Policy Committee

17 December 2025

Title	2025/26 Quarter 2 Performance & Monitoring Report
Purpose of the report	To make a decision
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter, Director of Finance
Report author (name & job title)	Stuart Donnelly, Financial Planning & Strategy Manager Gavin Handford, Assistant Director Policy, Change & Customer Services
Lead Councillor (name & title)	Councillor Emberson, Lead Councillor for Corporate Services & Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	**That Policy Committee notes:** 1. That the forecast General Fund revenue outturn position for Quarter 2 is an adverse net variance of £3.968m (Appendix 1); 2. That £3.975m (34%) of savings have been delivered (blue) and £3.663m (32%) of savings are on track to be delivered (green) by March 2026. £2.143m (19%) of savings are currently categorised as non-deliverable (red) and £1.735m (15%) categorised as at risk of delivery (amber) (Appendix 2); 3. That the General Fund Capital Programme is forecasting a positive net variance of £0.211m against the proposed revised budget of £76.754m (Appendix 3); 4. That there is a total £2.927m Delivery Fund available for 2025/26 (inclusive of 2024/25 approved carry forwards). At Quarter 2, £2.801m of this funding has been allocated out to approved schemes; 5. That the Housing Revenue Account (HRA) is projecting an adverse net variance of £0.197m as at the end of Quarter 2, which results in a forecast drawdown from HRA Reserves of £5.244m rather than the approved budgeted drawdown of £5.047m; 6. That the HRA Capital Programme is forecasting to spend to budget against the proposed revised budget of £64.483m (Appendix 4). 7. The performance achieved against the Council Plan success measures as set out in Section 12 of this report and Appendices 5 and 6; 8. That an annual refresh of ‘Investing in Readings Future Council Plan 2025-28’ will take place, commencing in October 2025. An Annexe to the Plan will be published that contains: • An update on achievements in 2025 and • Lists the updated Projects and Key Performance Indicators (KPIs).

	That Policy Committee approves: 9. The amendments to the General Fund Capital Programme (as set out in Section 7 of this report and Appendix 3) resulting in a revised Capital Programme budget of £76.754m for 2025/26; 10. The amendments to the HRA Capital Programme (as set out in further detail in Section 10 of this report and Appendix 4) resulting in a revised HRA Capital Programme budget of £64.483m for 2025/26.

1. Executive Summary

General Fund – Revenue

1.1 The overall forecast adverse net variance as at the end of Quarter 2 is £3.968m, which is a net improvement of £0.212m from the Quarter 1 position reported to Policy Committee on 17th September 2025.

1.2 The following table summarises the forecast position as at the end of Quarter 2:

Table 1. General Revenue Fund Forecast & Recovery Plan Mitigations 2025/26

Directorate	Gross Adverse / (Positive) Variance	Recovery Plan	Net Adverse / (Positive) Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Communities & Adult Social Care	4.092	(4.092)	0.000	0.000
Children's Services	6.517	(1.093)	5.424	0.214
Economic Growth & Neighbourhood Services	2.595	(0.389)	2.206	0.337
Resources	0.151	0.000	0.151	(0.116)
Chief Executive Services	(0.031)	0.000	(0.031)	(0.003)
Sub Total Services	**13.324**	**(5.574)**	**7.750**	**0.432**
Corporate Budgets	(3.782)	0.000	(3.782)	(0.644)
Total	**9.542**	**(5.574)**	**3.968**	**(0.212)**

1.3 The main financial pressures within the overall adverse net variance forecast of £3.968m as at Quarter 2 are set out below:

Communities & Adult Social Care

1.4 Adult Social Care has identified cost pressures of £4.242m, a combination of increasing demand and inflationary pressures. A recovery plan is in place to mitigate these pressures with £4.092m deemed to be deliverable, which results in an overall net pressure of £0.150m. The gross pressures have increased by £0.108m from Quarter 1, the total forecast deliverable recovery plan has reduced by £0.042m (the amount of recovery plan delivered to date has increased by £0.258m) from Quarter 1. There has been a net increase in total service users of 148 from the end of Quarter 1.

1.5 This pressure is currently forecast to be fully offset by a £0.150m positive variance within Housing & Communities relating to utilisation of additional grant funding to fund existing pressures within homelessness.

Children's Services

1.6 Children's Services is currently forecasting gross cost pressures totalling £6.517m, with a recovery plan in place to mitigate £1.093m of these pressures, resulting in an overall net pressure of £5.424m at Quarter 2, which is an increase of £0.214m from Quarter 1. This increase is driven by several factors, including a particularly complex care placement, additional home to school transport costs due to newly requested routes and support for more pupils.

Economic Growth and Neighbourhood Services

1.7 Net cost pressures totalling £2.206m are forecast within Economic Growth and Neighbourhood Services. This is an adverse movement of £0.337m from Quarter 1 which is comprised of increased pressures of £0.280m relating to Concessionary Fares within Planning, Transport & Public Protection, increased pressures of £0.240m relating to vehicle maintenance costs within Environmental & Commercial Services, an increased positive variance within Culture of £0.181m and other positive net movements totalling £0.002m across other services.

Corporate Budgets

1.8 Corporate Budgets is forecasting a net positive variance of £3.782m, which is an increase of £0.644m from Quarter 1. This movement from Quarter 1 primarily relates to a positive movement on Minimum Revenue Provision (MRP) of £0.534m due to the utilisation of £2.086m of Capital Receipts to repay debt relating to short life assets which removes the requirement to charge MRP for these assets and as well as a positive movement of £0.162m relating to a forecast improvement on the General Fund Bad Debt Provision.

Savings

1.9 The Quarter 2 forecast is that £3.975m (34%) of savings have been delivered (blue) and £3.663m (32%) of savings are on track to be delivered (green) by March 2026. £2.143m (19%) of savings are currently categorised as non-deliverable (red) and £1.735m (15%) categorised as at risk of delivery (amber) (Appendix 2).

1.10 The Savings Tracker which lists progress against each individual saving is attached as Appendix 2.

General Fund – Capital

1.11 The General Fund Capital Programme had an original budget for 2025/26 of £66.828m which was approved as part of the 2025/26 Budget. This budget was revised to £86.500m following approved adjustments as part of the subsequent Performance and Monitoring reports reported to Policy Committee.

1.12 This report is requesting further adjustments, as set out at summary level in Section 7 and in detail in Appendix 3, that would result in a revised approved budget of £76.754m for 2025/26.

1.13 At Quarter 2, against the proposed revised budget of £76.754m, the current forecast is a positive net variance of £0.211m. This variance relates entirely to the Delivery Fund. The General Fund Capital Programme is set out in more detail in Section 7 and Appendix 3.

Housing Revenue Account (HRA) – Revenue

1.14 The approved Housing Revenue Account (HRA) budget assumes a drawdown from HRA reserves of £5.047m. At Quarter 2, the forecast revenue outturn position on the HRA is an adverse net variance to budget of £0.197m, which is a net increase of £0.021m from Quarter 1. Therefore, a drawdown from the HRA Reserve is forecast of £5.244m rather than the budgeted £5.047m drawdown from reserves. These variances are set out in more detail in Section 9.

Housing Revenue Account (HRA) – Capital

1.15 The Housing Revenue Account (HRA) Capital Programme had an original budget of £90.143m which was approved as part of the 2025/26 Budget. This budget was revised to

£80.933m following approved adjustments as part of the subsequent Performance and Monitoring reports reported to Policy Committee.

1.16 This report is requesting further adjustments, as set out at summary level in Section 10 and in detail in Appendix 4, that would result in a revised approved budget of £64.483m for 2025/26.

1.17 At Quarter 2, the HRA Capital Programme is forecasting to spend to budget against the proposed revised budget of £64.483m. The HRA Capital Programme is set out in more detail in Section 10 and Appendix 4.

Performance

1.18 The report also sets out performance against the measures of success published in the Council Plan.

1.19 Of the 17 Council Plan Performance Measures monitored monthly or quarterly, 47% are currently at or above target (green), 24% within 10% of the target (amber), 24% are 10% or more off target (red) and 5% (1 measure) is not able to be reported for Quarter 2 but will be updated for Quarter 3.

1.20 Of the 51 Council Plan Projects, 2% are currently delivered (blue), 63% are on track (green), 31% are at risk (amber) and 4% are off track (red).

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

1.22 In previous years the Corporate Plan has been subject to annual revisions to ensure it stays up to date. It is therefore proposed to do a light touch refresh of our Council Plan 2025-28.

1.23 This would involve updating:

- The list of projects to reflect any completed projects or those that are or will become business as usual in 2026/27.
- Key Performance measures to ensure these are still the correct measures going forward and add results for 2024/25 and targets for the three subsequent years covering the period of the plan.

1.24 An annexe to the Council Plan will be published in Spring 2026 which contains 2025 achievements and lists the updated Projects and KPI's.

2. Policy Context

2.1. The Council approved the 2025/26 Budget and Medium-Term Financial Strategy (MTFS) 2025/26 – 2027/28 in February 2025.

3. General Fund – Revenue

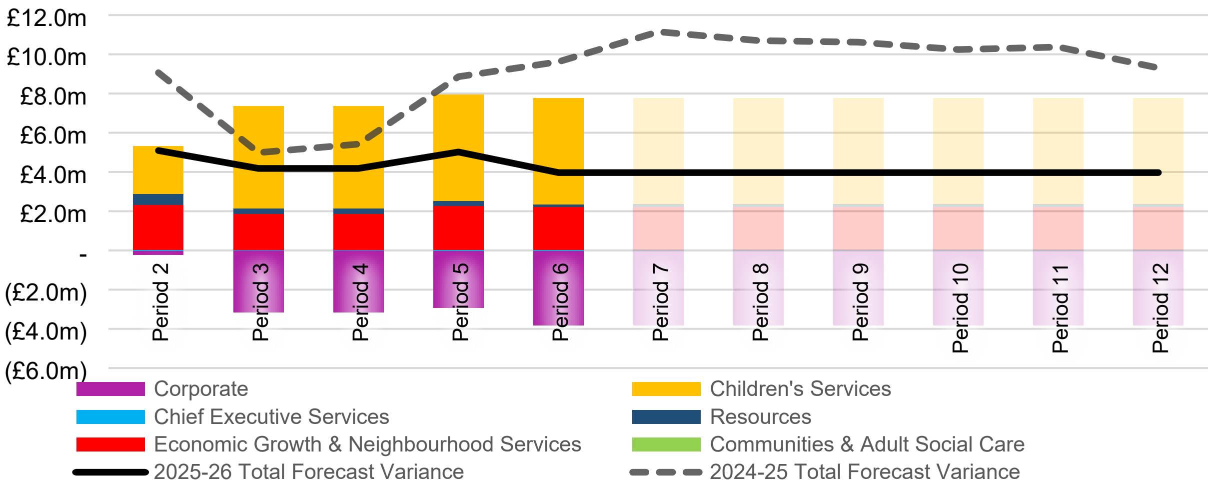
3.1. The forecast outturn position of the General Revenue Fund is an adverse net variance of £3.968m as at the end of Quarter 2 and is broken down by Directorate in the following table:

