

Policy Committee

21 July 2025



Reading
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Title	2024/25 Quarter 4 Performance Report
Purpose of the report	To make a decision
Report status	Partly open to the public and part exempt - see reasons below
Executive Director/ Statutory Officer Commissioning Report	Darren Carter, Director of Finance
Report author	Stuart Donnelly, Financial Planning & Strategy Manager Gavin Handford, Assistant Director of Policy, Change & Customer Services
Lead Councillor	Councillor Emberson, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	<p>That Policy Committee notes:</p> <ol style="list-style-type: none">1. That the provisional General Fund revenue outturn position for 2024/25 is an adverse net variance of £9.305m which is an improvement of £1.313m 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.3. That £5.451m (73%) of savings have been delivered in 2024/25. A total of £3.116m (inclusive of £1.279m of 2024/25 vacancy factor savings) of savings will be carried forward into 2025/26 (Appendix 3);4. That the provisional General Fund Capital Programme outturn is a positive net variance of £12.884m against the proposed revised budget of £69.637m (Appendix 4) before the additional net reprogramming of £13.137m of budgets to future years;5. That £1.717m of Capital Receipts have been used to fund transformation (the Delivery Fund) in accordance with the Capitalisation Directive (Appendix 5);6. That the provisional Housing Revenue Account (HRA) outturn position is an adverse net variance of £0.528m, which results in a net drawdown from HRA Reserves of £4.076m (Appendix 6);7. That the provisional HRA Capital Programme outturn position is a positive net variance of £5.485m against the proposed revised budget of £33.721m (Appendix 7) before the net reprogramming of £5.485m of budgets to future years;8. The Reserves position as at 31st March 2025 as set out in Section 14 of this report and Appendix 8;9. That the deficit balance on the Dedicated Schools Grant is now £24.904m (an increase of £15.499m);

	<p>10. The performance achieved against the Corporate Plan success measures as set out in Section 16 of this report and Appendices 9 and 10.</p> <p>That Policy Committee approves:</p> <p>11. That the General Fund Revenue outturn balance of £9.305m is funded from the Demographic & Cost Led Pressures Reserve and the Financial Resilience Reserve as set out in Appendix 8;</p> <p>12. That the Council provides £6.393m of additional funding support to Brighter Futures for Children (BFfC) over and above the 2024/25 contract sum in respect of their 2024/25 outturn position;</p> <p>13. The amendments to the General Fund Capital Programme (as set out in Section 11 of this report and Appendix 4) resulting in a revised Capital Programme budget of £69.637m for 2024/25 (before the additional net reprogramming of £13.137m of budgets to future years;</p> <p>14. The amendments to the HRA Capital Programme (as set out in further detail in Section 13 of this report and Appendix 7) resulting in a revised HRA Capital Programme net budget of £33.721m for 2024/25 (before the net reprogramming of £5.485m of budgets to future years;</p> <p>15. The write-off of debts as set out in Section 8 and Appendix 11 relating to:</p> <ul style="list-style-type: none"> a) Non-Domestic Rates - £790,992.78; b) Housing Benefit Overpayments - £21,619.45; c) Sundry Debt - £125,036.77.
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This report contains exempt information within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

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

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

Publishing details of debtors who cannot repay debts is unlikely to be viewed as a proportionate action by the Council and could be a breach of the General Data Protection Regulation.

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 2024/25. 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 2024/25 was prepared alongside a number of challenging national issues, including another one-year Local Government funding settlement from Central Government, inflationary pressures across all service areas and the impact of the cost of living crisis. Specific pressures included high cost placements in children's services arising from increased complexity and market challenges, the cost of temporary accommodation arising from increased homelessness presentations due to landlords moving out of the private rented sector and mortgage costs increasing and increased waste disposal costs. The Budget included £7.468m of savings to be delivered in 2024/25

to deliver a balanced budget position, with a planned net drawdown of £3.084m from reserves.

- 1.3. The actual outturn position is an adverse net variance of £9.305m, which is an improvement of £1.313m from the projected outturn position as at the end of Quarter 3 reported to Policy Committee in March 2025. The outturn position is inclusive of net transfers to/from reserves approved under delegated authority by the Director of Finance.
- 1.4. The movements in the forecast between Quarter 3 and Quarter 4 are summarised in the following table.

Table 1. Summary of Movements between Quarter 3 and Quarter 4 (Outturn)

Service	Increase/ (Decrease) from Quarter 3 (£m)	Main Reason(s) for Movement
Adult Social Care (all services)	0.220	Increased demand in care package commitments.
Housing & Communities	(0.600)	Additional Winter Pressures Grant and an increased benefit of charging emergency accommodation costs to the Homes for Ukraine grant
Planning, Transport & Public Protection	(0.520)	Strategic Transport (maximising use of grants) Public Protection Income
Environmental & Commercial Services	0.559	Fleet additional vehicle hire and interim maintenance contract including additional unscheduled works. Highways & Civil Engineering works not being eligible to be charged to the Capital Programme
Capital Financing	(0.272)	Final allocations of interest payable and interest receivable between the General Fund and HRA.
Other Corporate Budgets	(0.960)	Housing Benefit overpayment bad debt provision adjustment and Housing Benefit Subsidy adjustments relating to prior years.
Other movements	(0.259)	Other minor movements.
Total	(1.313)	

Overall Position

- 1.5. The actual outturn position is an adverse net variance of £9.305m which is a positive movement of £1.313m from the projected outturn position as at the end of Quarter 3 reported to Policy Committee in March.
- 1.6. The actual outturn position for net service expenditure is £175.137m, inclusive of approved net transfers from reserves of £22.311m, resulting in an adverse net variance of £10.587m, which is a net decrease of £0.081m from the projected outturn position reported to Policy Committee in March. This includes adverse variances of £3.751m within Communities & Adult Social Care, £0.263m within Economic Growth and Neighbourhood Services, £0.238m within Resources, and £0.092m within Chief

Executive Services. Chief Executive Services is reporting a positive variance of £0.026m and Children's Services Retained by the Council has a positive variance of £0.032m. Brighter Futures for Children (BFfC) are requesting additional funding support of £6.393m over and above the 2024/25 contract sum.

- 1.7. The actual outturn position on Corporate Budgets is a positive net variance of £1.025m. This position includes £0.046m of approved net transfers to reserves. The positive variance on Corporate Budgets is a positive movement of £1.232m from the position reported to Policy Committee in March.
- 1.8. The actual outturn position on Funding is a positive net variance of £0.257m which relates to the Business Rates Levy Surplus allocation that was announced by Central Government in December 2024.
- 1.9. Detailed explanations for all service variances are contained within Section 3 of this report. The main variances are summarised below:

Adult Social Care

- 1.10. Adult Social Care is reporting an overall net pressure of £3.615m, which is an increase of £0.220m from Quarter 3 due to increased care packages, and new high-cost placements that are over and above the level previously forecast that could be contained by the Recovery Plan mitigations.

Planning, Transport & Public Protection

- 1.11. There is a total adverse net variance of £0.914m across this service, mainly relating to income shortfalls across Transport services, plus Building Control, Planning and Public Protection. This forecast is an improvement movement of £0.520m from Quarter 3 primarily due to maximising the use of grant funding within Strategic Transportation and an improved income position within Public Protection.

Environmental & Commercial Services

- 1.12. Environmental & Commercial Services is reporting an overall adverse net variance of £0.901m. This is an adverse movement of £0.559m from Quarter 3. The most significant variances being £0.405m within Recycling & Waste Collection and £0.394m within Highways and Drainage, which together have increased by £0.229m from Quarter 3.

Children's Social Care

- 1.13. Children's Services delivered by Brighter Futures for Children (BFfC) is reporting an overall adverse net variance of £6.393m, which primarily relates to Children Looked After placement costs, and is an increase of £0.146m from the position reported at Quarter 3.
- 1.14. The 2024/25 Budget included an increase of £5.941m for placement demand, based on a total number of Children Looked After (CLA) of 276. As at the end of March 2025, there are 275 CLA, which is a decrease of 13 from the end of December 2024. This variance therefore relates to the placement mix and increase in placement costs rather than solely just relating to CLA numbers;

Corporate Budgets

- 1.15. Corporate Budgets are reporting an overall positive net variance of £1.025m, which is a positive movement of £1.232m from Quarter 3. This is comprised of a positive variance of £2.653m relating to Capital Financing, partially offset by adverse variances of £2.225m on Housing Benefit and offsetting positive variances of £0.597m within Other Corporate Budgets.

Reserves

- 1.16. It was assumed within the reserve projections included as part of the 2025/26 Budget and Medium Term financial Strategy 2025/26-2027/28 that the Quarter 3 projected adverse variance on the General Fund of £10.618m would be funded from the following earmarked reserves:
- £5.000m from the Demographic & Cost Led Pressures Reserve
 - £5.618m from the Financial Resilience Reserve
- 1.17. As set out above, the actual variance at Quarter 4 is an adverse variance of £9.305m. It is recommended that the overall adverse net variance of £9.305m is funded as follows:
- £5.000m from the Demographic & Cost Led Pressures Reserve
 - £4.305m from the Financial Resilience Reserve
- 1.18. This fully utilises the Demographic & Cost Led Pressures Reserve and leaves a balance of £10.742m in the Financial Resilience Reserve as at 31st March 2025.
- 1.19. Total General Fund revenue reserves were forecast to be £58.893m as at 31st March 2025 when the 2024/25 Budget was set in February 2024. The actual level of General Fund revenue reserves as at 31st March 2025 is £49.035m which is £9.858m lower than forecast which is primarily as a result of the adverse 2024/25 outturn variance of £9.305m.

Table 2. General Fund Reserve (including Earmarked Reserves) Balances

	Forecast per 2024/25 Budget Setting £m	Forecast per 2025/26 Budget Setting £m	Actual per 2024/25 Outturn £m
Balance 31 st March 2024	(79.201)	(66.145)	(66.145)
Movement in-year	20.308	20.293	17.110
Balance 31st March 2025	(58.893)	(45.852)	(49.035)
Projected Balance 31 st March 2026	(48.717)	(36.796)	(36.706)
Projected Balance 31 st March 2027	(45.775)	(35.624)	(33.177)
Projected Balance 31 st March 2028	N/A	(35.846)	(32.993)

- 1.20. It is currently forecast that reserves will continue to decrease over the next year, with a forecast reduction of £12.329m by 31st March 2026, including the planned use of £4.734m of revenue grants brought forward and £4.457m from the Financial Resilience Reserve (including £2.766m to balance the 2025/26 budget).
- 1.21. 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.
- 1.22. The Dedicated Schools Grant Reserve would ordinarily be included within these balances. However, due to a national issue in respect of High Needs Block funding not keeping pace with increasing costs, many Local Authorities have a deficit balance on this reserve. The Council's deficit balance as at 31st March 2025 is £24.904m, an increase of £15.499m from 31st March 2024. As a temporary measure, the Government has issued a statutory override for the Dedicated Schools Grant that excludes DSG deficits from the calculation of General Fund reserves. The Fair Funding Review 2.0, published by the Government on 20th June 2025, set out the Government's intention to extend this override by a further two years until 31st March 2028, with further details to follow in the Provisional Local Government Finance Settlement later in the year.
- 1.23. The deficit is forecast to reach £40.373m by the time the statutory override is currently due to end in March 2026 and is forecast to reach £53.165m by 31st March 2027. Council

reserves will not be sufficient to fund this deficit, potentially triggering the need to issue a s114 notice. It is therefore critical that action is taken to address the deficit.

Recovery Plan

- 1.24. At Quarter 1 the Recovery Plan (Officer decisions) initially set out a target of deliverable mitigations totalling £8.081m. At Quarter 2, a further £0.499m of recently approved Member and additional Officer decisions were included, bringing the total target Recovery Plan to £8.580m. The delivery, including mitigating savings, at Quarter 4 is £7.979m, an adverse movement of £0.516m from the Quarter 3 forecast. This position is included within the overall outturn position.

Savings

- 1.25. The original budget for 2024/25 included assumed savings of £7.468m, including £2.768m of savings brought forward from the previous year. A total of £5.451m of ongoing savings were delivered in 2024/25, with £0.180m of non-deliverable savings removed as part of the 2025/26 Budget setting process. £1.279m of vacancy factor savings will be carried forward into 2025/26. This leaves a residual balance of £3.116m to be carried forward for delivery in future years.
- 1.26. This balance of £3.116m will be added to the savings already included in the 2025/26 budget to give a revised savings target for 2025/26 of £17.458m. Included within the £17.458m is £5.942m of new/additional grant that does not need to be tracked via the savings tracker. The revised savings tracker total for 2025/26 is therefore £11.516m. Savings delivery will continue to be monitored and reported on regularly throughout 2025/26.

