savings Tracker which lists progress against each individual saving is attached as Appendix 3.
- 1.5 As has been previously reported, all budgeted contingencies have already been released and factored into the Corporate Budgets forecast.

### **General Fund - Capital**

- 1.6 The provisional General Fund Capital Programme outturn is forecasting a positive net variance of £1.407m against a proposed revised budget of £50.129m in 2023/24. This variance entirely relates to the Delivery Fund. The Capital Programme is set out in more detail in Section 8 and Appendices 4a and 4b.

### **Housing Revenue Account (HRA) - Revenue**

- 1.7 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.499m. At Quarter 3, the forecast revenue outturn position for the HRA is a positive net variance of £0.030m. Therefore, a drawdown from HRA Reserves is forecast of £2.469m rather than the originally budgeted £2.499m.

### **Housing Revenue Account (HRA) - Capital**

- 1.8 The HRA Capital Programme is forecasting to spend to budget against the approved budget of £33.564m in 2023/24. The HRA Capital Programme is set out in more detail in Section 11 and Appendices 4a and 4b.

### **Performance**

- 1.9 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.10 Of the 26 Corporate Plan Performance Measures monitored monthly or quarterly, 38% are currently "green", 31% "amber" and 31% "red". 54% have improved since Quarter 2 of 2023/24, whilst 38% have worsened.

- 1.11 Of the 47 Corporate Plan Projects, 66% are currently “green” and 34% “amber”. The status for 1 project 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.
- 1.12 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

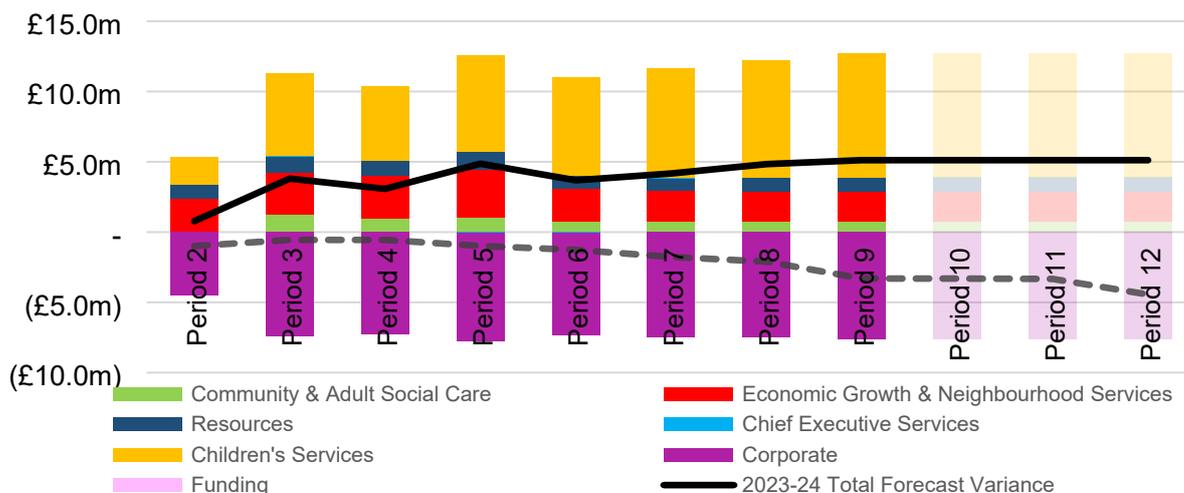
- 3.1. The forecast outturn position of the General Revenue Fund is an adverse net variance of £5.330m as at the end of Quarter 3, which is a net adverse movement of £1.645m since Quarter 2, and is broken down by Directorate in the following table:

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

	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Community and Adult Social Care	50.485	51.235	0.750	0.002
Economic Growth and Neighbourhood Services	17.858	19.986	2.128	(0.193)
Resources	18.555	19.536	0.981	0.060
Chief Executive Services	1.592	1.605	0.013	0.038
Children’s Services retained by Council	0.838	0.838	0.000	0.000
Children’s Services delivered by BFfC	51.430	60.299	8.869	1.850
<b>Total Service Expenditure</b>	<b>140.758</b>	<b>153.499</b>	<b>12.741</b>	<b>1.757</b>
Capital Financing	17.601	14.880	(2.721)	(0.468)
Contingencies	4.108	0.000	(4.108)	0.000
Other Corporate Budgets	(4.164)	(4.020)	0.144	(0.325)
Movement in Reserves	6.108	5.169	(0.939)	0.468
<b>Total Corporate Budgets</b>	<b>23.653</b>	<b>16.029</b>	<b>(7.624)</b>	<b>(0.325)</b>
<b>Net Budget Requirement</b>	<b>164.411</b>	<b>169.528</b>	<b>5.117</b>	<b>1.432</b>
<b>Financed by:</b>				
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
<b>Total Funding</b>	<b>(164.411)</b>	<b>(164.411)</b>	<b>0.000</b>	<b>0.000</b>
<b>(Positive)/Adverse Variance</b>	<b>0.000</b>	<b>5.117</b>	<b>5.117</b>	<b>1.432</b>

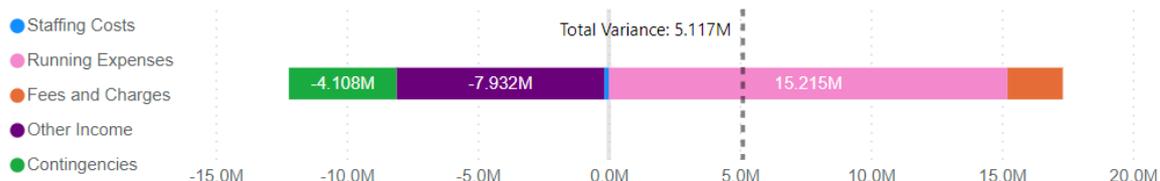
3.2. The following chart summaries the forecast budget variance, split by directorate, for each period to date.

**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 - £0.750m adverse variance**

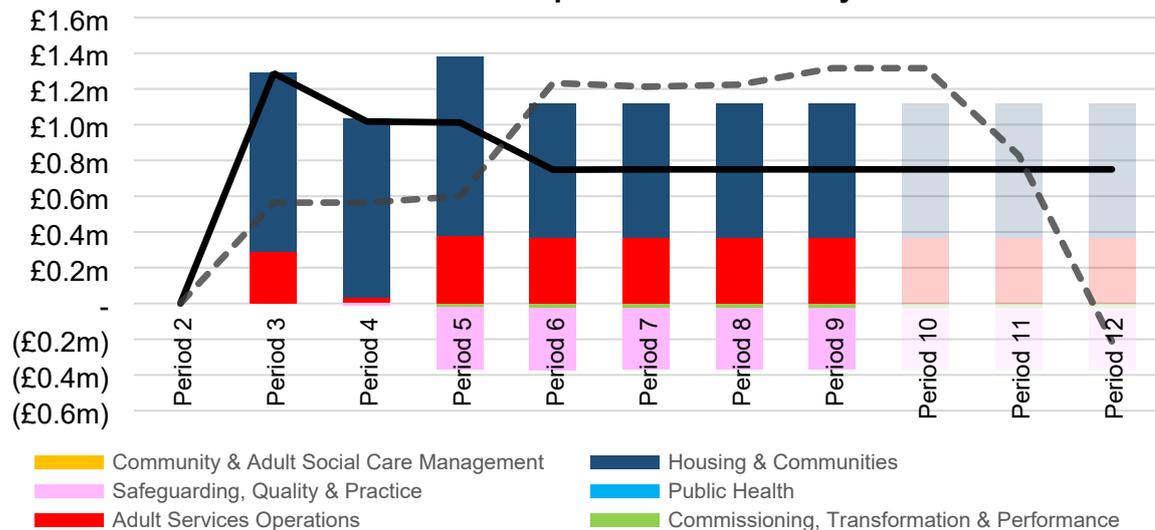
3.4. Community & Adult Social Care is forecasting an adverse net variance of £0.750m at Quarter 3, which includes £1.563m of identified recovery plan mitigations. The forecast position is an adverse movement of £0.002m from Quarter 2 and is summarised by service below.

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

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Commissioning, Transformation & Performance	2.573	2.549	(0.024)	0.000
Adult Services Operations	41.049	41.417	0.368	0.000
Community & Adult Social Care Management	1.418	1.418	0.000	0.000
Safeguarding, Quality & Practice	3.536	3.192	(0.344)	0.002
Public Health	0.000	0.000	0.000	0.000
Housing & Communities	1.908	2.658	0.750	0.000
<b>Total</b>	<b>50.485</b>	<b>51.235</b>	<b>0.750</b>	<b>0.002</b>

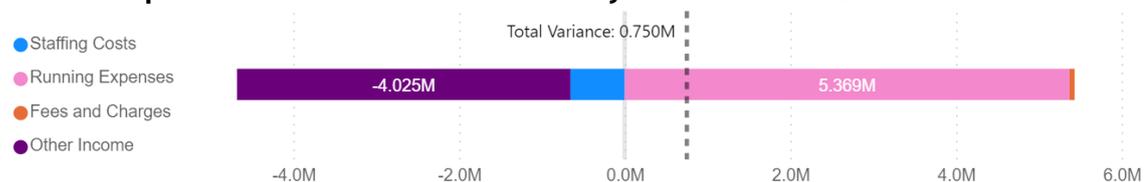
3.5. The following chart summaries the forecast budget variance, split by services within Community and Adult Social Care, for each period to date.

