

Policy Committee

16 March 2026



Reading
Borough Council
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Title	2025/26 Quarter 3 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)	Chloe Hennessy, Acting Strategic Financial Planning 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	<p>That Policy Committee notes:</p> <ol style="list-style-type: none">1. That the forecast General Fund revenue outturn position for Quarter 3 is an adverse net variance of £4.633m (Appendix 1);2. Spend control tracking reporting to the end of December 2025 (Appendix 2);3. That £5.514m (48%) of savings have been delivered (blue) and £3.016m (26%) of savings are on track to be delivered (green) by March 2026. £2.589m (23%) of savings are currently categorised as non-deliverable (red) and £0.397m (3%) categorised as at risk of delivery (amber) (Appendix 3);4. That the General Fund Capital Programme is forecasting a positive net variance of £0.247m against the proposed revised budget of £53.806m (Appendix 4);5. That there is a total £2.927m Delivery Fund available for 2025/26 (inclusive of 2024/25 approved carry forwards). At Quarter 3, £2.820m of this funding has been allocated out to approved schemes;6. That the Housing Revenue Account (HRA) is projecting an adverse net variance of £0.126m as at the end of Quarter 3, which results in a forecast drawdown from HRA Reserves of £5.550m rather than the approved budgeted drawdown of £5.424m;7. That the HRA Capital Programme is forecasting to spend to budget against the proposed revised budget of £62.154m (Appendix 5).8. The performance achieved against the Council Plan success measures as set out in Section 12 of this report and Appendices 6 and 7; <p>That Policy Committee approves:</p> <ol style="list-style-type: none">9. The amendments to the General Fund Capital Programme (as set out in Section 8 of this report and Appendix 4) resulting in a revised Capital Programme budget of £53.806m for 2025/26;

	<p>10. Scheme approval for the new Roman Britain Reimagined in Reading scheme and scheme and spend approval for the fully grant funded Pavement Channels scheme (as set out in Section 8 of this report and Appendix 4);</p> <p>11. The amendments to the HRA Capital Programme (as set out in further detail in Section 11 of this report and Appendix 5) resulting in a revised HRA Capital Programme budget of £62.154m for 2025/26;</p> <p>12. Funding support for Brighter Futures for Children (BFfC) of £3.694m over and above the 2025/26 contract sum in respect of their provisional outturn for the six months trading to 30 September 2025 reflecting services that have been provided prior to transfer of all activities to Reading Borough Council;</p> <p>13. Delegated authority to the Director of Finance, in consultation with the Leader of the Council, to pay or collect any residual financial sums due to or from Brighter Futures for Children up until the point of company closure.</p> <p>14. The write-off of debts as set out in Section 6 and Appendix 8 relating to:</p> <p style="margin-left: 20px;">a) Non-Domestic Rates - £145,433.70;</p> <p style="margin-left: 20px;">b) Sundry Debt - £25,750.00.</p>
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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

General Fund – Revenue

- 1.1 The overall forecast adverse net variance as at the end of Quarter 3 is £4.633m, which is a net increase of £0.665m from Quarter 2.
- 1.2 The following table summarises the forecast position as at the end of Quarter 3:

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 2
	£m	£m	£m	£m
Communities & Adult Social Care	4.575	(4.092)	0.483	0.483
Children's Services	7.160	(0.872)	6.288	0.864
Economic Growth & Neighbourhood Services	2.883	(0.389)	2.494	0.288
Resources	(0.115)	0.000	(0.115)	(0.266)
Chief Executive Services	(0.031)	0.000	(0.031)	0.000
Sub Total Services	14.472	(5.353)	9.119	1.369
Corporate Budgets	(4.486)	0.000	(4.486)	(0.704)
Total	9.986	(5.353)	4.633	0.665

- 1.3 The main financial pressures within the overall adverse net variance forecast of £4.633m as at Quarter 3 are set out below:

Communities & Adult Social Care

- 1.4 Adult Social Care (ASC) has identified cost pressures of £5.707m, 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, plus there are an additional £0.932m of in year savings and funding utilisation, which results in an overall net pressure of £0.683m. This is an adverse movement of £0.533m from Quarter 2.

- 1.5 This pressure is currently forecast to be partially offset by a £0.200m positive variance within Housing & Communities relating to utilisation of additional grant funding to fund existing pressures within homelessness, which is as positive movement of £0.050m from Quarter 2.