Table 2. General Revenue Fund Forecast by Directorate 2025/26

	Current Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Communities & Adult Social Care	65.807	65.807	0.000	0.000
Children's Services	64.880	70.304	5.424	0.214
Economic Growth & Neighbourhood Services	20.597	22.803	2.206	0.337
Resources	21.639	21.790	0.151	(0.116)
Chief Executive Services	1.578	1.547	(0.031)	(0.003)
Total Service Expenditure	**174.501**	**182.251**	**7.750**	**0.432**
Capital Financing	17.296	16.233	(1.063)	(0.669)
Contingencies	3.238	2.500	(0.738)	0.000
Other Corporate Budgets	(12.981)	(13.118)	(0.137)	0.025
Movement in Reserves	(3.945)	(5.789)	(1.844)	0.000
Total Corporate Budgets	**3.608**	**(0.174)**	**(3.782)**	**(0.644)**
Net Budget Requirement	**178.109**	**182.077**	**3.968**	**(0.212)**
Financed by:				
Council Tax Income	(126.134)	(126.134)	0.000	0.000
NNDR Local Share	(34.330)	(34.330)	0.000	0.000
Section 31 Grant	(13.514)	(13.514)	0.000	0.000
New Homes Bonus	(0.812)	(0.812)	0.000	0.000
Revenue Support Grant	(2.771)	(2.771)	0.000	0.000
One-off Collection Fund Surplus	(0.548)	(0.548)	0.000	0.000
Total Funding	**(178.109)**	**(178.109)**	**0.000**	**0.000**
(Positive)/Adverse Variance	**0.000**	**3.968**	**3.968**	**(0.212)**

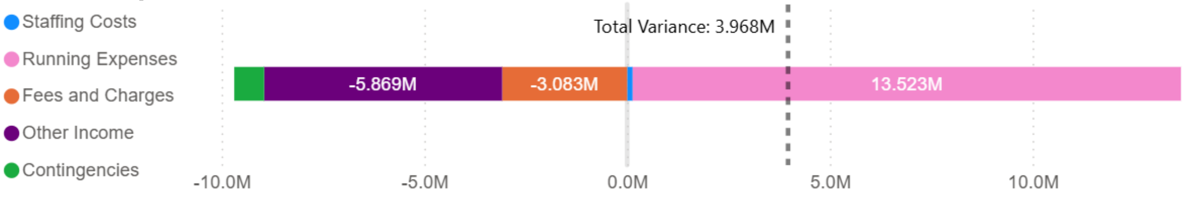
3.2. The following chart summarises the forecast budget variance, split by directorate, for each period to date.

Chart 1. Forecast Variance Period Comparison – General Fund



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

Chart 2. Split of Total Variance – General Fund



Communities & Adult Social Care – Balanced Budget

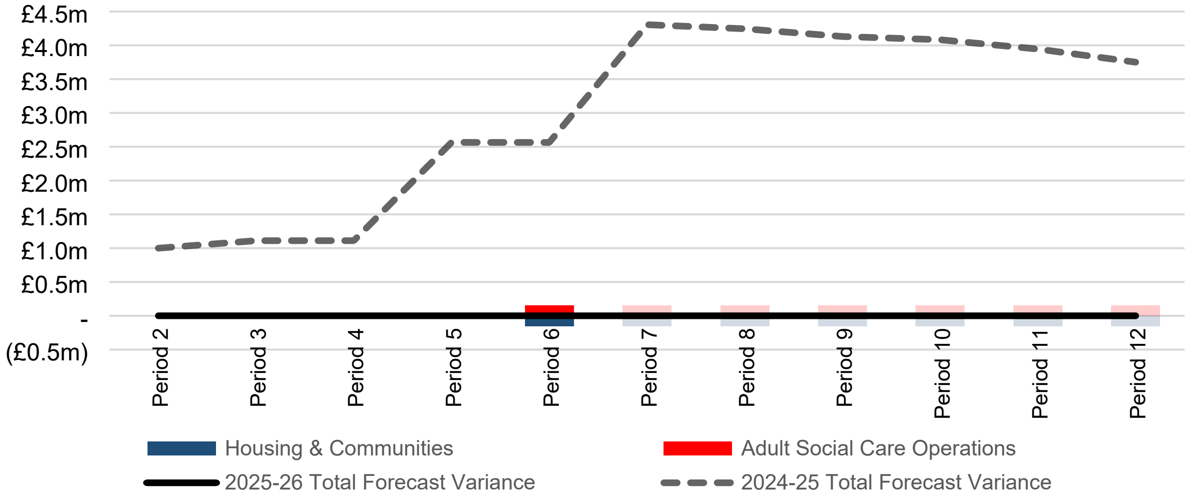
3.4. Communities & Adult Social Care is forecasting a balanced budget at Quarter 2, including Recovery Plan mitigations, which is unchanged from Quarter 1.

Table 3. Communities & Adult Social Care Services Forecast 2025/26

Service	Current Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Commissioning, Transformation & Performance	(8.015)	(8.015)	0.000	0.000
Adult Social Care Operations	60.831	60.981	0.150	0.150
Community & Adult Social Care Management	1.588	1.588	0.000	0.000
Safeguarding, Quality & Practice	7.853	7.853	0.000	0.000
Public Health	0.000	0.000	0.000	0.000
Housing & Communities	3.550	3.400	(0.150)	(0.150)
Total	**65.807**	**65.807**	**0.000**	**0.000**

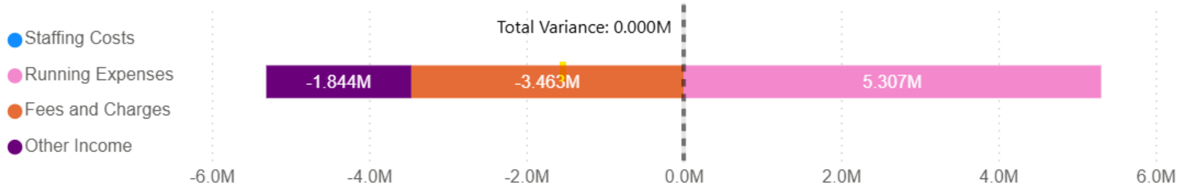
3.5. The following chart summarises the forecast budget variance, split by services within Communities & Adult Social Care, for each period to date.

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



3.6. The following chart summarises the overall forecast budget variance for Economic Growth & Neighbourhood Services by high level category:

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



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

Adult Social Care Operations – £0.150m adverse variance

3.8. Adult Social Care Operations is forecasting an adverse variance of £0.150m at Quarter 2, which is an adverse movement of £0.150m from Quarter 1. Gross pressures totalling £4.242m are projected to be offset by £4.092m of deliverable Recovery Plan mitigations, resulting in an adverse variance of £0.150m.

3.9. The Quarter 2 placements forecast from Mosaic is £60.105m, against a budget of £55.863m. This represents an un-adjusted forecast adverse variance of £4.242m related to cost of care. However, after the application of the deliverable Adult Social Care Recovery Plan, the adjusted year end forecast is an adverse variance of £0.150m.

3.10. DCASC developed a 2025/26 recovery plan target amounting to £4.658m, which includes the savings to be delivered as part of the planned dependency & demand (£2.168m) and further in-year savings (£2.490m) to be achieved to mitigate in year pressure arising. As at Quarter 2, £2.128m of the Recovery Plan has been achieved, with a further £1.964m expected to be achieved, resulting in total forecast recovery and savings delivery of £4.092m for the year. The recovery plan workstream targets were set in Quarter 1 based on the expected level of achievable savings resulting from a number of identified reviews among the service user cohort. At Quarter 2, the forecast output of this has been adjusted to reflect both the impact of part-year savings realisation for reviews not complete before Quarter 2 and latest assumptions on the service user cohort. Therefore, this results in a forecast variance of £0.150m in excess of budget on Adult Social Care Operations.

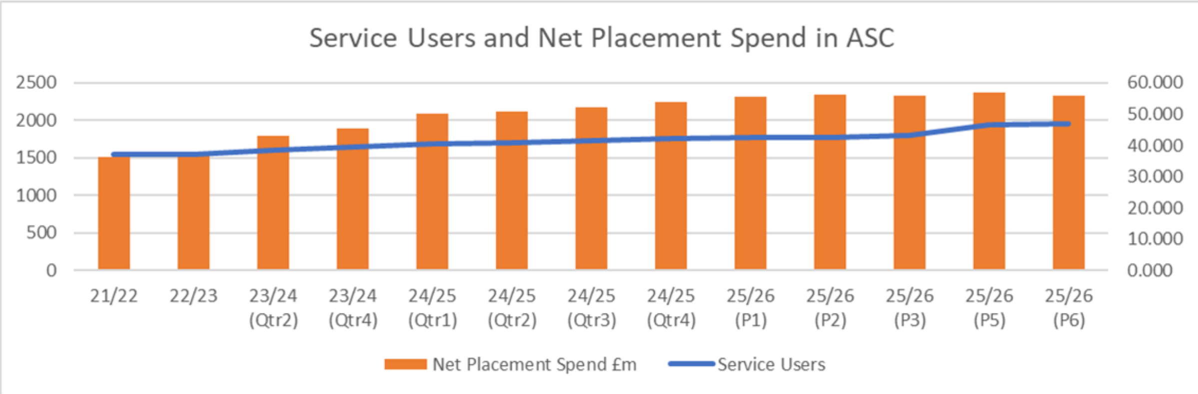
Table 4. DCASC Recovery Plan 2025/26

Scheme	Target 2025/26 (£m)	In-year Delivery Quarter 2 (£m)	Forecast In Year Delivery (£m)
In-Year Recovery Plan	(2.490)	(0.898)	(1.721)
In-Year Recovery Plan	**(2.490)**	**(0.898)**	**(1.721)**
Transitions	(0.189)	(0.188)	(0.550)
Routine Reviews (exc Supported Living)	(0.500)	(0.592)	(0.800)
Support living efficiencies	(0.376)	0.000	0.000
Targeted Double-Up Reviews	(0.180)	(0.097)	(0.145)
Income Review	(0.076)	(0.055)	(0.076)
Direct Payment Reviews	(0.177)	(0.112)	(0.150)
Extra Care Voids	(0.120)	(0.031)	(0.120)
High Cost Negotiations	(0.100)	(0.060)	(0.080)
Continuing Healthcare (Non-Transitions)	(0.450)	(0.095)	(0.450)
Dependency & Demand	**(2.168)**	**(1.230)**	**(2.371)**
Total Recovery Plan	**(4.658)**	**(2.128)**	**(4.092)**

3.11. The service users in place on 1st April 2025 was an average of 1,755 and by 30th September 2025 these had increased to 1,944. Analysis of referrals received from 2022/23 to the present date show a considerable increase in service users with a primary support reason of social support; increasing almost five-fold since 2022/23. Further analysis of the social support referrals identified 'support to carers' as the largest driver of this increase, with referrals of this type already 1.5 times that of 2024/25 full-year referrals at the 2025/26 mid-year point. Social support needs arising from social isolation also show a significant rise, at just under 1.5 times that of 2024/25 full-year referrals.