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



3.6. The following chart summarizes 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 unchanged from Quarter 2, 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 unchanged from Quarter 2.

3.10. There is an overall forecast pressure within placement budgets of £1.671m. This forecast is based on the latest committed placement spend data, mitigated by forecast grant funding and client contributions to care.

3.11. The commitments in year for placement costs started at £42.026m at Quarter 1, which included a provision for all known pressures, grant funding and client contributions. The commitment at Quarter 3 is £43.514m, which is an increase of £1.488m (this is included within the overall forecast pressure on placements of £1.671m). This reflects the increase in service users from 1,562 at week 1 to 1,638 at week 39, which is an increase of 76.

3.12. The recovery plan identified £1.319m of in-year mitigations to partially offset these placement pressures. Mitigations have already been achieved in-year totalling £0.788m which have contained the placements pressure to £1.671m. A further £0.531m of further mitigations are forecast to be delivered by the end of the year, reducing the overall forecast pressure to £1.140m. Additional grants have been received in year of £0.772m, linked to hospital discharge, and health funding. These have been used as per conditions

against the additional placement costs. The recovery plan and the additional grant funding limit the overall forecast pressure to £0.368m.

3.13. 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 - £0.344m positive variance**

3.14. Safeguarding, Quality & Practice is forecasting a positive net variance of £0.344m, which is an adverse movement of £0.002m from Quarter 2. This variance consists of a positive variance of £0.323m 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**

3.15. Housing & Communities is forecasting a £0.750m adverse variance for the year, which is unchanged from Quarter 2. This forecast includes £0.244m of identified recovery plan mitigations.

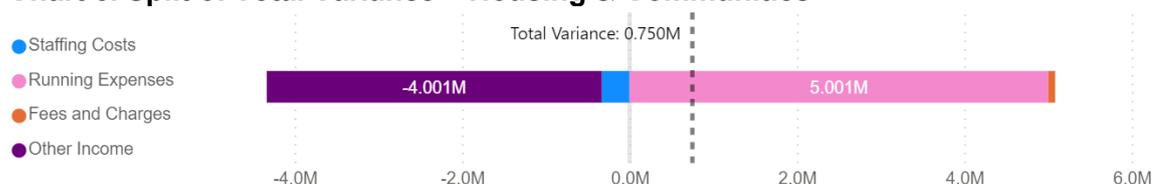
3.16. The following chart summaries the forecast budget variance across Housing & Communities for each period to date.

**Chart 5. Forecast Variance Period Comparison – Housing & Communities**



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

**Chart 6. Split of Total Variance – Housing & Communities**



3.18. The cost-of-living crisis has had a significant impact on 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

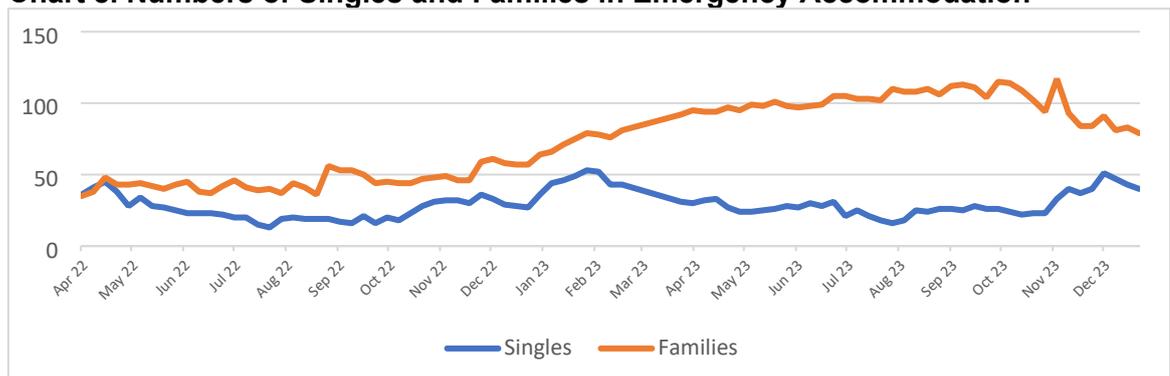
pressures have been seen in the cost of Emergency Accommodation, the average nightly rate in April 2022 was £90 and increased to highest levels of £130 in August 2023, before dropping to £98 in December 2023 (as illustrated in Chart 7 below). There has also been a reduction in the number of available properties to use.

**Chart 7. Average Nightly Rate per Emergency Accommodation Placement**



3.19. 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 119 in December 2023 (as illustrated in Chart 8 below).

**Chart 8. Numbers of Singles and Families in Emergency Accommodation**



3.20. If the high numbers of placements and the high cost of placements seen between April 2023 to October 2023 did not change, an adverse variance of around £2.300m would have been expected. The efforts to target both the numbers of placements and the nightly costs have achieved significant reductions to this pressure and this has been evidenced in the monitoring. However, even with these mitigations having been successful, the remaining 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 that no additional funds will be made available in 2023/24. However, a recent announcement of potential funding has been made and this is being examined to identify if any benefit will be forthcoming in 2023/24 or of the benefit will arise in future years. Further information on this forecast pressure will be provided in future reports.

**Economic Growth and Neighbourhood Services - £2.128m adverse variance**

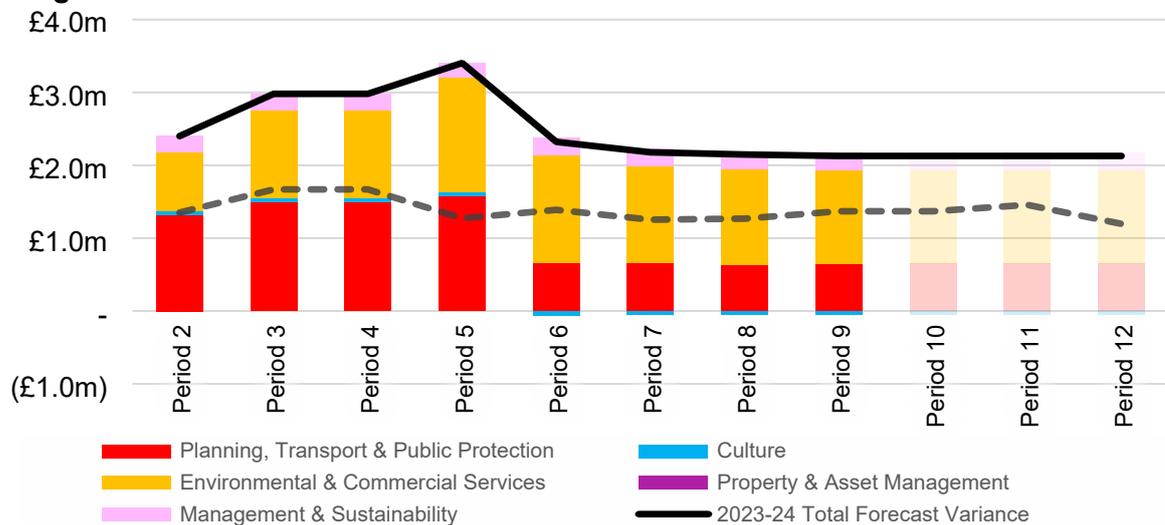
3.21. Economic Growth and Neighbourhood Services' is forecasting an adverse net variance of £2.128m at Quarter 3, which includes £1.291m of identified recovery plan mitigations. The forecast position is a net improvement of £0.193m from Quarter 2 and is summarised by service below.

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

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Planning, Transport & Public Protection	0.515	1.170	0.655	0.000
Culture	3.059	3.011	(0.048)	0.007
Environmental & Commercial Services	16.848	18.123	1.275	(0.200)
Property & Asset Management	(3.164)	(3.164)	0.000	0.000
Management & Sustainability	0.600	0.846	0.246	0.000
<b>Total</b>	<b>17.858</b>	<b>19.986</b>	<b>2.128</b>	<b>(0.193)</b>

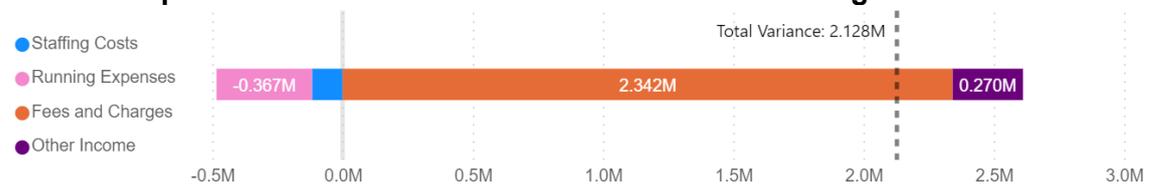
3.22. The following chart summaries the forecast budget variance, split by services within Economic Growth and Neighbourhood Services, for each period to date.

