

Policy Committee

08 July 2024



Reading
Borough Council
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Title	2023/24 Quarter 4 Performance Report
Purpose of the report	To make a decision
Report status	Public report
Report author	Stuart Donnelly, Financial Planning & Strategy Manager Gavin Handford, Assistant Director of Policy, Performance & Customer Services
Lead Councillor	Councillor Terry, Leader of the Council Councillor Emberson, Lead Councillor for Corporate Services and Resources
Corporate priority	Our Foundations
Recommendations	<p>That Policy Committee notes:</p> <ol style="list-style-type: none">1. That the provisional General Fund revenue outturn position for 2023/24 is an adverse net variance of £6.099m which is an adverse net movement of £0.982m from Quarter 3 (Appendix 1);2. That the provisional General Fund revenue outturn position includes the outturn position reported by Brighter Futures for Children (BFfC) as summarised within Section 3 of this report. The BFfC Outturn Report is attached as Appendix 2;3. That £4.202m (52%) of savings have been delivered in 2023/24 with £2.768m (34%) of non-delivered savings being carried forward into future years. £1.148m (14%) of savings were removed as part of the 2024/25 Budget and 2024/25-2026/27 Medium Term Financial Strategy setting process (Appendix 3);4. That £3.233m of Capital Receipts have been used to fund transformation (the Delivery Fund) in accordance with the Capitalisation Directive (Appendix 4);5. That the provisional General Fund Capital Programme outturn is a positive net variance of £5.178m against the proposed revised budget of £50.799m (Appendix 5) before the net reprogramming of £5.122m of budgets to future years;6. That the provisional Housing Revenue Account (HRA) outturn position is an adverse net variance of £1.257m, which results in a net drawdown from HRA Reserves of £3.756m (Appendix 6);7. That the provisional HRA Capital Programme outturn position is a positive net variance of £2.065m against the approved budget of £33.564m (Appendix 7) before the net reprogramming of £2.065m of budgets to future years ;8. The Reserves position as at 31st March 2024 as set out in Section 12 of this report and Appendix 8;9. The performance achieved against the Corporate Plan success measures as set out in Section 14 of this report and Appendices 9 and 10.

	<p>That Policy Committee approves:</p> <p>10. That the General Fund Revenue outturn balance of £6.099m is funded from the Financial Resilience Reserve as set out in Appendix 8;</p> <p>11. That the Council provides £9.139m of additional funding support to Brighter Futures for Children (BFfC) over and above the 2023/24 contract sum in respect of their 2023/24 outturn position;</p> <p>12. The amendments to the General Fund Capital Programme (as set out in Section 9 of this report and Appendix 5) resulting in a revised Capital Programme budget of £50.799m for 2023/24 (before the net reprogramming of £5.122m of budgets to future years, £109.005m for 2024/25, and £51.121m for 2025/26);</p> <p>13. Scheme and spend approval of £0.495m for the new Libraries Improvement Fund General Fund capital scheme, which is fully grant funded, to begin in 2024/25;</p> <p>14. Scheme and spend approval of £0.382m for the new ASC Digital Transformation General Fund capital scheme, which is funded through budget virements from existing capital schemes;</p> <p>15. The amendments to the HRA Capital Programme (as set out in further detail in Section 11 of this report and Appendix 7) resulting in a revised HRA Capital Programme net budget of £33.564m for 2023/24 (before the net reprogramming of £2.065m of budgets to future years), £50.050m for 2024/25 and £54.370m for 2025/26.</p>
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1. Executive Summary

- 1.1 This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2023/24. Further changes are not expected at this stage however the outturn is subject to audit and any material issues arising will need to be adjusted for.

General Fund - Revenue

- 1.2 The budget for 2023/24 was prepared during another challenging period due to inflation running at levels not seen in decades, wide-scale industrial action taking place in support of pay claims, yet another one-year Local Government funding settlement from Central Government with the long-planned changes to the Local Government Finance system, including the Business Rates rest, having been deferred beyond the period of the current Parliament. The Budget included £5.295m of savings to be delivered in 2023/24 to deliver a balanced budget position, with a planned net contribution of £6.128m to reserves.
- 1.3 In addition to these wider, macroeconomic issues Local Government is facing an escalation of costs that far exceed increases in funding. In Reading Borough Council, the most significant pressures have been in Childrens Social Care and Homelessness.

Childrens Social Care

- 1.4 Brighter Futures for Children saw a 14% increase in the number of Children Looked After (CLA) from March 2023 to December 2023, and this was accompanied by a significant increase in placement costs. While CLA numbers stabilised towards the end of the year, the overall impact was an adverse variance against budget of £8.506m.

Homelessness

- 1.5 The increase in the number of families presenting as homeless was even more stark, with the figure of 117 in November 2023 being 334% of the equivalent figure of 35 in March

2023. Combined with a 35% increase in unit costs over the same period, this resulted in an adverse variance against budget of £1.459m.

Overall Position

- 1.6 The actual outturn position is an adverse net variance of £6.099m as set out below, which is an adverse movement of £0.982m from the projected outturn position as at the end of Quarter 3 reported to Policy Committee in March. The outturn position is inclusive of £13.042m of additional net transfers from reserves approved under delegated authority by the Director of Finance.
- 1.7 The actual outturn position for net service expenditure is £158.611m, inclusive of approved net transfers from reserves of £10.024m, resulting in an adverse net variance of £13.900m. This includes adverse variances of £1.510m within Community & Adult Social Care, £2.628m within Economic Growth and Neighbourhood Services, £0.542m within Resources, and £0.092m within Chief Executive Services. Children's Services Retained by the Council has a positive variance of £0.011m. Brighter Futures for Children (BFFC) are requesting additional funding support of £9.139m over and above the 2023/24 contract sum.
- 1.8 The adverse variance on service expenditure is a net increase of £1.159m from the projected outturn position reported to Policy Committee in March, with the most material movements being an increase in the adverse variance reported by Housing & Communities of £0.709m in relation to increased demand for emergency accommodation placements during the Quarter and an increase in the adverse variance reported by Planning, Transportation and Public Protection of £0.657m, primarily within Special Parking Area income.
- 1.9 Detailed explanations for all service variances are contained within sections 3.3 to 3.106 of this report.
- 1.10 The actual outturn position on Corporate Budgets is a positive net variance of £7.078m. This position includes £3.018m of approved net transfers from reserves. The positive variance on Corporate Budgets is an adverse movement of £0.546m from the position reported to Policy Committee in March. This movement primarily relates to a higher than forecast pressure on Housing Benefit of £2.226m where Subsidy is not 100% recoverable, which is an increase of £1.626m from Quarter 3. This pressure has been partially mitigated by a drawdown of £0.625m from the Housing Benefit Subsidy Loss Reserve and an increased positive variance of £0.400m on interest costs within Capital Financing.
- 1.11 The actual outturn position on Funding is a positive net variance of £0.723m which primarily relates to the end of year calculation of the Business Rates Levy payable to Central Government which was not anticipated as part of the Quarter 3 projections.

Reserves

- 1.12 It is recommended that the overall adverse net variance of £6.099m is funded from the Finance Resilience Reserve, in line with the assumptions included when the 2024/25 Budget was approved in February 2024. This leaves a balance of £8.236m in the Financial Resilience Reserve as at 31st March 2024.
- 1.13 The budget for 2023/24 included a net contribution to reserves of £6.128m that was to be used predominantly to directly fund capital projects. Total General Fund revenue reserves were forecast to be £64.782m as at 31st March 2024 when the 2023/24 Budget was set in February 2023. The actual level of General Fund revenue reserves as at 31st March 2024 is £64.366m.

Table 1. General Fund Reserve (including Earmarked Reserves) Balances

	Forecast per 2023/24 Budget Setting £m	Forecast per 2024/25 Budget Setting £m	Actual per 2023/24 Outturn £m
Balance 31 st March 2023	(70.049)	(77.616)	(76.451)
Movement in-year	5.267	20.308	12.085
Balance 31st March 2024	(64.782)	(57.308)	(64.366)
Projected Balance 31 st March 2025	(64.395)	(47.132)	(40.694)
Projected Balance 31 st March 2026	(51.365)	(44.190)	(37.872)
Projected Balance 31 st March 2027	N/A	(43.170)	(37.304)

- 1.14 It is currently forecast that reserves will continue to fall over the next year, with a forecast reduction of £23.672m by 31st March 2025, including the use of £6.349m of direct revenue financing of capital, £5.000m to fund placement cost pressures, the planned use of £4.784m of revenue grants brought forward and £2.884m to fund Collection Fund deficits.
- 1.15 Despite these planned reductions, the General Fund reserves continues to increase in line with the policy of being set to 5% of net budget requirement.

Savings

- 1.16 The original budget for 2023/24 included assumed savings of £8.118m, including £2.823m of savings brought forward from the previous year. A total of £4.202m of ongoing savings were delivered in 2023/24, with £1.148m of non-deliverable savings removed as part of the 2024/25 Budget setting process. This leaves a residual balance of £2.768m to be carried forward for delivery in future years.
- 1.17 This balance of £2.768m will be added to the savings already included in the 2024/25 budget to give a revised savings target for 2024/25 of £7.468m. Savings delivery will continue to be monitored and reported on regularly throughout 2024/25.

General Fund - Capital

- 1.18 The provisional General Fund Capital Programme outturn is a £5.178m positive net variance against the proposed revised budget of £50.799m. A net total of £5.122m of budgets are requested to be reprogrammed from 2023/24 into future years of the Capital Programme as set out in Appendix 5.

Housing Revenue Account (HRA) - Revenue

- 1.19 The approved Housing Revenue Account budget assumed a net drawdown from HRA reserves of £2.499m. The provisional outturn position for the HRA requires an actual net drawdown from HRA Reserves of £4.294m. This is comprised of a drawdown from the Main HRA Reserve of £6.401m for HRA day to day operational costs, a drawdown of £0.392m from the North Whitley PFI Reserve and a contribution to the Major Repairs Reserve balance of £3.037m relating to the excess Depreciation charge over budget in 2023/24. The HRA is therefore reporting an adverse net variance compared to budget of £1.257m.
- 1.20 In addition to the HRA day to day operational costs drawdown, there is a further total drawdown of £1.546m from the HRA Main Reserve relating to one-off costs as set out in Table 17 below, for instance directly funding the Housing Management System scheme within the Capital Programme which was originally planned to be funded from external borrowing. This switch in funding enables the HRA to avoid incurring additional borrowing costs in future.

Housing Revenue Account (HRA) - Capital

- 1.21 The provisional HRA Capital Programme outturn is a £2.065m positive net variance against the approved budget of £33.564m. A net total of £2.065m of budgets are requested to be reprogrammed from 2023/24 into future years of the Capital Programme as set out in Appendix 7.