3.12. The graph below illustrates the increase in service users across Adult Social Care Operations since 2021/22, and includes the increase to the Care Commitment Spend:

Chart 5. Increase in ASC Care Commitments Spend and Number of Service Users since 2021/22



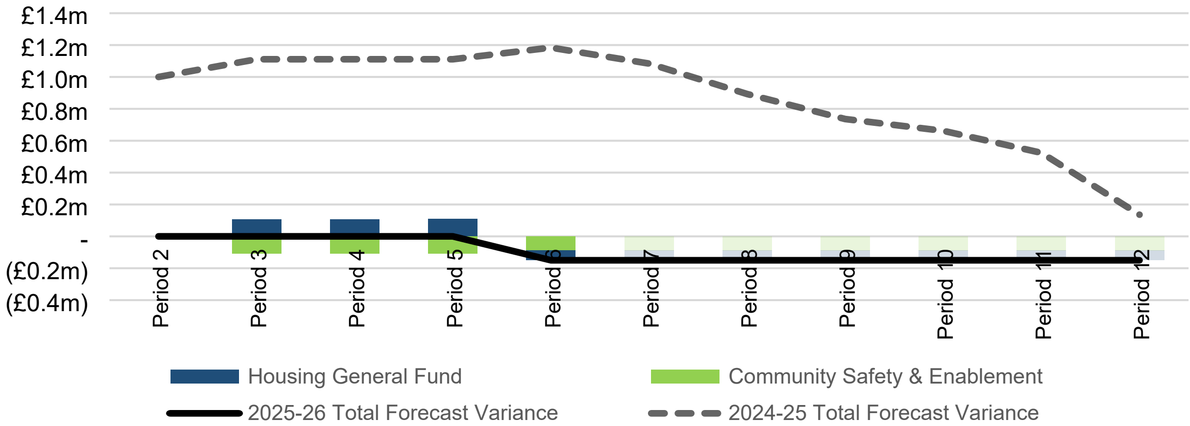
3.13. In addition to the current forecast, there is a risk that demand increases over the remainder of the year in line with the increase in 2024/25, which was 115 service users at a cost of approximately £3.600m. Using these figures as a baseline we would expect to see further demand growth of approximately £1.700m in 2025/26. This is not included in the forecast presented and is instead noted as a risk.

Housing & Communities – £0.150m positive variance

3.14. Housing & Communities is forecasting a positive variance of £0.150m at Quarter 2, which is a positive movement of £0.150m from Quarter 1.

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

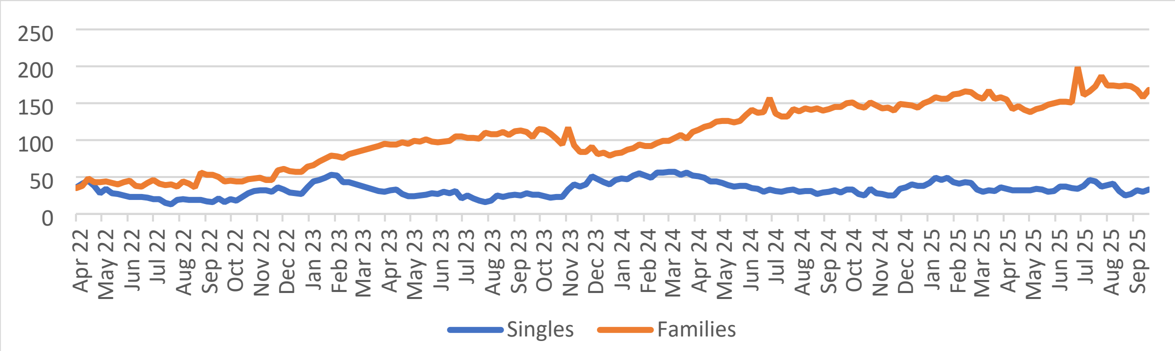
Chart 6. Forecast Variance Period Comparison – Housing & Communities



3.16. The 2025/26 Budget provided an additional £0.884m for Homelessness budgets compared to 2024/25. This increase, combined with an assumption that the level of Homes for Ukraine utilisation will be maintained in 2025/26 at 2024/25 levels and higher Homelessness Prevention Grant for 2025/26, results in the current expectation that there will be a positive variance of £0.150m against budget.

3.17. The number of singles and families in need of emergency accommodation is currently 201, which is a small increase from the level of 187 as at the end of March 2025 (as illustrated in Chart 7 below).

Chart 7. Numbers of Singles and Families in Emergency Accommodation



3.18. The average nightly rate is the other driver of pressures on homelessness budgets. As at the end of September 2025 (Quarter 2), the average nightly rate was £87.99 (£88.76 as at the end of March 2025), as illustrated in Chart 8 below.

Chart 8. Average Nightly Rate per Emergency Accommodation Placement

<u>Children's Services - £5.424m adverse variance</u>

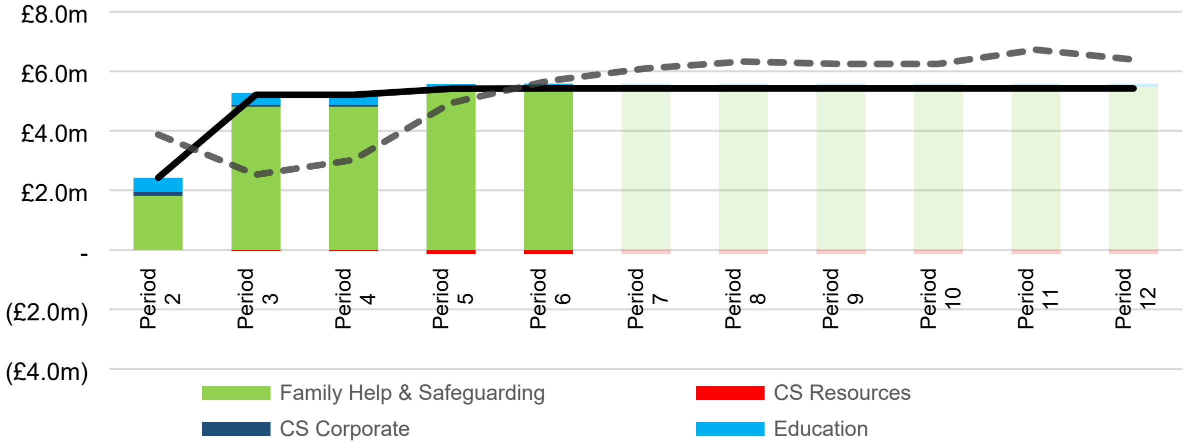
3.19. Children's Services (CS) is forecasting an overall adverse net variance of £5.424m at Quarter 2, summarised below. This is an adverse movement of £0.214m from Quarter 1.

Table 5. Children's Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Family Help & Safeguarding	49.169	54.642	5.473	0.657
CS Resources	2.793	2.643	(0.150)	(0.102)
CS Corporate	(0.246)	(0.231)	0.015	(0.028)
Education	64.743	64.829	0.086	(0.313)
Dedicated Schools Grant	(58.749)	(58.749)	0.000	0.000
Service Level Agreements	6.716	6.716	0.000	0.000
BFfC Contract Funding	(0.401)	(0.401)	0.000	0.000
CS Retained by Council	0.855	0.855	0.000	0.000
Total	**64.880**	**70.304**	**5.424**	**0.214**

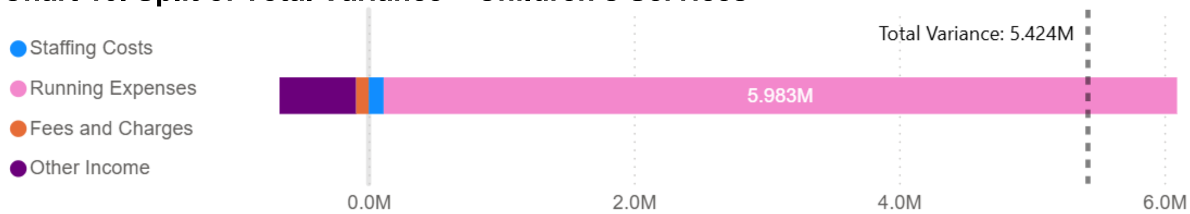
3.20. The following chart summarises the forecast budget variance, split by services within Children's Services, for each period to date.

Chart 9. Forecast Variance Period Comparison – Children's Services



3.21. The following chart summarises the overall forecast budget variance for Children's Services by high level category:

Chart 10. Split of Total Variance – Children's Services



3.22. Family Help and Safeguarding, which encompasses both Children's Social Care and Early Help budgets, is currently forecasting an adverse net variance of £5.473m at Quarter 2. This is an adverse movement of £0.657m from Quarter 1, primarily driven by increased costs associated with Children Looked After.

3.23. The most significant cost pressures have arisen in Period 5, where two individual cases have contributed a combined increase of £0.450m:

- One child transitioned from living at home into a residential care placement as an emergency placement due to significant mental health needs, with weekly costs exceeding £8,000.
- Another child experienced a breakdown in a kinship care arrangement, necessitating a new placement costing over £5,000 per week.

3.24. These cases reflect the broader challenges in securing appropriate, cost-effective placements for children with complex needs, and highlight the volatility and financial sensitivity of the Children Looked After budget. The service continues to monitor placement activity closely and is working to identify opportunities for cost mitigation and improved placement stability.

3.25. In addition to the rising costs associated with care placements, there has also been a notable increase in legal expenditure. This is primarily due to the high volume and complexity of legal work currently required to support children's social care cases. The escalation in legal activity reflects the growing number of care proceedings, placement challenges, and safeguarding interventions, all of which demand significant input from Legal Services.

3.26. The service is very much engaged around Edge of Care, and the Edge of Care team has delivered significant impact through its work with families, resulting in year-to-date (Quarter 2) cost avoidance of £2.800m. Since the beginning of the financial year, the team has supported 68 children, providing targeted interventions that have helped prevent escalation into more costly statutory services. This proactive approach not only supports better outcomes for children and families but also contributes to the financial sustainability of the wider system.

3.27. CS Resources is forecasting a positive variance of £0.150m of which £0.145m relates to vacancy savings within the Commissioning team, driven by unfilled posts and delayed recruitment.

3.28. CS Corporate Services is forecasting an adverse variance of £0.015m due to reduced interest income linked to the lower base rate and ongoing historic teacher pension costs.

3.29. Education is forecasting an adverse variance of £0.086m. This variance primarily relates to a pressure relating to home to school transport, which is partially offset by a positive variance within the Educational Management Service, an increase in the projected savings from the Education Psychology service and the application of reserves.