General Fund – Capital

- 1.27. The provisional General Fund Capital Programme outturn is a £12.884m positive net variance against the proposed revised budget of £69.637m. An additional net total of £13.137m of budgets are requested to be reprogrammed from 2024/25 into future years of the Capital Programme as set out in Appendix 4.

Housing Revenue Account (HRA) – Revenue

- 1.28. The approved Housing Revenue Account budget assumed a net drawdown from HRA reserves of £3.548m. The provisional outturn position for the HRA requires an actual net drawdown from HRA Reserves of £4.076m. This is comprised of a drawdown from the Main HRA Reserve of £3.143m for HRA day to day operational costs and a drawdown of £0.933m from the North Whitley PFI Reserve. The HRA is therefore reporting an adverse net variance compared to budget of £0.528m.

Housing Revenue Account (HRA) – Capital

- 1.29. The provisional HRA Capital Programme outturn is a £5.485m positive net variance against the proposed revised budget of £33.721m. A net total of £5.485m of budgets are requested to be reprogrammed from 2024/25 into future years of the Capital Programme as set out in Appendix 7.

Performance

- 1.30. 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.
- 1.31. Of the 48 Corporate Plan Performance KPIs for 2024/25, at the end of the financial year 42% were rated "green", 19% "amber", and 39% were "red".

1.32. Of the 46 Corporate Plan Projects, 11% were “blue”, 67% were “green”, 20% “amber” and 2% “red”.

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

2. Policy Context

2.1. Council approved the 2024/25 Budget and Medium-Term Financial Strategy (MTFS) 2024/25 – 2026/27 in February 2024.

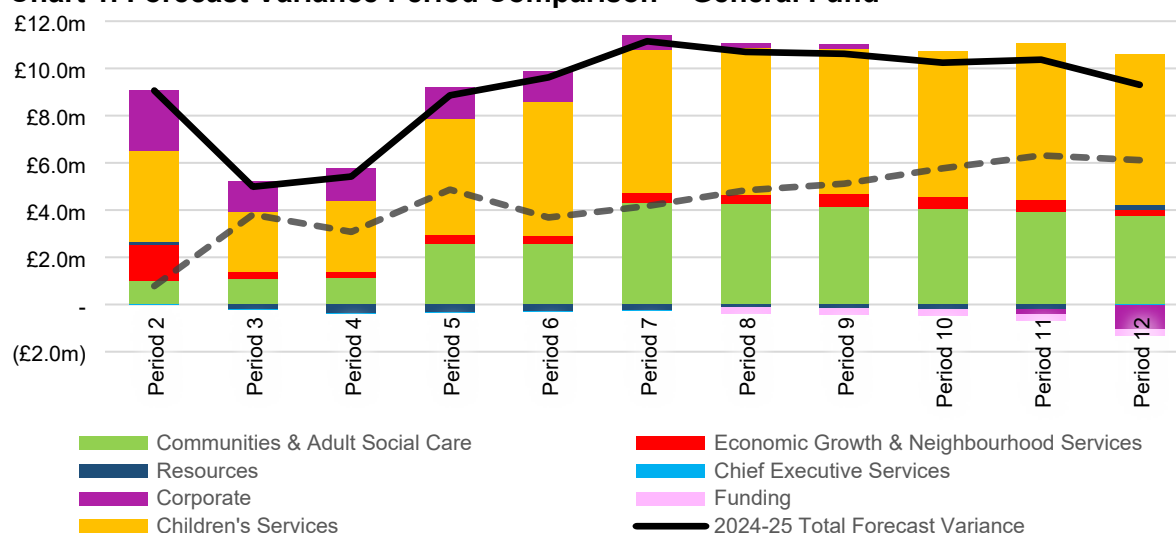
3. General Fund - Revenue

3.1. The provisional outturn position of the General Revenue Fund is an adverse net variance of £9.305m, inclusive of net transfers to/from reserves approved under delegated authority by the Director of Finance.

Table 3. General Revenue Fund Summary by Directorate

	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Communities and Adult Social Care	58.526	62.433	3.907	(0.156)	3.751
Economic Growth and Neighbourhood Services	23.057	27.640	4.583	(4.320)	0.263
Resources	21.677	23.777	2.100	(1.862)	0.238
Chief Executive Services	1.542	1.558	0.016	(0.042)	(0.026)
Children's Services retained by the Council	0.843	0.811	(0.032)	0.000	(0.032)
Children's Services delivered by BFfC	58.905	81.229	23.324	(15.931)	6.393
Total Service Expenditure	164.550	197.448	32.898	(22.311)	10.587
Capital Financing	18.355	15.702	(2.653)	0.000	(2.653)
Other Corporate Budgets	(12.882)	(11.300)	1.582	0.046	1.628
Movement to/(from) Reserves	(2.137)	(23.257)	(21.120)	21.120	0.000
Total Corporate Budgets	3.336	(18.855)	(22.191)	21.166	(1.025)
Net Budget Requirement	167.886	178.593	10.707	(1.145)	9.562
Financed by:					
Council Tax Income	(118.884)	(118.884)	0.000	0.000	0.000
NNDR Local Share (inc Section 31 Grant)	(48.076)	(49.221)	(1.145)	1.145	0.000
New Homes Bonus	(1.255)	(1.255)	0.000	0.000	0.000
Revenue Support Grant	(2.652)	(2.652)	0.000	0.000	0.000
Other Government Grants	(1.193)	(1.450)	(0.257)	0.000	(0.257)
One-off Collection Fund Deficit	4.174	4.174	0.000	0.000	0.000
Total Funding	(167.886)	(169.288)	(1.402)	1.145	(0.257)
(Positive)/Adverse Variance	0.000	9.305	9.305	0.000	9.305

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

Communities & Adult Social Care - £3.751m adverse variance

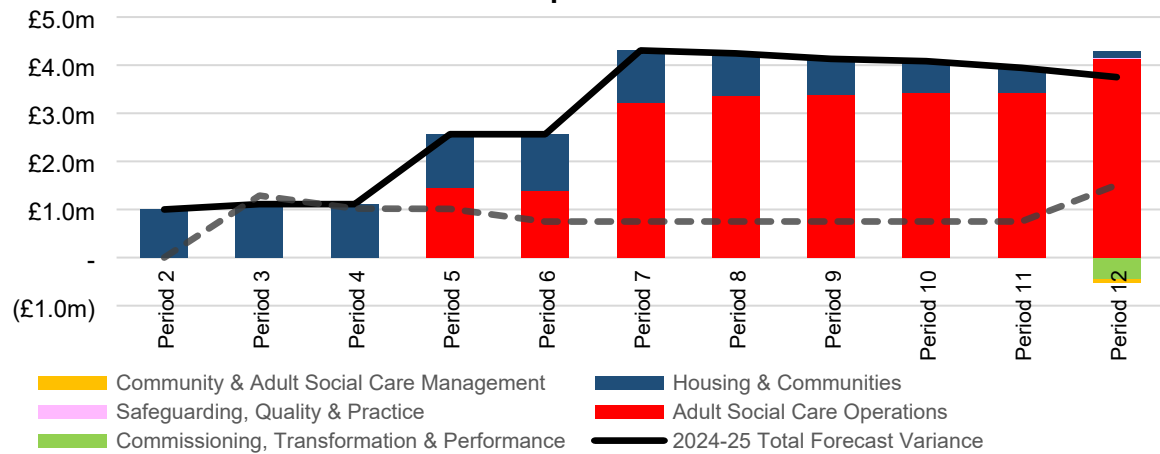
- 3.3. Communities & Adult Social Care's provisional outturn position is an adverse net variance of £3.751m (£3.615m across Adult Social Care and £0.136m within Housing & Communities). This is an improvement of £0.380m from the Quarter 3 forecast, comprised of an adverse net movement across Adult Social Care of £0.220m and a positive movement of £0.600m within Housing & Communities.
- 3.4. An in year recovery plan target of £2.583m was identified in year, and £1.764m of in-year mitigations were achieved (£2.962m full year impact). The remaining £0.819m has been delivered through mitigating in year savings of £0.319m relating to planned staffing vacancies and contractual expenditure, and by utilising £0.500m of one-off grants previously earmarked for additional staffing and project spend.
- 3.5. The following table summarises the outturn position for 2024/25. In previous quarters the combined variances across all of Adult Social Care were shown against Adult Social Care Operations for ease of reporting but are presented individually for outturn purposes. As outlined above, the overall movement across Adult Social Care is an adverse movement of £0.220m from the Quarter 3 forecast which is primarily due to increased care packages, and new high-cost placements that are over and above the level previously forecast that could be contained by the Recovery Plan mitigations.

Table 4. Communities & Adult Social Care Outturn 2024/25

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance	Increase/ (Decrease) from Quarter 3
	£m	£m	£m	£m	£m	£m
Commissioning, Transformation & Performance	(3.306)	(4.161)	(0.855)	0.399	(0.456)	(0.456)
Adult Social Care Operations	50.200	55.096	4.896	(0.758)	4.138	0.743
Community & Adult Social Care Management	1.711	1.636	(0.075)	0.000	(0.075)	(0.075)
Safeguarding, Quality & Practice	7.182	7.310	0.128	(0.120)	0.008	0.008
Public Health	0.000	(0.158)	(0.158)	0.158	0.000	0.000
Housing & Communities	2.739	2.710	(0.029)	0.165	0.136	(0.600)
Total	58.526	62.433	3.907	(0.156)	3.751	(0.380)

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

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



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

Commissioning, Transformation & Performance - £0.456m positive variance

3.8. Commissioning, Transformation & Performance is reporting a positive net variance of £0.456m. This is due to positive variances within staffing and contracts due to a planned new structure that was implemented during 2024/25 and pending new procurement on Closing the Gap that is due to go live in October 2025.

3.9. The outturn position includes the following net transfers to reserves totalling £0.399m:

- £0.483m transfer to the Better Care Fund Reserve in respect of unspent Better Care Fund Grant;
- £0.046m transfer to the Revenue Grant Unapplied Reserve in respect of various unspent grants;
- £0.130m transfer from the Revenue Grant Unapplied Reserve in respect of streamlining Adult Social Care assessments.

Adult Social Care Operations - £4.138m adverse variance

3.10. Adult Social Care Operations is reporting an adverse net variance of £4.138m.

3.11. There is an overall pressure within placement budgets of £3.917m. There has been an increase in service users from 1,640 at week 1 to 1,755 at the end of the financial year, which is an in-year increase of 115 (an increase of 18 from Quarter 3).

3.12. There is a further adverse variance within Group Homes due to increased maintenance costs and reduced income linked to unusable homes totalling £0.216m, plus a small adverse variance of £0.005m within staffing costs.

3.13. The outturn position includes a transfer from the Better Care Fund Reserve of £0.758m which contributes towards approved additional staffing and the overall demand pressures within Adult Social Care placements.

Communities & Adult Social Care Management - £0.075m positive variance

3.14. Communities & Adult Social Care Management is reporting a positive variance of £0.075m on staffing budgets due to holding vacant posts to support the additional costs incurred by locums through the service.

Safeguarding, Quality & Practice - £0.008m adverse variance

- 3.15. Safeguarding, Quality & Practice is reporting a positive net variance of £0.008m, arising from staffing vacancies within Provider Services. The outturn position includes a transfer from the Better Care Fund Reserve of £0.120m.

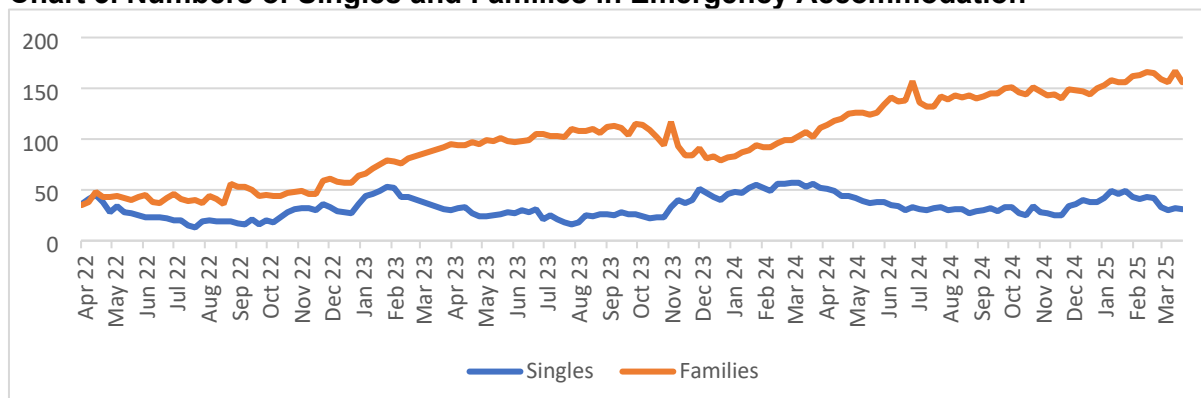
Public Health – Balanced

- 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 £0.158m.

