

POLICY COMMITTEE MEETING MINUTES - 16 FEBRUARY 2026

Present: Councillor Terry (Chair);

Councillors Barnett-Ward, Eden, Emberson, Ennis, Gittings, Griffith, Rowland, R Singh, Thompson, White and Yeo

Apologies: Councillor Leng

57. MINUTES

The Minutes of the meeting held on 17 December 2025 were agreed as a correct record and signed by the Chair.

58. QUESTIONS FROM COUNCILLORS

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr Nikulina	Improving Local Access via the Number 20 Bus Route	Cllr Ennis
2.	Cllr White	Homes for Reading tenants staying in homes	Cllr Terry
3.	Cllr White	Cutting Staff Club Secretary	Cllr Emberson

(The full text of the questions and responses was made available on the Reading Borough Council website).

59. 2026/27 BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2026/27 - 2028/29

Further to Minute 54 of the meeting held on 17 December 2025, the Committee considered a report providing an update on the results of the subsequent budget engagement exercise, and changes to the Budget since the previous report, including those arising from the publication of the Provisional Local Government Finance Settlement 2026/27. The following documents were attached to the report:

- Appendix 1 - Medium Term Financial Strategy 2026/27 - 2028/29;
- Appendix 2 - Summary of the Proposed General Fund Budget 2026/27 - 2028/29;
- Appendix 3 - General Fund Revenue Budget by Service 2026/27 - 2028/29;
- Appendix 4 - Detailed General Fund Budget Changes 2026/27 - 2028/29;
- Appendix 5 - The Housing Revenue Account Proposed Budget 2026/27 - 2028/29;
- Appendix 6 - The Dedicated Schools Grant Budget Proposals 2026/27;
- Appendix 7 - The General Fund and HRA Capital Programmes 2026/27 - 2028/29;
- Appendix 8 - The Flexible Use of Capital Receipts Strategy 2026/27;
- Appendix 9 - Fees and Charges Proposals from April 2026;
- Appendix 10 - Equality Impact Assessment of the Budget Proposals;
- Appendix 11 - Summary of the Response to the Budget Engagement.

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The report noted that the underpinning rationale of the Medium-Term Financial Strategy (MTFS) was to deliver a balanced and affordable 2026/27 budget, to ensure that the Council's finances are robust and sustainable over the medium term and that, in the longer term, the Council's finances were not reliant on the unsustainable use of one-off reserves or funding. The Strategy was informed by 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", as well as its Council Plan priorities.

The 2026/27 Budget and MTFS 2026/27-2028/29 reflected the changing landscape in which Councils were now operating, including the impact of funding reform and the announcement of a three-year Local Government funding settlement from Central Government. The most significant impacts on the Budget and the MTFS included demand pressures and placement costs in adult and children's social care and Special Education Needs arising from increased demand, complexity and market challenges.

The report outlined the assumptions made in the budget and MTFS which included the following:

- Council Tax increases of 2.99% plus an Adult Social Care precept of 2.0% for each year 2026/27-2028/29;
- Delivery of £15.972m of efficiencies and increased income across 2026/27- 2028/29;
- A net draw from earmarked reserves totalling £7.302m in 2026/27;
- A housing rent increase for 2026/27 of 4.8% in line with approved government policy of CPI + 1% and rent convergence starting at £1 per week in 2028/29 increasing to £2 per week in 2029/30;
- General Fund capital investment of £140.858m and Housing Revenue Account (HRA) capital investment of £232.141m over the five-year period 2026/27 to 2030/31;
- An initial allocation of £1.500m of transformation funding for each year from 2026/27 to 2029/30 to support delivery of efficiency savings assumed within the MTFS, taking the total transformation funding to £29.229m across the whole life of the Delivery Fund.

A verbal update was given at the meeting on changes to the Budget and MTFS following the publication of the Final Local Government Financial Settlement 2026/27 by the Ministry of Housing, Communities and Local Government on 9 February 2026. The final settlement had included additional grant for homelessness, rough sleeping and domestic abuse and Government plans for the funding of cumulative High Needs Block deficits. The report submitted to the Council meeting on 24 February 2026 would reflect the changes.

Items 59-61 were considered together for recommendation to the Council meeting on 24 February 2026.