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



3.23. 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**



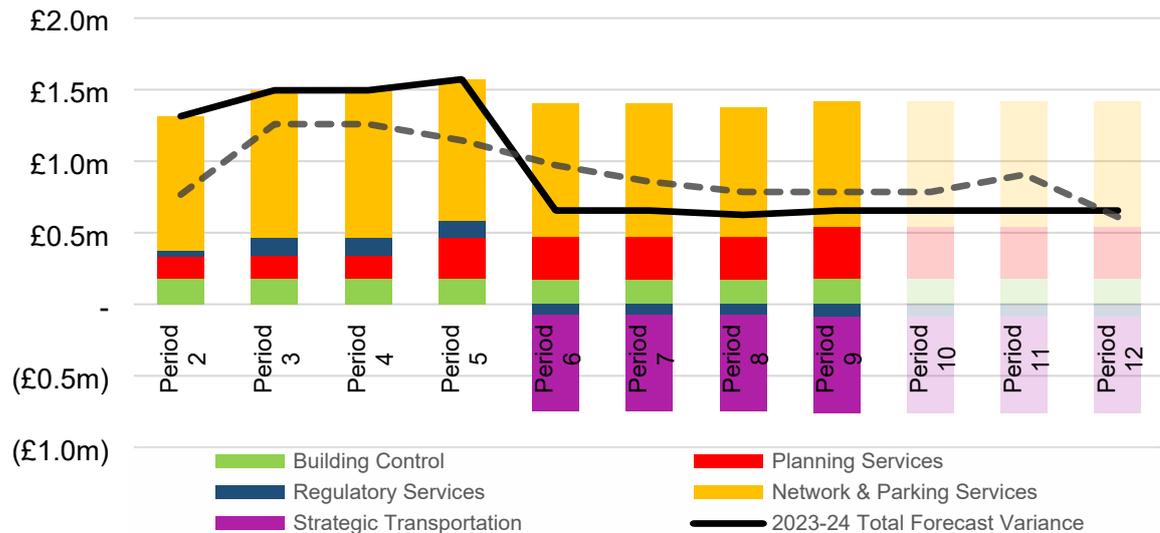
3.24. The explanation for these variances is set out below.

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

3.25. Planning, Transport and Public Protection is reporting an adverse variance of £0.655m, which is unchanged from Quarter 2. This forecast includes £0.890m of identified recovery plan mitigations.

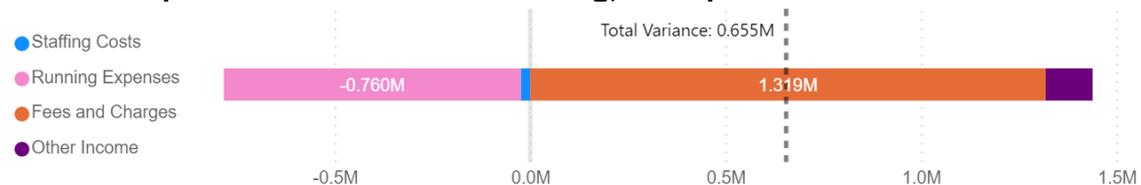
3.26. The following chart summaries the forecast budget variance across Planning, Transport and Public Protection for each period to date.

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



3.27. The following chart summarizes 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**



3.28. 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.

3.29. The net positive variance on all Off-Street and On-Street Parking Services is £0.174m. This variance consists of a net £0.246m overachievement of income, partially offset by £0.072m of running cost pressures. The variances relating to the Off-Street and On-Street Parking income is explained further below.

3.30. Based on year-to-date activity levels in parking and traffic enforcement, income levels as at Quarter 3 continue to rise above those in the same period last year and the recovery continues to gain momentum year-on-year, 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 £m	Actual/Forecast £m	Variance £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
<b>2023/24</b>	<b>(5.304)</b>	<b>(4.441)</b>	<b>0.863</b>

3.31. 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**

<b>Financial Year</b>	<b>Budget</b>	<b>Actual/Forecast</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
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)
<b>2023/24</b>	<b>(1.957)</b>	<b>(3.066)</b>	<b>(1.109)</b>

- 3.32. Overall, there is therefore a net positive variance of £0.246m 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. This figure includes the in-year benefit of increases to Parking Charges of £0.069m as identified in the Recovery Plan.
- 3.33. 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.
- 3.34. There is a net adverse variance of £0.552m 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.
- 3.35. There is an adverse variance of £0.270m 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.
- 3.36. There is a net adverse variance on income within the Special Parking area of £0.228m, 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.
- 3.37. The Building Control income shortfall of £0.187m 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.
- 3.38. Premises licence fees are forecasting an income shortfall of £0.098m. 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.
- 3.39. Planning applications and planning fees are forecasting an income shortfall of £0.274m. 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.

- 3.40. 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.
- 3.41. Houses in Multiple Occupancy (HMO) is forecasting an income shortfall of £0.132m. 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.
- 3.42. 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 £0.059m and an additional £0.162m within Running Expenses, as well as an overachievement of £0.163m income from Private Hire driver's licences.
- 3.43. 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.
- 3.44. 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 - £0.048m positive variance**

- 3.45. Culture is forecasting a positive variance of £0.048m, which is an adverse variance of £0.007m from Quarter 2 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.
  - £0.130m positive net variance is forecasted in Libraries and Museums primarily due to a £0.110m business rates rebate, along with other mitigating actions contributing £0.024m, 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 £0.007m 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.

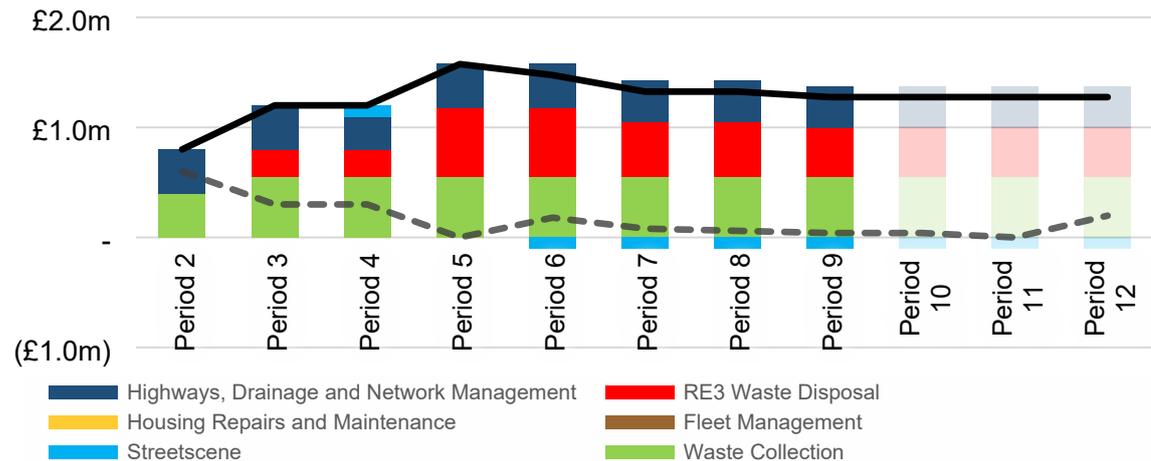
3.46. As laid out within the GLL Leisure contract, a utilities Benchmarking exercise is underway. This exercise is likely to generate an additional £0.737m pressure due to the increases in energy costs seen in the past few years relating to 21 months of the contract. Allocations based on estimates were 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 – £1.275m adverse variance

3.47. Environmental & Commercial Services is reporting an adverse variance of £1.275m and includes £0.125m of recovery plan mitigations. This is an improvement of £0.200m from Quarter 2.

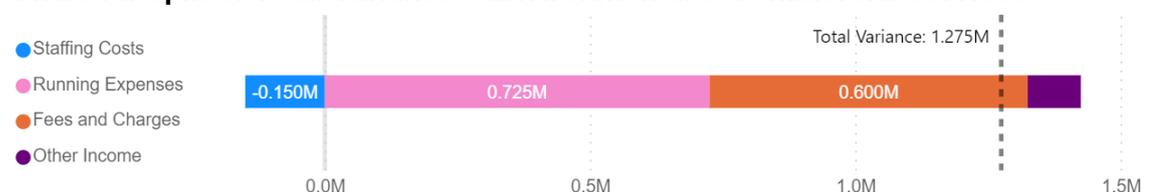
3.48. The following chart summaries the forecast budget variance across Environmental & Commercial Services for each period to date.

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



3.49. 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**



3.50. 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.

3.51. Waste Disposal is currently forecasting an adverse variance of £0.450m. 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.
- 3.52. 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.
- 3.54. Civil Engineering is forecasting a positive variance of £0.025m through reduced energy costs for street-lighting.
- 3.55. 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.
- 3.56. 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 £0.700m. 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 £0.600m.

### **Management & Sustainability – £0.246m adverse variance**

- 3.57. Management & Sustainability is reporting an adverse variance of £0.246m, which is unchanged from Quarter 2.
- 3.58. 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.
- 3.59. There is also a pressure totalling £0.100m relating to management team staffing costs.