Housing & Communities - £0.136m adverse variance

- 3.17. Housing & Communities is reporting an adverse net variance of £0.136m, which is an improvement of £0.600m from Quarter 3. This improvement since Quarter 3 is primarily due to further Winter Pressures funding of £0.133m announced in February 2025 and an increased benefit of £0.304m relating to emergency accommodation costs being funded by the Homes for Ukraine grant than had previously been assumed.
- 3.18. The cost-of-living crisis continues to have a significant impact on homelessness budgets because of inflation pressures and decreased supply in the private sector. The number of singles and families in need of emergency accommodation has reached a current level of 187 as at the end of March 2025 (as illustrated in Chart 3 below).

Chart 3. Numbers of Singles and Families in Emergency Accommodation



- 3.19. The forecast pressure primarily relates to the number of families in Emergency Accommodation, which has a higher nightly rate than singles.
- 3.20. The average nightly costs have been reducing from a high of £127.58 in August 2023 down to £88.76 as at the end of March 2025 (as illustrated in Chart 4 below).

Chart 4. Average Nightly Rate per Emergency Accommodation Placement



- 3.21. The Recovery Plan, combined with additional grant funding of £0.325m announced in December 2024, further Winter Pressures funding of £0.133m announced in February 2025, lower expenditure on Temporary Accommodation and a higher recovery of Housing

Benefit have helped to contain the overall net pressure on emergency accommodation to £0.346m. For the whole service, positive variances elsewhere, including £0.187m within Community Safety reduce the overall outturn position to £0.136m.

Economic Growth and Neighbourhood Services - £0.263m adverse variance

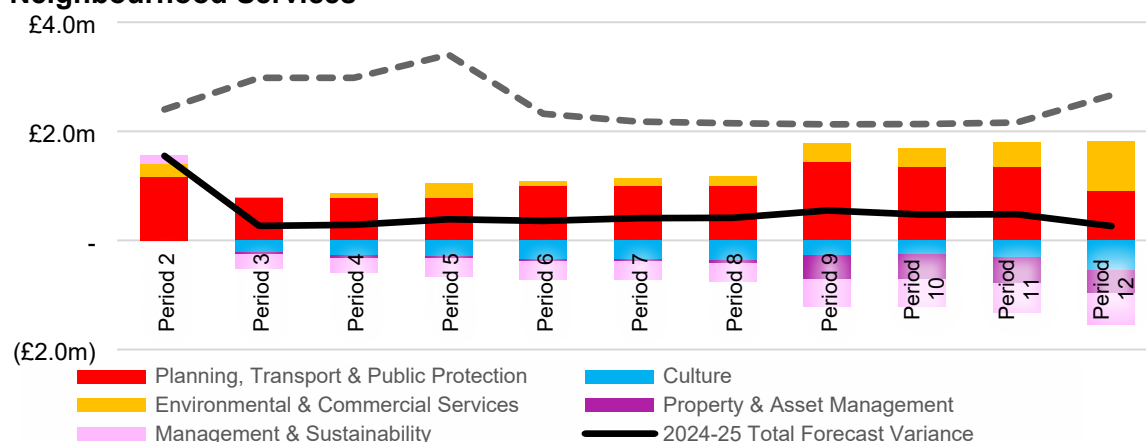
- 3.22. Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £0.263m. This is an improvement of £0.286m from the Quarter 3 forecast.

Table 5. Economic Growth and Neighbourhood Services Outturn 2024/25

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance	Increase/ (Decrease) from Quarter 3
	£m	£m	£m	£m	£m	£m
Planning, Transport & Public Protection	0.070	4.004	3.934	(3.020)	0.914	(0.520)
Culture	3.435	3.054	(0.381)	(0.160)	(0.541)	(0.273)
Environmental & Commercial Services	20.415	21.326	0.911	(0.010)	0.901	0.559
Property & Asset Management	(2.094)	(1.644)	0.450	(0.883)	(0.433)	0.017
Management & Sustainability	1.231	0.900	(0.331)	(0.247)	(0.578)	(0.069)
Total	23.057	27.640	4.583	(4.320)	0.263	(0.286)

- 3.23. The following chart summarises 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 - £0.914m adverse variance

- 3.25. Planning, Transport and Public Protection is reporting an adverse variance of £0.914m, which is an improvement of £0.520m from Quarter 3 primarily due to maximising the use of grant funding within Strategic Transportation and an improved income position within Public Protection.
- 3.26. Building Control is reporting an adverse variance of £0.177m. There is an adverse variance on income generation of £0.189m. There are other small mitigating items of £0.012m. This income shortfall directly correlates to the lack of staffing and a lack of availability of suitable agency staff to undertake the fee earning work. Recent rounds of recruitment have been unsuccessful in appointing permanent staff and therefore hopes of reducing use of agency staff and their costs not realised. The recruitment challenge has become more significant with a change in legislation which has resulted in professionals leaving the sector.

- 3.27. Planning and Planning Enforcement is forecasting a positive variance of £0.050m. This variance comprises a £0.050m income pressure which is directly related to the number of planning applications, which includes £0.055m of red rated savings (Appendix 3). These have been impacted by successive development risks such as inflation, materials costs, changes in legislation and market factors such as high costs of mortgages. There is a forecast positive variance of £0.100m on staffing budgets which mitigates the above pressure.
- 3.28. Houses in Multiple Occupation (HMO) licensing is reporting an adverse variance of £0.133m. This variance comprises a £0.122m income pressure due to staff recruitment issues and lack of suitable staff to undertake the inspections, partly related to the work undertaken on Homes for Ukraine inspections for which a contribution from the grant received has been assumed to partially offset the pressure. There is an additional adverse variance within staffing and running expenses of £0.011m.
- 3.29. There is an outturn adverse net variance of £0.353m relating to Bus Lane Enforcement income. There is a measurable decrease in penalties being issued due to improved driver compliance. New bus lanes introduced in 2024 are within their statutory warning period so are not yet generating penalty charge notice income, but the warning will expire between April – June 2025. Therefore, income is expected to increase for the new financial year.
- 3.30. Parking enforcement is reporting a forecast adverse net variance of £0.430m. A new contract began in November 2023 which sees an expected rise in the contracted spend but expects a corresponding increase in income from Penalty Charge Notices (PCNs) to more than offset the additional spend within the contract. Although income performance is generally stronger than in previous years it is not currently outperforming the increased spend in the contract so there is corresponding expected income shortfall of £0.330m. The contract is relatively young and further monitoring of the performance is being undertaken to examine if performance is likely to improve. Furthermore, there is an additional pressure from the ceasing of enforcement of some of the Traffic Regulation Order (TRO) areas from March 2024 which equates to £0.100m. There have been some recent adjustments made to the operations of the Enforcement contract to reduce the overnight enforcement which was not generating sufficient revenue to offset the costs of operating the contract. Reductions in the level of cash collection have also been made which will also reduce the base cost going forward. When the new Pay & Display Machines are introduced shortly there will be a further reduced level of cash being taken (lower number of machines in total and many of the new machines are contactless only) which will also reduce the level of cash collection required further reducing costs.
- 3.31. Moving Traffic Enforcement is reporting an adverse net variance of £0.037m following on from the introduction of this scheme during 2023/24. There is an income pressure of £0.269m relating to this scheme, which is an improvement on previous months but remains a primarily red rated saving on the Savings Tracker (Appendix 3). This is partially offset by £0.232m of positive variances across expenditure budgets including staffing costs. This remains an ongoing area of concern into 2025/26. Some sites are generating zero non-compliance and currently there are no other sites where enforcement could be switched out to, although this is under review at present. It should be noted, that across Bus Lane Enforcement, Moving Traffic Enforcement and Parking Enforcement that whilst reducing numbers of (PCN's) being issued has a significant financial impact, it is achieving compliance, which is the goal of all traffic enforcement.
- 3.32. There is an outturn net adverse variance of £0.182m in Off Street Parking income (shown as red rated savings in the Savings Tracker (Appendix 3)). This variance has arisen due to a reduction in usage of the car parks compared to previously anticipated levels, particularly during December – March. In addition, spaces that were assumed to come on-line at the Cattle Market during the year which have not yet been delivered due to difficult site conditions. As reported previously, there have been a number of risks highlighted which have contributed to this pressure e.g. the increased cost of living,

increased levels of working from home and higher fuel costs is leading to fewer visits to town centre. Additionally, further rental spaces to the Royal Berkshire Hospital at Queens Road has not delivered the additional income anticipated due to the Hospital seeking other alternates to support staff feedback about proximity and safety. 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 Broad Street Mall and Queens Road which have reduced income levels. The decreasing draw of the high street for shoppers is another factor.

- 3.33. Strategic Transportation is reporting a net positive variance of £0.206m. This variance includes a pressure within Concessionary Fares of £0.113m identified during the year end reconciliation undertaken in March 2025. The number of bus trips to be reimbursed has risen significantly and this position is likely to be a greater issue in future years as the repayment levels (trip rate) set by the Department for Transport have risen again for 2025/26 over and above the level assumed when the budget was set so this pressure is likely to reoccur in 2025/26; a business case is being prepared to address the position for 2026/27. This pressure is offset by a net positive variance of £0.319m following a detailed piece of year end work to review eligible grant spend and thereby maximising the use of grants. This is expected to be a one off benefit for 2024/25 but opportunities to maximise grants received to support existing budgeted expenditure is always undertaken.
- 3.34. Other forecast positive net variances total £0.142m across the service. These include adverse variances on premises licence fees income shortfall of £0.032m in respect of Reading Festival (red rated saving) which is largely based on Festival Republic's need for a licence variation, and £0.018m relating to additional costs of the Dog Warden contract. These are fully offset by positive income variances of £0.054m on Consumer protection and £0.049m on Taxi and Private Hire Licensing and other smaller variations totalling £0.089m.
- 3.35. The outturn position includes the following net transfers from reserves totalling £3.020m:
- £2.911m net transfers from the Revenue Grants Unapplied Reserve, including £2.826m from the Bus Service Improvement Plan (BSIP) Grant;
 - £0.109m from the Transformation Reserve to fund costs incurred relating to Traffic Regulation Order (TRO) rectification.

Culture - £0.541m positive variance

- 3.36. Culture is reporting a positive variance of £0.541m, which is an improvement of £0.273m from Quarter 3.
- 3.37. Culture is reporting a positive outturn variance of £0.540m, which is a positive movement of £0.227m from Period 11.
- 3.38. Reading Play Services within the Leisure Services is reporting an adverse net variance of £0.190m. This was due to income achieved being below what had been budgeted for, including internal income from other services in the council. This is primarily due to the growth strategy has not yet been completed. In addition, there were also vacancies in service impacting on income generation as well as impact of redundancy costs. Some off this has been offset by a better than forecasted positive variance of £0.030m in the Reading Active Park Project due to staff savings and better than planned income through client retention.
- 3.39. The GLL Contract within Leisure Management is reporting a positive net variance of £0.187m. This was due to an improvement in the Energy benchmarking cost exercise, reflecting the lower unit costs and usage as well as pushing back on discretionary spend until 2025/26 and has been used to offset a savings budget in Sport and Culture management budget.

- 3.40. Libraries and Museums is reporting a positive net variance of £0.125m. This includes a £0.025m positive variance within the Sites, Monuments and Records service due to increases in income inflation and a positive variance of £0.060m within Reading Museum relating to business rates and improved levels of income.
- 3.41. Archives & Records is reporting a positive variance of £0.201m. This reflects the updated spend projections agreed by the joint arrangement board as well as an underspend on the RBC joint arrangement sum on the finalised outturn.
- 3.42. Reading Arts & Venues is reporting a total positive net variance of £0.228m. This is arising from additional mitigations identified in the DEGNS Recovery Plan. In addition to this there were further business rates rebates from positive revaluations as well as better than projected ticket sales income.
- 3.43. There are other net adverse variances totalling £0.010m across the remainder of the service.
- 3.44. Included in the figures above is £0.087m of Recovery Plan mitigations from the repurposing of the UK Shared Prosperity Fund grant.
- 3.45. The outturn position includes £0.160m of transfers from the Revenue Grants Unapplied Reserve relating to various grants.