Children's Services

- 1.6 Children's Services is currently forecasting gross cost pressures totalling £7.160m, with a recovery plan in place to mitigate £0.872m of these pressures, resulting in an overall net pressure of £6.288m at Quarter 3. This is an increase of £0.864m from Quarter 2 and is primarily due to increasing demand and cost pressures within statutory services, combined with rising placement costs and other operational challenges across the service.

Economic Growth and Neighbourhood Services

- 1.7 Net cost pressures totalling £2.494m are forecast within Economic Growth and Neighbourhood Services. This is an adverse movement of £0.288m from Quarter 2 which has primarily arisen from a £0.500m adverse movement from the budgeted dividend from Reading Transport Limited (RTL) now not expected to be received in 2025/26.

Corporate Budgets

- 1.8 Corporate Budgets is forecasting a net positive variance of £4.486m. This is a positive movement of £0.704m from Quarter 2, which is due to a positive movement of £0.489m within Capital Financing primarily relating to a positive movement on interest payable, a positive movement of £0.285m within Contingencies, offset by an adverse movement of £0.070m within Other Corporate Budgets.

Expenditure Control Process

- 1.9 An expenditure control process for General Fund revenue expenditure was implemented from 6th October 2025 for expenditure over £1,000 (with a small number of agreed exemptions).

1.10 The spend control tracking, as set out within Appendix 2, shows:

- A slight reduction in accounts payable expenditure for the majority of weeks year-on-year since the expenditure control process was implemented;
- Although the quantity and value of Purchase Orders is higher in some weeks year-on-year, this is not necessarily bad as it may simply be that more expenditure is being incurred through the proper procure to pay process.

Savings

1.11 The Quarter 3 forecast is that £5.514m (48%) of savings have been delivered (blue) and £3.016m (26%) of savings are on track to be delivered (green) by March 2026. £2.589m (23%) of savings are currently categorised as non-deliverable (red) and £0.397m (3%) categorised as at risk of delivery (amber) (Appendix 3).

1.12 The Savings Tracker which lists progress against each individual saving is attached as Appendix 3.

General Fund – Capital

1.13 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 £76.754m following approved adjustments as part of the subsequent Performance and Monitoring reports reported to Policy Committee and adjustments in the Budget and Medium-Term Financial Strategy report to Council in February 2026.

1.14 This report is requesting further adjustments, as set out at summary level in Section 8 and in detail in Appendix 4, that would result in a revised approved budget of £53.806m for 2025/26.

1.15 At Quarter 3, against the proposed revised budget of £53.806m, the current forecast is a positive net variance of £0.247m. This variance incorporates a £0.367m positive variance for the Delivery Fund, offset by a £0.120m adverse variance on the IT Future Operating Model scheme. The General Fund Capital Programme is set out in more detail in Section 8 and Appendix 4.

Housing Revenue Account (HRA) – Revenue

1.16 The approved HRA budget assumes a drawdown from reserves of £5.424m. At Quarter 3, the forecast revenue outturn position on the HRA is an adverse net variance to budget of £0.126m, which is a net decrease of £0.071m from Quarter 2, a drawdown from the HRA Reserve is forecast of £5.550m rather than the budgeted £5.424m drawdown from reserves. These variances are set out in more detail in Section 10.

Housing Revenue Account (HRA) – Capital

1.17 The 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 £64.483m following approved adjustments as part of the subsequent Performance and Monitoring reports reported to Policy Committee and adjustments in the Budget and Medium-Term Financial Strategy report to Council in February 2026.

1.18 This report is requesting further adjustments, as set out at summary level in Section 11 and in detail in Appendix 5, that would result in a revised approved budget of £62.154m for 2025/26.

1.19 At Quarter 3, the HRA Capital Programme is forecasting to spend to budget against the proposed revised budget of £62.154m. The HRA Capital Programme is set out in more detail in Section 11 and Appendix 5.

Performance

- 1.20 The report also sets out performance against the measures of success published in the Council Plan.
- 1.21 Of the 17 Council Plan Performance Measures monitored monthly or quarterly, 47% are currently at or above target (green), 18% within 10% of the target (amber), 29% are 10% or more off target (red) and 6% (1 measure) are outstanding.
- 1.22 Of the 51 Council Plan Projects, 2% are currently delivered (blue), 63% are on track (green), 35% are at risk (amber) and none are off track (red).
- 1.23 The full list of Performance Measures is attached at Appendix 6 and Projects as Appendix 7.