Economic Growth & Neighbourhood Services - £2.206m adverse variance

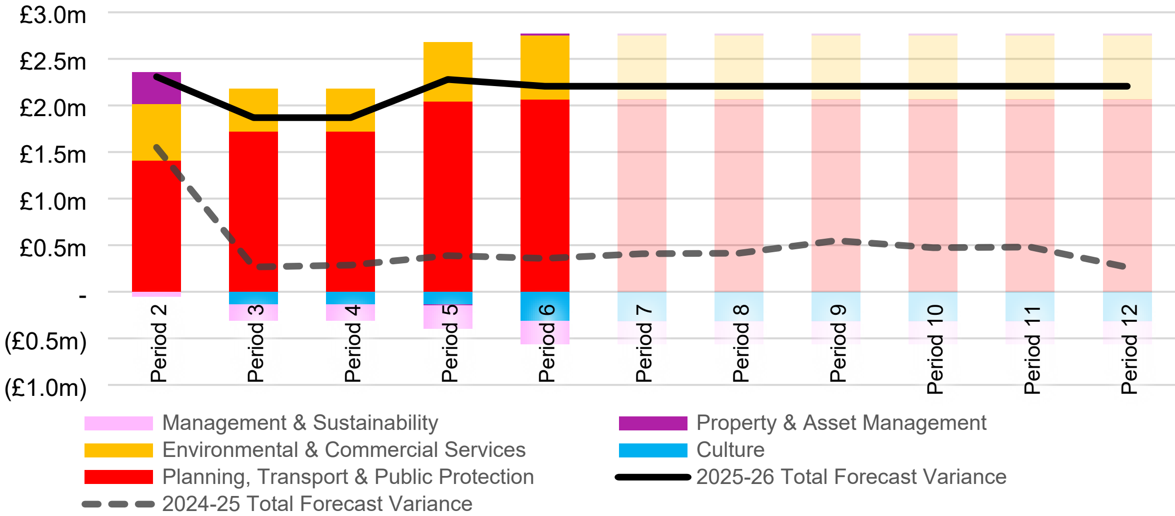
3.30. Economic Growth & Neighbourhood Services' is forecasting an adverse net variance of £2.206m at Quarter 2, which is an adverse movement of £0.337m from Quarter 1 and is summarised by service below. This forecast includes recovery plan mitigations totalling £0.389m.

Table 6. Economic Growth & Neighbourhood Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Planning, Transport & Public Protection	(0.173)	1.891	2.064	0.343
Culture	3.029	2.714	(0.315)	(0.181)
Environmental & Commercial Services	18.634	19.321	0.687	0.228
Property & Asset Management	(2.099)	(2.079)	0.020	0.020
Management & Sustainability	1.206	0.956	(0.250)	(0.073)
Total	**20.597**	**22.803**	**2.206**	**0.337**

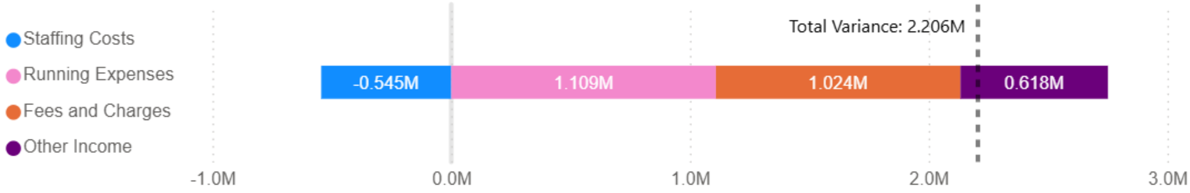
3.31. The following chart summarises the forecast budget variance, split by services within Economic Growth & Neighbourhood Services, for each period to date.

Chart 11. Forecast Variance Period Comparison – Economic Growth & Neighbourhood Services



3.32. The following chart summarises the overall forecast budget variance for Economic Growth & Neighbourhood Services by high level category:

Chart 12. Split of Total Variance – Economic Growth & Neighbourhood Services



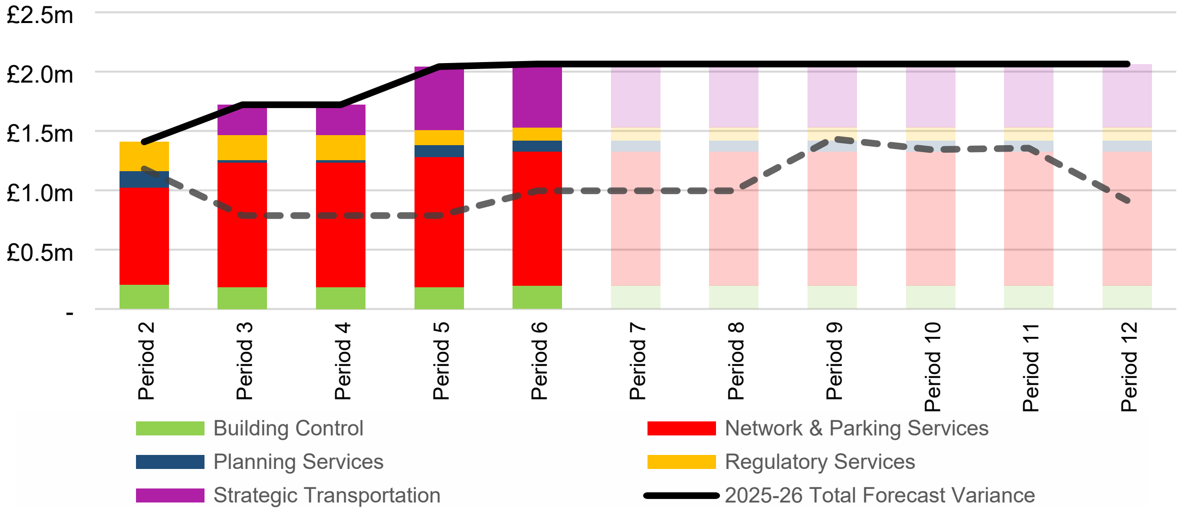
3.33. The explanation for these variances is set out below.

Planning, Transport and Public Protection - £2.064m adverse variance

3.34. Planning, Transport and Public Protection is forecasting an adverse variance of £2.064m at Quarter 2, which is an adverse movement of £0.343m from Quarter 1. This forecast includes £0.154m of Recovery Plan mitigations. The primary increase from Quarter 1 monitoring relates to Concessionary Fares which is reporting an adverse movement of £0.280m.

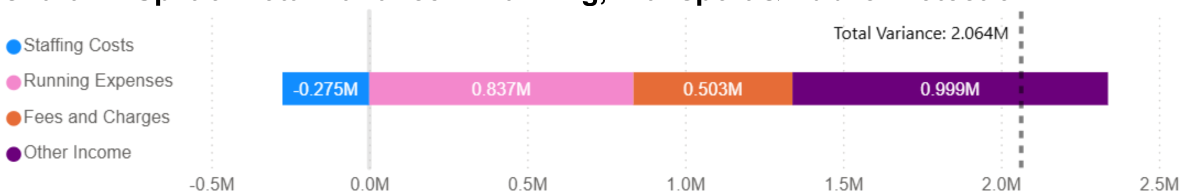
3.35. The following chart summarises the forecast budget variance across Planning, Transport and Public Protection for each period to date.

Chart 13. Forecast Variance Period Comparison – Planning, Transport & Public Protection



3.36. The following chart summarises the overall forecast budget variance for Planning, Transport & Public Protection by high level category:

Chart 14. Split of Total Variance – Planning, Transport & Public Protection



3.37. Building Control is forecasting an adverse variance of £0.198m. There is an adverse variance on income generation of £0.151m. This income shortfall directly correlates to the lack of qualified staff to undertake the fee earning work. Recent rounds of recruitment have been unsuccessful in appointing permanent staff and there is a positive variance for permanent staff costs, however hopes of reducing use of agency staff and their costs have not been realised, resulting in an adverse net variance across staffing and agency budgets of

£0.047m. The recruitment challenge has become more significant with a change in legislation which has resulted in professionals leaving the sector.

3.38. Planning is forecasting an adverse net variance of £0.092m. There are pressures on staffing and running expenses totalling £0.082m, which includes £0.010m of Recovery Plan mitigations. There is also a net pressure of £0.010m relating to income which is directly related to the number of planning applications, which corresponds to the £0.055m of red rated savings (Appendix 2). Planning applications have been impacted by successive development risks such as inflation, materials costs, changes in legislation and market factors such as high costs of mortgages. In 2024/25 the Community Infrastructure Levy (CIL) administration grant was significantly higher than the budget and helped to mitigate these income pressures; it is currently assumed that this overachievement will repeat in 2025/26. The team have also been promoting the use of Planning Performance Agreements (PPAs) on Major schemes and anticipate an additional £0.100m from this income stream this year which has helped to contain the forecast income pressure to £0.010m.

3.39. Planning Enforcement is forecasting a positive net variance of £0.085m relating to staffing vacancies within the team. There are two vacancies being held to mitigate against pressures across the rest of the service, with a decision to delay previously intended recruitment contributing £0.044m towards the Recovery Plan.

3.40. Houses in Multiple Occupation (HMO) licensing is forecasting an adverse variance of £0.225m, which is a positive movement from Quarter 1 of £0.021m. This variance is primarily due to the expected number of licenses not being realised following the extension of the mandatory licensing scheme in previous years, which has created an unachievable income target. A business case has been submitted to deal with the situation in HMO licensing for 2026/27 to rebase income targets, factor in an increase in fees, and include the growth required under the new Renters Reform Act (net of expected new burdens funding).

3.41. Concessionary Fares is forecasting an adverse variance of £0.580m, which is an adverse movement of £0.280m from the Quarter 1 monitoring. The reimbursement rates provided by the Department for Transport have increased across the board as shown in the table below. These rates are higher than the levels assumed in the budget as the announcement of the reimbursement levels for 2025/26 was announced after the budget was set. Furthermore, the total number of journeys currently anticipated to be reimbursed during 2025/26 is 3,453,000 journeys, which is an increase of 174,000 from the 2024/25 level of 3,279,000 journeys. The combination of the increase in rates and the numbers of journeys is projected to lead to a pressure of £0.580m, whilst it was hoped to maintain the pressure at the £0.300m level, further review and further verification of the large increase in the numbers of journeys has identified the full in year pressure. This budget shortfall will be addressed through the 2026/27 Budget setting process. Consideration could also be given to use any increase to the dividend received from Reading Transport Limited (RTL) to offset these pressures; however, this will not be quantifiable until December when RTL bring their interim dividend proposal to Policy Committee, noting that RTL advised Policy Committee on 17th September 2025 that their financial position was not as healthy as it was in 2024/25. This £0.580m pressure is partially offset by £0.047m of Bus Service Improvement Plan funding which results in an overall net pressure within Strategic Transport of £0.533m.

Table 7. Concessionary Fares Reimbursement Rates

Reading Buses	2024/25	2025/26	Change
Urban	£1.07	£1.09	1.87%
Inter-Urban	£1.38	£1.46	5.80%
Rural	£1.31	£1.46	11.45%

3.42. There is a forecast adverse net variance of £0.338m relating to Bus Lane Enforcement income and Special Parking Area income, which is a positive movement of £0.109m from Quarter 1. There is a measurable decrease in penalties being issued due to improved driver compliance which is continuing from previous years. New bus lanes introduced in 2024 will start generating income from penalty charge notices as the statutory warning period expired at the end of June 2025, although this extra income is expected to be minimal.

3.43. A new enforcement contract began in November 2023 which resulted in an expected rise in the contracted spend but also 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; further monitoring of the performance is being undertaken to examine if performance is likely to improve. 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. There's an expectation that the newly installed pay & display machines will further reduce the 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.

3.44. Moving Traffic Enforcement is forecasting an adverse net variance of £0.264m, which is unchanged from Quarter 1. There is an income pressure of £0.506m primarily driven by increased compliance, and an adverse variance of £0.015m across running expenses, which is partially offset by £0.257m of positive variances relating to staffing. This area remains an ongoing area of concern. Some sites are generating zero non-compliance and currently there are no other sites where enforcement could be switched out to, although this continues to be 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 ultimate goal of all traffic enforcement.