Environmental & Commercial Services – £0.901m adverse variance

- 3.46. Environmental & Commercial Services is reporting an adverse net variance of £0.901m, which is an adverse movement of £0.559m from Quarter 3. The most significant movements relate to Fleet and Highways & Civil Engineering.
- 3.47. Recycling and Waste Collection is reporting an adverse variance of £0.405m. Changes to staff working conditions, coupled with an increased incident of vehicle failure and spike in sickness absence has led to increased overtime working to recover waste collections to schedule. These issues are being addressed by Management, and it is hoped this problem will subside during 2025/26 once the route optimisation work is fully operational in Summer 2025 with the new collection rounds. The adverse variance for staffing costs is £0.499m. There has been £0.060m of additional cost of preparing for the route optimisation changes but this has largely been offset by underspends on equipment and waste disposal costs, leading to a net adverse variance here of £0.005m. Income has a positive variance of £0.099m due to increasing green waste charges and the increase in the Public Realm SLA charges, both included in the Recovery plan. A Business Case approved in February 2025 is planned to remove this pressure for 2025/26 by rebasing the budget allowing additional staffing budgets.
- 3.48. Waste Disposal is reporting an adverse variance of £0.012m. The waste disposal contract inflationary increase has been less than estimated in the budget, creating a £0.125m positive variance, and recycling income is also projected to be higher than budgeted by £0.083m. This has been partly offset by adverse variances of £0.030m on green waste tonnages, £0.075m on residual waste tonnages and £0.075m on other waste types (including composting, POPS). There is also a £0.040m adverse variance due to extended opening hours at Smallmead due to waste collections being delayed or rescheduled.
- 3.49. Highways and Drainage is reporting an adverse variance of £0.394m. Whilst there is a positive variance in expenditure (including the purchases of materials) of £0.111m it has not been possible to meet the budgeted income targets and there is an overall income shortfall of £0.505m. The levels of chargeable work have not been as high as hoped, particularly identified later in the year, and initial research into the budget has shown that the service cannot recharge enough to hit the budgeted target. A considerable amount of work is internal and capital funded and it is not feasible to charge the full amount including

full cost recovery to other services/capital budgets. The review of the spend can only take place at year end. There is work underway to investigate this position and this will continue in 2025/26 and will be reported when available.

- 3.50. Streetscene is reporting a positive variance of £0.570m. Vacancies within the team have created a positive variance of £0.698m which is an increase of £0.098m from Quarter 3. Income has an adverse variance of £0.167m overall but this is a £0.083m improvement from the position reported at Quarter 3 and includes a positive variance of £0.050m from the reworking the Public Realm Service Level Agreement (SLA) as part of the recovery plan. There are other positive net variances of £0.039m across the rest of this area, which is an improvement of £0.226m from Quarter 3 which primarily relates to £0.070m of ash dieback works that will now take place in 2025/26 and £0.030m of costs relating to Caversham Court Wall that have been funded by grant.
- 3.51. Fleet is reporting an adverse variance of £0.264m. Vehicle hire costs are reporting an adverse variance of £0.178m, which is predominantly due to the cost of hiring replacement refuse collection vehicles (commonly 24 vehicles have been on site to undertake 13 waste rounds). The interim maintenance contract has also created an adverse variance of £0.185m, particularly in the last quarter of 2024/25. This additional cost is not anticipated to reoccur during 2025/26 as the new Maintenance contract is now in place. There have also been adverse variances of £0.039m on tyres and £0.022m on electric vehicle charging equipment costs. This is offset by a positive variance of £0.060m on fuel costs and £0.100m on income from recharges across the Council.
- 3.52. Civil Engineering is reporting an adverse variance of £0.288m. Adverse variances are being reported on expenditure on gully and road maintenance (£0.111m), the surface water management plan (£0.074m), streetlighting (£0.325m) and smart cities/Lorawan (a low power, wide area monitoring system) (£0.098m). These are partially offset by expenditure on bridge maintenance being lower than expected (£0.098m). There is a £0.120m positive variance due to the repair and correction of lighting technology which has created a reduction in streetlighting power usage as reported in the Recovery Plan. Income from increased capitalisation of the above costs has created a further positive variance of £0.102m although this was forecast during the year to be significantly higher than the final amount which would have offset some of the costs above. There is work underway across this area and Highways and Drainage to investigate this position and the recharging of costs and this work will continue in 2025/26 and will be reported through Budget Monitoring reports when available.
- 3.53. Network Management is reporting an adverse variance of £0.108m. An increase in costs for the ITS contract, along with CCTV costs from 2023/24 being paid in 2024/25 has created a £0.100m adverse variance. The capital recharge for staff time is expected to also create an adverse variance of £0.100m. It is hoped that the onset of the new ITS contract may reduce some costs in 2025/26, and also when the planned street works permits charges are brought in this should increase income. A positive variance of £0.092m due to vacancies has partially offset this.
- 3.54. The outturn position includes the following transfers from reserves totalling £0.010m:
- £0.009m from the Self Insurance Reserve to fund inflationary increase on insurance premiums relating to fleet;
 - £0.001m from the Capital Grants Unapplied Reserve in respect of revenue costs incurred that are eligible to funded by local (15%) Community Infrastructure Levy (CIL).

Property & Asset Management – £0.433m positive variance

- 3.55. Property & Asset Management is reporting a positive net variance of £0.433m, which is an adverse movement of £0.018m from Quarter 3.

3.56. Assets Management is reporting a positive net variance of £0.111m:

- Acre Business Park has finalised an adverse net variance of £0.030m: (previously a red rated saving on the Savings Tracker (Appendix 3) and mitigated with removal). This is due to the underachievement of budgeted income resulting from an increase in vacancies on rented units and a delay in the capital works to release more sites for rent but this pressure has been covered in part from the Commercial Properties Earmarked Reserve set aside to cover rental losses;
- The Valuations team is reporting a positive variance of £0.135m, which relates to staff vacancies as well as an additional business rates rebate of £0.014m.
- There were also positive variances from better than forecasted income in Shops and garages and a business rebate in the Retail Market with a net total of £0.058m.
- However, there were also additional maintenance costs in Sundry Properties of £0.052m.

3.57. Facilities management is reporting a positive net variance of £0.193m primarily relating to staffing budgets and the centralisation of the post room and printing which was completed during Quarter 4. Additional heating costs at the Civic centre have also been offset within this position.

3.58. Corporate Maintenance services is reporting an adverse net variance of £0.321m relating to non-rechargeable works on council properties. Detailed investigations have been performed to mitigate the pressure by examining the split of capital works and funding additional unplanned costs from the agreed uses of reserves. However, ongoing costs of urgent reactive repairs has caused a high level of costs within the service which is expected to continue into future years.

3.59. Education Property Development is reporting an adverse net variance of £0.050m. This is due to unbudgeted costs, which were identified at year end as not being able to be charged to the Capital Programme.

3.60. As reported during the year there was an additional £0.500m Dividend rental payment that had been agreed with Reading Transport Ltd which has benefited the Property budgets, this additional income has been built into the 2025/26 Budget on an ongoing basis.

3.61. The outturn position includes the following transfers from reserves totalling £0.883m:

- £0.695m from the Commercial Properties Liability Reserve to fund an agreed rent free period and other rental shortfalls within the Investment Property portfolio;
- £0.178m from the Transformation Reserve to fund urgent and reactive repairs works on Council properties;
- £0.010m from the Abortive Capital Costs Reserve to fund a feasibility study.

Management & Sustainability – £0.578m positive variance

3.62. Management & Sustainability is reporting a positive variance of £0.578m, which is a positive movement of £0.069m from Quarter 3.

3.63. Business Development is reporting an adverse variance of £0.038m. Advertising income has been delayed by planning and contractor issues, and it is not expected to reach the budgeted amount within 2024/25 by £0.058m. This is partially offset by a positive variance of £0.020m on the publicity and media budget.

- 3.64. Sustainability is reporting a positive variance of £0.038m inflationary increases in income have resulted in a £0.023m positive variance and £0.015m of staffing savings.
- 3.65. DEGNS Management is reporting a positive variance of £0.593m. Vacancies and additional funding from the Shared Prosperity Fund Grant have created a positive variance on staffing of £0.167m. Following a review of Business Rates charges for the Council for 2024/25, £0.057m of the provision budget agreed within the MTFS was not required and was released and included in the Recovery Plan. Additionally, the DEGNS Recovery Plan identified £0.369m of mitigations relating to energy budgets as the price of energy secured for the year is at a reduced level than was assumed in the Medium-Term Financial Strategy. The budgets across the council for utility costs now been revised and the excess budget added to this area, so the declared amount also incorporates previous positive variances reported in Libraries and the Crematorium.
- 3.66. Major Projects is reporting an adverse net variance of £0.015m relating to Minster Quarter revenue costs that are not eligible to be applied to the Capital Programme.
- 3.67. The outturn position includes the following transfers from reserves totalling £0.247m:
- £0.113m from the Commercial Properties Liability Reserve to fund an external strategic review of the Council's Investment Property portfolio;
 - £0.068m from the Climate Change Reserve to contribute towards solar and sustainability projects;
 - £0.066m from the Transformation Reserve to fund additional temporary resource relating to the delivery of the Council's Levelling Up Fund schemes within the Capital Programme that is not eligible to be capitalised.

Resources - £0.238m adverse variance

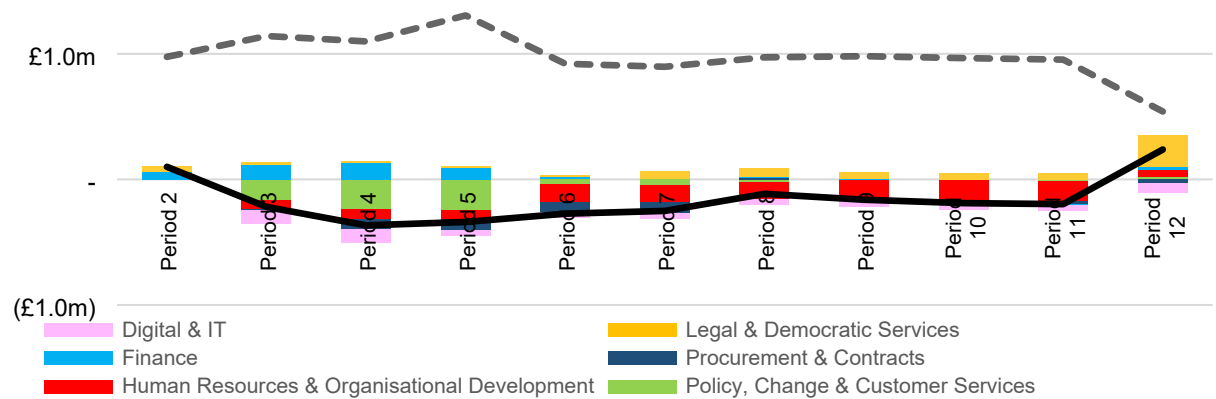
- 3.68. The Directorate of Resources' provisional outturn position is an adverse net variance of £0.238m. This is an adverse movement of £0.400m from the Quarter 3 forecast.

Table 6. Resources Services Outturn 2024/25

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance	Increase/ (Decrease) from Quarter 3
	£m	£m	£m	£m	£m	£m
Policy, Change & Customer Services	3.919	4.056	0.137	(0.114)	0.023	0.023
Human Resources & Organisational Development	2.172	2.406	0.234	(0.176)	0.058	0.211
Procurement & Contracts	0.517	0.486	(0.031)	0.000	(0.031)	(0.010)
Finance	5.459	6.773	1.314	(1.297)	0.017	0.013
Legal & Democratic Services	3.370	3.304	(0.066)	0.315	0.249	0.196
Digital & IT	6.240	6.752	0.512	(0.590)	(0.078)	(0.033)
Total	21.677	23.777	2.100	(1.862)	0.238	0.400

- 3.69. The following chart summarises 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, Change & Customer Services - £0.023m adverse variance

3.71. Policy, Change & Customer Services is reporting an adverse net variance of £0.023m, which is an adverse movement of £0.023m from Quarter 3.