Performance

- 1.22 The report also sets out performance against the measures of success published in the Council's Corporate Plan. Data shown reflects performance for the full year.
- 1.23 Of the 57 Corporate Plan Performance KPIs for 2023/24, at the end of the financial year 40% were rated "green", 23% "amber", and 37% "red".
- 1.24 Of the 47 Corporate Plan Projects, 68% were "green" and 32% "amber".
- 1.25 The full list of Performance KPIs is attached as Appendix 9 and Projects as Appendix 10.

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

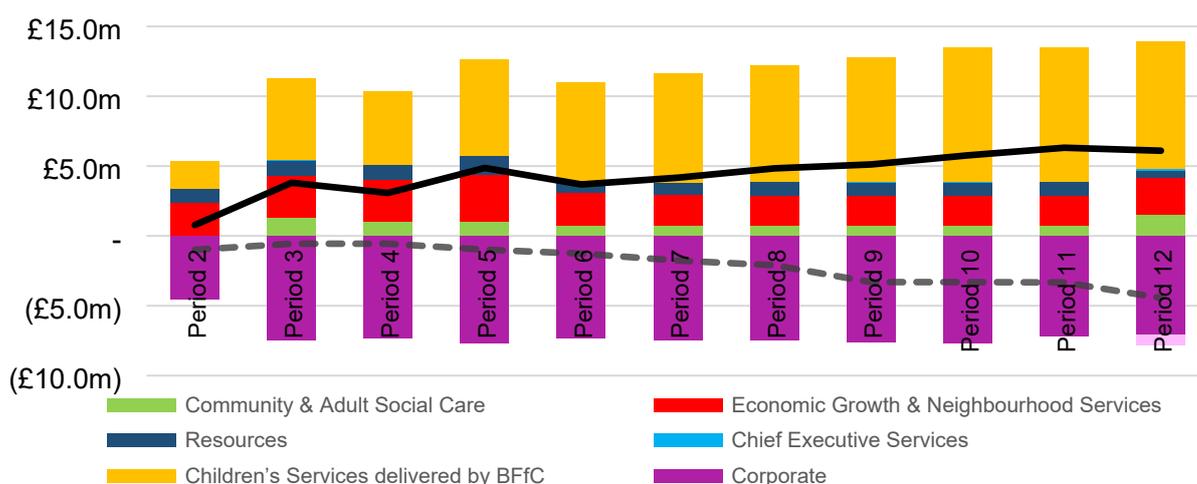
- 3.1. The provisional outturn position of the General Revenue Fund is an adverse net variance of £6.099m. This includes £13.042m of net transfers from reserves approved under delegated authority by the Director of Finance.

Table 2. General Revenue Fund Summary by Directorate

	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Community and Adult Social Care	51.013	53.190	2.177	(0.667)	1.510
Economic Growth and Neighbourhood Services	20.102	24.531	4.429	(1.801)	2.628
Resources	19.714	22.011	2.297	(1.755)	0.542
Chief Executive Services	1.614	1.760	0.146	(0.054)	0.092
Children's Services retained by the Council	0.838	0.827	(0.011)	0.000	(0.011)
Children's Services delivered by BFfC	51.430	66.316	14.886	(5.747)	9.139
Total Service Expenditure	144.711	168.635	23.924	(10.024)	13.900
Capital Financing	17.530	14.409	(3.121)	0.000	(3.121)
Contingencies	4.108	0.000	(4.108)	0.000	(4.108)
Other Corporate Budgets	(8.046)	(4.877)	3.169	(3.018)	0.151
Movement to/(from) Reserves	6.108	6.108	0.000	0.000	0.000
Total Corporate Budgets	19.700	15.640	(4.060)	(3.018)	(7.078)
Net Budget Requirement	164.411	184.275	19.864	(13.042)	6.822
Financed by:					
Council Tax Income	(111.086)	(111.086)	0.000	0.000	0.000
NNDR Local Share (inc Section 31 Grant)	(43.672)	(44.395)	(0.723)	0.000	(0.723)
New Homes Bonus	(1.453)	(1.453)	0.000	0.000	0.000
Revenue Support Grant	(2.487)	(2.487)	0.000	0.000	0.000
Other Government Grants	(1.498)	(1.498)	0.000	0.000	0.000
One-off Collection Fund (Surplus)/Deficit	(4.215)	(4.215)	0.000	0.000	0.000
Total Funding	(164.411)	(165.134)	(0.723)	0.000	(0.723)
(Positive)/Adverse Variance	0.000	19.141	19.141	(13.042)	6.099

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

Chart 1. Forecast Variance Period Comparison – General Fund



Community & Adult Social Care - £1.510m adverse variance

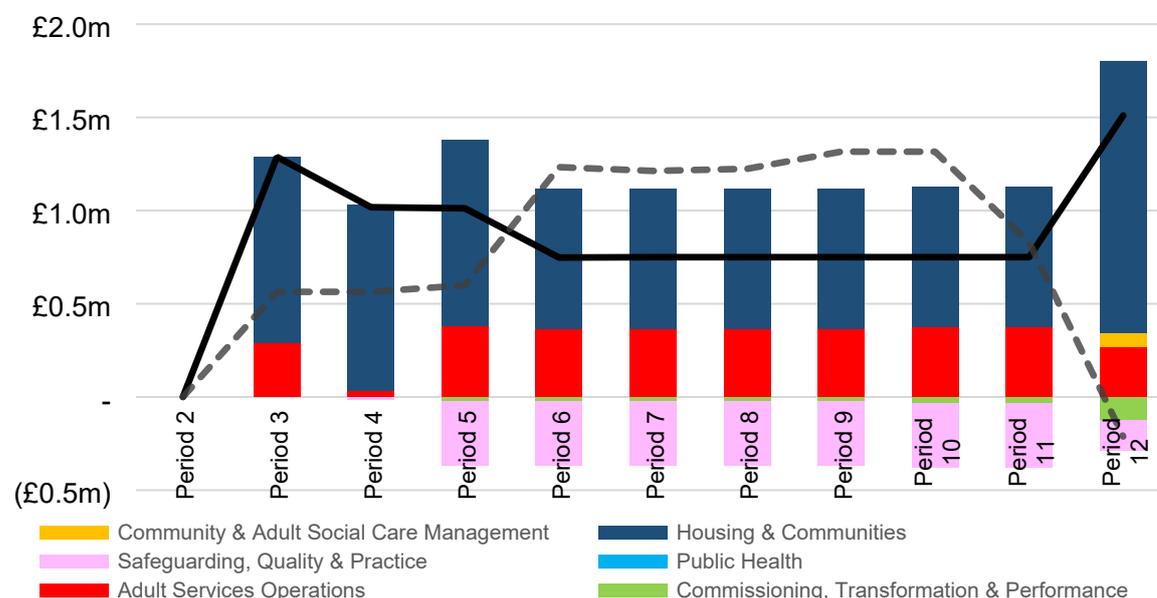
- 3.3. Community & Adult Social Care's provisional outturn position is an adverse net variance of £1.510m. This is an adverse movement of £0.760m from the Quarter 3 forecast.
- 3.4. The following table summarises the outturn position for 2023/24.

Table 3. Community & Adult Social Care Outturn 2023/24

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Commissioning, Transformation & Performance	2.746	1.815	(0.931)	0.806	(0.125)
Adult Services Operations	40.687	42.397	1.017	(0.750)	0.267
Community & Adult Social Care Management	1.537	1.611	0.074	0.000	0.074
Safeguarding, Quality & Practice	4.406	4.241	(0.165)	0.000	(0.165)
Public Health	0.000	0.004	0.004	(0.004)	0.000
Housing & Communities	1.637	3.815	2.178	(0.719)	1.459
Total	51.013	53.883	2.177	(0.667)	1.510

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

Chart 2. Forecast Variance Period Comparison – Community & Adult Social Care



- 3.6. The explanation for these forecast variances is set out below.

Commissioning, Transformation & Performance - £0.125m positive variance

- 3.7. Commissioning, Transformation & Performance is reporting a positive net variance of £0.125m, which is an improvement of £0.101m from Quarter 3, due to an overachievement of income within the Deputies service, and staffing vacancies across the service.
- 3.8. The required roll-forwards of £0.806m of Better Care Funding is included within the above position.

Adult Services Operations - £0.267m adverse variance

- 3.9. Adult Services Operations is reporting an adverse net variance of £0.267m, which is an improvement of £0.101m from Quarter 3.
- 3.10. There is an overall pressure within placement budgets of £0.314m that is partially offset by a positive variance of £0.048m relating to staffing vacancies.
- 3.11. There has been an increase in service users from 1,562 at week 1 to 1,640 at week 52, which is an increase of 78, causing the increased pressure on the placements budget. An in year recovery plan identified £1.209m of in-year mitigations (£1.588m full year impact) to partially offset these placement pressures. There has also been cost avoidance measures recorded of £0.670m
- 3.12. The Savings and Recovery plan included 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.
- 3.13. The outturn position includes a drawdown from earmarked reserves of £0.750m linked to the overall demand pressures within placements spend in Adult Social Care. Funds were previously ringfenced from previous years funding to cover the expected increased demand resulting from working through backdated waiting lists. Grants were received to cover the additional staff to reduce the backlogs, but not to cover the rise in placements costs.

Community & Adult Social Care Management - £0.074m adverse variance

- 3.14. Community & Adult Social Care Management is reporting an adverse net variance of £0.074m, which as an adverse movement of £0.074m from Quarter 3. This is variance relates to higher locum costs compared to the salary provision.

Safeguarding, Quality & Practice - £0.165m positive variance

- 3.15. Safeguarding, Quality & Practice is forecasting a positive net variance of £0.165m, which is an adverse movement of £0.179m from Quarter 3. This variance relates to a combination of staffing vacancies and an increase in income within Provider Services.