**Resources - £0.981m adverse variance**

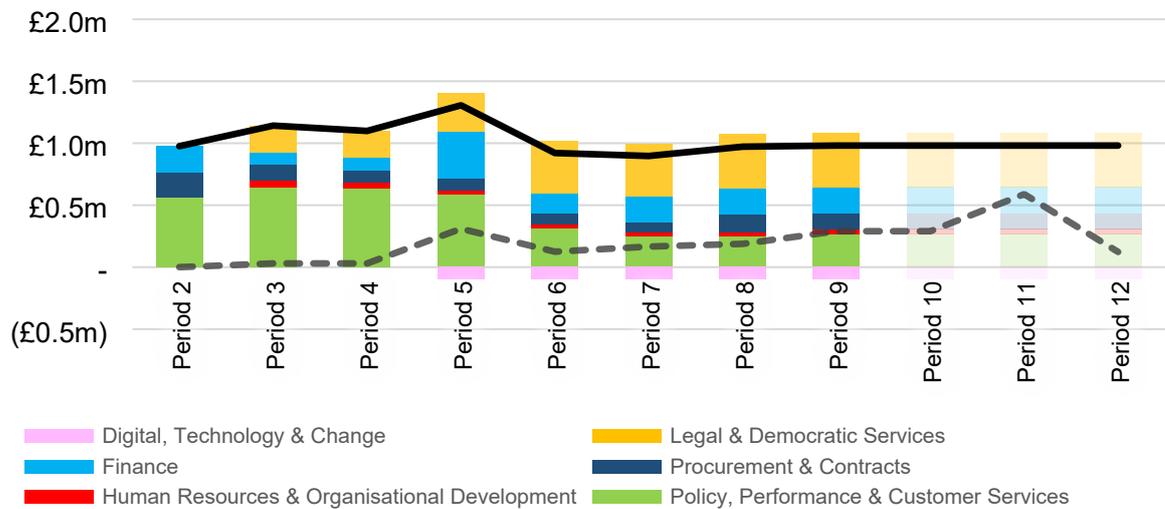
3.60. The Directorate of Resources' is forecasting an adverse net variance of £0.981m at Quarter 3, which includes £0.753m of identified recovery plan mitigations. The forecast position is a net adverse movement of £0.060m from Quarter 2 and is summarised by service below.

**Table 6. Resources Services Forecast 2023/24**

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Policy, Performance & Customer Services	2.306	2.572	0.266	(0.046)
Human Resources & Organisational Development	1.920	1.963	0.043	0.011
Procurement & Contracts	0.382	0.507	0.125	0.030
Finance	4.496	4.707	0.211	0.055
Legal & Democratic Services	2.999	3.435	0.436	0.010
Digital, Technology & Change	6.453	6.353	(0.100)	0.000
<b>Total</b>	<b>18.555</b>	<b>19.536</b>	<b>0.981</b>	<b>0.060</b>

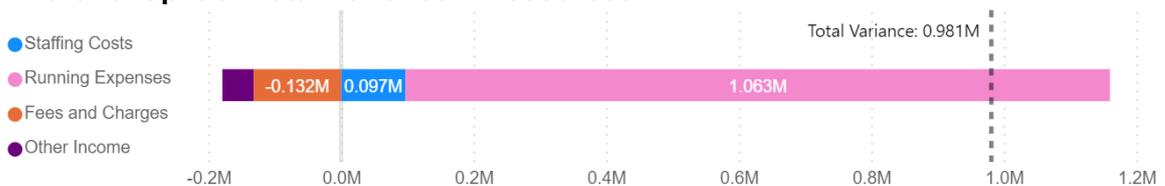
3.61. The following chart summaries the forecast budget variance, split by services within Resources, for each period to date.

**Chart 15. Forecast Variance Period Comparison – Resources**



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

**Chart 16. Split of Total Variance – Resources**



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

### **Policy, Performance & Customer Services - £0.266m adverse variance**

- 3.64. Policy, Performance & Customer Services is reporting an adverse net variance of £0.266m, which is a positive movement of £0.046m from Quarter 2.
- 3.65. Customer services is forecasting £0.479m of net 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. The re-profiling of the savings was proposed and agreed as part of the 2024/25 budget setting process. One-off offsetting staffing vacancies of £0.128m are helping to reduce the impact of the corporate savings.
- 3.66. Registrations and Bereavements is forecasting an overall positive variance of £0.130m, consisting of £0.042m linked to an increase in fees and charges from 1<sup>st</sup> November 2023, and £0.088m of reduced running costs which include holding staffing vacancies.
- 3.67. Policy and Performance is forecasting a positive variance of £0.112m through a vacancy factor during a restructure, recharges for admin relating to HSF4 and additional fees & charges.
- 3.68. Directorate Support is forecasting an adverse variance of £0.029m due to staffing costs.

### **Human Resources & Organisational Development - £0.043m adverse variance**

- 3.69. Human Resources & Organisational Development is forecasting an adverse net variance of £0.043m. This is an adverse movement of £0.011m from Quarter 2.
- 3.70. A small adverse variance of £0.035m is being experienced across the main Human Resources & Organisational Development employee budget, along with a small adverse variance on system costs of £0.008m.

### **Procurement & Contracts - £0.125m adverse variance**

- 3.71. Procurement & Contracts is forecasting an adverse variance of £0.125m, which is an adverse movement of £0.030m from Quarter 2. This includes £0.180m of expenditure pressures relating to corporate savings targets that are currently not allocated.
- 3.72. There is a small positive variance of £0.055m across employee and other non-pay budgets through the continued holding of vacancies reported in the Recovery Plan.

### **Finance - £0.211m adverse variance**

- 3.73. Finance is forecasting an adverse net variance of £0.211m. This is an adverse movement of £0.055m from Quarter 2.
- 3.74. 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, which went live at the beginning of December 2023. This pressure is being partially offset by the holding of vacancies of £0.128m which were identified through the recovery plan, along with a small saving in other expenditure of £0.010m resulting in a net adverse variance of £0.074m
- 3.75. There are additional pressures relating to agency costs of £0.120m within Accounts Payable and Internal Audit linked to sickness and workload pressures.
- 3.76. Revenues and Benefits are forecasting an adverse variance of £0.017m linked to postal costs and a reduction in court fees offset in part by vacancies.

3.77. 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 – £0.436m adverse variance**

3.78. Legal & Democratic Services is forecasting an adverse net variance of £0.436m. This is an adverse movement of £0.010m from Quarter 2.

3.79. 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 £0.220m.

3.80. Employee shortages and the use of agency staff is resulting in a pressure of £0.136m is being experienced linked workload pressures along with associated pressure on the use of expert Counsel of £0.050m.

3.81. 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**

3.82. 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 unchanged from Quarter 2.

**Chief Executive Services - £0.013m adverse variance**

3.83. Chief Executive Services is forecasting an adverse net variance of £0.013m at Quarter 3, which is summarised below. This is an adverse movement of £0.038m from Quarter 2.

**Table 7. Chief Executive Services Forecast 2023/24**

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Corporate Management Team	0.897	0.915	0.018	0.018
Communications	0.695	0.690	(0.005)	0.020
<b>Total</b>	<b>1.592</b>	<b>1.605</b>	<b>0.013</b>	<b>0.038</b>

**Corporate Management Team – £0.018m adverse variance**

3.84. The Corporate Management Team is forecasting an adverse net variance of £0.018m relating to recruitment costs. This is an adverse movement of £0.018m from Quarter 2.

**Communications – £0.005m positive variance**

3.85. Communications is forecasting a positive net variance of £0.005m relating to an administration fee for the Berkshire Lord Lieutenant Joint Arrangement. This is an adverse movement of £0.020m from Quarter 2.

**Children’s Services Delivered by Brighter Futures for Children (BFfC) - £8.869m adverse variance**

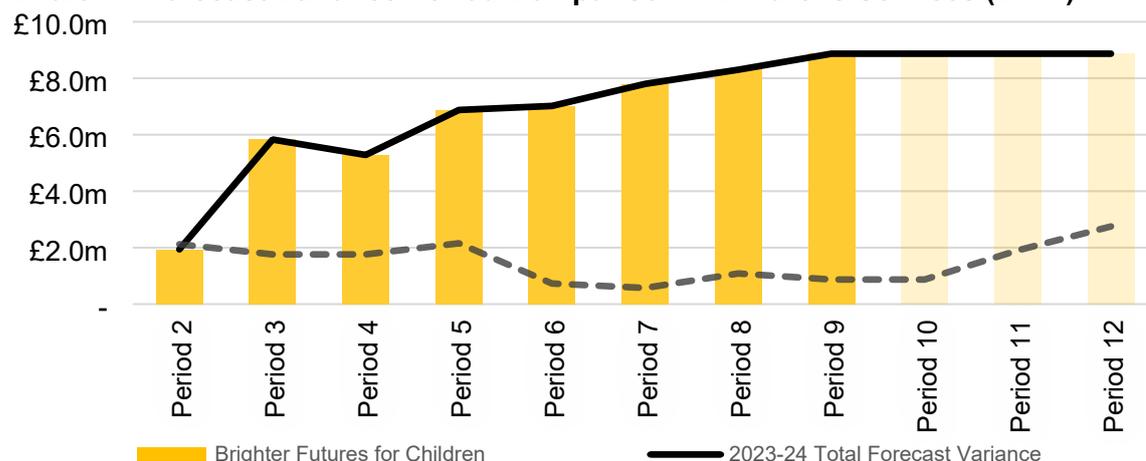
3.86. Brighter Futures for Children’s (BFfC) is forecasting an adverse net variance of £8.869m over the 2023/24 Contract Sum at Quarter 3. This is an adverse movement of £1.850m from Quarter 2. More detail is set out in Appendix 2.