3.72. The majority of the positive variance is related to a range of factors across Bereavement and Registration. The Bereavement Service reviewed and increased the fees charged in November 2023 and April 2024, which alongside activity levels results in an estimated increase of £0.100m of income, along with savings across premises, staffing and contracted services of a further £0.069m. Activity levels across the Registration Service are also improving anticipated income levels by an estimated £0.070m as part of the Recovery Plan. A positive variance of £0.030m relates to being able to recharge some administration costs to the latest round of the Household Support Fund (HSF), along with a variety of small negative variances of £0.038m.

3.73. The service through the Council's Recovery Plan Actions, following discussion with members, have reduced the Small Grants payments by £0.050m resulting in a further positive variance.

3.74. Delays with some elements of the Customer Experience Programme, for example across the Transport Service is resulting in an adverse pressure on the programme of £0.304m.

3.75. The outturn position includes the following net transfers from reserves totalling £0.114m:

- £0.195m from the Revenue Grants Unapplied Reserve, including £0.185m relating to the Syrian Resettlement Scheme Grant;
- £0.130m from the Transformation Reserve in respect of the Customer Experience Programme;
- £0.073m from the Cyber Security Reserve in respect of Customer Journey Optimisation Programme;
- £0.284m to the Revenue Grants Unapplied Reserve in respect of unspent Afghan Resettlement Scheme Grant.

Human Resources & Organisational Development - £0.058m adverse variance

3.76. Human Resources & Organisational Development is reporting an adverse net variance of £0.058m, which is an adverse movement of £0.211m from Quarter 3. This movement is primarily due to the £0.122m Reed agency rebate and an increase of £0.063m of staffing pressures from Quarter 3.

3.77. This variance consists of £0.141m of additional income at Kennet Day Nursery, partially offset by £0.093m of staffing pressures across the service and other minor cost pressures

of £0.026m. An overall reduction in the number of agency staff being employed across the Council has resulted in the rebate from Reed reducing by £0.122m. The implementation of Recovery Plan actions has resulted in reductions totalling £0.042m relating to learning and development spending and a reduction in advertising costs.

3.78. The outturn position includes the following net transfers from reserves totalling £0.176m:

- £0.051m from the Emergency Planning Reserve to fund additional temporary resource;
- £0.049m from the Legal & Taxation Reserve to fund a confidential work programme;
- £0.042m from the Health & Safety Reserve to fund additional temporary resource;
- £0.021m from the Transformation Reserve to fund the Equalities, Diversity & Inclusion programme;
- £0.013m from the Revenue Grants Unapplied Reserve.

Procurement & Contracts - £0.031m positive variance

3.79. Procurement & Contracts is reporting a positive variance of £0.031m, which is a positive movement of £0.010m from Quarter 3.

3.80. There are positive variances of £0.119m relating to holding vacancies for the remainder of the year pending a restructure, and £0.008m relating to a one-off contract income reimbursement as part of the Recovery Plan. These are however offset by a pressure of £0.096m based on an estimated shortfall in the achievement of procurement contract savings against the £0.200m corporate target.

Finance - £0.017m adverse variance

3.81. Finance is reporting an adverse net variance of £0.017m. This is an adverse movement of £0.013m from Quarter 3.

3.82. Staffing pressures of £0.099m have been more than offset by £0.202m of staffing vacancies that were held as part of the Finance Recovery Plan.

3.83. A further Recovery Plan action, considered and approved by Members, increased the court fees for Revenues and Benefits, adding an additional positive variance of £0.073m for the remainder of the year.

3.84. The one-off costs of converting the Revenues & Benefits system from a hosted system to a “software as a service” (SaaS) arrangement combined with a pressure on postage within the service total £0.193m.

3.85. The outturn position includes the following net transfers from reserves totalling £1.297m:

- £1.111m from the Revenue Grants Unapplied Reserve in respect of the Homes for Ukraine grant;
- £0.119m from the MoJ Liability Order Reserve;
- £0.090m from the Legal & Taxation Reserve to fund additional temporary capacity within Internal Audit & Corporate Investigations;
- £0.023m net transfer from the Self Insurance Reserve.

Legal & Democratic Services – £0.249m adverse variance

3.86. Legal & Democratic Services is reporting forecasting an adverse net variance of £0.249m, which is an adverse movement of £0.196m from Quarter 3.

3.87. Within Democratic Services there is a total adverse net variance of £0.057m. This variance relates to lower levels of Land Charges activity and related income with an

impact of £0.020m, additional costs in Electoral Registration of £0.055m. This is offset in part by positive variances of £0.018m by vacancies being held.

3.88. Legal Services are reporting a total adverse net variance of £0.192m. This variance consists of external legal costs incurred of £0.134m whilst essential agency cover has added a further £0.058m.

3.89. The outturn position includes the following net transfers to reserves totalling £0.315m:

- £0.408m to the Joint Legal Team (JLT) Reserve in respect of ringfencing the in-year positive variance for future use by the joint arrangement;
- £0.041m to the Elections Reserve to provide a smoothing reserve for elections over a rolling 5 year cycle;
- £0.111m from the Transformation Reserve in respect of funding legal costs relating to the Levelling Up Fund Capital Programme schemes;
- £0.023 from the Legal & Taxation Reserve to fund various exceptional legal related costs incurred.

Digital & IT – £0.078m positive variance

3.90. Digital & IT is reporting a positive net variance of £0.078m, which is an improvement of £0.033m from Quarter 3.

3.91. The variance includes pressures relating to license costs of £0.050m and staffing and recruitment costs of £0.023m.

3.92. These pressures are more than offset by £0.119m of savings identified as part of the Recovery Plan, including switching off servers outside of working hours, reviewing the costs of hosting, contracts, and subscriptions. A further £0.032m of savings have been achieved from the various voice contracts (mobile and other phone facilities).

3.93. The outturn position includes the following net transfers from reserves totalling £0.590m:

- £0.459m from the Cyber Security Reserve in respect of Customer Journey Optimisation Programme;
- £0.131m from the Revenue Grants Unapplied Reserve in respect of the Digital Future Councils Grant.

Chief Executive Services - £0.026m positive variance

3.94. Chief Executive Services provisional outturn position is a positive net variance of £0.026m. This is a positive movement of £0.018m from the Quarter 3 forecast.

Table 7. Chief Executive Services Outturn 2024/25

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance	Increase/ (Decrease) from Quarter 3
	£m	£m	£m	£m	£m	£m
Executive Management Team	0.909	0.906	(0.003)	0.000	(0.003)	(0.003)
Communications	0.633	0.652	0.019	(0.042)	(0.023)	(0.015)
Total	1.542	1.558	0.016	(0.042)	(0.026)	(0.018)

Executive Management Team – £0.003m positive variance

3.95. The Executive Management Team is reporting a positive variance of £0.003m, which is a positive movement of £0.003m from Quarter 3 on the staffing budgets.

Communications – £0.023m positive variance

- 3.96. Communications is reporting a positive variance of £0.023m, which is a positive movement of £0.015m from Quarter 3, due to additional income via the Lord Lieutenant Joint Arrangement administration fee and a small positive variance with the staffing budgets.
- 3.97. The outturn position includes the following net transfers from reserves totalling £0.042m:
- £0.042m from the Transformation Reserve in respect of funding additional temporary capacity for internal communications and staff engagement.

Children's Services retained by the Council - £0.032m positive variance

- 3.98. Children's Services retained by the Council's provisional outturn position is a positive variance of £0.032m. This is an adverse movement of £0.057m from the Quarter 3 forecast.
- 3.99. This variance is comprised of a positive variance of £0.130m following the annual reconciliation process of the Adoption Thames Valley contract which is partially offset by an adverse variance of £0.098m relating to the required repayment of historic Adoption Support Fund grant.

Children's Services Delivered by Brighter Futures for Children (BFfC) - £6.393m adverse variance

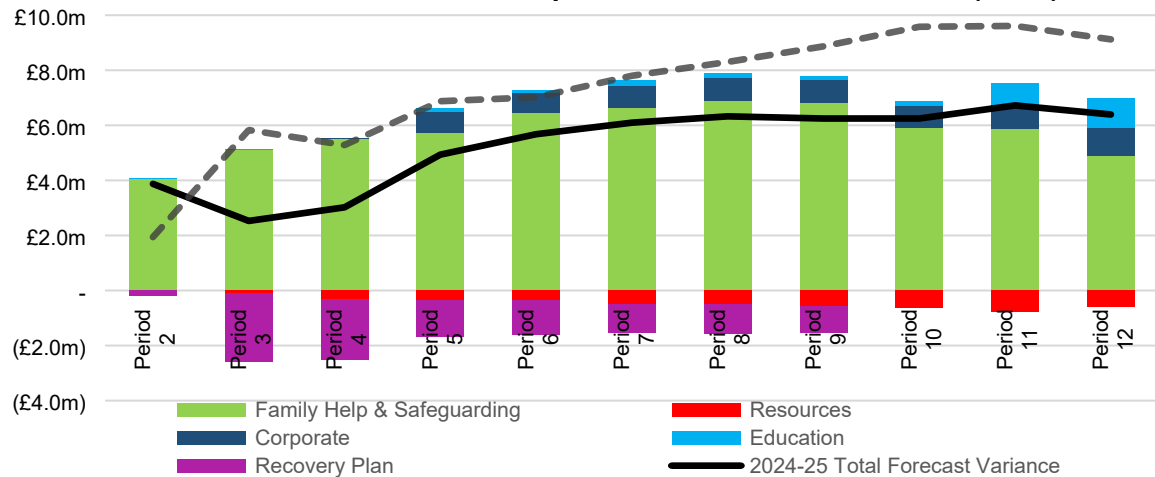
- 3.100. Brighter Futures for Children's (BFfC) is reporting an adverse net variance of £6.393m over the 2024/25 Contract Sum, which is an adverse movement of £0.146m from Quarter 3. The most significant drivers of this change within the last quarter is an adverse movement of £0.872m in home-to-school transport costs, which is partially offset by a £0.775m reduction in the placements and allowance pressure relating to Children Looked After (CLA).

Table 8. Children's Services delivered by BFfC Outturn 2024/25

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance	Increase/ (Decrease) from Quarter 3
	£m	£m	£m	£m	£m	£m
Children's Services delivered by BFfC	58.905	81.229	22.324	(15.931)	6.393	0.146
Total	58.905	81.229	22.324	(15.931)	6.393	0.146

- 3.101. The following chart summarises 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 – Children’s Services (BFfC)



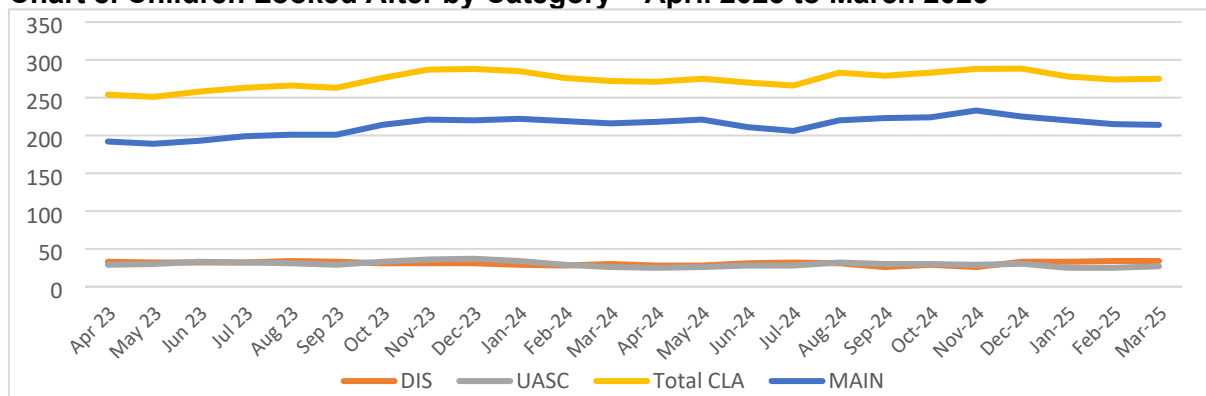
3.102. The explanations for these variances are set out below.