Public Health – Balanced

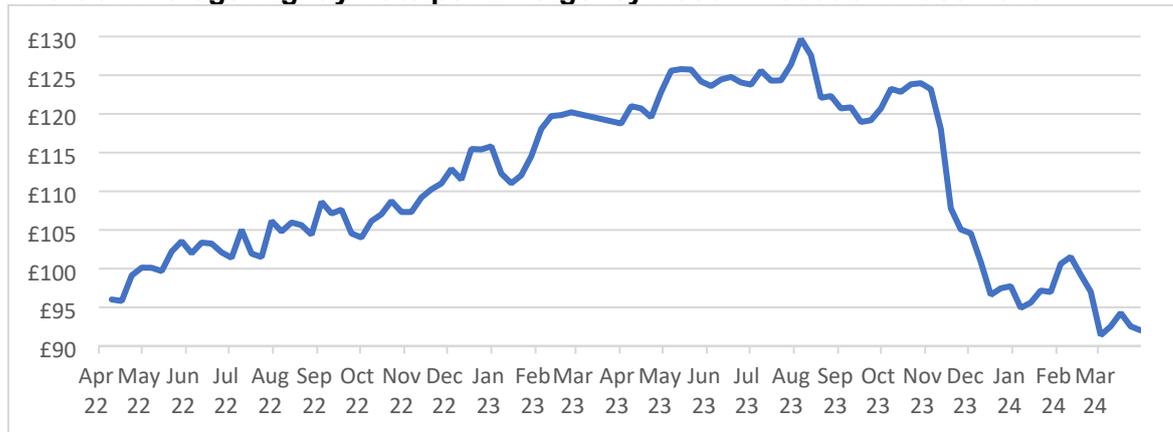
- 3.16. Public Health is reporting a balanced position which includes a roll-forward of unspent Public Health Grant to the Public Health Grant Reserve of £0.452m. The service has also drawn down a net £0.456m from the Revenue Grant Unapplied Reserve, including the final £0.495m of Track & Trace and Contain Outbreak Management Fund grants.

Housing & Communities - £1.459m adverse variance

- 3.17. Housing & Communities is reporting an adverse net variance of £1.459m, which is an adverse movement of £0.709m from Quarter 3.
- 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

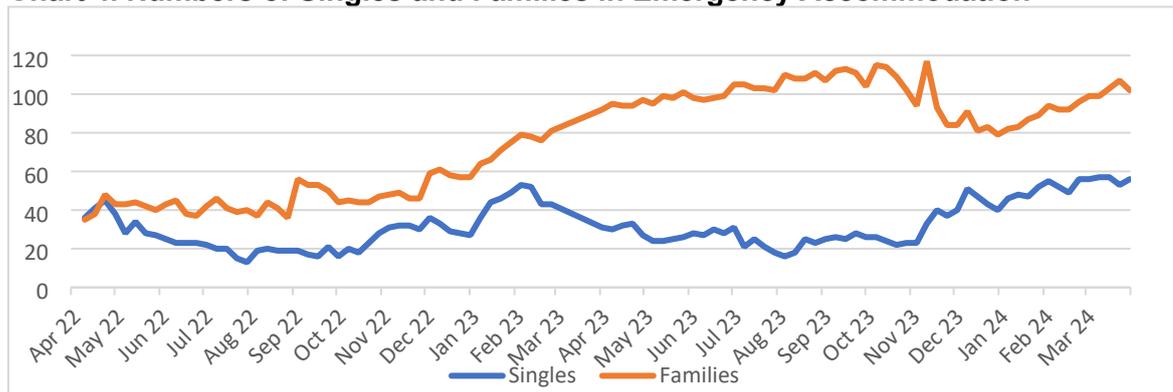
rate in April 2022 was £90 and increased to highest levels of £130 in August 2023, before dropping to £98 in December 2023 and £93 in March (as illustrated in Chart 3 below). There has also been a reduction in the number of available properties to use.

Chart 3. 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 and a further net increase to 158 in March 2024 (as illustrated in Chart 4 below).

Chart 4. 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 including the recent increases in cases since December has equated to a total pressure across General Fund Housing costs of £1.459m that has not been able to be offset. Within this total outturn position there has been an increase in costs since the Quarter 3 monitoring of around £0.410m due to additional placements costs, £0.200m relating to the rent guarantee scheme, which includes incentive payments made to landlords and an increased level of bad debt to cover future risks of income recovery. There are further adverse variances totalling £0.100m across the remainder of the service.

3.21. The outturn position includes a net drawdown from earmarked reserves, consisting of a net total of £0.406m from the Revenue Grants Unapplied Reserve in respect of various grants and £0.253m from the Abortive Capital Costs Reserve in respect of the Gypsy & Travellers scheme within the Capital Programme.

Economic Growth and Neighbourhood Services - £2.628m adverse variance

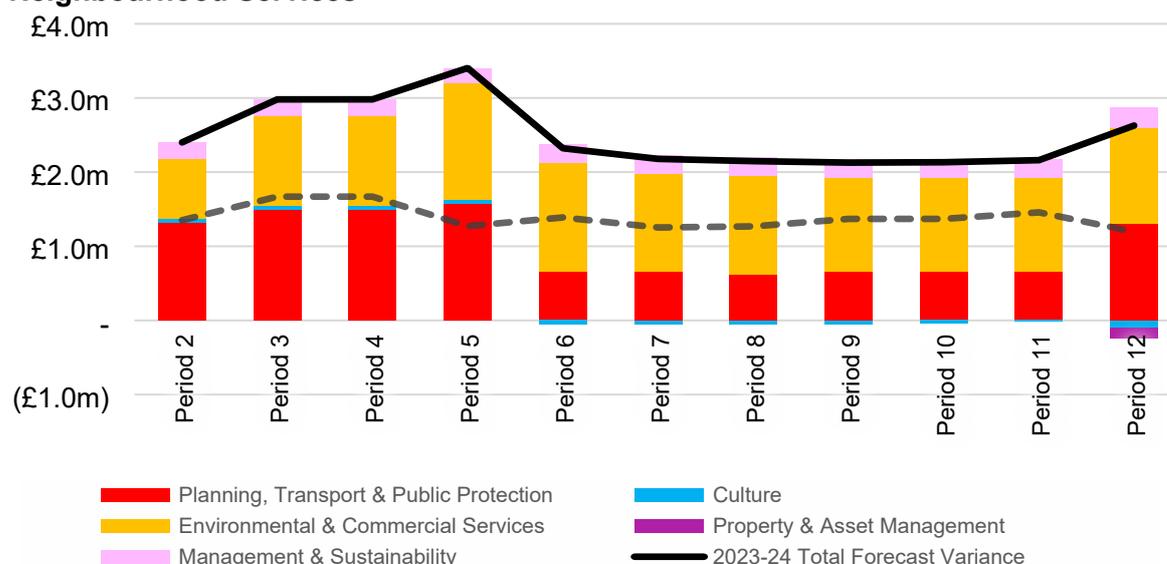
3.22. Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £2.628m. This is an adverse movement of £0.500m from the Quarter 3 forecast.

Table 4. Economic Growth and Neighbourhood Services Outturn 2023/24

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Planning, Transport & Public Protection	0.896	2.449	1.553	(0.241)	1.312
Culture	3.330	4.310	0.730	(0.837)	(0.107)
Environmental & Commercial Services	18.315	19.686	1.371	(0.089)	1.282
Property & Asset Management	(3.056)	(2.762)	0.294	(0.429)	(0.135)
Management & Sustainability	0.617	1.098	0.481	(0.205)	0.276
Total	20.102	24.531	4.429	(1.801)	2.628

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

Chart 5. Forecast Variance Period Comparison – Economic Growth and Neighbourhood Services



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

Planning, Transport and Public Protection - £1.312m adverse variance

3.25. Planning, Transport and Public Protection is reporting an adverse variance of £1.312m, which is an adverse movement of £0.657m from Quarter 3.

3.26. 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.

3.27. The adverse net variance on all Off-Street and On-Street Parking Services is £0.082m. This is a moderate adverse change from Quarter 3 of £0.256m against the total income in this area of £6.761m showing the volatility of income in this area.

- 3.28. Income levels as at Outturn 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 5. Off-Street Car Parking Income Trend

Financial Year	Budget £m	Actual £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
2023/24	(4.804)	(3.994)	0.810

- 3.29. The equivalent figures for On-Street parking are set out below and shows that activity levels have stabilised, and that the continuing positive performance of this area has partially offset the off-street parking pressure.

Table 6. On-Street Car Parking Income Trend

Financial Year	Budget £m	Actual £m	Variance £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)	(2.627)	(0.670)

- 3.30. Overall, 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 all parking areas is being considered and will be approached during 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.
- 3.31. 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. There have also been ongoing issues around reliability of infrastructure which have impacted BSM and Queens Road and reduced income. The decreasing draw of the high street for shoppers is another factor.
- 3.32. There is a net adverse variance of £0.461m 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 arising from new equipment requirements. 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. This was an improvement to the position of £0.091m from Quarter 3 monitoring. Moving into 24/25, six new bus lanes are being implemented under the BSIP programme and these will likely offset some of the reduction in income.
- 3.33. There is an adverse variance of £0.190m 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. This was an improvement to the position of £0.080m from Quarter 3 monitoring. It is anticipated that a rebase will be required, particularly as few new schemes are coming forward. Parking Services are also reviewing the current permit scheme.

- 3.34. There is an adverse net variance on income within the Special Parking area of £1.049m. This relates to a number of issues; a reduction in income during the initial contract handover, the new kerbside contractor being subject to a buyout which impacted on the recruitment of additional Civil Enforcement staff, plus some additional set up costs of the new contract and overlapping of costs associated with the previous contract ending. This totals an adverse movement of £0.821m compared to Quarter 3. The significant variance from Quarter 3 was linked to the switchover in the contracts and the subsequent bedding in of the new contract payments. Backdated payments were made to the previous provider in period 12 to settle the old contract. These costs were in addition to the expected payments to the new provider. These issues are largely anticipated to be resolved for 2024/25 when the new contract is fully embedded, with all staff in place, new hours of operation and new equipment securing a higher rate of issue, however this remains a major concerning area. KPIs show that the contractor is performing above the expected hourly issue rate, and this has stabilised in the last two months.
- 3.35. There is a newly arisen adverse variance on Moving Traffic Enforcement of £0.249m following on from the introduction of this scheme during 2023/2024. The initial period where no Enforcement can occur has now passed for most of the areas concerned so part year income was expected from December 2023 to March 2024 but this has been considerably lower than expected. This remains an ongoing area of concern into 2024/25. Some sites are generating zero non-compliance and currently there are no other sites where enforcement could be switched out to. There will need to be a consideration to rebasing this budget unless resources in Network Services can be released to consider and evidence alternate sites for deployment of enforcement cameras.
- 3.36. Building Control has an adverse net variance of £0.125m, an improvement from Quarter 3 due to expenditure reductions of £0.052m. This is in part due to the reduction in agency staffing. The income shortfall within the net figure 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. This challenge has become more significant with a change in legislation which has resulted in professionals leaving the sector. A new round of recruitment aims to both provide statutory cover and support fee earning work.
- 3.37. Premises licence fees are reporting an income shortfall of £0.111m an adverse movement of £0.013m since Quarter 3. 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.
- 3.38. Planning applications and planning fees are reporting an income shortfall of £0.311m, an adverse movement of £0.037m from Quarter 3. 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) has an income shortfall of £0.135m, an adverse movement of £0.003m from Quarter 3. 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. 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 £0.103m. An Additional positive variance from running expenses of £0.108m, as well as an overachievement of £0.119m income from Private Hire driver's licences and £0.098m in Consumer Protection, a net positive movement of £0.052m across these areas.
- 3.42. A further positive variance has arisen since Quarter 3 of £0.234m on the Coroners Service, where the budget has been increased with the expectation of an increase in staffing levels which have as yet not been reached, costs are shared under a joint arrangement and the additional costs are expected to be incurred during 2024/25 so this positive variance is not expected to reoccur.
- 3.43. In order to further mitigate pressures within the service, consideration was 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 is within the Outturn position.
- 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 is also within the overall forecast. Further positive variances within Strategic Transportation since the Period 9 report total £0.211m.
- 3.45. The outturn position includes the following net transfers from reserves totalling £0.241m:
- £0.805m from the Legal & Taxation Reserve to fund the additional costs relating to the Forbury Gardens Inquest. The Council is attempting to recover these costs from Central Government and if successful then earmarked reserves will be replenished;
 - £0.301m from the Revenue Grants Unapplied Reserve in respect of various grants;
 - £0.051m from the Abortive Capital Costs Reserve relating to Tree Root Barrier and Listed Buildings works;
 - £0.012m from the Redundancy Reserve;
 - £0.928m to the Revenue Grants Unapplied Reserve including £0.881m in respect of unspent Bus Service Improvement Plan Grant.