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

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Children’s Services delivered by BFfC	51.430	60.299	8.869	1.850
<b>Total</b>	<b>51.430</b>	<b>60.299</b>	<b>8.869</b>	<b>1.850</b>

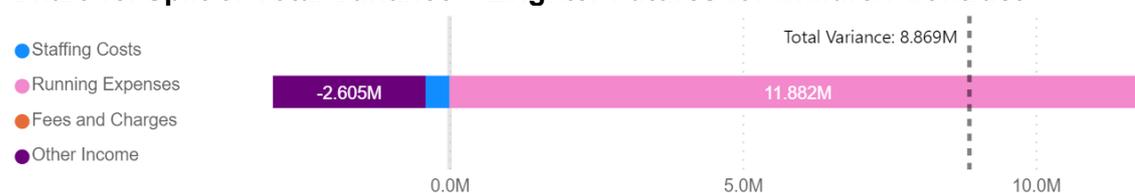
3.87. The following chart summaries the forecast budget variance, split by services within Children’s Services Delivered by BFfC, for each period to date.

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



3.88. 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**



3.89. The main reasons for the forecast adverse net variance of £8.869m are:

- £8.996m adverse variance on children’s social care placements;
- £0.798m adverse variance on school transport costs;
- £0.421m positive variance relating to staffing vacancies within Early Help;
- £0.334m positive variance relating to staffing vacancies within Finance & Resources;
- £0.170m positive variance relating to an overachievement of investment income.

3.90. The overall net adverse variance has increased by £1.850m from that reported at Quarter 2. The movement primarily relates to increased pressures on children’s social care placements of £1.836m.

3.91. In terms of the movement in placements, this includes a net increase in the number of Looked After Children of 22, consisting of 41 new cases, offset by a reduction in existing cases of 19.

3.92. Further details are included in Appendix 2.

**Corporate Budgets - £7.624m positive variance**

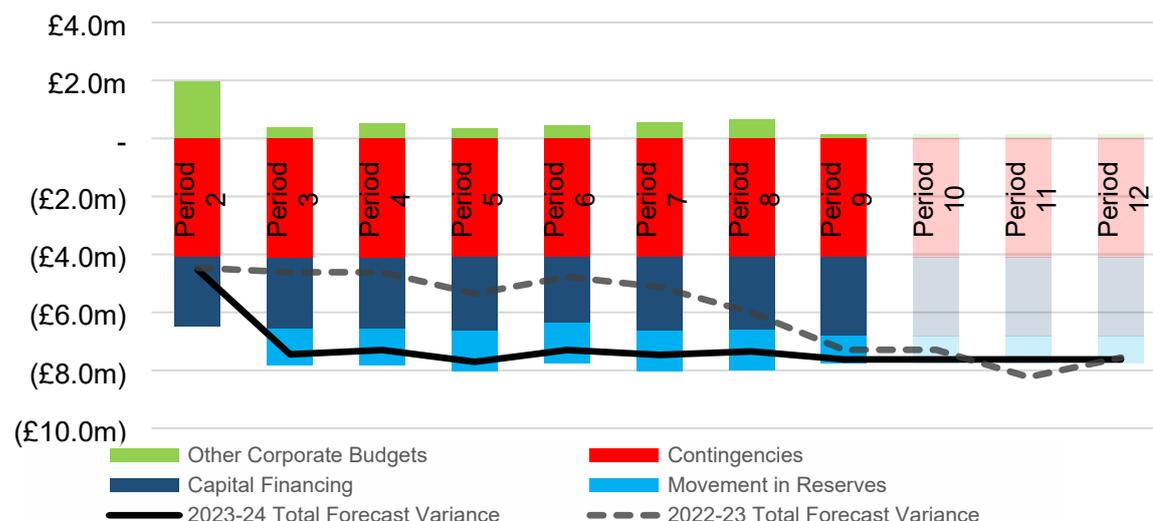
3.93. Corporate Budgets are forecasting a positive net variance of £7.624m at Quarter 3 which is summarised below. This is a positive movement of £0.325m from Quarter 2.

**Table 9. Corporate Budgets Forecast 2023/24**

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Capital Financing Costs	17.601	14.880	(2.721)	(0.468)
Contingency	4.108	0.000	(4.108)	0.000
Other Corporate Budgets	(4.164)	(4.020)	0.144	(0.325)
Movement to/(from) Reserves	6.108	5.169	(0.939)	0.468
<b>Total</b>	<b>23.653</b>	<b>16.029</b>	<b>(7.624)</b>	<b>(0.325)</b>

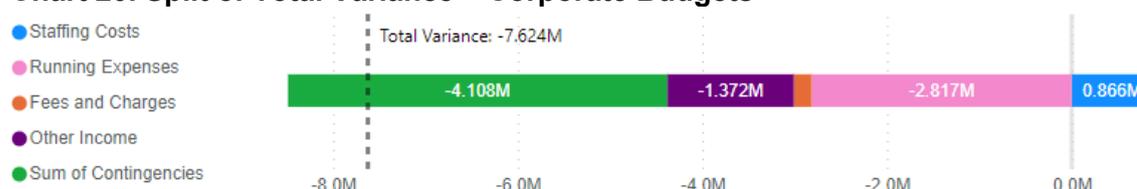
3.94. The following chart summaries the forecast budget variance, split by services within Corporate Budgets, for each period to date.

**Chart 19. Forecast Variance Period Comparison – Corporate Budgets**



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

**Chart 20. Split of Total Variance – Corporate Budgets**



3.96. Capital Financing Costs is reporting a positive total net variance £2.721m. As a result of the slippage on the Capital Programme reported in the 2022/23 Outturn Report, there is a positive variance of £0.073m relating to the Minimum Revenue Provision (MRP). There is a further positive variance of £1.973m 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 £0.675m on the interest receivable budget relating to treasury investments

due to a combination of interest rates currently being higher than originally forecast and an improved cashflow position allowing for higher levels of cash balances to be invested.

- 3.97. 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.
- 3.98. Other Corporate Budgets is reporting an adverse net variance of £0.144m. This variance includes a forecast pressure of £0.894m 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 £1.350m within Other Corporate Budgets which is mainly due to the forecast release of all other contingencies.
- 3.99. 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 £0.894m. As a result, a drawdown of £0.894m from the Pay & Inflation earmarked reserve is now anticipated, in addition to a forecast drawdown of £0.045m from the Hardship Fund in respect of one-off funding to support Local Council Tax Support scheme claimants, resulting in a positive net variance on Movement in Reserves of £0.939m.

#### 4. Savings Delivery

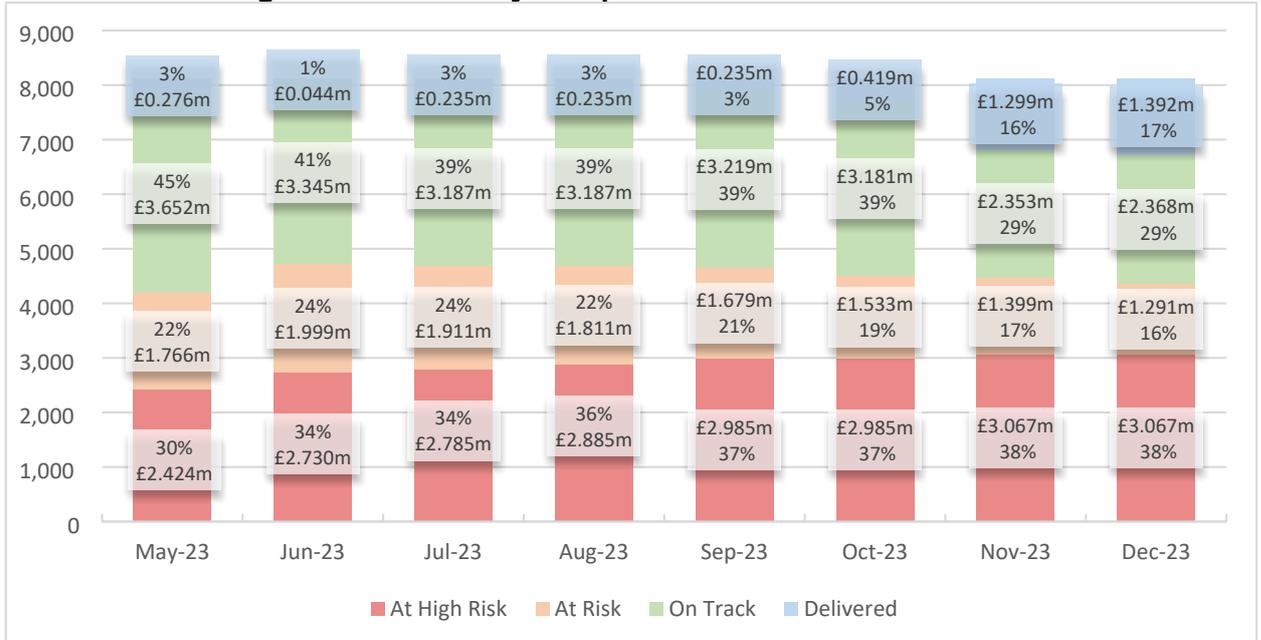
- 4.1. Delivery of the Council's budget is predicated on achieving savings and additional income as agreed as part of the budget setting process in February 2023. Detailed monitoring of agreed savings is tracked on a monthly basis.
- 4.2. The projected financial impact of any non-delivery of savings 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 breakdown by individual 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	0.000	(0.116)	(0.374)	(0.490)
Economic Growth and Neighbourhood Services	(1.620)	(1.191)	(1.926)	(0.950)	(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)
<b>Total</b>	<b>(3.067)</b>	<b>(1.291)</b>	<b>(2.368)</b>	<b>(1.392)</b>	<b>(8.118)</b>