3.103. Family Help and Safeguarding incorporates Children’s Social Care and Early Help budgets. This service had an adverse net variance of £4.888m at Quarter 4. This outturn position includes:

- £5.657m of pressures on external placement budgets which reflects the current profile of Children Looked After (CLA). The number of CLA on 31st March 2025 was 275, a net decrease of 13 since 31st December 2024. This includes 27 Unaccompanied Asylum-Seeking Children (UASC), which are government grant funded. The 2024/25 Budget included an increase of £5.941m for placement demand, based on a total number of Children Looked After of 276. This variance therefore relates to the placement mix and increase in placement costs rather than solely just relating to CLA numbers;
- £0.202m of pressures on staffing costs. This adverse variance is primarily due to spend on agency staffing, whilst the staffing restructure is implemented;
- £0.663m positive variance on other placement-related costs.
- £0.308m of other positive net variances across Family Help and Safeguarding budgets.

3.104. The following chart shows the movement in the number of children looked after since April 2023.

Chart 8. Children Looked After by Category – April 2023 to March 2025



3.105. This chart shows that total children looked after placement numbers have reduced over the last quarter.

3.106. There are 37 children currently living in placements that each cost in excess of £0.200m per annum. These 37 placements have a cost for the year of £12.290m, an average of

£0.332m per placement. These placements, which represent 13% of the total number of children looked after, equate to 57% of the total placement costs for the year.

- 3.107. Resources is reporting a positive outturn net variance of £0.589m, of which £0.212m relates to vacancies within Business Support; £0.188m within Commissioning; £0.042m within Performance Management; £0.070m within the Marketing team and £0.041m within the Information, Advice and Support Service and other minor positive variances of £0.036m.
- 3.108. Corporate Services is reporting an adverse net variance of £1.015m of which £0.874m relates to Joint Legal Team (JLT) legal costs and £0.141m relates to staffing costs and end of year movements.
- 3.109. Education is reporting an adverse net variance of £1.078m, of which £0.963m relates to SEND & School Travel. The remaining net £0.115m reflects various movements but in particular pressures against income for one of our internal nursery provisions.
- 3.110. The final 2024/25 achievement of the in year recovery plan is £1.964m against the original target of £2.480m.
- 3.111. The outturn position includes the following net transfers from reserves totalling £15.931m that relate solely to Education:
- £0.432m net transfer from School's Balances to reflect maintained the school's outturn position;
 - £15.499m transfer from the Dedicated Schools Grant Unusable Reserve. The deficit balance on this reserve is now £24.904m.

Corporate Budgets - £1.025m positive variance

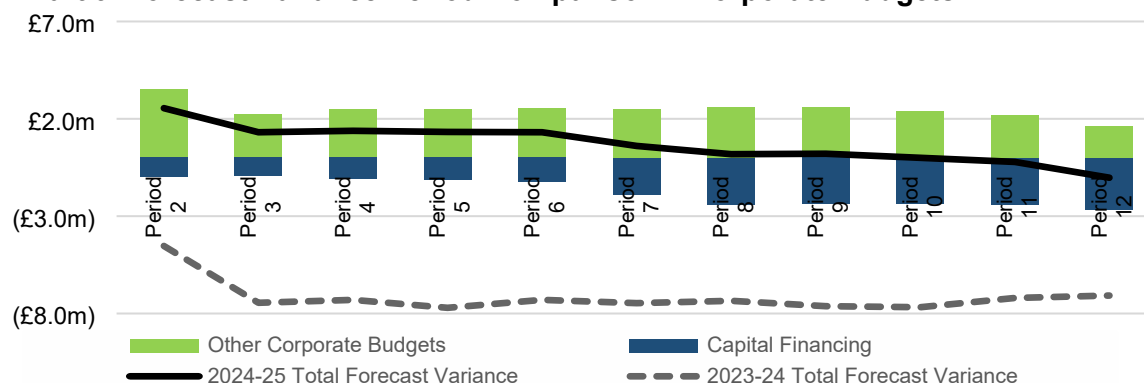
- 3.112. Corporate Budgets are reporting a positive net variance of £1.025m. this is an improvement of £1.232m from the Quarter 3 forecast.
- 3.113. The following table summarises the outturn position for 2024/25.

Table 9. Corporate Budgets Outturn 2024/25

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance	Increase/ (Decrease) from Quarter 3
	£m	£m	£m	£m	£m	£m
Capital Financing Costs	18.355	15.702	(2.653)	0.000	(2.653)	(0.272)
Other Corporate Budgets	(12.882)	(11.300)	1.582	0.046	1.628	(0.960)
Movement to/(from) Reserves	(2.137)	(23.257)	(21.120)	21.120	0.000	0.000
Total	3.336	(18.855)	(22.191)	21.166	(1.025)	(1.232)

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

Chart 9. Forecast Variance Period Comparison – Corporate Budgets



3.115. Capital Financing Costs is reporting a positive total net variance £2.653m, which is a positive movement of £0.272m from the Quarter 3 forecast primarily arising from the final allocations of interest payable and interest receivable between the General Fund and HRA:

- As a result of the slippage on the Capital Programme, reported in the 2023/24 Quarter 4 Performance Report, there is a positive variance of £0.005m relating to the Minimum Revenue Provision (MRP).
- There is a further positive variance of £0.722m on the interest payable budget due to 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.
- There is also a positive variance of £1.926m 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.

3.116. Other Corporate Budgets is reporting an adverse net variance of £1.628m, which is an improvement of £0.960m from the Quarter 3 forecast. The majority of this improvement relates to the £0.578m bad debt provision adjustment to Housing Benefit overpayments and £0.290m of Housing Benefit adjustments relating to prior years as set out below.

3.117. This variance primarily relates to a pressure on Housing Benefit expenditure of £2.225m where Subsidy is not 100% recoverable. This variance is comprised of a pressure of £1.251m relating to unrecoverable subsidy for temporary accommodation and a pressure of £1.809m relating to unrecoverable subsidy for supported accommodation, a pressure of £0.033m on other Housing Benefit expenditure and a positive variance of £0.290m relating to Housing Benefit Subsidy adjustments relating to prior years. There is a positive variance of £0.578m relating to the bad debt provision adjustment for Housing Benefit overpayments.

3.118. There is a positive variance of £0.986m relating to Business Rates refunds covering 2017/18 to 2023/24 on the Town Hall, following a successful appeal. There are additional adverse net variances totalling £0.389m.

3.119. The outturn position includes the following net transfers to reserves totalling £0.046m:

- £0.300m transfer to the Transformation Reserve to fund future improvement and transformation projects, which is funded by settlement of a long-term debt;
- £0.050m transfer to the Legal & Tax Reserve to fund residual legal costs relating to the aforementioned settlement of a long-term debt;

- £0.172m transfer from the Revenue Grants Unapplied Reserve, 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;
- £0.086m transfer 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 2024/25 Council Tax;
- £0.046m from the Transformation Reserve to fund a review of Brighter Futures for Children.

Funding - £0.257m positive variance

- 3.120. Funding is forecasting a positive variance of £0.257m relating to the Council's share of the £100m Business Rates Levy Surplus Account, which Central Government announced would be distributed to Local Authorities by 31st March 2025 as part of the Provisional Local Government Finance Settlement published on 18th December 2024.
- 3.121. The net NNDR Local Share consists of the Council's share of retained business rates income and the Section 31 Grant in respect of business rates reliefs introduced by Central Government less the business rates Tariff and Levy. Whilst the retained business rates income and Tariff are 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/May at the end of the financial year. Additionally, the Section 31 Grant is paid to the Council on an estimate basis and is adjusted for as part of the same NNDR3 return. It had been assumed throughout the year that both the Levy and the Section 31 Grant amounts would be equal to the budget; however the final calculation has resulted in a positive variance of £1.145m. This variance has been transferred to the Collection Fund Smoothing Reserve to fund potential future year Collection Fund deficits.

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. Recovery Plan

- 5.1. The following table summarises the Recovery Plan mitigations which are set out individually in Appendix 2.
- 5.2. At Quarter 1 the Recovery Plan (Officer decisions) initially set out a target of deliverable mitigations totalling £8.081m. At Quarter 2, a further £0.499m of recently approved Member and additional Officer decisions were included, bringing the total target Recovery Plan to £8.580m. The delivery, including mitigating savings, at Quarter 4 is £7.979m. This position is included within the overall outturn position.

Table 10. Recovery Plan Quarter 4

Directorate	Approved Target £m	Delivery £m	Variance £m	Mitigations £m	Delivery including Mitigations £m	Adjusted Variance £m
Communities and Adult Social Care	(2.583)	(1.764)	0.819	(0.819)	(2.583)	0.000
Economic Growth and Neighbourhood Services	(1.418)	(1.418)	0.000	0.000	(1.418)	0.000
Resources	(0.783)	(0.698)	0.085	0.000	(0.698)	0.085
Chief Executive Services	(0.030)	(0.030)	0.000	0.000	(0.030)	0.000
Corporate	(1.286)	(1.286)	0.000	0.000	(1.286)	0.000
Children's Services delivered by BfC	(2.480)	(1.964)	0.516	0.000	(1.964)	0.516
Total	(8.580)	(7.160)	1.420	(0.819)	(7.979)	0.601

6. Savings Delivery

- 6.1. The Council had a challenging savings target for 2024/25 of £7.468m to meet current and expected funding pressures. This total was made up of £4.700m of in-year savings as per the 2024/25 Budget & 2024/25-2026/27 Medium Term Financial Strategy and £2.768m of savings rolled forward from 2023/24.
- 6.2. A total of £5.451m of savings have been delivered in 2024/25, with £0.180m of non-deliverable savings being removed as part of the 2025/26 Budget setting process. £1.279m of vacancy factor savings will be carried forward into 2025/26. The residual £3.116m will be carried forward for delivery in 2025/26. Further details regarding the delivery of savings are set out in Appendix 3.
- 6.3. The following table summarises the final savings delivery for 2024/25:

Table 11. General Funds Savings Tracker Summary

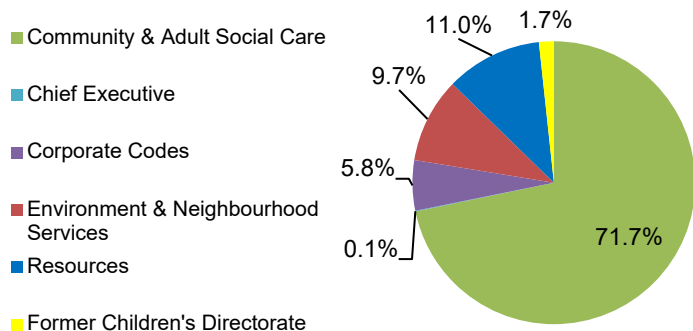
Directorate	Savings Target 2024/25	Savings Delivered 2024/25	Non-Delivered Savings 2024/25	Savings Removed at 2025/26 Budget Setting	Vacancy Factor Savings	Savings Carried Forward to 2025/26
	£m	£m	£m	£m	£m	£m
Communities and Adult Social Care	(1.135)	(1.135)	0.000	0.000	(0.354)	(0.354)
Economic Growth & Neighbourhood Services	(4.387)	(2.870)	(1.517)	0.000	(0.524)	(2.041)
Resources	(1.197)	(0.697)	(0.500)	0.180	(0.389)	(0.709)
Chief Executive Services	(0.012)	(0.012)	0.000	0.000	(0.012)	(0.012)
Children's Services Retained by Council	(0.005)	(0.005)	0.000	0.000	0.000	0.000
Corporate	(0.016)	(0.016)	0.000	0.000	0.000	0.000
Total Council Services	(6.752)	(4.735)	(2.017)	0.180	(1.279)	(3.116)
Children's Services Delivered by BfC	(0.716)	(0.716)	0.000	0.000	0.000	0.000
Total	(7.468)	(5.451)	(2.017)	0.180	(1.279)	(3.116)

7. Debt Performance

- 7.1. Total General Fund overdue sundry debt as at the end of 2024/25 is £7.856m, compared to £8.859m at the end of Quarter 3. In addition to this, the General Fund also has £4.530m of current debt and £1.164m of deferred debt which is not yet considered overdue. A breakdown of this debt by age and directorate is provided below.