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

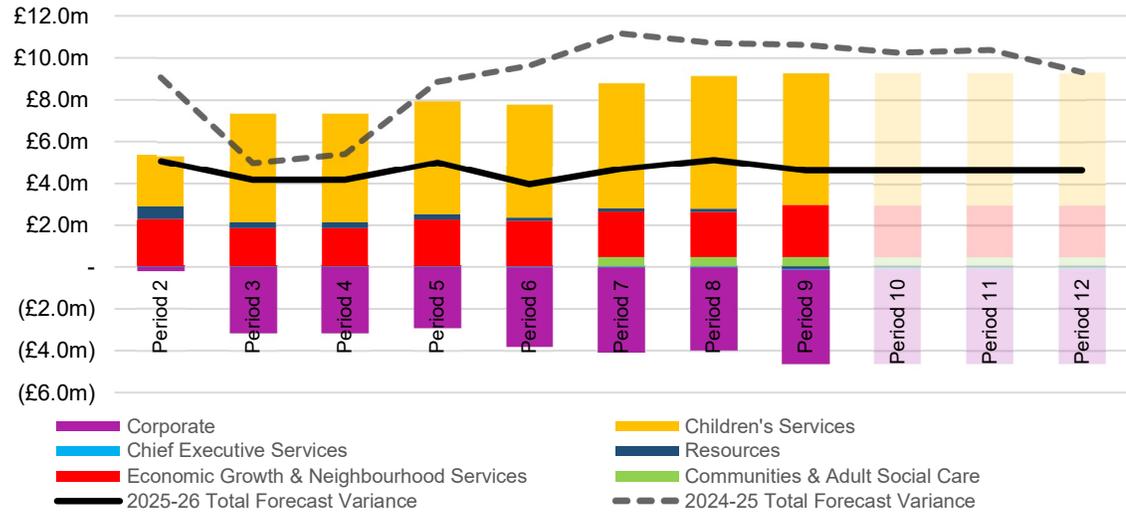
- 3.1. The forecast outturn position of the General Revenue Fund is an adverse net variance of £4.633m as at the end of Quarter 3 and is broken down by Directorate in the following table:

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

	Current Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Communities & Adult Social Care	65.941	66.424	0.483	0.483
Children's Services	62.398	68.686	6.288	0.864
Economic Growth & Neighbourhood Services	21.796	24.290	2.494	0.288
Resources	23.726	23.611	(0.115)	(0.266)
Chief Executive Services	1.617	1.586	(0.031)	0.000
Total Service Expenditure	175.478	184.597	9.119	1.369
Capital Financing	17.296	15.744	(1.552)	(0.489)
Contingencies	2.523	1.500	(1.023)	(0.285)
Other Corporate Budgets	(13.170)	(13.237)	(0.067)	0.070
Movement in Reserves	(4.018)	(5.862)	(1.844)	0.000
Total Corporate Budgets	2.631	(1.855)	(4.486)	(0.704)
Net Budget Requirement	178.109	182.742	4.633	0.665
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	4.633	4.633	0.665

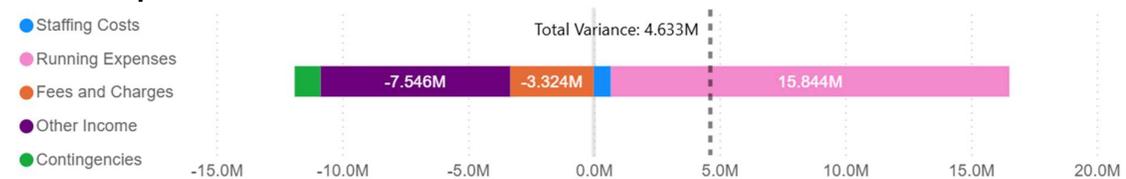
- 3.2. The following chart summarises the forecast budget variance, split by directorate, for each period to date.