3.45. Off Street Parking income is currently forecasting an adverse variance of £0.063m, which is an adverse movement of £0.063m from Quarter 1. The expected date when Broad Street Mall car park income is reduced has been pushed back to after April 2026, from its original date of January 2026 which has helped the position, but risks remain in the rest of the Car Park estate. As reported previously, there have been a number of risks highlighted which have contributed to income pressures 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 in the risk of pressures in this area.

3.46. Special Parking Area is forecasting an adverse variance of £0.139m, due to an increase in postage fees following agreement with a new supplier, and also volumes of Penalty Charge notices issued being lower than the budget.

3.47. On Street Pay and Display is forecasting an adverse variance of £0.325m, which is an adverse movement of £0.088m from Quarter 1. This is primarily driven by lower volume of parking fees than budgeted. This has been slightly offset by an increase in charges and removal of free parking.

3.48. The 2026/2027 budget setting process contains a business case which if agreed is expected to deal with all the pressures seen above across Car Parking for 2026/27.

3.49. Other forecast positive net variances total £0.028m across the service.

Culture – £0.315m positive variance

3.50. Culture is forecasting a positive variance of £0.315m at Quarter 2, including £0.085m of Recovery Plan mitigations. This is a positive movement of £0.181m from Quarter 1 primarily within Active Reading due to better than anticipated energy costs, closure of the demountable pool and an improvement on the contract sum.

3.51. Within the Active Reading service, the GLL Contract is reporting a total positive variance of £0.290m. This is due to a £0.140m improvement following the energy benchmarking cost exercise, reflecting the lower unit costs and usage as well as an improvement on the contract sum. Further savings are from closure of the demountable pool, saving £0.060m. As well as this, energy tariffs are lower than budgeted for resulting in a further saving of £0.030m. In addition, this forecast includes £0.060m of Recovery Plan mitigations.

3.52. Archives is forecasting a positive variance of £0.025m relating to various Recovery Plan mitigations.

Environmental & Commercial Services – £0.687m adverse variance

3.53. Environmental & Commercial Services is forecasting an adverse variance of £0.687m at Quarter 2, which is an adverse movement of £0.228m from Quarter 1. The primary increase from Quarter 1 relates to adverse movements in the vehicle maintenance costs within Fleet of £0.240m, a £0.050m adverse movement in Highways and Drainage, £0.033m adverse movement in Recycling and Waste Collection, which have been offset by positive movements in the position within Waste Disposal of £0.050m and £0.045m within Streetscene.

3.54. Streetscene is forecasting a positive variance of £0.085m relating to staffing vacancies.

3.55. Recycling and Waste Collection is forecasting an adverse net variance of £0.082m. The service continues to suffer from vehicle malfunctions and staff sickness (including high levels of long-term sick) which means that agency worker and overtime costs are higher than budgeted. New collection routes have been in place since 9th June 2025 and whilst there are positive signs that this will reduce the need for hire vehicles and also levels of overtime, these are still expected to exceed budget allocation for the year. This forecast pressure totals £0.393m and is after the application of the Delivery Fund agreed Route Optimisation costs. Large numbers of garden waste collection services are due for renewal in July and August, and it is hoped that higher numbers of service users than anticipated will renew their second bin which is now charged for. This may help to offset some of the adverse variance on employee costs, and this will be confirmed in September. This pressure is partially offset by an announced increase of £0.311m to the Extended Producer Responsibility payment that the Council will receive for 2025/26.

3.56. Fleet Management is forecasting an adverse variance of £0.415m, which is an adverse movement of £0.240m from Quarter 1. Vehicle hire costs for Recycling and Waste Collection have resulted in costs much higher than budgeted, and additional vehicles have been hired to assist with the new collection rounds following the route optimisation work. This will create an adverse variance of £0.065m. The Fleet is not as reliable as hoped and newer second-hand vehicles will be purchased which should reduce the costs of hire once these are in place. The new maintenance contract is now running but the cost and activity within unplanned/reactive maintenance costs will create an adverse variance of £0.325m. Plans are being put in place to further manage the contract over the next few months to try to alleviate some of these pressures. A reduction in receipts from older vehicle sales and maintenance on Electric Vehicle charging units will create an adverse variance of £0.025m.

3.57. Highways and Drainage is reporting an adverse variance of £0.300m. As in previous years a review of the costs of the service has highlighted that the income target is not achievable. A majority of the work carried out by the team is for internal services and Capital projects and it is not possible to charge the margin required in order to make the income total. The review will now continue and will hopefully identify some remedial action and redesign the method of cost allocations across Environmental & Commercial Services and likely remove recharging to a minimum but is not expected to cover the whole adverse variance. A Business case has been presented as part of the 2026/27 Budget setting process which is expected to resolve this issue.

3.58. Civil Engineering is forecasting an adverse variance of £0.200m. The costs of the Low Bandwidth Network (LoRAWAN) are expected to be met from this budget in 2025/26. In the long-term it is hoped these will help reduce cost in areas like Winter Maintenance through the use of sensors but in the short-term this will cost the service. A further pressure is likely to arise from the Streetlighting maintenance contract, which is a combined capital and revenue contract. As there is an ageing asset base it means more structural failures and repairs. There is a review underway to simplify the recharging in this area in 2025/26. Recharges from Highways and the capitalisation are also being reviewed to see if this can be simplified and actioned during the year to aid monitoring.

3.59. Network Services is forecasting an adverse variance of £0.100m. As in previous years it will not be possible to achieve the capital recharge budget for the staffing costs and other income streams are also expected to fall short of their target. The new Intelligent Traffic Signals contract has recently commenced, and it is hoped that this and the removal of the joint arrangement around this will simplify the spend and make it easier to monitor during the year.

3.60. Waste Disposal is forecasting a positive variance of £0.325m, which is a positive movement of £0.050m from Quarter 1. Residual Waste and Green Waste disposal costs are currently lower than expected by £0.117m, recyclate income is expected to be higher than expected by £0.032m, consultancy fees will be lower than expected by £0.040m, and the Excess Profit Share for 2024/25 has been agreed at £0.016m. The provision within the budget for additional insurance within the Re3 contract will not be needed in 2025/26 and so £0.120m has been released as a positive variance.

Property & Asset Management – £0.020m adverse variance

3.61. Property & Asset Management forecasting an adverse variance of £0.020m at Quarter 2. This is an adverse movement of £0.020m from Quarter 1 relating to Reactive repairs pressures within Property services.

3.62. Acre Business Park is forecasting an adverse net variance of £0.140m. This is due to the underachievement of budgeted income resulting from an increase in vacancies on rented units as well as delay in the capital works to release more sites for rent. This variance will be offset by a drawdown of £0.140m from the Commercial Properties Liability Reserve.

3.63. Facilities Management is forecasting a positive variance of £0.010m due to a recruitment lag of £0.050m in Buildings Payroll, which is partially offset by a pressure of £0.040m relating to staffing within the cleaning service.

3.64. Corporate Maintenance services are forecasting an adverse net variance of £0.030m relating to non-rechargeable reactive maintenance works on council properties based on prior year experience as well as current demand of £0.100m, this is net of salaries saving of £0.070m due to vacancies. There is a risk of this adverse variance rising up to £0.200m relating to non-rechargeable reactive maintenance works on council properties based on prior year experience and potential increased spend requirements over the winter period. However, at present it is forecast that this pressure can be largely contained by mitigating preventative actions to a net adverse variance of £0.030m.

Management & Sustainability – £0.250m positive variance

3.65. Management & Sustainability is forecasting a positive variance of £0.250m at Quarter 2. This is a positive movement of £0.073m from Quarter 1 and relates to holding vacancies for a longer period than had been assumed in Quarter 1. A positive variance of £0.280m relating to vacancies in the Management Team will be slightly offset by adverse variances of £0.030m on employee costs in Sustainability. An adverse variance on advertising income of £0.025m will be fully offset by holding vacancies and reduced running expenses. This variance includes £0.140m of Recovery Plan mitigations relating to holding of management team vacancies until the end of the financial year.

Resources - £0.151m adverse variance

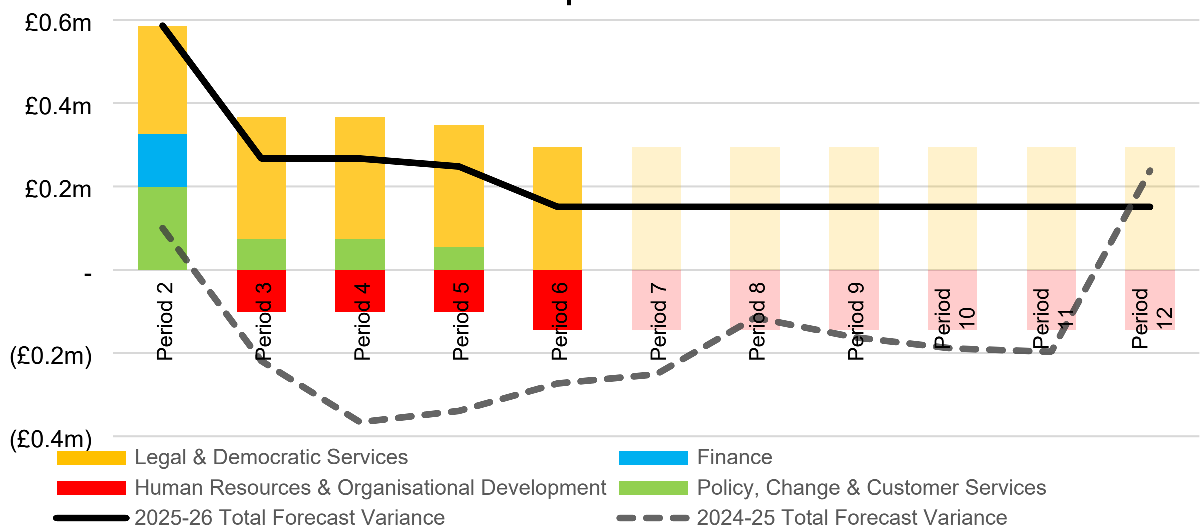
3.66. The Directorate of Resources is forecasting an adverse net variance of £0.151m at Quarter 2, which is a positive movement of £0.116m from Quarter 1.

Table 8. Resources Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Policy, Change & Customer Services	3.626	3.626	0.000	(0.073)
Human Resources & Organisational Development	2.116	1.973	(0.143)	(0.043)
Finance	5.831	5.831	0.000	0.000
Legal & Democratic Services	3.440	3.734	0.294	0.000
Digital & IT	6.626	6.626	0.000	0.000
Total	**21.639**	**21.790**	**0.151**	**(0.116)**

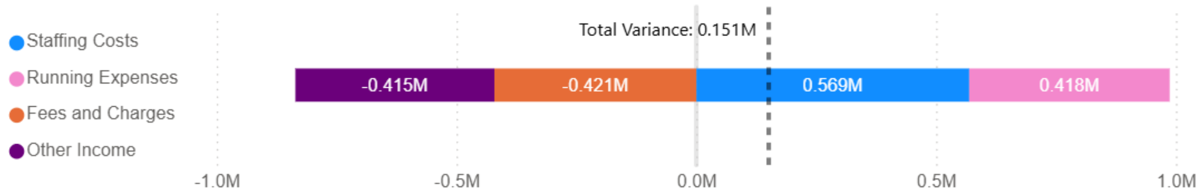
3.67. The following chart summarises the forecast budget variance, split by services within Resources, for each period to date.