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

**Chart 21. Savings Tracker Monthly Comparison**



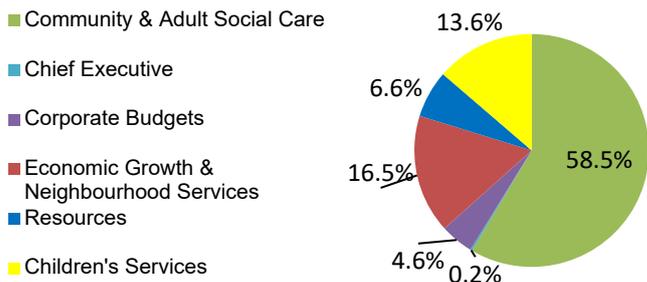
4.6. Any savings not delivered in 2023/24 will cause an immediate pressure on 2024/25, unless mitigated with alternative ongoing savings. The impact of the 2024/25 budget proposals has removed, reduced or re-profiled £2.792m of the £3.067m of red rated savings.

**5. Debt Performance**

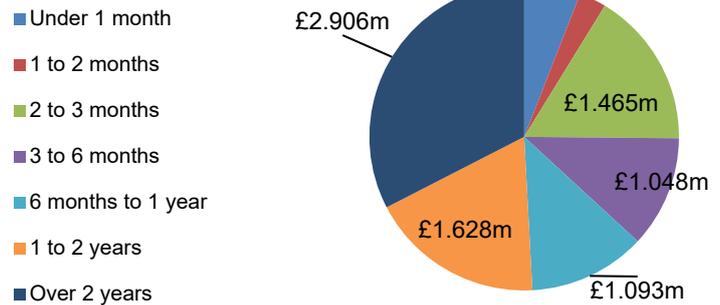
5.1. Total General Fund sundry debt as at the end of Quarter 3 is £8.918m, compared to £8.060m at the end of Quarter 2. In addition to this, the General Fund also has £2.301m of current debt and £0.966m of deferred debt which is not yet considered overdue. A breakdown of this debt by age and directorate is provided below.

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

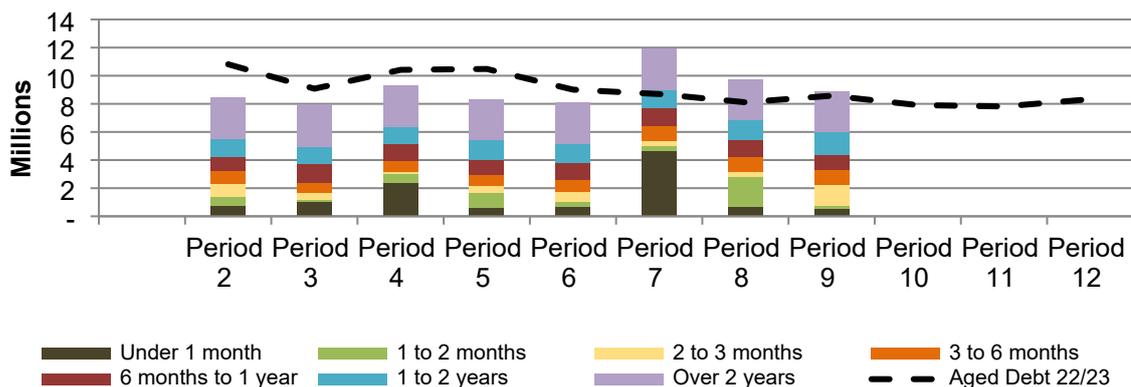
**Split of General Fund Debt by Category**



**Split of General Fund Debt Balance by Days Outstanding**



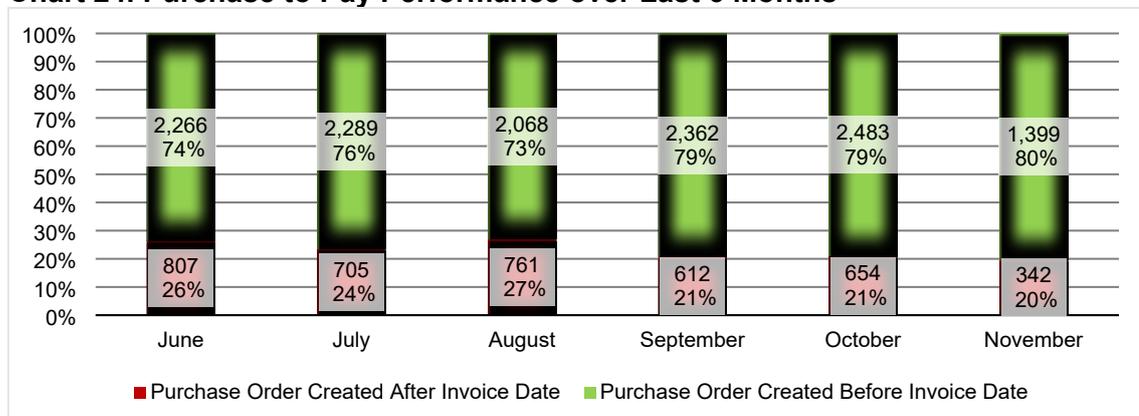
**Chart 23. Overdue General Fund Debt Monthly Comparison**



**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\***



\*December 2023 data not available

6.2. As at the end of Quarter 3, there were 2,607 open Purchase Orders, with a total open ordered amount of £58.937m.

**7. Collection Fund**

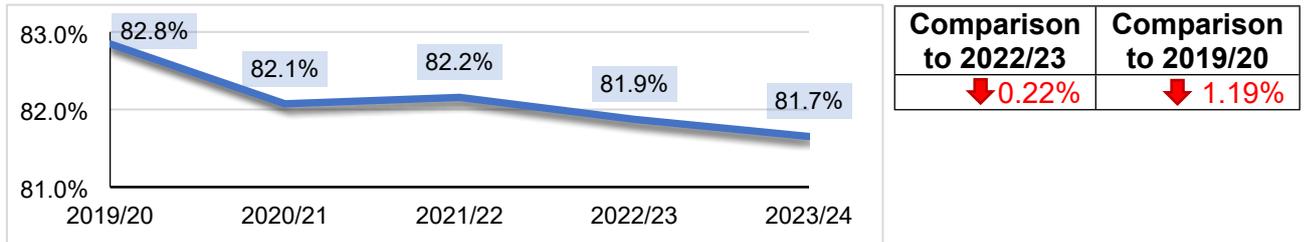
7.1. The following chart shows the Council’s collection rate of the total annual debit raised for Council Tax and Non-Domestic (Business) Rates as at the end of Quarter 3.

7.2. Council Tax collection rates are 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. This is a similar trend across most of Berkshire and is likely related to the cost of living crisis. Collection rates for 2022/23 ultimately ended up being only 0.10% behind 2019/20 at the end of the year despite being 0.97% behind at Quarter 3, so the current forecast is that collection rates will continue to improve over the remainder of the year, however whether this will recover in full remains to be seen.

7.3. The 2024/25-2026/27 MTFS Update report presented to Policy Committee in December 2023 assumed that the Council Tax collection rate will be increased from 98.5% back up to the pre-covid level of 99.0% based on 2022/23 performance. The Quarter 2 Performance and Monitoring Report highlighted a risk that the assumed collection rate for 2024/25 Council Tax Base setting purposes may need to be retained at 2022/23 levels based on 2023/24 collection performance to 30<sup>th</sup> September 2023. Performance has improved during Quarter 3 and the collection rate assumed in the 2024/25 Council Tax Base Setting report (approved by Council on 30<sup>th</sup> January 2024) and the subsequent 2024/25 Council Tax Setting and 2024/25 Budget and Medium Term Financial Strategy

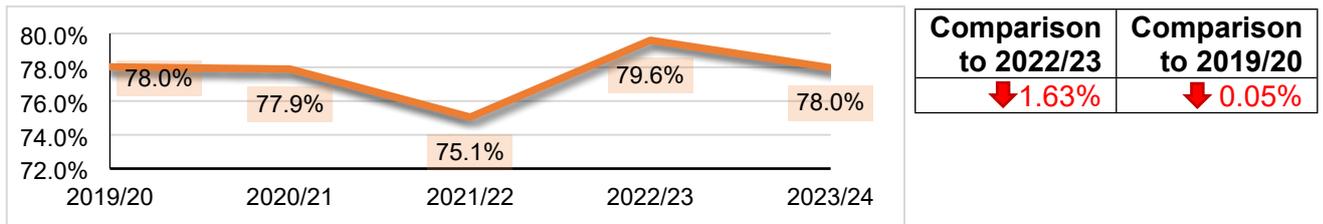
2024/25-2026/27 reports (approved by Council on 27<sup>th</sup> February 2024), was 98.75%, reflecting the gradual recovery of collection performance through 2022/23 and 2023/24.