Chart 10. Split of General Fund Debt by Directorate and Days Outstanding

Split of General Fund Debt by Directorate



Split of General Fund Debt Balance by Days Outstanding

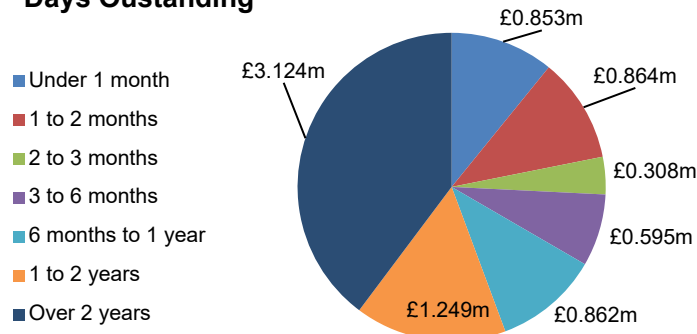
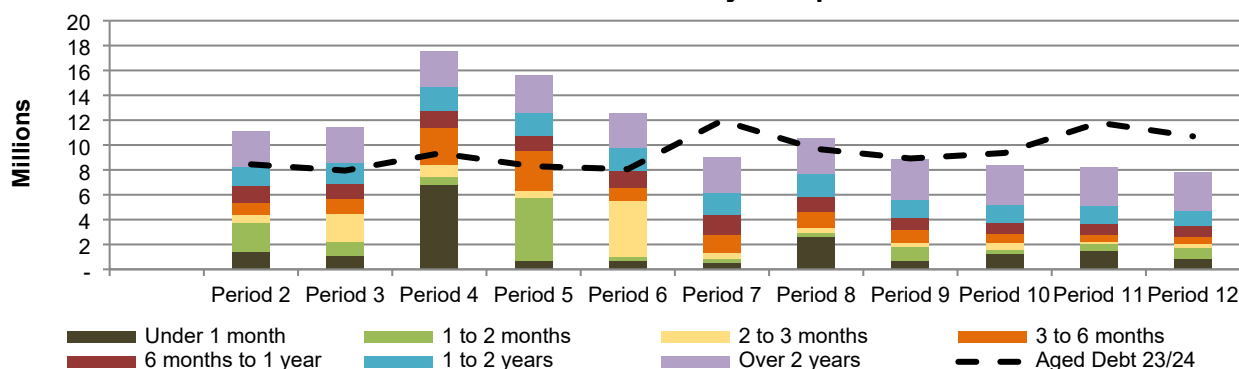


Chart 11. Overdue General Fund Debt Monthly Comparison



8. Debt Write-Off

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

- Non-Domestic Rates - £790,992.78
- Housing Benefit Overpayments - £21,619.45
- Sundry Debt - £125,036.77

- 8.2. The list of specific debts requested to be written-off are set out in Appendix 11. It is considered that information contained within Appendix 11 contains exempt information under the meaning of sections 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, as amended, and therefore cannot be made public.

- 8.3. The write-offs will be contained within the existing respective bad debt provisions. These bad debt provisions are reviewed annually to take account of the likely levels of bad debt write-offs and the potential for any recovery of debt that has been previously written off.

- 8.4. The cost of non-domestic rates write-offs is shared between the Council (49%), Royal Berkshire Fire and Rescue Service (1%) and Central Government (50%).

- 8.5. Statutory Benefit Subsidy Orders specify that Housing Benefit Overpayments, subsequently not recovered, have to be mostly paid for by the Council through loss in

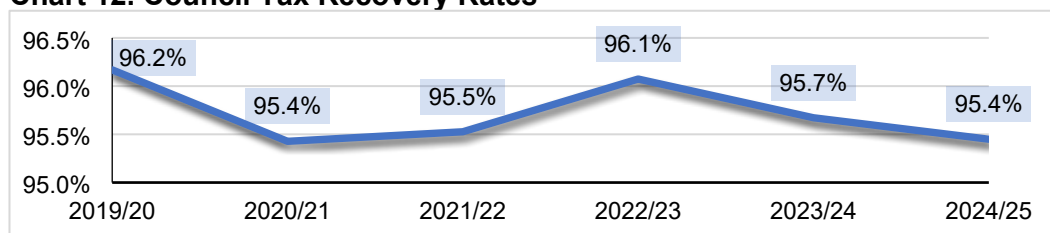
Central Government subsidy. Most Housing Benefit paid out under the General Fund is claimed back from the DWP through the annual subsidy claims. The subsidy rules are designed to act as an incentive for authorities to minimise error and overpayments and to maximise recovery of recoverable overpayments. It is therefore financially prudent for Local Authorities both to minimise the incidence of overpayments and to seek to maximise recovery of overpayments.

- 8.6. The standard rate of reimbursement for Housing Benefit paid is up to 100%, reducing to 40% for identified overpayments caused by claimant error and either 100%, 40% or down to 0% for those caused by Authority error if certain thresholds are exceeded. Overpayments caused by fraud are reimbursed at 40% and given the cause of such overpayments, there is an expectation that the overwhelming majority of cases should be considered recoverable from the persons who have either committed or significantly contributed to the fraud. The Council is entitled to keep 100% of the income collected from overpayments recovery in addition to any subsidy claimed.

9. Collection Fund

- 9.1. 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 2024/25.
- 9.2. Council Tax collection rates are behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) and 2023/24 collection rates at the same point last year. This is a similar trend across Berkshire and is likely related to the cost of living crisis. For context, a 0.22% decrease in collection is worth approximately £0.313m for 2024/25.

Chart 12. Council Tax Recovery Rates

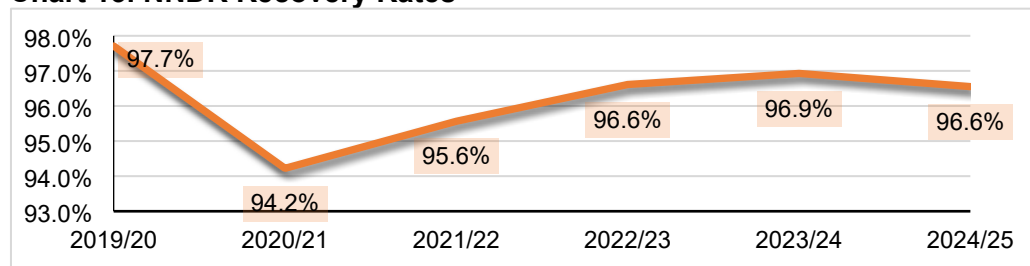


- 9.3. The following table shows the collection performance levels for Council Tax across Berkshire:

Table 12. Council Tax Collection across Berkshire

Council Tax	Comparison to 2023/24	Comparison to 2019/20
Bracknell	↓ 0.30%	↓ 1.10%
Reading	↓ 0.22%	↓ 0.72%
RBWM	↓ 1.33%	↓ 1.35%
Slough	↓ 0.40%	↓ 2.44%
West Berkshire	↓ 0.12%	↓ 0.05%
Wokingham	↓ 0.16%	↓ 0.40%

- 9.4. Non-Domestic collection rates are behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) and 2023/24 collection rates at the same point last year. For context, a 0.38% increase in collection is worth approximately £0.560m for 2024/25.

Chart 13. NNDR Recovery Rates

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

Table 13. Business Rates Collection across Berkshire

Business Rates	Comparison to 2023/24	Comparison to 2019/20
Bracknell	↓ 12.27%	↓ 2.45%
Reading	↓ 0.38%	↓ 1.16%
RBWM	↓ 1.17%	↓ 1.03%
Slough	↓ 1.50%	↑ 0.22%
West Berkshire	↑ 0.25%	↑ 0.23%
Wokingham	↑ 0.21%	↓ 1.18%

10. Delivery Fund

- 10.1. 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.
- 10.2. £1.717m was spent in delivering 2024/25 savings and transformation. Including previous years, a total of £20.301m has been invested from the Delivery Fund to assist in delivering identified savings and transformation proposals as at 31st March 2025.
- 10.3. Further details on the Delivery Fund are set out in Appendix 5.

11. General Fund - Capital Programme

- 11.1. The General Fund Capital Programme for 2024/25 has an approved budget of £69.591m. The following amendments are requested to be formally approved, which would result in a revised Capital Programme budget of £69.637m. These amendments are set out on an individual scheme basis in Appendix 4.
- 11.2. The provisional General Fund Capital Programme outturn position is a positive net variance of £12.884m against the proposed revised budget of £69.637m.

Table 14. General Fund Capital Programme Amendments

General Fund Capital Programme	£m
Revised Approved Budget 2024/25	69.591
Budget Movements Between Schemes – See Appendix 4	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	3.544
Budgets from above reprogrammed (to)/from Future Years	(2.884)
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	(0.614)
Proposed Revised Budget Quarter 4 2024/25	69.637
Additional Budgets reprogrammed (to)/from Future Years	(13.137)

- 11.3. Budget Transfers requested between schemes are set out within Appendix 4.
- 11.4. A total of £3.544m of additional budgets across eleven schemes (as set out in Appendix 4) that are fully funded by grants and contributions are requested to be formally added into the Capital Programme with £2.884m requested to be reprogrammed into future years. This includes:
- £2.500m for the SEN High Needs provision capital allocations scheme, to be fully reprogrammed into 2025/26;
 - £0.665m for the Disabled Facilities Grants (Private Sector) scheme, £0.284m of which to be reprogrammed into 2025/26;
 - £0.379m across nine other schemes, £0.100m of which to be programmed into 2025/26 as set out in Appendix 4.
- 11.5. A total of £0.614m of budgets are requested to be reduced as set out in Appendix 4.
- 11.6. A net total of £13.137m of budgets are requested to be reprogrammed from 2024/25 into future years of the Capital Programme as set out in Appendix 4. This includes:
- £1.224m for the Highways Infrastructure Programme to be reprogrammed from 2025/26 into 2024/25 where works were carried out earlier than anticipated due to favourable weather conditions;
 - £1.368m to be reprogrammed from 2025/26 into 2024/25 across nine other schemes to reflect the actual level of expenditure incurred in 2024/25;
 - £1.522m to be reprogrammed from 2024/25 into future years for the Levelling Up Delivery Plan - New Reading Library at the Civic Centre scheme to reflect the revised spend profile for the scheme;
 - £1.427m for the Delivery Fund (Pump priming for Transformation projects) scheme to reflect the actual level of expenditure incurred in 2024/25. A £0.934m variance had already been reported at Quarter 3 2024/25 and forms part of this request;
 - £1.377m from 2024/25 into future years for the Zero Emission Bus Regional Areas (ZEBRA) grant to RTL scheme where payment of the second tranche of funding has yet to be requested;
 - £0.866m from 2024/25 into future years for the Electric Vehicle Charging Points scheme;
 - £0.827m from 2024/25 into future years for the Dee Park Regeneration - Housing Infrastructure Fund (school) scheme;
 - £0.780m from 2024/25 into future years for the S106 individual schemes list scheme;
 - £0.638m from 2024/25 into future years for the Leisure Centre Enhancement scheme;
 - £0.598m from 2024/25 into future years for the Provision of additional Children's Homes scheme;
 - £0.555m from 2024/25 into future years for the SEN High Needs provision capital allocations scheme;
 - £0.538m from 2024/25 into future years for the Park Lane Primary School Annexe Replacement scheme;
 - £6.601m to be reprogrammed from 2024/25 into future years across all other schemes.

12. Housing Revenue Account (HRA) – Revenue

- 12.1. The approved Housing Revenue Account budget assumed a net drawdown from HRA reserves of £3.548m. The provisional outturn position for the HRA requires an actual net drawdown from HRA Reserves of £4.076m. This is comprised of a drawdown from the Main HRA Reserve of £3.143m for HRA day to day operational costs and a drawdown of

£0.933m from the North Whitley PFI Reserve. The HRA is therefore reporting an adverse net variance compared to budget of £0.528m.