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 – £0.483m adverse variance

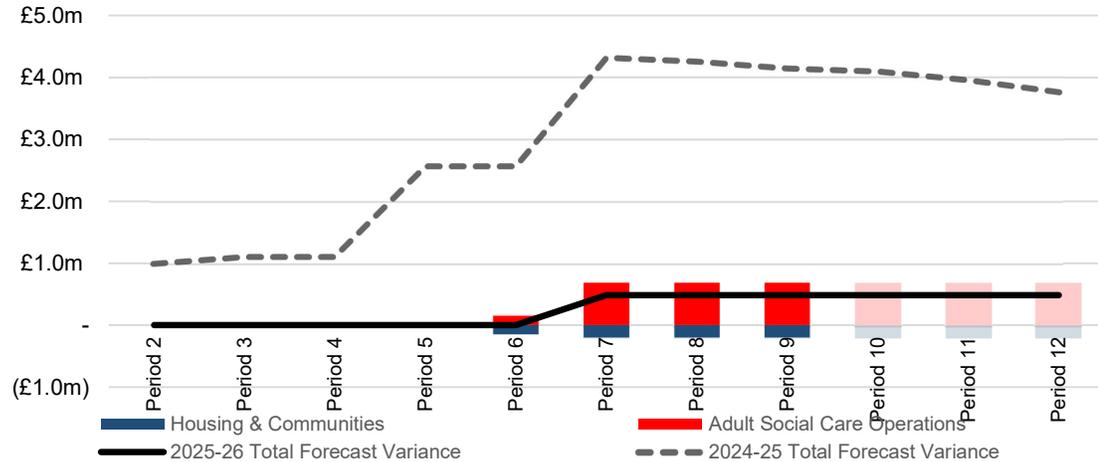
- 3.4. Communities & Adult Social Care is forecasting an adverse variance of £0.483m at Quarter 3 including Recovery Plan mitigations, which is an increase of £0.483m from Quarter 2.

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

Service	Current Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Commissioning, Transformation & Performance	(7.991)	(7.991)	0.000	0.000
Adult Social Care Operations	60.861	61.544	0.683	0.533
Community & Adult Social Care Management	1.592	1.592	0.000	0.000
Safeguarding, Quality & Practice	7.897	7.897	0.000	0.000
Public Health	0.000	0.000	0.000	0.000
Housing & Communities	3.582	3.382	(0.200)	(0.050)
Total	65.941	66.424	0.483	0.483

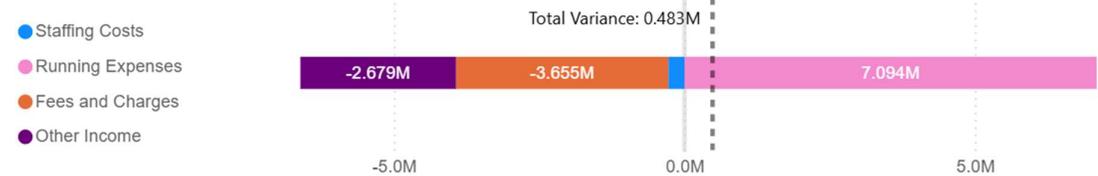
- 3.5. The following chart summarises the forecast budget variance, split by services within Communities & Adult Social Care, for each period to date.

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



3.6. The following chart summarises the overall forecast budget variance for Communities & Adult Social Care 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 – £0.683m adverse variance

3.8. Adult Social Care is forecasting an adverse variance of £0.683m at Quarter 3, which is an adverse movement of £0.533m from Quarter 2. Gross pressures totalling £5.831m are projected to be offset by £4.092m of deliverable Recovery Plan mitigations, £0.200m of in year savings expected from vacant posts and deferred non-staff expenditure and £0.151m utilisation of Better Care Funding and £0.705m of corporate contingency set aside to fund pressure arising from inflationary uplifts to care packages, resulting in an adverse variance of £0.683m.

3.9. The Quarter 3 placements forecast from Mosaic is £61.694m, against a budget of £55.863m. This represents an un-adjusted forecast adverse variance of £5.831m related to cost of care which is an increase of £1.589m since Quarter 2. This increase is largely the result of closure of some inflationary uplift appeals from providers that have now had the full care commitment been recognised in Mosaic. This pressure is funded via the council’s corporate contingency. Therefore, after the application of the deliverable Adult Social Care Recovery Plan, and detailed consideration of expected positive variance to budget on Adult Social Care Operations staff teams arising from vacancies and non-staff expenditure, and further review of Better Care Fund allocations, the adjusted year end forecast is an adverse variance of £0.683m.