**Chart 25. Council Tax Recovery Rates**



7.4. Non-Domestic collection rates are 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. The performance for 2022/23 is impacted by a timing difference of processing internal transactions relating to the Council properties; in 2022/23 these were processed in Quarter 3 but have been processed in January 2024 (Quarter 4) in 2023/24. Overall collection performance will continue to be monitored but current expectations are that the position will be an improvement compared to 2022/23 by the end of the year as highlighted in the Quarter 2 Performance and Monitoring Report.

**Chart 26. NNDR Recovery Rates**



## 8. General Fund - Capital Programme

- 8.1. The General Fund Capital Programme for 2023/24 has an approved budget of £67.090m. The following amendments are requested to be formally approved, which would result in a revised Capital Programme budget of £50.129m. These amendments are set out on an individual scheme basis in Appendix 4a.
- 8.2. Against the proposed revised budget of £50.129m there is a forecast positive net variance of £1.407m. This variance relates entirely to the Delivery Fund, as set out in paragraph 9.2.

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

General Fund Capital Programme	£m
<b>Revised Approved Budget 2023/24</b>	<b>67.090</b>
Budget Movements Between Schemes	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	1.460
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	0.000
Budgets reprogrammed (to)/from Future Years	(18.421)
<b>Proposed Revised Budget Quarter 3 2023/24</b>	<b>50.129</b>

8.3. A total of £1.460m of additional budgets across five 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:

- £0.866m for the Electric Vehicle Charging Points scheme following the award of Local Electric Vehicle Infrastructure (LEVI) capital funding on 30<sup>th</sup> January 2024. The works is due to commence in 2024/25 so the budget is requested to be re-programmed in paragraph 8.4;
- £0.350m for playground works in Emmer Green as part of the Playground equipment and Refreshment: Boroughwide scheme;
- £0.178m for capital expenditure directly incurred by schools and funded by devolved formula capital grant funding;
- £0.040m for additional works to improve the boundary security as part of the Victoria Rec scheme;
- £0.026m for the final works for the New Education & Skills Funding Agency (ESFA) funded schools – Phoenix College replacement scheme.

8.4. A net total of £18.421m 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:

- £9.503m for grant funded Education schemes;
- £3.000m for the Highways Infrastructure Programme scheme due to plan changes, following the announcement of additional funding from Network North;
- £1.139m for the South Reading MRT (Phases 1 &2 and 3 & 4) schemes due to factors including delays with a partner;
- £0.866m for the Electric Vehicle Charging Points scheme where work is due to commence in 2024/25;
- £0.662m for the Vehicle Maintenance Workshop scheme where work is due to commence soon and is likely to take six months;
- £0.597m for the Levelling Up Delivery Plan - New Reading Library at the Civic Centre scheme due to a revised construction start date;
- £0.530m for the High Street Heritage Action Zone scheme to reflect the revised expenditure projections for the current year;
- £0.516m for the Cattle Market Car Park scheme due to revisions to the planned works;
- £1.608m of net re-programming between years across all other schemes.

8.5. In addition, £3.355m for the Provision of Gypsy & Traveller Accommodation scheme is requested to be reprogrammed from 2024/25 into 2025/26 as set out in Appendix 4b. This scheme has been delayed due to an ongoing feasibility assessment following forecast increases in the level of required works and associated costs.

## **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. There is a total £4.790m Delivery Fund available for 2023/24 (inclusive of 2022/23 approved carry forwards) of which £0.195m has been brought forward from 2024/25. At Quarter 3, all of this funding has been allocated out to approved schemes and the forecast spend is £3.383m, which represents a positive net variance of £1.407m. A review of any scheme variances will be undertaken as part of 2023/24 outturn processes with any positive variances rolled forward into 2024/25 or returned to the unallocated contingency as appropriate.

## 10. Housing Revenue Account – Revenue

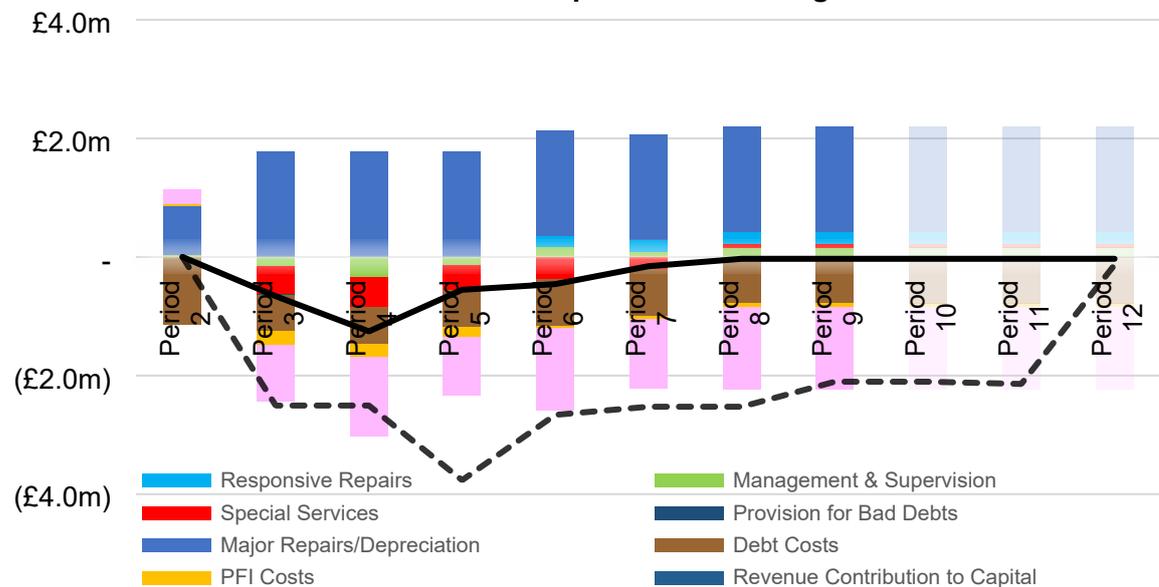
10.1. The approved Housing Revenue Account budget assumed a drawdown from HRA reserves of £2.499m. At Quarter 3 the forecast revenue outturn position for the HRA is a positive net variance of £0.030m. Therefore, a drawdown from HRA Reserves is forecast of £2.469m rather than the originally budgeted £2.499m. 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	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Management & Supervision	8.779	8.939	0.160	(0.006)
Special Services	4.421	4.482	0.061	0.431
Provision for Bad Debts	0.405	0.405	0.000	0.000
Responsive Repairs	4.144	4.341	0.197	0.000
Planned Maintenance	3.488	3.484	(0.004)	0.000
Major Repairs/Depreciation	12.871	14.649	1.778	0.000
Debt Costs	7.148	6.362	(0.786)	0.000
PFI Costs	7.975	7.924	(0.051)	(0.008)
Revenue Contribution to Capital	0.000	0.000	0.000	0.000
HRA Income	(46.731)	(48.116)	(1.385)	0.010
<b>Over/(Under) Budget</b>	<b>2.499</b>	<b>2.469</b>	<b>(0.030)</b>	<b>0.427</b>
<b>Movement to/(from) HRA Reserves</b>	<b>(2.499)</b>	<b>(2.469)</b>	<b>0.030</b>	<b>(0.427)</b>

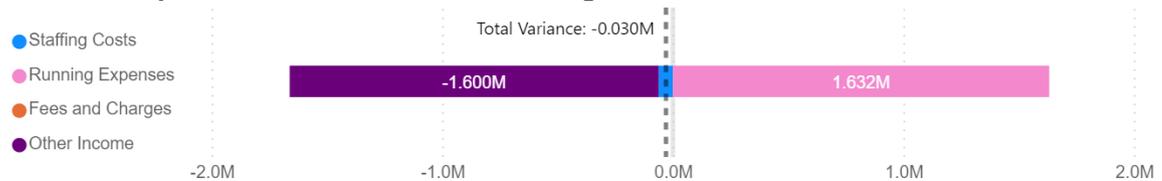
10.2. The following chart summaries the forecast budget variance, split by services within the HRA, for each period to date.

**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 £0.160m which primarily relates to increased spend on the provision of power for Caversham Road PODs. This is offset by 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 £0.048m. There is an adverse variance on running costs of £0.162m relating to utility costs. There is also an additional positive variance on income of £0.053m.
- 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 £0.051m due to minor contractual variances in respect of the payments to Affinity.
- 10.12. HRA Income is forecasting a positive net variance of £1.385m as set out below.
- 10.13. Interest income is forecast to overachieve by £1.534m 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.
- 10.14. Additionally, Dwelling rents are currently projected to be overachieving on the budget by a total of £0.109m (0.3% more than budget). Sheltered Housing rents have been moved from Special Services to Dwelling Rents for Quarter 3. This is partially offset by adverse variances on the following income streams due to a delay in the completion of HRA capital schemes resulting in fewer properties coming on stream:
- £0.089m underachievement on service charges;
  - £0.169m 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 £33.564m. No amendments to the Capital Programme are currently requested and all schemes are forecast to be spent in full in year.