Culture - £0.107m positive variance

- 3.46. Culture is reporting a positive variance of £0.107m, which is an improvement of £0.059m from Quarter 3.
- 3.47. This variance is comprised of the following elements:
- £0.214m adverse net variance in Arts and Theatres and the Town Hall, primarily due to income levels not recovering post pandemic;
 - £0.175m positive net variance in Archives and Records which was identified as part of the recovery plan work;
 - £0.146m of additional positive net variances including at New Directions College reflecting vacancies in staffing.
- 3.48. The outturn position includes the following net transfers from reserves totalling £0.837m:

- £0.672m from the Energy Reserve in respect of the expected payment to cover the increase in energy costs within the leisure centres operated by GLL for the period 2021/22-2023/24 following the first benchmarking exercise;
- £0.046m from the Transformation Reserve in respect of funding additional staffing costs relating to the delivery of the two Levelling Up schemes within the Capital Programme;
- £0.081m from the Archives Reserve as the balance has been re-classified as a Creditor;
- £0.038m net transfer from the Revenue Grants Unapplied Reserve.

Environmental & Commercial Services – £1.282m adverse variance

- 3.49. Environmental & Commercial Services is reporting an adverse net variance of £1.282m, which is an adverse movement of £0.007m from Quarter 3.
- 3.50. Recycling and Waste Collection is reporting an overall adverse variance of £0.449m. There is an adverse variance of £0.502m in staffing as 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 variance has been partially offset by a positive net variance of £0.053m across the rest of the service.
- 3.51. The Neighbourhood Support team is reporting a positive variance of £0.050m, relating to salaries due to a secondment to the Arcus project and lower than anticipated related agency spend.
- 3.52. Waste Disposal is reporting an adverse variance of £0.391m. Waste Collection tonnages were broadly in line with the 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.
- 3.53. Also included within this variance are additional cost pressures relating to Persistent Organic Pollutants (POPS) additional processing and haulage costs, a loss on HWRC income and an increase in other haulage costs in Quarter 4 of 15%. 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.
- 3.54. Highways is reporting an adverse variance of £0.278m. This is due to the increased costs 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.
- 3.55. Civil Engineering is reporting an adverse net variance of £0.006m. There has been an increase in the cost of street lighting maintenance, highways maintenance and winter maintenance of £0.156m. This has been mostly offset by a positive variance of £0.150m

in street lighting electricity costs, which is partially due to a reduction in energy used by streetlights which was agreed as part of the recovery plan.

- 3.56. Network Management is reporting an adverse variance of £0.078m. This is 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. 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.
- 3.57. Streetscene is reporting an adverse variance of £0.048m. A high number of vacancies has resulted in a positive variance on staffing costs of £0.800m. The staffing position has also impacted on the level of income that can be generated and there is an underachievement of income of £0.600m. There are further adverse variances within waste disposal of £0.133m, Waste Transfer Station of £0.025m, Bennet Road running costs of £0.040m, and water costs at the allotments of £0.050m.
- 3.58. Fleet Management is reporting an adverse variance of £0.082m. This adverse variance consists of £0.040m of agency staff costs, £0.059m of Vehicle Spot Hire, £0.070m Vehicle Maintenance, £0.036m of revenue costs of purchasing electric vehicle chargers and their maintenance, and also £0.015m of additional running costs for Bennet Road. This has partially been offset by positive variances from £0.058m additional recharges to services, and a reduction in fuel usage of £0.080m as further electric refuse collection vehicles have started to be used.
- 3.59. The outturn position includes the following transfers from reserves totalling £0.089m:
- £0.062m from the Capital Grants Unapplied Reserve in respect of revenue costs incurred that are eligible to be funded by local (15%) Community Infrastructure Levy (CIL);
 - £0.016m from the Abortive Capital Costs Reserve to fund feasibility studies that are not proceeding further;
 - £0.011m from the Revenue Grants unapplied Reserve.

Property & Asset Management – £0.135m positive variance

- 3.60. Property & Asset Management is reporting a positive net variance of £0.135m, which is an improvement of £0.135m from Quarter 3.
- 3.61. This variance relates to additional income in respect of community building lettings.
- 3.62. The outturn position includes the following transfers from reserves totalling £0.429m:
- £0.404m from the Abortive Capital Costs Reserve in respect of unexpected repair and maintenance works at the Town Hall and Reinforced Autoclaved Aerated Concrete (RAAC) surveys and safety measures;
 - £0.024m from the Commercial Properties Reserve to fund an agreed rent free period that commenced in March 2024;
 - £0.001m from the Transformation Reserve in respect of funding additional staffing costs relating to the delivery of the two Levelling Up schemes within the Capital Programme.

Management & Sustainability – £0.276m adverse variance

- 3.63. Management & Sustainability is reporting an adverse variance of £0.276m, which is an adverse movement of £0.030m from Quarter 3.
- 3.64. Sustainability is reporting a positive variance of £0.083m, relating to £0.062m of staffing vacancies, £0.014m of overachieved Solar Income £0.007m on supplies and services.
- 3.65. Advertising income within the Business Development service has created an income pressure of £0.148m. 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.
- 3.66. There is also an adverse variance totalling £0.211m relating to management team staffing costs.
- 3.67. The outturn position includes the following transfers from reserves totalling £0.205m:
- £0.136m from the Transformation Reserve in respect of funding additional staffing costs relating to the delivery of the two Levelling Up schemes and the Minster Quarter scheme within the Capital Programme;
 - £0.065m from the Revenue Grants Unapplied Reserve;
 - £0.004m from the Climate Change Reserve.

Resources - £0.542m adverse variance

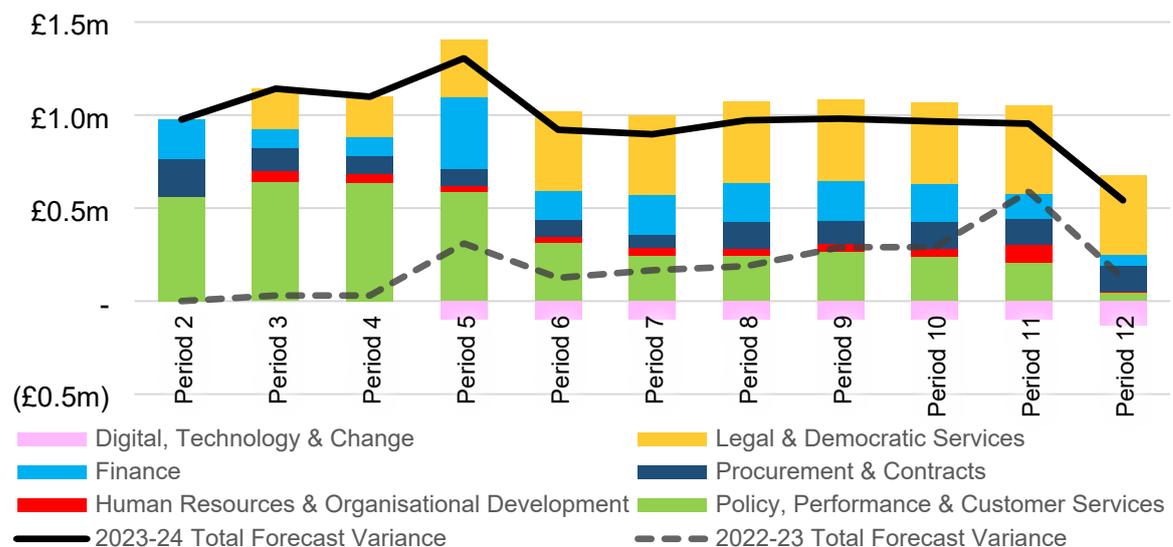
- 3.68. The Directorate of Resources' provisional outturn position is an adverse net variance of £0.542m. This is an improvement of £0.440m from the Quarter 3 forecast.

Table 7. Resources Services Outturn 2023/24

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Policy, Performance & Customer Services	2.571	2.663	0.092	(0.043)	0.049
Human Resources & Organisational Development	2.066	2.168	0.102	(0.101)	0.001
Procurement & Contracts	0.406	0.550	0.144	0.000	0.144
Finance	4.801	5.997	1.196	(1.140)	0.056
Legal & Democratic Services	3.325	4.036	0.711	(0.287)	0.424
Digital, Technology & Change	6.545	6.597	0.052	(0.184)	(0.132)
Total	19.714	22.011	2.297	(1.755)	0.542

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

Chart 6. Forecast Variance Period Comparison – Resources



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

Policy, Performance & Customer Services - £0.049m adverse variance

3.71. Policy, Performance & Customer Services is reporting an adverse net variance of £0.049m, which is an improvement of £0.217m from Quarter 3.

3.72. Customer services is forecasting £0.444m of expenditure pressures primarily relating to corporate cross-council savings linked to the Customer Experience Programme of £0.607m from 2021/22 through to 2023/24 still needing to be identified and allocated. One-off offsetting staffing vacancies of £0.163m are helping to reduce the impact of the corporate savings.

3.73. Registrations and Bereavements is forecasting an overall positive variance of £0.086m, linked to reduced running costs and holding staffing vacancies.

3.74. Policy and Performance is forecasting a positive variance of £0.341m through holding vacancies and through some administration recharges relating to HSF4 and additional fees & charges.

3.75. Directorate Support is forecasting an adverse variance of £0.032m due to staffing costs.

3.76. The outturn position includes the following net transfers from reserves totalling £0.043m:

- £0.157m from the Transformation Reserve, including £0.112m in respect of the Customer Experience Programme;
- £0.114m to the Revenue Grants Unapplied Reserve, including £0.133m relating to the Afghan Resettlement Programme Grant.