Chart 15. Forecast Variance Period Comparison – Resources



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

Chart 16. Split of Total Variance – Resources



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

Policy, Change & Customer Services – Balanced Budget

3.70. Policy, Change & Customer Services is forecasting a balanced budget at Quarter 2, which is a positive movement of £0.073m from Quarter 1.

3.71. The Customer Experience Programme has a savings target of £0.500m for this year. Savings of £0.403m have been approved as at Quarter 2, leaving a forecast saving shortfall of £0.097m. This is under review, with the aim of agreeing the actions required to deliver the remaining saving, however at this stage it is reported as 'at risk'. If these remain at risk, the service will develop a local recovery plan to address the shortfall.

3.72. The service is experiencing budgetary pressures delivering the Prevent Programme, along with challenges delivering the vacancy factor within the Customer Fulfilment Centre which is also being reported as 'at risk', resulting in a net budgetary pressure of £0.087m.

3.73. These budget pressures are being offset by increased income within the Bereavement & Registration service of £0.156m and a £0.028m positive variance on salaries in the Policy Team.

Human Resources & Organisational Development – £0.143m positive variance

3.74. Human Resources & Organisational Development is forecasting a positive variance of £0.143m at Quarter 2. This is a positive movement of £0.043m from Quarter 1, due to additional income at Kennet Day Nursery via Early Years Funding and other minor variances.

Finance – Balanced Budget

3.75. Finance is forecasting a balanced budget at Quarter 2, which is unchanged from Quarter 1.

3.76. Finance is anticipating to fully deliver its planned savings programme of £0.318m in 2025/26.

3.77. Staffing pressures are being experienced from delivering its programmes, such as the timely closure of accounts, which is being mitigated through on-going vacancy management, during the remainder of the year.

Legal & Democratic Services – £0.294m adverse variance

3.78. Legal & Democratic Services is forecasting an adverse variance of £0.294m at Quarter 2, which is unchanged from Quarter 1.

3.79. Staffing and agency costs within Legal Services are adding £0.300m of pressure, which is partially offset by £0.050m of recovered legal costs. Other minor variances across the service attribute to an additional pressure of £0.044m.

3.80. The staffing establishment is currently under review as part of delivering budgetary mitigations.

Digital & IT – Balanced Budget

3.81. Digital & IT is forecasting a balanced budget at Quarter 2, which is unchanged from Quarter 1.

Chief Executive Services – £0.031m positive variance

3.82. Chief Executive Services is forecasting a positive net variance of £0.031m at Quarter 2, which is a positive movement of £0.003m from Quarter 1.

Table 9. Chief Executive Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Executive Management Team	0.944	0.919	(0.025)	(0.003)
Communications	0.634	0.628	(0.006)	0.000
Total	**1.578**	**1.547**	**(0.031)**	**(0.003)**

Executive Management Team – £0.025m positive variance

3.83. Executive Management Team is currently forecasting a positive variance of £0.025m, relating to staffing budgets.

Communications – £0.006m positive variance

3.84. Communications is currently forecasting a positive variance of £0.006m, due to additional income via the Lord Lieutenant Joint Arrangement administration fee.

Corporate Budgets - £3.782m positive variance

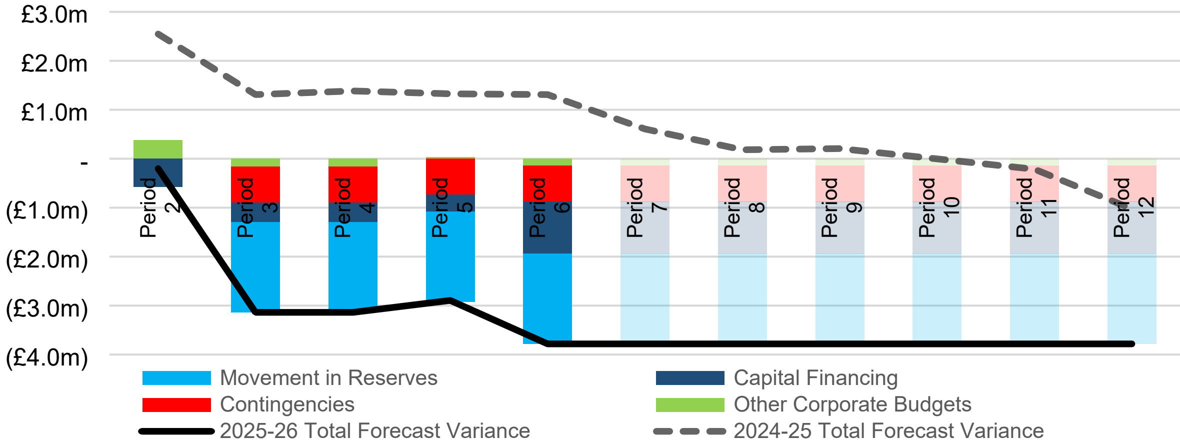
3.85. Corporate Budgets are forecasting a positive net variance of £3.782m at Quarter 2, which is a positive movement of £0.644m from Quarter 1 and is summarised below.

Table 10. Corporate Budgets Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Capital Financing Costs	17.296	16.233	(1.063)	(0.669)
Contingencies	3.238	2.500	(0.738)	0.000
Other Corporate Budgets	(12.981)	(13.118)	(0.137)	0.025
Movement to/(from) Reserves	(3.945)	(5.789)	(1.844)	0.000
Total	**3.608**	**(0.174)**	**(3.782)**	**(0.644)**

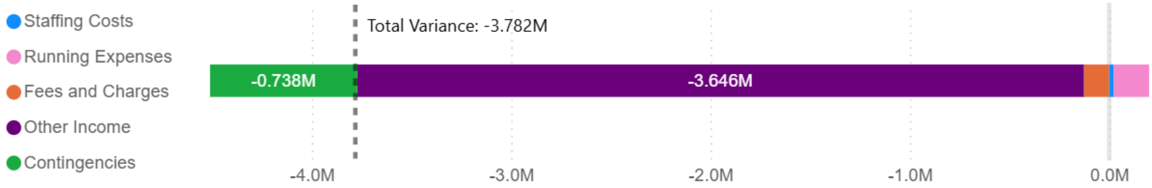
3.86. The following chart summarises the forecast budget variance, split by services within Corporate Budgets, for each period to date.

Chart 17. Forecast Variance Period Comparison – Corporate Budgets



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

Chart 18. Split of Total Variance – Corporate Budgets



1.25 Capital Financing Costs is forecasting a positive total net variance of £1.063m, which is a positive movement of £0.669m from Quarter 1. There is an adverse variance of £0.914m on the interest payable budget, however this is offset by a positive variance of £1.404m on the interest receivable budget. Additionally, there is a positive variance of £0.573m relating to the Minimum Revenue Provision (MRP), which is an improvement of £0.534m from Quarter 1 due to the utilisation of £2.086m of Capital Receipts to repay debt relating to short life assets which removes the requirement to charge MRP for these assets.

3.88. Other Corporate Budgets is forecasting a positive net variance of £0.137m, which is an adverse movement of £0.025m from Quarter 1. This includes a projected positive variance of £0.162m against the General Fund Bad Debt Provision based on the level and age of outstanding debt as at the end of September.

3.89. It is currently assumed that £2.500m of the £3.238m Corporate Contingency budget will be needed to fund inflationary uplift pressures yet to materialise or be reported within Social Care Placement budgets. Therefore, the residual £0.738m contingency is currently forecast to contribute a positive variance to the overall General Fund position.

3.90. Movement in Reserves is forecasting a positive variance of £1.844m as a result of additional releases from earmarked reserves to mitigate against the significant pressures forecast within Children's Services.

4. Savings Delivery

4.1. Delivery of the Council's budget is predicated on achieving savings and additional income as agreed as part of the budget setting process in February 2025. Detailed monitoring of agreed savings is tracked on a monthly basis.

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

4.3. A total of £5.451m of savings were delivered in 2024/25. The residual £1.837m of undelivered and removed savings and £1.279m of vacancy factor savings have been carried forward for delivery in 2025/26, giving a revised 2025/26 savings target of £11.516m.

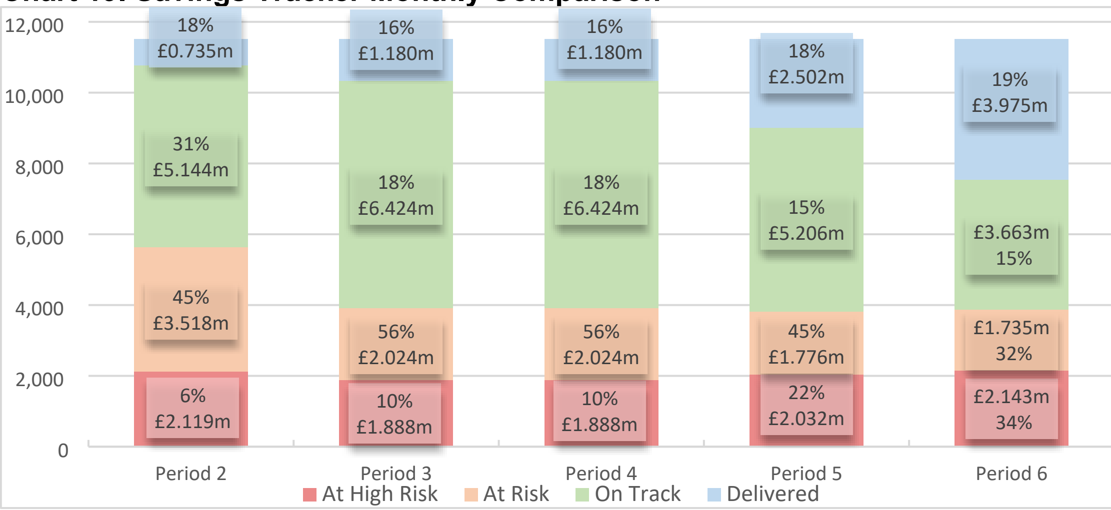
4.4. The following table summarises the current forecast savings delivery for 2025/26 (a breakdown by individual saving is provided in Appendix 2):

Table 11. General Funds Savings Tracker Summary

Service	Savings At Risk £m	Savings Delayed or at Risk £m	Savings on Track £m	Savings Achieved £m	Directorate Total £m
Communities and Adult Social Care	0.000	(0.376)	(0.607)	0.000	**(0.983)**
Children's Services	(0.749)	(0.684)	(0.416)	(0.785)	**(2.634)**
Economic Growth and Neighbourhood Services	(1.394)	(0.635)	(2.478)	(0.702)	**(5.209)**
Resources	0.000	(0.040)	(0.162)	(2.136)	**(2.338)**
Chief Executive Services	0.000	0.000	0.000	(0.052)	**(0.052)**
Corporate	0.000	0.000	0.000	(0.300)	**(0.300)**
Total	**(2.143)**	**(1.735)**	**(3.663)**	**(3.975)**	**(11.516)**

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

Chart 19. Savings Tracker Monthly Comparison



4.6. Any savings not delivered in 2025/26 will cause an immediate pressure on 2026/27, unless mitigated with alternative ongoing savings.