Resolved –

That, having due regard of the results of the budget engagement exercise and Residents Survey (as outlined in Appendices 11 and 12), Council be recommended to approve the 2026/27 General Fund and Housing Revenue

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Account budgets, Capital Programme and Medium-Term Financial Strategy as set out in Appendices 1-10, noting the following:

- a) **The Council's General Fund Budget Requirement of £199.664m for 2026/27 and an increase in the band D Council Tax for the Council of 2.99% plus an additional 2.00% Adult Social Care Precept, representing a band D Council Tax of £2,223.18 per annum, an increase of £105.66 per annum excluding precepts from Police and Fire, as set out in the report;**
- b) **The proposed savings, efficiencies, increased income and fees and charges for 2026/27 of £10.745m required to achieve a balanced budget for that year as set out in Appendices 2 and 3;**
- c) **The overall savings, efficiencies and increased income, fees and charges currently proposed within the MTFS of £15.972m and gross three-year growth changes to service budgets of £66.941m as set out in Appendices 3 and 4;**
- d) **The budgeted net drawdown from earmarked reserves in 2026/27 totalling £7.302m;**
- e) **The Housing Revenue Account budget for 2026/27 of £58.925m as set out in Appendix 5 and the average increase of 4.8% in social dwelling rents from April 2026, and the move to full cost recovery for landlord cleaning and lighting service;**
- f) **The allocation of £124.259m Dedicated Schools Grant as set out in Appendix 6;**
- g) **The General Fund and Housing Revenue Account Capital Programmes totalling £140.858m and £232.141m respectively over the next five years, as set out in Appendices 7a and 7b;**
- h) **The Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 8;**
- i) **The Fees and Charges set out in Appendix 9 of the report;**
- j) **The Equalities Impact Assessment as set out in Appendix 10;**
- k) **That the Director of Finance would amend the contents of the report to reflect the Final Local Government Finance Settlement, prior to submission to Council on 24 February 2026.**

60. CAPITAL STRATEGY 2026/27

The Committee considered a report setting out at Appendix 1 the Capital Strategy for recommendation to Council.

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The report noted that the Chartered Institute of Public Finance and Accountancy' (CIPFA) revised Prudential Code for Capital Finance in Local Authorities 2021 required local authorities to produce a Capital Strategy on an annual basis which must be approved by Council. The Capital Strategy 2026/27 attached at Appendix 1 met the statutory requirements and has been updated where required. However, there were no material changes from the Capital Strategy 2025/26.

Items 59-61 were considered together for recommendation to the Council meeting on 24 February 2026.

Resolved –

- (1) That Council be recommended to adopt the Capital Strategy as attached to the report at Appendix 1;**
- (2) That the updated Action Plan at Annex D of the Capital Strategy, together with the associated financial implications, be noted.**

61. TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27

The Committee considered a report setting out at Appendix 1 the Treasury Management Strategy Statement (TMSS) 2026/27 for approval to Council.

The report noted that the TMSS 2026/27 set out the parameters for the Council's planned treasury activity during 2026/27 under which the Council's Treasury Team would manage day to day activity. It reflected the Council's Capital Programme 2026/27 – 2028/29. The report set out information on borrowing, investments, approved investments and counterparties and risk controls and noted that the successful identification, monitoring and control of financial risk were central to the Strategy.

Resolved –

- (1) That the following be endorsed and recommended for approval by Council:**
 - a) The Treasury Management Strategy Statement for 2026/27 as set out in Appendix 1 Section 2;**
 - b) The Capital Prudential Indicators as set out in Appendix 1 Section 3;**
 - c) The Minimum Revenue Provision (MRP) Policy for 2026/27 as set out in Appendix 1 Section 4;**
 - d) The Borrowing Strategy for 2026/27 as set out in Appendix 1 Section 5;**
 - e) The Annual Investment Strategy for 2026/27 as set out in Appendix 1 Section 6;**
 - f) The Prudential and Treasury Management Indicators as set out in Appendix 1 Annex 1;**

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- (2) That the change to the calculation of apportioning interest to the HRA, as set out in Appendix 1 Sections 6.24 to 6.28, be noted.**

(The meeting started at 6.30 pm and closed at 6.50 pm)