Human Resources & Organisational Development - £0.001m adverse variance

3.77. Human Resources & Organisational Development is reporting an adverse net variance of £0.001m, which is an improvement of £0.042m from Quarter 3.

3.78. There is an adverse variance of £0.094m across the main HR & OD employee budget, offset by additional income from the Kennet Day Nursery of £0.060m and other minor variances totalling £0.033m.

- 3.79. The outturn position includes drawdowns of £0.069m from the Transformation Reserve to fund Inclusion & Diversity project work and £0.032m from the Legal & Taxation Reserve to fund a confidential work programme.

Procurement & Contracts - £0.144m adverse variance

- 3.80. Procurement & Contracts is reporting an adverse variance of £0.144m, which is an adverse movement of £0.019m from Quarter 3.
- 3.81. This variance includes £0.200m of expenditure pressures relating to corporate savings targets that are currently not allocated. There is a small positive variance of £0.056m across employee and other non-pay budgets through the continued holding of vacancies previously reported in the Recovery Plan.

Finance - £0.056m adverse variance

- 3.82. Finance is reporting an adverse net variance of £0.056m. This is an improvement of £0.155m from Quarter 3.
- 3.83. Finance is reporting £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 £0.203m, resulting in an overall net adverse variance of £0.009m
- 3.84. There are additional pressures relating to agency costs of £0.093m within Accounts Payable and Internal Audit linked to sickness and workload pressures.
- 3.85. Revenues and Benefits are reporting a positive variance of £0.046m linked to staffing vacancies.
- 3.86. The outturn position includes the following net transfers from reserves totalling £1.140m:
- £0.767m from the Capital Financing Smoothing Reserve to fund the implementation costs of the new Finance system that went live in December 2023;
 - £0.717m from the Revenue Grants Unapplied Reserve, including £0.705m in respect of the Homes for Ukraine Grant;
 - £0.344m net transfer to the Self Insurance Reserve.

Legal & Democratic Services – £0.424m adverse variance

- 3.87. Legal & Democratic Services is reporting forecasting an adverse net variance of £0.424m, which is an improvement of £0.012m from Quarter 3.
- 3.88. The local elections in May 2023 and the by-election required additional support to facilitate the new Voter Identification requirements resulting in an adverse variance of £0.268m.
- 3.89. Employee shortages and the use of agency staff has resulted in a pressure of £0.136m being experienced linked to workload pressures along with associated pressures on the use of expert Counsel of £0.057m.
- 3.90. Land Charges income is reporting a positive variance of £0.037m.
- 3.91. The outturn position includes the following transfers from reserves totalling £0.287m:
- £0.275m from the Legal & Taxation Reserve to fund various exceptional legal related costs incurred;

- £0.012m from the Transformation Reserve to fund legal costs relating to the two Levelling Up schemes within the Capital Programme.

Digital, Technology and Change – £0.132m positive variance

- 3.92. Digital, Technology and Change is reporting a positive net variance of £0.132m, which is an improvement of £0.032m from Quarter 3.
- 3.93. This variance is due to a one-off saving on licences identified via the recovery plan.
- 3.94. The outturn position includes the following transfers from reserves totalling £0.184m:
- £0.114m from the Revenue Grants Unapplied Reserve in respect of the Digital Futures Council Initiative Grant;
 - £0.047m from the Project Management Office Reserve to fund additional staffing;
 - £0.023m from the Transformation Reserve in respect of funding additional staffing costs relating to the delivery of the two Levelling Up schemes within the Capital Programme.

Chief Executive Services - £0.092m adverse variance

- 3.95. Chief Executive Services provisional outturn position is an adverse net variance of £0.092m. This is an adverse movement of £0.092m from the Quarter 3 forecast.

Table 8. Chief Executive Services Outturn 2023/24

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Executive Management Team	0.894	0.986	0.092	0.000	0.092
Communications	0.720	0.774	0.054	(0.054)	0.000
Total	1.760	1.760	0.146	(0.054)	0.092

Executive Management Team – £0.092m adverse variance

- 3.96. Executive Management Team is reporting an adverse net variance of £0.092m, which is an adverse movement of £0.079m from Quarter 3. This variance relates to recruitment and other staffing related costs.

Communications – Balanced

- 3.97. Communications is reporting a balanced outturn position compared to budget, which is an adverse movement of £0.005m from Quarter 3.
- 3.98. The outturn position includes the following net transfers from reserves totalling £0.054m:
- £0.055m from the Communications Reserve to fund in-year pressures that have subsequently been addressed as part of the 2024/25 Budget setting process;
 - £0.046m from the Transformation Reserve in respect of funding additional staffing costs relating to the delivery of the two Levelling Up schemes within the Capital Programme;
 - £0.047m to the Revenue Grants Unapplied Reserve in respect of unspent grant for Bus Campaigns.

Children’s Services retained by the Council - £0.011m positive variance

- 3.99. Children’s Services retained by the Council’s provisional outturn position is a positive variance of £0.011m. This is an improvement of £0.011m from the Quarter 3 forecast.
- 3.100. This variance has arisen following the annual reconciliation process of the Adoption Thames Valley contract.

Children’s Services Delivered by Brighter Futures for Children (BFfC) - £9.139m adverse variance

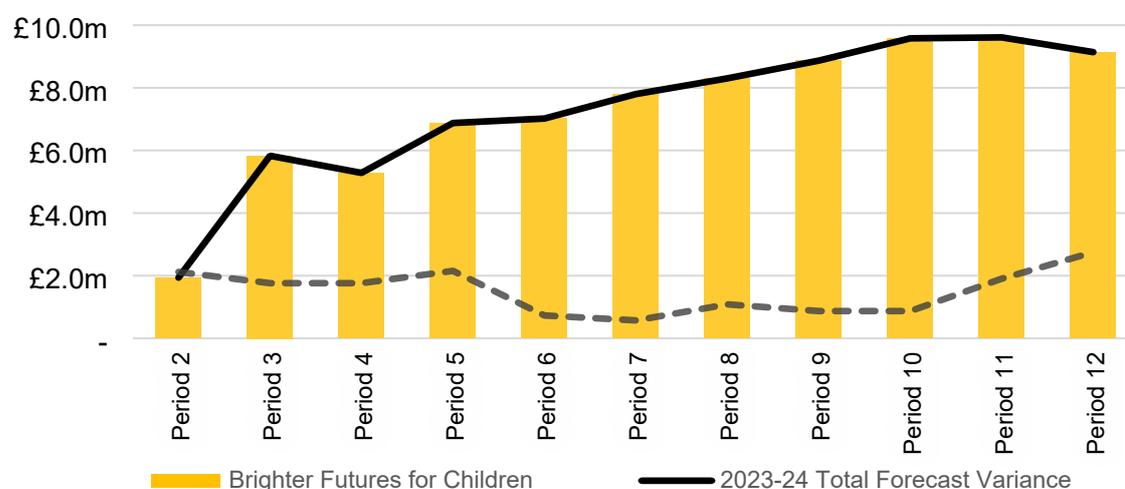
- 3.101. Brighter Futures for Children’s (BFfC) is reporting an adverse net variance of £9.139m over the 2023/24 Contract Sum, which is an adverse movement of £0.270m from Quarter 3.

Table 9. Children’s Services delivered by BFfC Outturn 2023/24

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Children’s Services delivered by BFfC	51.430	66.316	14.886	(5.747)	9.139
Total	51.430	66.316	14.886	(5.747)	9.139

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

Chart 7. Forecast Variance Period Comparison – Childrens Services (BFfC)



- 3.103. The most significant element of the £9.139m adverse variance relates to placement costs arising from the combination of increased demand and increased provider costs. Significant increased spend on placements, especially Children Looked After where numbers have increased from 252 at March 2023 to 272 at March 2024, with a peak of 287 in December 2023. Analysis has also shown that costs have increased significantly due to inflation, lack of market supply, change in placement mix and increased needs of children.
- 3.104. There are also additional demand pressures on transport costs associated with Special Educational Needs and Disabilities (SEND).
- 3.105. Further details are included in Appendix 2. The total adverse variance of £9.244m within this appendix includes £0.105m of costs relating to an accrual for accumulated absences,

which is a technical adjustment and excluded from the £9.139m that the Council is being requested to fund.

3.106. The outturn position includes a transfer from the Dedicated Schools Grant Unusable Reserve of £5.942m and a transfer to ringfenced Schools Balances of £0.195m.

Corporate Budgets - £7.078m positive variance

3.107. Corporate Budgets are reporting a positive net variance of £7.078m. this is an adverse movement of £0.546m from the Quarter 3 forecast.

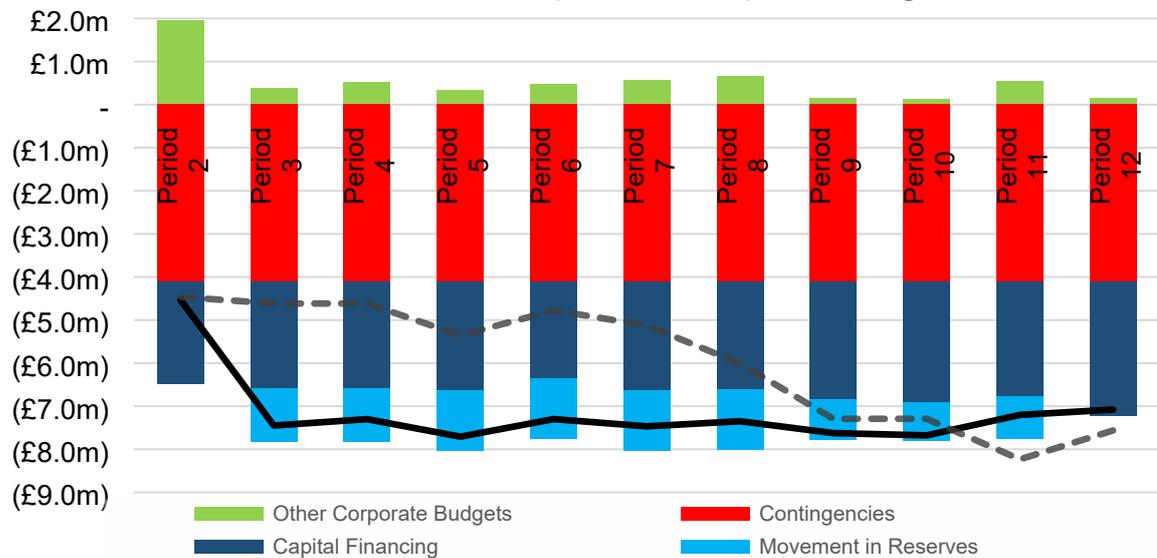
3.108. The following table summarises the outturn position for 2023/24.