3.10. The Directorate of Communities and Adult Social Care (DCASC) developed a 2025/26 recovery plan target amounting to £4.658m, which included 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 3, £3.492m of the Recovery Plan has been achieved, with a further £0.600m 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

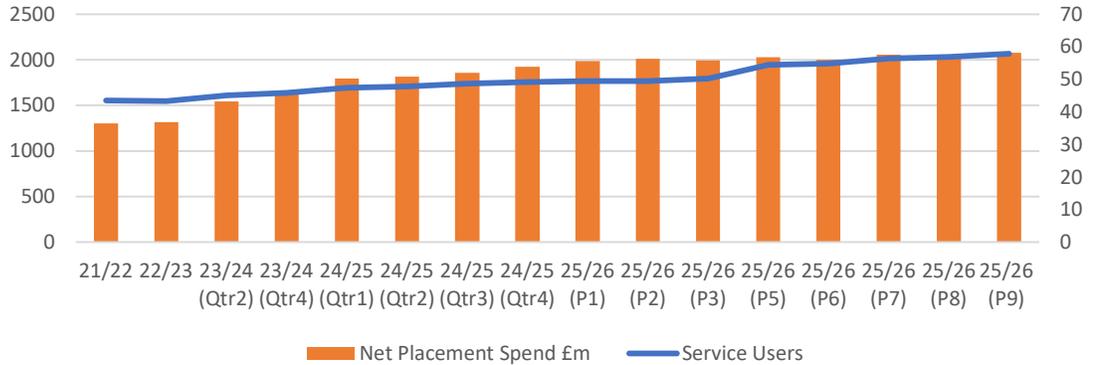
resulting from a number of identified reviews among the service user cohort. The forecast output of this was adjusted to reflect both the impact of part-year savings realisation for reviews not complete to date and latest assumptions on the service user cohort. Therefore, this results in a forecast variance of £0.683m 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 3 (£m)	Forecast In Year Delivery (£m)
In-Year Recovery Plan	(2.490)	(1.182)	(1.721)
In-Year Recovery Plan	(2.490)	(1.182)	(1.721)
Transitions	(0.189)	(0.550)	(0.550)
Routine Reviews (exc Supported Living)	(0.500)	(0.592)	(0.592)
Support living efficiencies	(0.376)	(0.347)	(0.376)
Targeted Double-Up Reviews	(0.180)	(0.165)	(0.166)
Income Review	(0.076)	(0.055)	(0.076)
Direct Payment Reviews	(0.177)	(0.240)	(0.240)
Extra Care Voids	(0.120)	(0.120)	(0.120)
High Cost Negotiations	(0.100)	(0.060)	(0.070)
Continuing Healthcare (Non-Transitions)	(0.450)	(0.181)	(0.181)
Dependency & Demand	(2.168)	(2.310)	(2.371)
Total Recovery Plan	(4.658)	(3.492)	(4.092)

- 3.11. The users in place on 1st April 2025 was an average of 1,755 and by 31st December 2025 these had increased to 2,066. This is an increase of 311 service users, which is nearly three times the service user increase noted across the duration of 2024/25. Since Quarter 2 the number of service users has increased by 122. Analysis of service user pathways show a similar increase across the various routes to social care, with social support remaining the primary support reason with the fastest rate of growth. Analysis also shows a higher percentage than expected of new service users from the working age adult cohort, further analysis on drivers behind this is underway to best inform response and prevention. This trend has been seen by other local authorities, whom we continue to partner with to gain further insight.
- 3.12. The most common type of support provided to new service users is homecare, which is to be expected with a more working age adult cohort. These packages are comparatively lower at a unit cost level than other care types like nursing and residential care. As of Quarter 3, Reading continues to benchmark with the lowest average cost per support package in the South East regional working group.
- 3.13. 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