5. Debt Performance

5.1. Total General Fund overdue sundry debt as at the end of Quarter 2 is £6.738m. In addition to this, the General Fund also has £3.285m of current debt and £1.267m of deferred debt which is not yet considered overdue.

Chart 20. Split of General Fund Debt by Directorate and Days Outstanding

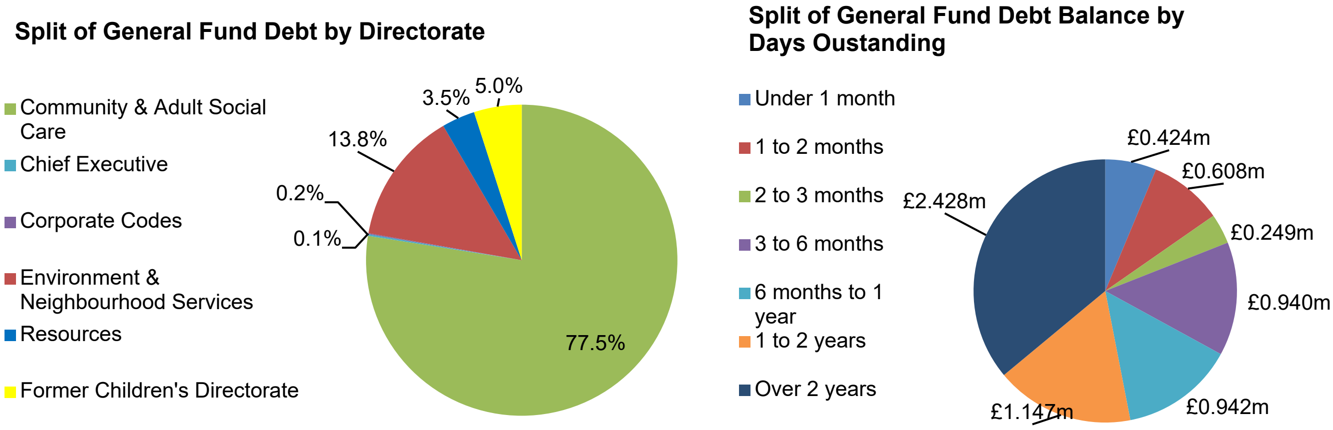


Chart 21. Overdue General Fund Debt Monthly Comparison

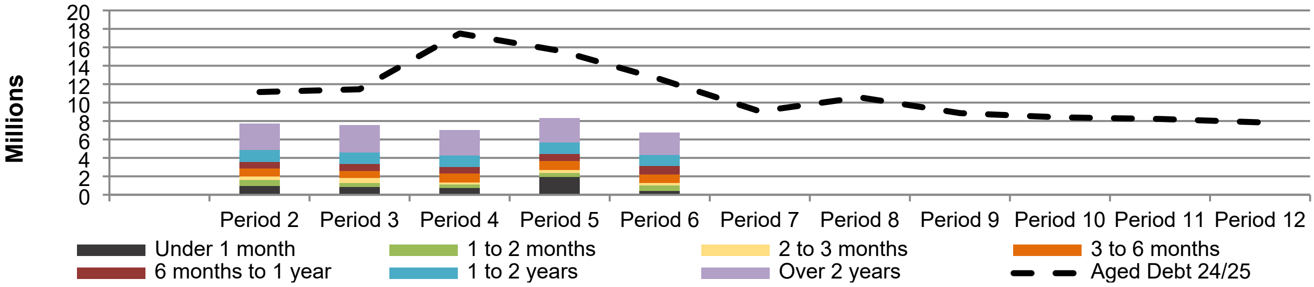
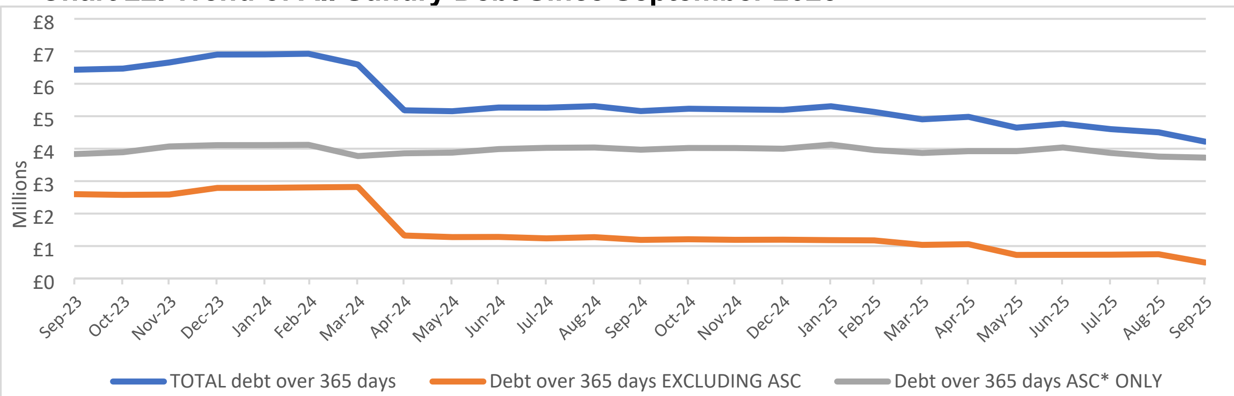


Chart 22. Trend of All Sundry Debt Since September 2023

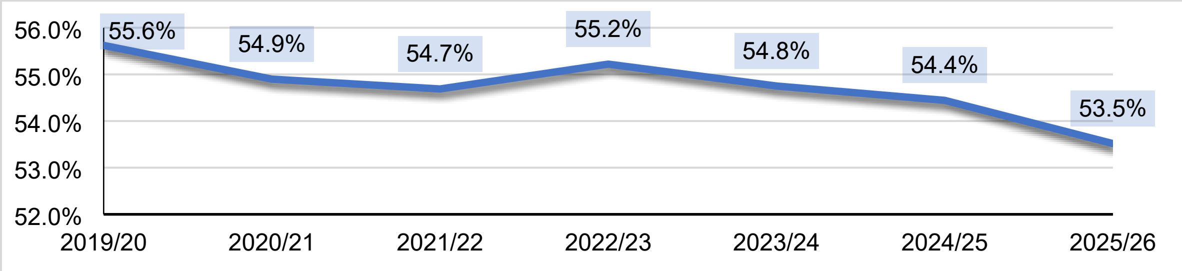


6. Collection Fund

6.1. The following chart shows the Council's collection rate of the total annual debit raised for Council Tax and Non-Domestic (Business) Rates as at the end of Quarter 2.

6.2. Council Tax collection rates are behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) and 2024/25 collection rates at the same point last year. This is a similar trend across Berkshire and is likely related to the continuing cost of living crisis. The Quarter 2 collection data for Reading is skewed due to the fact that university student exemptions are not applied until October; therefore, the position is expected to improve in subsequent reporting periods. It should be noted that the Council's discretionary support to eligible customers in receipt of Local Council Tax Support, which had been in place in recent financial years, ceased on 31st March 2025 which may impact on collection rates from 2025/26.

Chart 23. Council Tax Recovery Rates



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

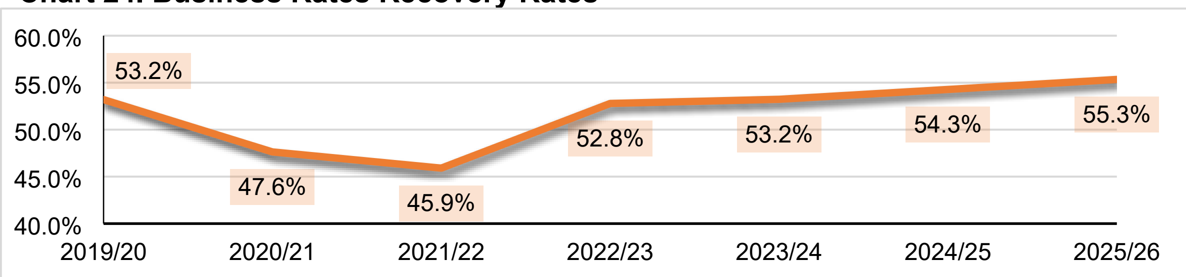
Table 12. Council Tax Collection across Berkshire (Quarter 2)

Council Tax	Comparison to 2024/25	Comparison to 2019/20
Bracknell	↑ 0.65%	↓ 1.68%
Reading	↓ **0.93%**	↓ **2.11%**
RBWM	↓ 0.53%	↓ 1.57%
Slough	↓ 0.76%	↓ 4.49%
West Berkshire	↓ 0.22%	↓ 1.54%
Wokingham	↓ 0.22%	↓ 1.95%

6.4. For context, a 0.93% decrease in collection is worth approximately £1.423m to the Collection Fund for 2025/26.

6.5. Non-Domestic collection rates are currently ahead of the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) and 2024/25 collection rates at the same point last year.

Chart 24. Business Rates Recovery Rates



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

Table 13. Business Rates Collection across Berkshire (Quarter 2)

Business Rates	Comparison to 2024/25	Comparison to 2019/20
Bracknell	↑ 2.02%	↑ 1.29%
Reading	↑ **1.07%**	↑ **2.15%**
RBWM	↓ 1.34%	↓ 0.86%
Slough	↓ 6.22%	↓ 7.04%
West Berkshire	↓ 1.13%	↓ 1.35%
Wokingham	↓ 2.29%	↓ 1.21%

6.7. For context, a 1.07% increase in collection is worth approximately £1.699m to the Collection Fund for 2025/26.

7. General Fund - Capital Programme

7.1. The General Fund Capital Programme for 2025/26 has an approved budget of £86.500m. The following amendments are requested to be formally approved which would result in a proposed revised Capital Programme budget of £76.754m. These amendments are set out on an individual scheme basis in Appendix 3.

7.2. Against the proposed revised budget of £76.754m there is a positive net variance of £0.211m. This variance relates entirely to the Delivery Fund.

Table 14. General Fund Capital Programme Amendments

General Fund Capital Programme	£m
Revised Approved Budget 2025/26	**86.500**
Budget Movements Between Schemes	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	0.237
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts, Revenue Contributions and Borrowing	0.000
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	(0.072)
Budgets reprogrammed (to)/from Future Years	(9.911)
Proposed Revised Budget Quarter 2 2025/26	**76.754**

7.3. Budget movements requested between schemes are set out within Appendix 3.

7.4. A total of £0.237m of additional budget (as set out in Appendix 3) is requested to be formally added into the Capital Programme to be funded by grants and other contributions.

7.5. A total of £0.072m of budget (as set out in Appendix 3) is requested to be removed from the Capital Programme.

7.6. A net total of £9.911m of budgets are requested to be reprogrammed between 2025/26 and future years of the Capital Programme as set out in Appendix 3. This includes:

- £4.670m for grant funded Education schemes, to correctly reflect the timescales of the programme of works;
- £2.000m for the Minster Quarter - Brownfield Land Grant Element scheme, to reflect current expectations of timings for this scheme;
- £0.660m for the Oxford Road Corridor Works scheme;
- £0.607m for the Corporate Solar Programme scheme;
- £1.974m of net re-programming between years across all other schemes.