Table 10. Corporate Budgets Outturn 2023/24

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Capital Financing Costs	17.530	14.409	(3.121)	0.000	(3.121)
Contingency	4.108	0.000	(4.108)	0.000	(4.108)
Other Corporate Budgets	(8.046)	(4.877)	3.169	(3.018)	0.151
Movement to/(from) Reserves	6.108	6.108	0.000	0.000	0.000
Total	19.700	15.640	(4.060)	(3.018)	(7.078)

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

Chart 8. Forecast Variance Period Comparison – Corporate Budgets



3.110. Capital Financing Costs is reporting a positive total net variance £3.121m. As a result of the slippage on the Capital Programme reported in the 2022/23 Outturn Report, there is a positive variance of £0.012m relating to the Minimum Revenue Provision (MRP). There is a further positive variance of £2.453m on the interest payable budget which has arisen 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 of £0.656m 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.

- 3.111. 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.
- 3.112. Other Corporate Budgets is reporting an adverse net variance of £0.151m. The variance prior to reserve movements is an adverse variance of £3.169m which includes significant pressures of £2.226m relating to Housing Benefit; £0.925m in respect of the 2023/24 Pay Award and £0.923m of Covid grant paid to Brighter Futures for Children. There are other net positive variances totalling £0.905m across Other Corporate Budgets.
- 3.113. The outturn position includes the following transfers from reserves totalling £3.108m:
- £0.925m from the Pay & Inflation Reserve to fund the element of the 2023/24 Pay Award agreed in November 2023 that was over and above the amount assumed when the 2023/24 Budget was set in February 2023;
 - £1.181m from the Revenue Grants Unapplied Reserve, including £0.923m relating to the residual un-ringfenced Covid-19 grant that has been set aside to fund various recovery programmes managed by Brighter Futures for Children;
 - £0.625m from the Housing Benefit Subsidy Loss Reserve to contribute towards the aforementioned Housing Benefit Subsidy pressures;
 - £0.092m from the Redundancy Reserve;
 - £0.084m reversal of direct revenue financing of the Capital Programme for aborted capital schemes;
 - £0.067m from the Hardship Reserve to fund the variance arising on the additional support given to eligible Local Council Tax Reduction Scheme claimants in respect of 2023/24 Council Tax;
 - £0.044m from the Transformation Reserve to fund a review of Brighter Futures for Children.

Funding - £0.723m positive variance

- 3.114. There is a positive variance of £0.723m within Funding. The net NNDR Local Share which consists of the Council's share of retained business rates income, less the business rates Tariff and Levy. Whilst the retained business rates income and Tariff and fixed amounts and known throughout the year, the Levy is variable and is only finalised post completion of the NNDR3 return to Central Government in April at the end of the financial year. It had been assumed throughout the year that the Levy amount would be equal to the budget, however the final calculation has resulted in a positive variance of £0.723m.

4. Requested Roll Forwards

- 4.1. Due to the fact that an adverse variance on the Council's General Fund Budget was previously forecast, which has crystallised as part of this outturn report, no service requests to roll forward funds (except for unspent grants) were considered.

5. Savings Delivery

- 5.1. The Council had a challenging savings target for 2023/24 of £8.118m to meet current and expected funding pressures. This total was made up of £5.295m of in-year savings as per the 2023/24 Budget & 2023/24-2025/26 Medium Term Financial Strategy and £2.823m of savings rolled forward from 2022/23.
- 5.2. A total of £4.202m of savings have been delivered in 2023/24, with £1.148m of non-deliverable savings being removed as part of the 2024/25 Budget setting process. The residual £2.768m will be carried forward for delivery in 2023/24. Further details regarding the delivery of savings are set out in Appendix 3.
- 5.3. The following table summarises the final savings delivery for 2023/24:

Table 11. General Funds Savings Tracker Summary

Directorate	Savings Target 2023/24	Savings Delivered 2023/24	Non-Delivered Savings 2023/24	Savings Removed at 2024/25 Budget Setting	Savings Carried Forward to 2024/25
	£m	£m	£m	£m	£m
Community and Adult Social Care	(0.490)	(0.490)	0.000	0.000	0.000
Economic Growth & Neighbourhood Services	(5.687)	(3.418)	(2.269)	0.686	(1.583)
Resources	(1.314)	(0.233)	(1.081)	(0.088)	(1.169)
Chief Executive Services	0.000	0.000	0.000	0.000	0.000
Children's Services Retained by Council	0.000	0.000	0.000	0.000	0.000
Corporate	(0.327)	(0.061)	(0.266)	0.250	(0.016)
Total Council Services	(7.818)	(4.202)	(3.616)	0.768	(2.768)
Children's Services Delivered by BFfC	(0.300)	0.000	(0.300)	0.300	0.000
Total	(8.118)	(4.202)	(3.916)	1.148	(2.768)

5.4. The successful delivery of agreed savings remains critical to achieving the underlying balanced base budget position agreed as part of the MTFs. Accordingly, all savings have been rigorously monitored throughout 2023/24 and mitigations sought so far as possible for any identified delay in implementation or delivery.

5.5. The following table shows the revised savings required over the period 2024/25-2026/27, including the £2.768m of savings to be carried forward from 2023/24.

Table 12. Revised Savings Targets 2024/25-2026/27

Directorate	Savings Target 2024/25	Savings Target 2025/26	Savings Target 2026/27	Total
	£m	£m	£m	£m
Community and Adult Social Care	(1.135)	0.594	(0.007)	(0.548)
Economic Growth & Neighbourhood Services	(4.387)	(1.172)	(0.318)	(5.877)
Resources	(1.197)	(0.529)	(0.180)	(1.906)
Chief Executive Services	(0.012)	0.000	(0.001)	(0.013)
Children's Services Retained by Council	(0.005)	0.000	0.000	(0.005)
Corporate	(0.016)	0.000	0.000	(0.016)
Total Council Services	(6.752)	(1.107)	(0.506)	(8.365)
Children's Services Delivered by BFfC	(0.716)	(1.134)	(1.077)	(2.927)
Total	(7.468)	(2.241)	(1.583)	(11.292)

6. Debt Performance

- 6.1. Total General Fund sundry debt as at the end of 2023/24 is £8.768m, compared to £8.918m at the end of Quarter 3. In addition to this, the General Fund also has £12.332m of current debt and £1.089m of deferred debt which is not yet considered overdue. A breakdown of this debt by age and directorate is provided below.

Chart 9. Split of General Fund Debt by Directorate and Days Outstanding

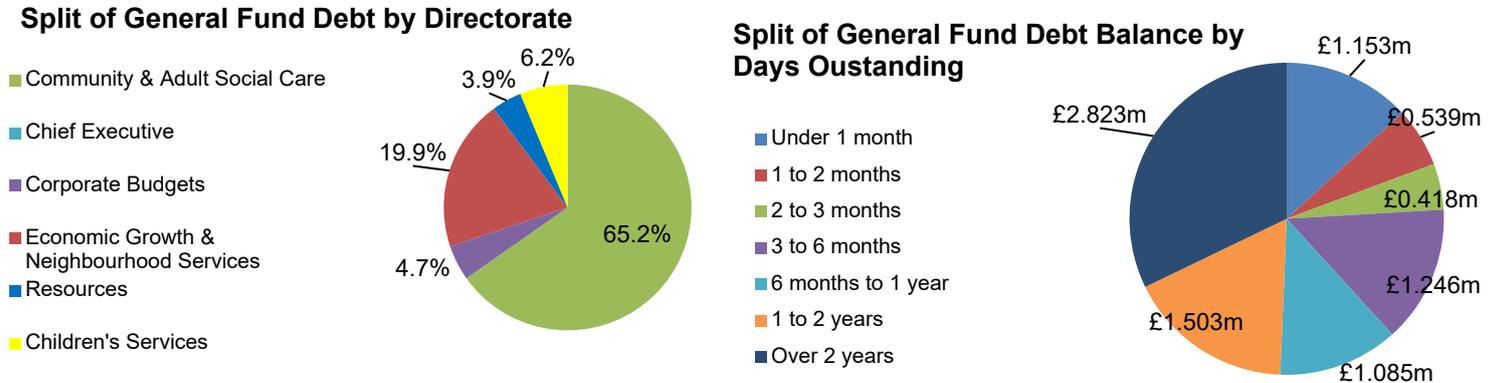
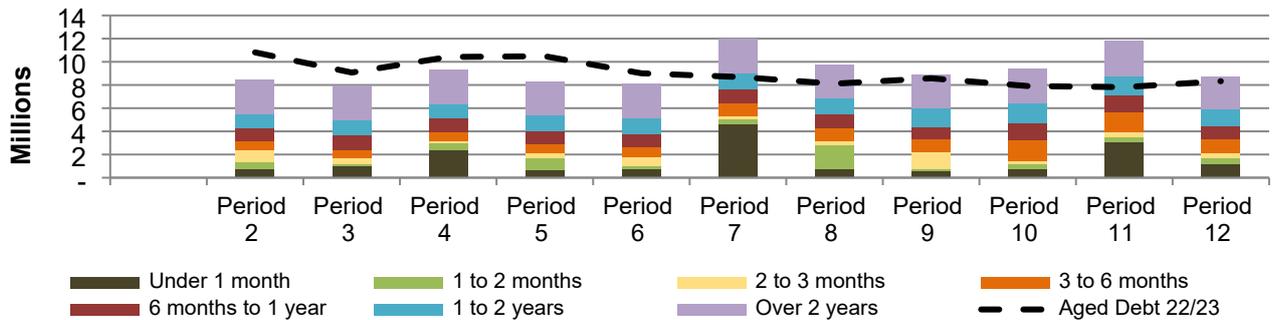


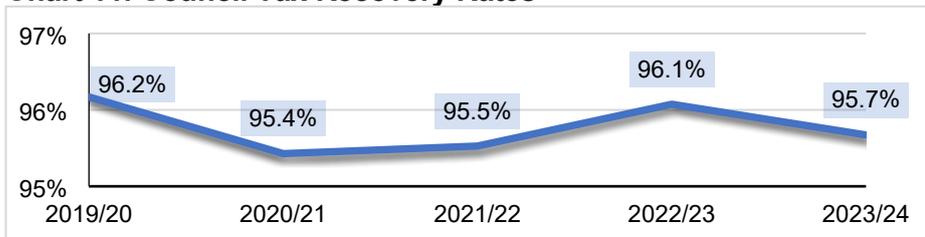
Chart 10. Overdue General Fund Debt Monthly Comparison



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 2023/24.
- 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. For context, a 0.40% decrease in collection is worth approximately £0.500m for 2023/24.