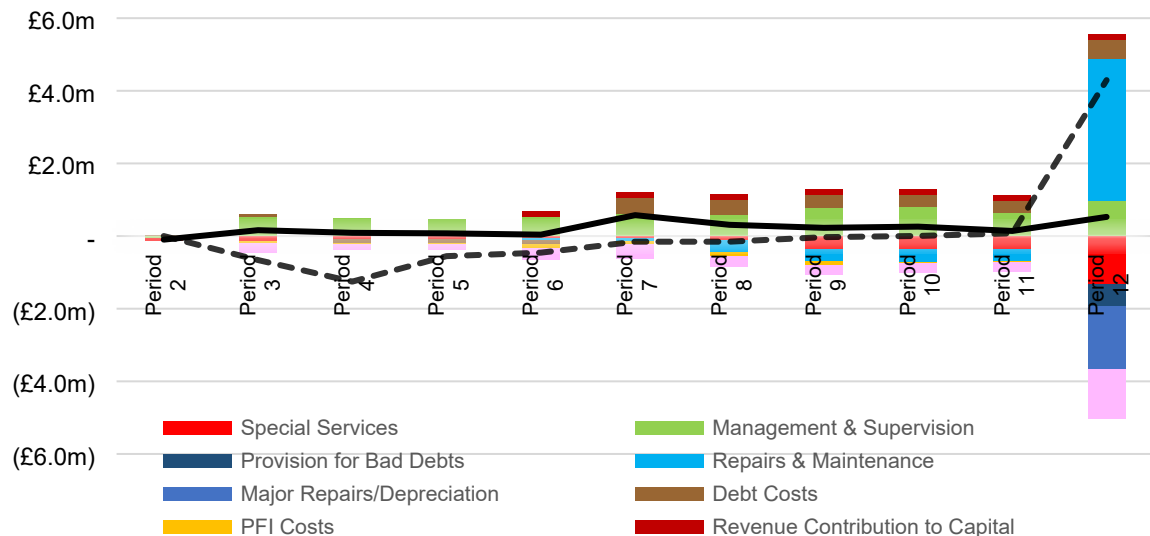
12.2. The breakdown of the net variance is set out in the following table and explained below.

Table 15. Housing Revenue Account 2024/25

	Budget	Outturn	Variance	Increase/ (Decrease) from Quarter 3 £m
	£m	£m	£m	
Management & Supervision	10.052	11.039	0.987	0.200
Special Services	5.153	3.826	(1.327)	(0.978)
Provision for Bad Debts	0.891	0.294	(0.597)	(0.597)
Repairs & Maintenance	8.755	12.648	3.893	4.238
Major Repairs/Depreciation	14.503	12.770	(1.733)	(1.733)
Debt Costs	7.009	7.535	0.526	0.177
PFI Costs	8.254	8.234	(0.019)	0.075
Revenue Contributions to Capital	0.000	0.158	0.158	0.010
HRA Income	(51.069)	(52.429)	(1.360)	(1.091)
Over/(Under) Budget	3.548	4.076	0.528	0.301
Movement to/(from) HRA Reserve)	(3.093)	(3.143)	(0.050)	0.177
Movement to/(from) North Whitley PFI Reserve	(0.455)	(0.933)	(0.478)	(0.478)
Total Movement to/(From) HRA Reserves	(3.548)	(4.076)	(0.528)	(0.301)

12.3. 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



12.4. Management and Supervision is reporting an adverse variance of £0.987m. Although there is a positive variance on payroll due to vacancies, there are additional costs of the Repair Task Force and housing digitisation project as well as an increase to the contribution towards the General Fund Central Support Recharges which were reviewed as part of the Recovery Plan process.

12.5. Special Services, which include sheltered housing schemes, is reporting a positive variance of £1.327m, which is primarily due a settlement payment received in January 2025 of £1.450m relating to Cedar Court, which will be carried forward as part of the main HRA balance to fund any potential future legal costs. This variance is partially offset by £0.123m of adverse net pressures across the rest of the service including the legal costs incurred relating to Cedar Court.

- 12.6. Provision for Bad Debts is reporting a positive variance of £0.597m based on the arrears on HRA rents being lower than the levels assumed in the HRA 30 year Business Plan.
- 12.7. Repairs & Maintenance is reporting an adverse net variance of £3.893m. This variance is 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 schemes within the Capital programme of which a total of £5.945m has been reprofiled during 2024/25 (including outturn adjustments) into later years of the programme. The split of the expenditure between HRA Revenue and HRA Capital has been examined as part of the Repairs Task force and as part of refresh of the 30 year HRA Business plan for 2026/27.
- 12.8. Major Repairs/Depreciation is reporting a positive variance of £1.733m. This is due to a review of HRA housing stock asset lives which was undertaken in conjunction with the Council's external valuers during 2024/25. The increase in residual asset lives has resulted in a lower depreciation charge than was assumed within the 2024/25 HRA Business Plan. Unlike the General Fund, depreciation is a real charge to the HRA and 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. This positive variance partially offsets the adverse variance on Repairs & Maintenance.
- 12.9. There is reporting an adverse variance on Debt Costs of £0.526m due to higher interest rates than were expected in the HRA Business Plan (based on September 2023 figures) and a revised split of interest paid between the General Fund and HRA as a result of slippage on the Council's General Fund Capital Programme which affects the proportion the HRA bears.
- 12.10. PFI costs is reporting a positive variance of £0.019m due to the rate of inflation being lower than expected in the approved HRA Business Plan.
- 12.11. There is a reported adverse variance of £0.158m on Revenue Contribution to Capital as a charge has been made to finance the remainder of the Housing Management System project spend incurred in 2024/25.
- 12.12. HRA Income is reporting a positive variance of £1.360m. Dwelling Rents are overachieving against the budget by a total of £0.488m (1.11% more than budget). In addition, there is an overachievement on Service Charges of £0.049m. Other Income is also forecast to overachieve against the budget by £0.812m primarily due to £0.099m of right to light compensation received and £0.372m of solar energy income received at the end of the financial year backdated to cover previous years. Finally, there is a positive variance of £0.011m on Interest income due to a higher interest rate in the HRA compared to the assumptions in the HRA Business Plan.
- 12.13. The overspend represents only 0.1% of the gross budget of the HRA. By using a detailed financial model for the 30-year business plan, we are confident in the robustness of the budgets for future years however the HRA is subject to significant variations in Rent collected, inflation and Interest rates. There has been a further review of the recharges which previously were more ad hoc variable charges but are now more predictable going forward into 25/26. There will also be a further review of repairs budgets between Revenue and Capital to align the budgets more accurately with expected spend.

13. Housing Revenue Account - Capital Programme

- 13.1. The HRA Capital Programme for 2024/25 has an approved budget of £33.684m. An additional budget of £0.037m, funded by HRA revenue contribution, is requested to be formally approved, which would result in a revised Capital Programme budget of £33.721m, as set out in Appendix 7.

13.2. The provisional HRA Capital Programme outturn position is a £5.485m positive net variance against the proposed revised budget of £33.721m. A net £5.485m of budget is requested to be reprogrammed from 2024/25 into future years of the Capital Programme as set out in Appendix 7. This includes:

- £1.762m to be reprogrammed from 2024/25 into future years for the New Build & Acquisitions - Phase 2 – 4 scheme;
- £1.468m for the Homes Provided under Local Authority Housing Fund scheme;
- £0.816m for the Local authority new build programme for Older people and vulnerable adults scheme;
- £0.605m for the Acquisitions from Homes for Reading scheme;
- £0.834m of net reprogramming across all other schemes.

14. Reserves

14.1. The impact of the 2024/25 outturn position on the Council's reserves, as proposed in Appendix 8 is set out in the following table.

Table 16. Reserves Summary

	Balance as at 1 April 2024	In-Year Transfers (To)/From Reserves	Proposed Transfers (To)/From Reserves (Service Requests)	Proposed Transfers (To)/From Reserves (Outturn)	Balance as at 31 March 2025	Projected Balance as at 31 March 2025 per 2025/26 Budget Setting	Movement
	£m	(To)/From £m	(To)/From £m	(To)/From £m	£m	£m	£m
General Fund Reserves							
Minimum Balance	(8.394)	(0.511)	0.000	0.000	(8.905)	(8.905)	0.000
Earmarked Reserves	(57.751)	8.316	0.000	9.305	(40.130)	(36.947)	(3.183)
Total General Fund Reserves	(66.145)	7.805	0.000	9.305	(49.035)	(45.852)	(3.183)
Housing Revenue Account Reserves	(36.912)	4.076	0.000	0.000	(32.836)	(33.825)	0.989
Total Revenue Reserves	(103.057)	11.881	0.000	9.305	(81.871)	(79.677)	(2.194)

14.2. The Dedicated Schools Grant Reserve would ordinarily be included within these balances. However, due to a national issue in respect of High Needs Block funding not keeping pace with increasing costs, many Local Authorities have a deficit balance on this reserve. The Council's deficit balance as at 31st March 2025 is £24.904m, an increase of £15.499m from 31st March 2024. As a temporary measure, the Government has issued a statutory override for the Dedicated Schools Grant that excludes DSG deficits from the calculation of General Fund reserves. The Fair Funding Review 2.0, published by the Government on 20th June 2025, set out the Government's intention to extend this override by a further two years until 31st March 2028, with further details to follow in the Provisional Local Government Finance Settlement later in the year.

14.3. The deficit is forecast to reach £40.373m by March 2026 and £53.165m by 31st March 2027. It is therefore critical that action is taken to address the deficit.

15. Impact on 2025/26 Budget and Medium-Term Financial Strategy

15.1. The provisional outturn figures, as set out above, will have the following impact in 2025/26 and future years:

- Overall General Fund Reserve balances of £45.852m were assumed as part of 2025/26 budget setting. Based on the provisional outturn there is therefore an overall net increase of £3.154m;
- £2.017m of non-delivered 2024/25 savings have been rolled forward into 2025/26. These savings were assumed as delivered in the 2025/26 base budget setting and require delivering.

16. Corporate Plan Performance

Summary

16.1. 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."

16.2. 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

16.3. 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.

16.4. The Corporate Plan update, agreed in March 2024, includes 48 KPIs and 46 projects which underpin delivery of the Council's vision and priorities. 3 projects were reported complete at the end of the first quarter and one at the end of quarter three. These are included in Appendix 10. Of the 48 KPIs, 31 are annual measures.

16.5. The full list of Performance KPIs monitored in year is attached at Appendix 9 and Projects as Appendix 10.

16.6. The table below provides a summary of the status of the KPIs and projects at the end of the Financial Year 2024/25.

Table 17. Performance Overview

What	Status %			
	Red	Amber	Green	Complete
Key Measures	39	19	42	N/A
Key Projects	2	20	67	11

Corporate Plan KPIs

16.7. The KPIs are rated as follows:

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

- 16.8. The table overleaf shows performance against the target (red/amber/green) for the measures published in the Corporate Plan for 2024/25, compared to previous quarters.
- 16.9. The year-end figures include the 31 annual measures which were included in the KPI set for 2024/25.
- 16.10. A new Council Plan has been agreed and reporting against these measures and projects will commence in July.

Table 18. Summary of Performance against target KPIs

Status	Year end 2023/24	Q1 24/25	Q2 24/25	Q3 24/25	Year end 24/25	
	%	%	%	%	No.	%
Green	40	37	26	35	20	42
Amber	23	17	30	22	9	19
Red	37	46	44	43	19	39
Total	100	100	100	100	48	100

- 16.11. Further details are provided in Appendix 9.

Corporate Plan Projects

- 16.12. Projects are rated as follows:

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

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

Table 19. RAG Status of Corporate Plan Projects

Status	Q4 23/24	Q1 24/25	Q2 24/25	Q3 24/25	Q4 - Year end 24/25	
	%	%	%	%	No.	%
Complete	0	7	0	9	5	11
On track	68	56	65	61	31	67
At risk	32	37	35	28	9	20
Off track	0	0	0	2	1	2
Total	100	100	100	100	46	100

- 16.14. Further details are provided in Appendix 10.

17. Contribution to Strategic Aims

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

18. Environmental and Climate Implications

- 18.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). The Council's Corporate Plan monitors progress in reducing the carbon footprint of both the Borough and the Council.
- 18.2. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

19. Community Engagement

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

20. Equality Implications

- 20.1. 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.

21. Other Relevant Considerations

- 21.1. There are none.

22. Legal Implications

- 22.1. 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.
- 22.2. Michael Graham, Assistant Director of Legal and Democratic Services, has cleared these Legal Implications.

23. Financial Implications

- 23.1. The financial implications are set out in the body of this report.
- 23.2. Stuart Donnelly, Financial Planning & Strategy Manager, has cleared these Financial Implications.

24. Timetable for Implementation

- 24.1. Not applicable.

25. Background Papers

- 25.1. There are none.

Appendices

- 1. General Fund – Revenue Outturn 2024/25
- 2. Recovery Plan 2024/25
- 3. Savings 2024/25
- 4. General Fund – Capital Programme Outturn 2024/25
- 5. Delivery Fund 2024/25
- 6. Housing Revenue Account – Revenue Outturn 2024/25
- 7. Housing Revenue Account – Capital Programme Outturn 2024/25
- 8. Reserves Position as at 31st March 2025
- 9. Corporate Plan Performance KPIs 2024/25

10. Corporate Plan Projects 2024/25
11. Debt Write-Offs