- 11.2. The HRA Capital Programme budgets for 2024/25 and 2025/26 have been updated to align them with the budgets approved by Council on 27<sup>th</sup> February 2024 as part of the 2024/25 Budget & Medium-Term Financial Strategy 2024/25 – 2026/27.
- 11.3. In addition, the Housing Management System scheme is expected to have a pressure in 2024/25 of around £0.225m relating to phase 2 of the system implementation. This increase will be funded from HRA reserves.
- 11.4. The full impact of these adjustments would result in a revised Capital Programme budget of £47.985m for 2024/25 and £54.370m for 2025/26, as set out in Appendix 4b.

## **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<sup>1</sup> 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 3 2023/24:

**Table 13. Performance Overview**

What	Status		
	Green	Amber	Red
Key Measures	38%	31%	31%
Key Projects	66%	34%	0%

**Corporate Plan Measures**

- 12.9. The tables and charts below focus on the movement in Corporate Plan measures between Quarter 2 and Quarter 3 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 quarters:

**Table 14. Summary of Direction of Travel**

Status	Q4 – Q1		Q1 – Q2		Q2 – Q3	
	%	No. of measures	%	No. of measures	%	No. of measures
Getting Better	38	10	58	15	54	14
Unchanged	8	2	0	0	4	1
Getting Worse	50	13	38	10	38	10
N/A – No Target / Comparison	4	1	4	1	4	1
<b>Total</b>	<b>100</b>	<b>26</b>	<b>100</b>	<b>26</b>	<b>100</b>	<b>26</b>

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

**Table 15. Summary of Performance against Target**

Status	Q1		Q2		Q3	
	No.	%	No.	%	No.	%
Green	13	50	14	54	10	38
Amber	6	23	5	19	8	31
Red	7	27	7	27	8	31
N/A – No Target / Comparison	0	0	0	0	0	0
<b>Total</b>	<b>26</b>	<b>100</b>	<b>26</b>	<b>100</b>	<b>26</b>	<b>100</b>

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

**Table 16. Measure Showing Significant Change Since Previous Period**

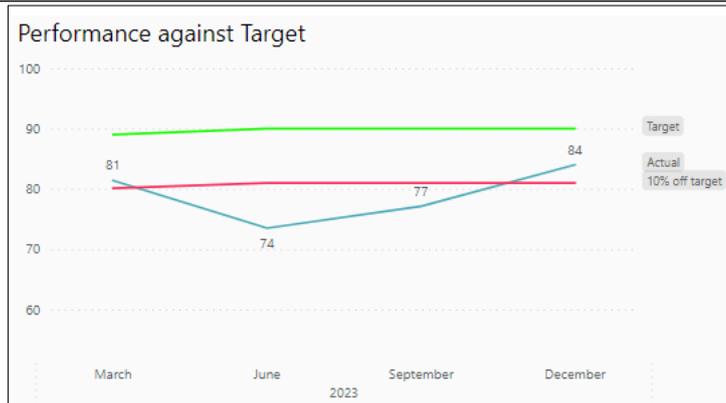
**Measures showing notable change since previous period - Positive.**

Number of school places for children and young people with Special Education Need & Disability				
	<b>Q2 2023/24</b>	<b>Q3 2023/24</b>	<b>Target</b>	<b>Comments</b>
	534	564	422	We continue to increase places to meet the demand through provisioning additional resources in the maintained sector.

Number of visits to our Libraries (No. (k) per year)				
	<b>Q2 2023/24</b>	<b>Q3 2023/24</b>	<b>Target</b>	<b>Comments</b>
	141	206	187.50 (Dec 23)	Tracking well to our target of 250 visits per 1,000 population per year

Number of households prevented from becoming homeless				
	<b>Q2 2023/24</b>	<b>Q3 2023/24</b>	<b>Target</b>	<b>Comments</b>
	366	532	337.50 (Q3)	Data is cumulative and exceeding target for the quarter by almost 200. This measure has been removed from the Corporate Plan refresh 24/25

Customer Satisfaction in the Customer Fulfilment Centre



Q2 2023/24	Q3 2023/24	Target	Comments
77%	84%	90%	<ul style="list-style-type: none"> <li>Performance was disrupted during a period of service restructure, with a number of vacancies including in management roles – these have now been recruited to.</li> <li>Although below target, this indicator continues to improve each month.</li> <li>Improvements to the performance management systems within the service continue, including enhancing the use of qualitative feedback.</li> <li>Stronger recording and reporting are in place, improving the understanding of demand drivers and satisfaction levels</li> </ul>

Number of carers supported to maintain their caring role



Q2 2023/24	Q3 2023/24	Target	Comments
224	324	144	With the new commissioned service, the number of carers assessments continues to increase

### Measures showing significant change since previous period – Negative

Percentage of care leavers who are not in education, employment, or training for work (NEET)				
	<b>Q2 2023/24</b>	<b>Q3 2023/24</b>	<b>Target</b>	<b>Comments</b>
	30.3%	37%	30%	Our cohort of 17-18yr old care leavers are more likely to be in education, employment and training and are within target. However, there has been an increase in the number of 19-21yr old care leavers who are not in education, employment, or training (NEET). Focused work is underway to breakdown this cohort to better understand what is needed and to ensure that this is addressed in care leavers' individual plans. This measure will be split into two: 17-18-year-olds and 19-21-year-olds in the refreshed Corporate Plan published February 24

### Measures where performance against target is red

Indicator	Q2 2023/24	Q3 2023/24	Target	Comments
Percentage of responses to the public on Freedom of Information Act requests made within 20 days	75.6%	73.4%	90%	294 FOIs received in Q3, 51 less than the 345 FOIs received in Q2. Q3 is over the Christmas period when a decline in requests is common. During Q1 and start of Q2 Granicus released a software update which resulted in FOI's being delayed as those that had been responded to by officers were unable to be seen by the Customer Relations Team on the system. Had the update happened as expected the 21 cases that were impacted in Q2 would have been responded to within the target date then the percentage sent out in timescale would change from 75.6% to 80.5%.
Indicator	Q2 2023/24	Q3 2023/24	Target	Comments
Direct Payments	21%	21.02%	25%	We have a dedicated DP Officer who works to match service users with Personal Assistants however, service users prefer the council to commission their services for them, but we continue to promote DPs.
Percentage of Care Leavers	30.3%	37%	30%	Our cohort of 17-18yr old care leavers are more likely to be in education, employment

who are not in education, employed or training for work (NEET)				and training and are within target. However, there has been an increase in the number of 19-21yr old care leavers who are not in education, employment, or training (NEET). Focused work is underway to breakdown this cohort to better understand what is needed and to ensure that this is addressed in care leavers' individual plans. (Chart above)
Percentage of people with a learning disability in paid employment	4.81%	4.75%	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	35.4%	32.8%	28%	Re-offending rates within Reading had historically been beneath our comparators. More recently our reoffending rate has risen although the latest cohort data (Jan 21 – Dec 21) has a rate of 32.8% which represents a decrease and is more in line with the national rate of 31.4% for this period. In Reading, we continue to work with children who offend in order to reduce the scale of further offending, and engagement abilities, risk management processes and wider partnership support plays a part in this.
Cumulative reduction in crime	16% Increase (Q1)	Q2 & Q3 not available	7% Reduction	16% increase against 2019/20 baseline for Q1. Analysis not yet undertaken. National data not yet available for Q2 or Q3.
Food Waste recycled (Percentage of household waste)	11.6%	11.8%	15%	Food waste (from schools and the kerbside) represented 11.8% of household waste in Qtr3 2023/24. This compares to 12.9% in the same quarter last year. Food tonnages have declined whilst total household waste has increased. Lower food waste tonnes compared to the same period last year could be the result of residents having become more aware of the amount of food they were wasting. If lower tonnages are the result of waste reduction, this is a positive outcome. Increased financial pressures may also be causing residents to waste less food. However, we are also aware that some food waste is present in the residual waste, and we need to capture this for recycling. A recent compositional analysis of the residual waste (Sept 2023) showed that less food waste was present when compared to the previously study. However, the amount of food waste remained high.
Participation at Council Cultural Venues (No. k)	39.92	136.13	243.73	Cumulative figure. Annual target 325 visits per 1,000

## Corporate Plan Projects

12.12. The RAG status for the Corporate Plan projects<sup>1</sup> is shown below:

**Table 27. Summary RAG Status Corporate Plan Projects**

Status	Q4	Q1	Q2		Q3	
	%	%	%	No.	%	No.
Green	67	52	51	24	66	31
Amber	31	46	49	23	34	16
Red	2	2	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>47</b>	<b>100</b>	<b>47</b>

### **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 26<sup>th</sup> 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.

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<sup>1</sup> "Procure and implement crowdfunding solution to support projects delivered by the voluntary and community sector" is no longer proceeding, as reported Q2. One project status outstanding for Q2 – currently counted as Amber.

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