Chart 11. Council Tax Recovery Rates



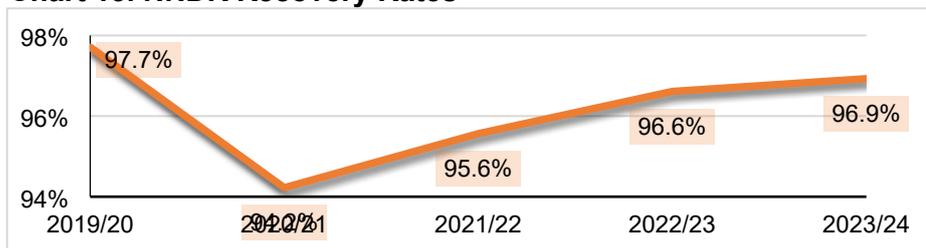
- 7.3. The following table shows the collection performance levels for Council Tax across Berkshire:

Table 13. Council Tax Collection across Berkshire

Council Tax	Comparison to 2022/23	Comparison to 2019/20
Bracknell	↓ 0.14%	↓ 0.80%
Reading	↓ 0.40%	↓ 0.50%
RBWM	↓ 0.27%	↓ 0.01%
Slough	↓ 1.04%	↓ 2.04%
West Berkshire	↓ 0.32%	↑ 0.07%
Wokingham	↓ 0.23%	↓ 0.23%

- 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) but are ahead when compared to 2022/23. For context, a 0.32% increase in collection is worth approximately £0.400m for 2023/24.

Chart 13. NNDR Recovery Rates



- 7.5. The following table shows the collection performance levels for Non-Domestic (Business) Rates across Berkshire:

Table 14. Business Rates Collection across Berkshire

Business Rates	Comparison to 2022/23	Comparison to 2019/20
Bracknell	↑ 9.24%	↑ 9.82%
Reading	↑ 0.32%	↓ 0.78%
RBWM	↑ 0.36%	↑ 0.14%
Slough	↑ 0.28%	↑ 1.73%
West Berkshire	↓ 0.40%	↓ 0.02%
Wokingham	↓ 0.82%	↓ 1.38%

8. Delivery Fund

- 8.1. 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.
- 8.2. £3.233m was spent in delivering 2023/24 savings and transformation. Including previous years, a total of £18.584m has been invested from the Delivery Fund to assist in delivering identified savings and transformation proposals as at 31st March 2024.
- 8.3. Further details on the Delivery Fund are set out in Appendix 4.

9. General Fund - Capital Programme

- 9.1. The General Fund Capital Programme for 2023/24 has an approved budget of £50.129m. The following amendments are requested to be formally approved, which would result in a revised Capital Programme budget of £50.799m. These amendments are set out on an individual scheme basis in Appendix 5.
- 9.2. The provisional General Fund Capital Programme outturn position is a positive net variance of £5.178m against the proposed revised budget of £50.799m.

Table 15. General Fund Capital Programme Amendments

General Fund Capital Programme	£m
Revised Approved Budget 2023/24	50.129
Budget Movements Between Schemes – See Appendix 5	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	0.815
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	(0.145)
Proposed Revised Budget Quarter 4 2023/24	50.799
Budgets reprogrammed (to)/from Future Years	(5.122)

- 9.3. Budget Transfers requested between schemes are set out within Appendix 5. In 2024/25 further budget transfers are requested. These include:
- £0.382m between three existing Adult Care and Health Services schemes and the new ASC Digital Transformation scheme;
 - £2.000m between the South Reading MRT (Phases 5 & 6) scheme and the Bus Service Improvement scheme;
 - £0.020m between the Small Leisure schemes and the Invest to save energy savings – Street lighting scheme.
- 9.4. A total of £0.815m of additional budgets across eight schemes (as set out in Appendix 5) that are fully funded by grants and contributions are requested to be formally added into the Capital Programme. This includes:
- £0.507m for Green Park Primary School;
 - £0.308m across seven other schemes as set out in Appendix 5.
- 9.5. A total of £0.145m of budgets are requested to be reduced as set out in Appendix 5.
- 9.6. A net total of £5.122m of budgets are requested to be reprogrammed from 2023/24 into future years of the Capital Programme as set out in Appendix 5. This includes:
- £1.557m from 2023/24 into future years (specifically 2024/25) for the Delivery Fund for Transformation scheme to reflect the actual level of expenditure incurred in 2023/24;
 - £1.335m from 2023/24 into future years for the IT Future Operating Model scheme to reflect the revised spend profile;
 - £1.189m from 2023/24 into future years for the Universal Digital Systems scheme to reflect the revised spend profile;
 - £0.705m from 2023/24 into future years for Replacement Vehicles;
 - £0.581m from 2023/24 into future years for Reading West Station;
 - £3.442m from future years into 2023/24 for the Highways Infrastructure Programme due to a higher level of expenditure being incurred in 2023/24 than

had been anticipated in previous Quarters when budgets were re-programmed from 2023/24 into future years;

- £1.295m of net re-programming from futures years back into 2023/24 relating to the Education related schemes that are fully funded by grants and contributions;
- £0.516m from future years into 2023/24 for Cattle Market Car Park as the scheme is no longer progressing and the grant funding has been re-allocated to Active Travel Tranche 2;
- £5.008m of net re-programming from 2023/24 into future years across all other schemes.

9.7. In addition, net budgets of £11.488m have been removed from future years. £12.000m has been removed for the South Reading MRT (Phases 5 & 6) scheme across 2024/25 and 2025/26 due to a duplication of grant funded budgets with the Bus Service Improvement scheme. The remaining budget of £2.000m has also been moved to the Bus Service Improvement scheme in 2024/25 as mentioned above in paragraph 9.3. In 2024/25 additional budgets of £0.512m have been added to the Capital Programme; £0.495m for the new Libraries Improvement Fund scheme following the award of grant funding and £0.017m relating to a budget correction for the Town Hall Equipment scheme.

10. Housing Revenue Account (HRA) – Revenue

10.1. The approved Housing Revenue Account budget assumed a net drawdown from HRA reserves of £2.499m. The provisional outturn position for the HRA requires an actual net drawdown from HRA Reserves of £4.294m. This is comprised of a drawdown from the Main HRA Reserve of £6.401m for HRA day to day operational costs, a drawdown of £0.392m from the North Whitley PFI Reserve and a contribution to the Major Repairs Reserve balance of £3.037m relating to the excess Depreciation charge over budget in 2023/24. The HRA is therefore reporting an adverse net variance compared to budget of £1.257m.

10.2. In addition to the HRA day to day operational costs drawdown, there is a further total drawdown of £1.546m from the HRA Main Reserve relating to one-off costs as set out in Table 17 below, for instance directly funding the Housing Management System scheme within the Capital Programme which was originally planned to be funded from external borrowing. This switch in funding enables the HRA to avoid incurring additional borrowing costs in future.

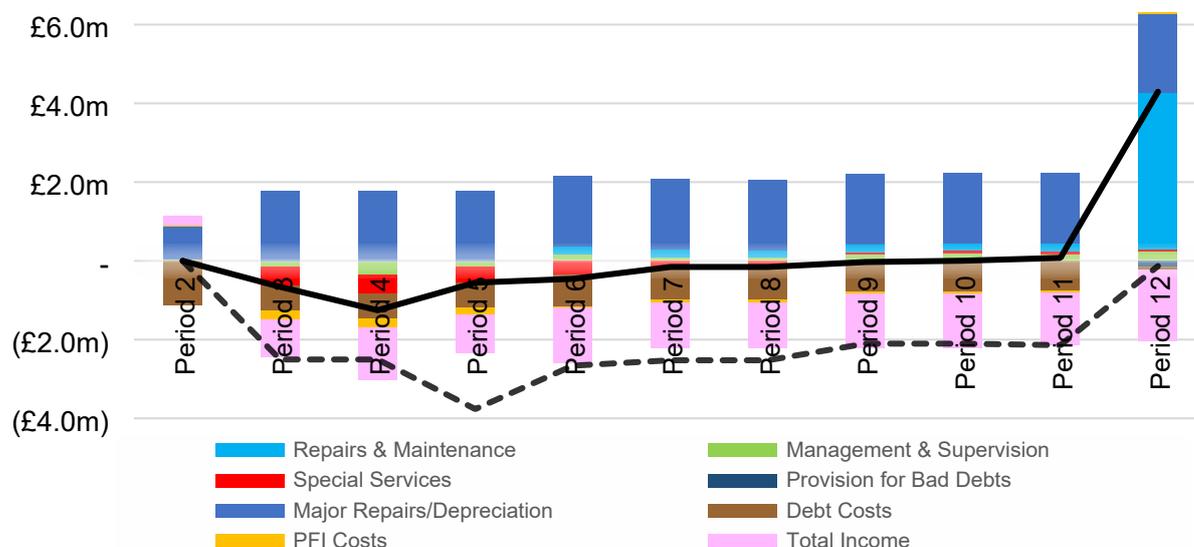
10.3. The breakdown of the net variance is set out in the following table and explained below.

Table 16. Housing Revenue Account Forecast 2023/24

	Budget	Outturn	Variance
	£m	£m	£m
Management & Supervision	8.778	9.013	0.235
Special Services	4.421	4.493	0.072
Provision for Bad Debts	0.405	0.246	(0.159)
Repairs & Maintenance	7.632	11.591	3.959
Major Repairs/Depreciation	12.871	14.892	2.021
Debt Costs	7.148	7.084	(0.064)
PFI Costs	7.975	8.004	0.029
HRA Income	(46.731)	(48.530)	(1.799)
Over/(Under) Budget	2.499	6.793	4.294
Movement to/(from) HRA Reserves (including North Whitley PFI Reserve)	(2.499)	(6.793)	(4.294)
Movement to/(from) HRA Major Repairs Reserve	0.000	3.037	3.037
Total Movement to/(From) HRA Reserves	(2.499)	(3.756)	(1.257)

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

Chart 14. Forecast Variance Period Comparison – Housing Revenue Account



10.5. Management and Supervision is reporting an adverse net variance of £0.235m which primarily relates to increases to the Central Recharges from General Fund reflecting additional pay award growth and other increases in costs. This is partially offset by smaller positive variance on staffing costs.

10.6. Special Services is reporting an adverse net variance of £0.072m relating to utility costs.

10.7. There is a positive variance on the movement on the Bad Debt Provision of £0.159m which reflects a good performance on rent collection this year, therefore requiring a lower contribution to the provision cover rent arrears than was budgeted.

10.8. Repairs & Maintenance is reporting an adverse net variance of £3.959m, consisting of £2.586m within Responsive Repairs and £1.373m within Planned Maintenance. These variances are mainly due to a higher proportion of in-year expenditure being revenue repairs works, rather than major/improvement works which are treated as capital, a high volume of works completed in the latter half of the year, plus significant cost inflation. There was a corresponding reduction in the planned HRA Capital Major Repairs – Existing Homes Renewal line in the Capital programme of which a total of £4.322m has been reprofiled during 2023/24 into later years of the programme. The split of the expenditure between HRA Revenue and HRA Capital is being examined as part of the Repairs Task force and as part of refresh of the 30 year HRA Business plan for 2025/26 when the full asset plans over the next 15-30 years will be reflected.