7.7. A further net total of £2.141m of budgets are requested to be reprogrammed between 2026/27 and future years as set out in Appendix 3. This includes:

- £1.467m for grant funded Education schemes, to correctly reflect the timescales of the programme of works. Further reprogramming of budgets is requested between future years as set out in Appendix 3;
- £0.674m for the Co-located profound and multiple learning disabilities day opportunities and respite facility and sheltered housing flats scheme, following a review of planned works. Further reprogramming of budgets is requested between future years as set out in Appendix 3.

8. Delivery Fund

8.1. Costs of service transformation and the delivery of future ongoing savings are able to be charged to capital (and financed from new capital receipts) due to the introduction of the

Flexible Capital Receipts Regulations. These regulations have been confirmed to have been extended to 31st March 2030.

8.2. There is a total £2.927m Delivery Fund available for 2025/26 (inclusive of 2024/25 approved carry forwards). At Quarter 2, £2.801m of this funding has been allocated out to approved schemes and the forecast spend is £2.716m, which represents a positive net variance of £0.211m. A review of any scheme variances will be undertaken as part of 2025/26 outturn processes with any positive variances rolled forward into 2026/27 or returned to the unallocated contingency as appropriate.

9. Housing Revenue Account – Revenue

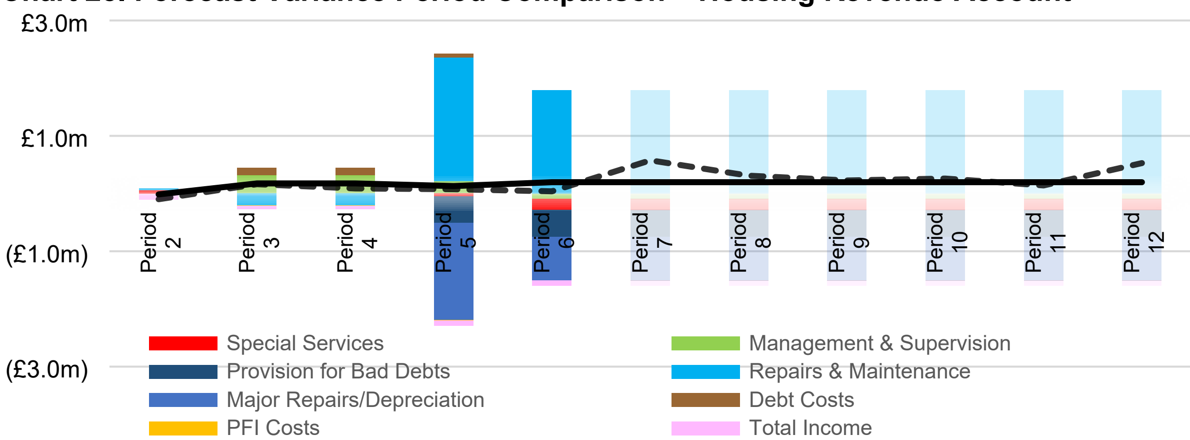
9.1. The approved Housing Revenue Account (HRA) budget assumes a drawdown from HRA reserves of £5.047m. At Quarter 2, the forecast revenue outturn position on the HRA is an adverse net variance to budget of £0.197m. Therefore, a drawdown from the HRA Reserve is forecast of £5.244m rather than the approved budgeted £5.047m drawdown from reserves. The breakdown of the net variance is set out in the following table and explained below.

Table 15. Housing Revenue Account Forecast 2025/26

	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 1
	£m	£m	£m	£m
Management & Supervision	12.974	12.879	(0.095)	(0.418)
Special Services	5.025	4.834	(0.191)	(0.191)
Provision for Bad Debts	0.922	0.461	(0.461)	(0.461)
Repairs & Maintenance	8.487	10.281	1.794	1.998
Major Repairs/Depreciation	14.009	13.250	(0.759)	(0.759)
Debt Costs	8.059	8.058	(0.001)	(0.125)
PFI Costs	8.410	8.410	0.000	0.010
HRA Income	(52.839)	(52.929)	(0.090)	(0.033)
Over/(Under) Budget	**5.047**	**5.244**	**0.197**	**0.021**
Movement to/(from) HRA Reserves	(5.047)	(5.244)	(0.197)	(0.021)

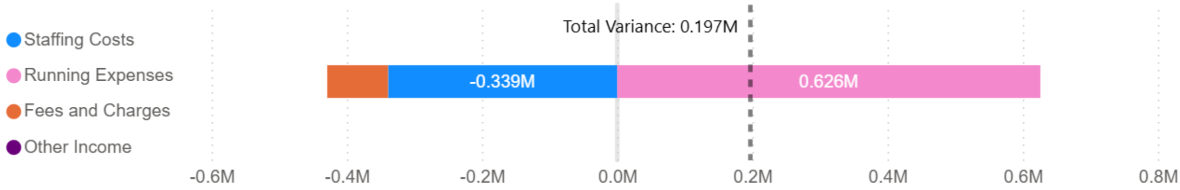
9.2. The following chart summarises the forecast budget variance, split by services within the HRA, for each period to date.

Chart 25. Forecast Variance Period Comparison – Housing Revenue Account



9.3. The following chart summarises the overall forecast budget variance for the Housing Revenue Account by high level category:

Chart 26. Split of Total Variance – Housing Revenue Account



9.4. Management and Supervision is forecasting a positive variance of £0.095m. This is primarily due to vacancies offset by the costs associated with the temporary structure at Whitley Wood Community Centre.

9.5. Special Services, which include sheltered housing schemes, is forecasting a positive variance of £0.191m due to vacancies.

9.6. Provision for Bad Debts is forecasting a positive variance of £0.461m. This aligns with the recorded collection rate and previous year's bad debt provisions.

9.7. Repairs & Maintenance is forecasting an adverse variance of £1.794m. This forecast has changed significantly from Quarter 1 as a result of updated data on subcontractor labour spend as well as updated data within the NEC housing system suggesting lower recharges for the Direct Labour Organisation (DLO) works to capital. This is reflected in a lower Major Repairs/Depreciation forecast.

9.8. Major Repairs/Depreciation is forecasting a positive variance of £0.759m. This has changed significantly from Quarter 1 following an update to align the forecast with the 2024/25 year-end methodology, which revised the useful economic life to 30 years.

9.9. Debt Costs is forecasting a positive variance of £0.001m.

9.10. HRA Income is forecasting a positive variance of £0.090m. Dwelling Rents are currently projected to be overachieving on the budget by a total of £0.081m (0.18% more than budget). In addition, there is a forecast adverse variance on Service Charges of £0.005m. Other Income is forecast to overachieve against the budget by £0.079m. Interest on balances is forecast to underachieve by £0.065m due to lower interest rates than expected.

10. Housing Revenue Account - Capital Programme

10.1. The HRA Capital Programme for 2025/26 has an approved budget of £80.933m. The following amendments are requested to be formally approved which would result in a proposed revised Capital Programme budget of £64.483m. These amendments are set out on an individual scheme basis in Appendix 4.

Table 16. Housing Revenue Account Capital Programme Amendments

Housing Revenue Account Capital Programme	£m
Revised Approved Budget 2025/26	**80.933**
Budget Movements Between Schemes	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	0.000
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts, Revenue Contributions and Borrowing	0.000
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	(0.028)
Budgets reprogrammed (to)/from Future Years	(16.422)
Proposed Revised Budget Quarter 2 2025/26	**64.483**

10.2. A total of £0.028m of budgets are requested to be removed from the Capital Programme where schemes are expected to complete below the approved budget.

10.3. A total of £16.422m of budgets are requested to be reprogrammed between 2025/26 and future years of the Capital Programme as set out in Appendix 4. This includes:

- £1.712m for the Major Repairs - Existing Homes Renewal & Zero Carbon Retrofit works scheme following a review of the works planned for 2025/26;
- £4.537m brought forward for the Local Authority new build programme for Older people and vulnerable adults scheme to reflect the revised timescales of works. Further reprogramming of budgets is requested between future years as set out in Appendix 4;
- £0.109m for the Disabled Facilities Grants scheme and;
- £19.138m for the New Build & Acquisitions – Phase 2 – 4 scheme. Further reprogramming of budgets is requested between future years as set out in Appendix 4.

11. Council Plan Performance

Summary

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

11.2. The Council 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 five priorities of:

- Promote more equal communities in Reading
- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce Reading's carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future

11.3. 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 Council Plan.

11.4. The new Council Plan, agreed in March 2025, includes 30 KPIs and 51 projects which underpin delivery of the Council's vision and priorities. Of the 30 KPIs, 13 are annual measures.

11.5. The full list of Performance KPIs monitored in year is attached at Appendix 5 and Projects as Appendix 6.

11.6. The table below provides a summary of the status of the KPIs and projects at the end of the second quarter of 2025/26.

Table 17. Performance Overview

	Status %				
What	**Red**	**Amber**	**Green**	**Complete**	**Outstanding**
Key Measures	24	24	47	N/A	5
Key Projects	4	31	63	2	0

Council Plan KPIs

11.7. The KPIs are rated as follows:

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

11.8. The following table shows performance against the target (red/amber/green) for the 17 measures reported in year for 2025/26, compared to previous quarters.

Table 18. Summary of Performance against target KPIs

Status	2024/25			2025/26		
	Q2	Q3	Q4	Q1	Q2	
	%	%	%	%	%	No.
Green	26	35	42	53	47	8
Amber	30	22	19	6	24	4
Red	44	43	39	35	24	4
Outstanding	0	0	0	6	5	1
Total	**100**	**100**	**100**	**100**	**100**	**17**

11.9. The one measure that is outstanding as at Quarter 2 is the Residents contacts handled through self-service channels. Due to the substantial changes and increases to our digital channels over the first two quarters, it is not possible to provide a consistent measure at this stage. This will, however, be reported for Quarter 3.

11.10. Further details are provided in Appendix 5.

Council Plan Projects

11.11. Projects are rated as follows:

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

11.12. The following table shows the RAG status for the Council Plan projects:

Table 19. RAG Status of Council Plan Projects and Previous Corporate Plan Projects

Status	2024/25			2025/26		
	Q2	Q3	Q4	Q1	Q2	
	%	%	%	%	%	No.
Blue	0	9	11	0	2	1
Green	65	61	67	63	63	32
Amber	35	28	20	35	31	16
Red	0	2	2	2	4	2
Total	**100**	**100**	**100**	**100**	**100**	**51**

11.13. Further details are provided in Appendix 6.

12. Contribution to Strategic Aims

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

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

13. Environmental and Climate Implications

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

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

14. Community Engagement

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

15. Equality Implications

15.1. 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.

16. Other Relevant Considerations

16.1. There are none.

17. Legal Implications

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

18. Financial Implications

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

19. Timetable for Implementation

19.1. Not applicable.

20. Background Papers

20.1. There are none.

Appendices

1. **Summary of the General Fund Budget and Forecast 2025/26**
2. **Savings Tracker Quarter 2**
3. **General Fund Capital Programme**
4. **Housing Revenue Account (HRA) Capital Programme**
5. **Council Plan Performance Measures Quarter 2**
6. **Council Plan Projects Quarter 2**