10.9. Major Repairs/Depreciation is reporting an adverse variance of £2.021m. This directly relates to the higher external valuation figures seen within the HRA which include the higher value of housing seen nationally. 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 Reserve and is available to be used on capital expenditure instead of the HRA borrowing for its capital requirements. Therefore this adverse variance is offset by an increased contribution to the Major Repairs reserve in 2023/24 of £3.037m. After this transfer the total Major Repairs Reserve balance available for future capital spend is £11.785m.

10.10. There is positive variance of £0.064m on interest charges on borrowing ('Debt Costs').

10.11. PFI Costs is reporting an adverse variance of £0.029m relating to a higher level of inflation than had been assumed in the budget that is applied to the contractual payments. The Business Plan for 2023/24 onwards incorporates the higher inflation rate and a drawdown from reserves has been actioned as planned to offset these increases.

10.12. HRA Income is reporting a positive net variance of £1.799m as set out below:

- A positive variance on Dwelling Rents of £0.224m against the budget of £40.629m. The Rent Collection rate was 98.90% for 2023/24;
- An adverse variance on Service Charges of £0.080m;
- A positive variance on Interest Receivable on balances of £1.681m against budget. This is due to an increased average interest rate arising from the Bank of England Base rate rises, which were higher than the assumptions used in the Business plan, as well as an increase in the level of balances on which the interest is calculated;
- An adverse variance on Other Income of £0.026m.

10.13. Other HRA costs incurred during 2023/24 relate to the agreed use of the HRA brought forward balances to support project work including the Price Waterhouse Coopers (PWC) customer review, Contributions to the voluntary sector (closing the cap) and for revenue contributions to capital in particular related to the new housing management system. These costs do not form part of the Main HRA operational account so are shown separately.

Table 17. Additional Draws on HRA Balances

	Budget	Outturn	Variance
	£m	£m	£m
Revenue Contribution to Capital	0.000	0.750	0.750
HRA Contribution to Voluntary sector/Closing the Gap	0.000	0.130	0.130
One off Project costs	0.000	0.666	0.666
Over/(Under) Budget	0.000	1.546	1.546
Movement to/(from) HRA Balances - Additional agreed drawdowns	0.000	(1.546)	(1.546)

11. Housing Revenue Account - Capital Programme

11.1. The HRA Capital Programme for 2023/24 has an approved budget of £33.564m.

11.2. Budget transfers between schemes are set out within Appendix 7.

11.3. The provisional HRA Capital Programme outturn position is a £2.065m positive net variance against the approved budget of £33.564m. A net £2.065m of budget is requested to be reprogrammed from 2023/24 into future years of the Capital Programme as set out in Appendix 7. This includes:

- £1.002m from 2023/24 into futures years for the Homes Provided under Local Authority Housing Fund scheme;
- £0.856m from 2023/24 into futures years for the Major Repairs – Zero Carbon Retrofit Works scheme;
- £0.207m of net re-programming from 2023/24 into future years across all other schemes.

12. Reserves

12.1. The impact of the 2023/24 outturn position on the Council's reserves, as proposed in Appendix 8 is set out in the following table.

Table 18. Reserves Summary

	Balance as at 1 April 2023	In-Year Transfers (To)/From Reserves	Proposed Transfers (To)/From Reserves (Service Requests)	Proposed Transfers (To)/From Reserves (Outturn)	Balance as at 31 March 2024	Projected Balance at 31 March 2024 per 2024/25 Budget Setting	Movement
	£m	£m	£m		£m	£m	£m
General Fund Reserves							
Minimum Balance	(8.221)	(0.173)	0.000	0.000	(8.394)	(8.394)	0.000
Earmarked Reserves	(68.230)	6.159	0.000	6.099	(55.972)	(48.914)	(7.058)
Total General Fund Reserves	(76.451)	5.986	0.000	6.099	(64.366)	(57.308)	(7.058)
Schools' Reserves	(1.585)	(0.195)	0.000	0.000	(1.780)	(1.585)	(0.195)
Housing Revenue Account Reserves	(45.250)	8.339	0.000	0.000	(36.911)	(41.919)	5.008
Total Revenue Reserves	(123.286)	14.130	0.000	6.099	(103.057)	(100.812)	(2.245)

12.2. The General Fund Reserve balance of £8.394m is in line with the recommendation made in the Chief Finance Officer's Report on the Robustness of the Council's 2024/25 budget that the level of working balance for the General Fund should be 5% of net revenue expenditure.

12.3. Net transfers totalling £6.159m from earmarked reserves have been processed during 2023/24 to date. This includes previously approved transfers as well as those transfers that are a requirement such as required roll forwards of government grants.

12.4. It is proposed that the General Fund adverse net variance of £6.099m is funded from the Financial Resilience Earmarked Reserve.

12.5. The total earmarked reserve balance as at 31st March 2024 would therefore be £55.972m which is £7.058m higher in total than the estimated £48.914m projected at 2024/25 budget setting, primarily due to:

- Less funding being required to be drawn down from the Capital Financing Smoothing Reserve to support the Capital Programme additional grants carried forward to the Revenue Grant Unapplied Reserve, and;
- A lower net transfer from the Revenue Grants Unapplied Reserve than had previously been forecast.

12.6. Schools' reserves are ringfenced for local authority managed schools. There is a total net transfer to reserves of £0.195m for 2023/24, resulting in a balance of £1.780m as at 31st March 2024.

- 12.7. The Dedicated Schools Grant Reserve deficit has increased by £5.942m to £9.405m. This is classified as an Unusable Reserve due to the override introduced by Central Government and is therefore not included within Table 18 above.
- 12.8. The provisional outturn for the Housing Revenue Account (HRA) is an adverse net variance compared to budget of £0.865m which results in a net drawdown from HRA reserves of £3.364m. There is a further total drawdown of £1.546m from HRA Reserves as set out in paragraph 10.13 above which increase the overall total net drawdown on HRA Reserves to £4.910m, comprised of:
- £7.947m drawdown from the HRA Reserve (£6.401m HRA day-to-day operational costs and £1.546m HRA one-off costs);
 - £0.392m drawdown from the North Whitley PFI Reserve;
 - £3.037m transfer to the HRA Major Repairs Reserve of £3.037m (the Major Repairs Reserve is a capital reserve and therefore is not included within Table 18).
- 12.9. The HRA reserve balance as at 31st March 2024 is therefore £27.387m. The North Whitley PFI reserve balance of £9.524m is also contained within the overall HRA reserves, therefore total HRA revenue reserves as at 31st March 2024 are £36.911m. The total HRA revenue balances are £5.008m lower than forecast at 2024/25 budget setting but this partially offset by an increase in HRA capital reserves of £3.037m due to increased depreciation and a reduced level of capital expenditure.

13. Impact on 2024/25 Budget and Medium-Term Financial Strategy

- 13.1. The provisional outturn figures, as set out above, will have the following impact in 2024/25 and future years:
- Overall General Fund Reserve balances of £57.308m were assumed as part of 2024/25 budget setting. Based on the provisional outturn there is therefore an overall net increase of £7.058m;
 - £2.768m of non-delivered 2023/24 savings have been rolled forward into 2024/25. These savings were assumed as delivered in the 2024/25 base budget setting and require delivering.

14. Corporate Plan Performance

Summary

- 14.1. 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."
- 14.2. 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
- 14.3. 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.
- 14.4. The Corporate Plan update, agreed in March 2023, includes 57 KPIs and 48 projects which underpin delivery of the Council's vision and priorities. Of the 57 KPIs, 31 are

annual measures. A further update to the Corporate Plan was published in March 2024 and monitoring against this refreshed plan will be reported quarterly during 2024/25.

14.5. The full list of Performance KPIs is attached as Appendix 9 and Projects as Appendix 10.

Corporate Plan KPIs

14.6. The KPIs are rated as follows:

- Green – at or above target
- Amber – within 10% of the target
- Red – 10% or more off target

14.7. The following table shows performance against the target (red/amber/green) for all measures. The Quarter 4 figures include the 31 annual measures which were reported in the quarterly monitoring during the year.

Table 19. Summary of Direction of Travel

Status	Q1		Q2		Q3		Q4	
	No.	%	No.	%	No.	%	No.	%
Green	13	50	14	54	10	38	23	40
Amber	6	23	5	19	7	27	13	23
Red	7	27	7	27	9	35	21	37
Total	26	100	26	100	26	100	57	100

14.8. Further details are provided within Appendix 9.

Corporate Plan Projects

14.9. Projects are rated as follows:

- Green – on track
- Amber – at risk
- Red – off track

14.10. The following table shows the RAG status for the Corporate Plan projects:

Table 20. RAG Status of Corporate Plan Projects

Status	Q1		Q2		Q3		Q4	
	No.	%	No.	%	No.	%	No.	%
Green	25	52	25	53	31	66	32	68
Amber	22	46	22	47	16	34	15	32
Red	1	2	0	0	0	0	0	0
Total	48	100	47	100	47	100	47	100

14.11. Further details are provided within Appendix 10.

15. Contribution to Strategic Aims

15.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical.

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

16. Environmental and Climate Implications

16.1. The Council declared a Climate Emergency at its meeting on 26th February 2019. The Council's Corporate Plan monitors progress in reducing the carbon footprint of both the Borough and the Council.

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

17. Community Engagement

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

18. Equality Implications

18.1. The equality duty is relevant to the development of the Budget. The specific savings and income proposals included in the budget are subject to consultation and equality impact assessments where required and these are being progressed as appropriate.

19. Other Relevant Considerations

19.1. There are none.

20. Legal Implications

20.1. The Local Government Act 2003 requires that the Authority reviews its Budget throughout the year and takes any action it deems necessary to deal with the situation arising from monitoring. Currently monitoring reports are submitted to Policy Committee quarterly.

21. Financial Implications

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

22. Timetable for Implementation

22.1. Not applicable.

23. Background Papers

23.1. There are none.

Appendices

- 1. General Fund - Revenue Outturn 2023/24**
- 2. Brighter Futures for Children (BFfC) Outturn 2023/24**
- 3. Savings 2023/24**
- 4. Delivery Fund 2023/24**
- 5. General Fund - Capital Programme Outturn 2023/24**
- 6. Housing Revenue Account - Revenue Outturn 2023/24**
- 7. Housing Revenue Account - Capital Programme Outturn 2023/24**
- 8. Reserves Position as at 31st March 2024**
- 9. Corporate Plan Performance KPIs 2023/24**
- 10. Corporate Plan Projects 2023/24**