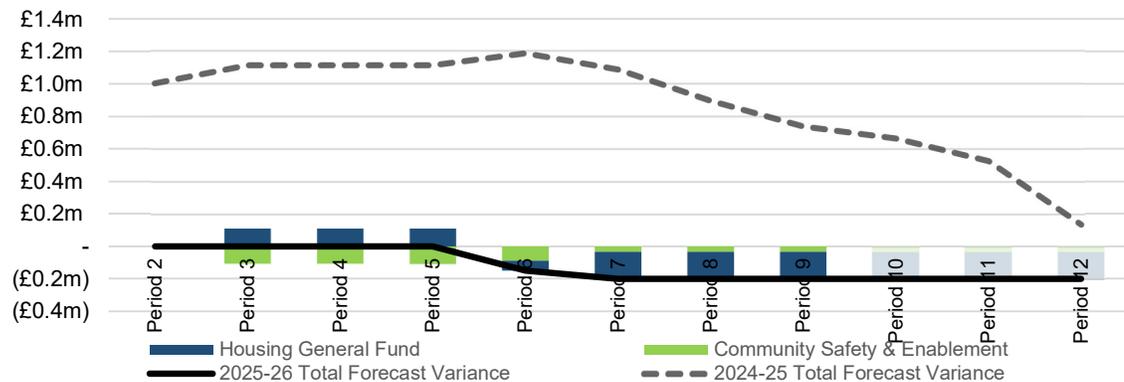
3.14. In addition to the current forecast, there is a risk that demand increases over the remainder of the year in line with the increase in 2024/25, which was 115 service users at a cost of approximately £3.600m. Using these figures as a baseline we would expect to see further demand growth of approximately £0.900m in 2025/26. This is not included in the forecast presented and is instead noted as a risk.

Housing & Communities – £0.200m positive variance

3.15. Housing & Communities is forecasting a positive variance of £0.200m at Quarter 3, which is a positive movement of £0.050m from Quarter 2.

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

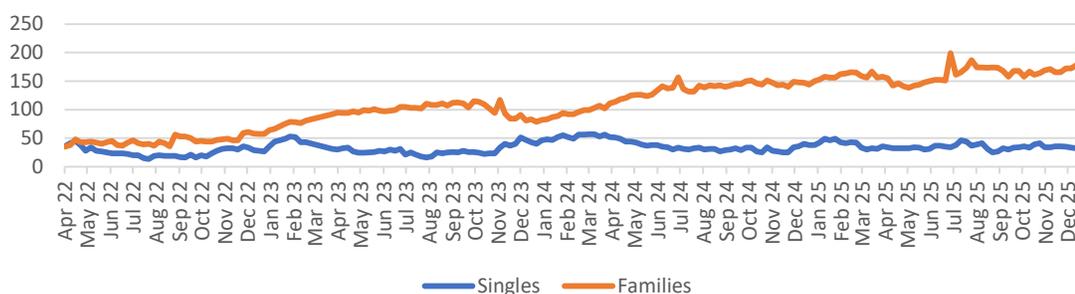
Chart 6. Forecast Variance Period Comparison – Housing & Communities



3.17. 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 £0.200m against budget.

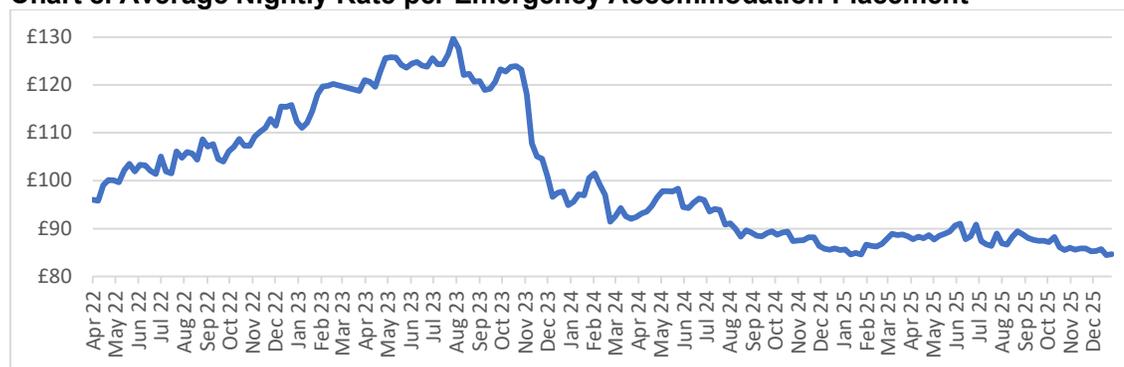
3.18. The number of singles and families in need of emergency accommodation is currently 192, which is a small increase from the level of 187 as at the end of March 2025 (as illustrated in Chart 7 below).

Chart 7. Numbers of Singles and Families in Emergency Accommodation



- 3.19. The average nightly rate is the other driver of pressures on homelessness budgets. As at the end of December 2025 (Quarter 3), the average nightly rate was £85.09 (£88.76 as at the end of March 2025), as illustrated in Chart 8 below.

Chart 8. Average Nightly Rate per Emergency Accommodation Placement



Children’s Services - £6.288m adverse variance

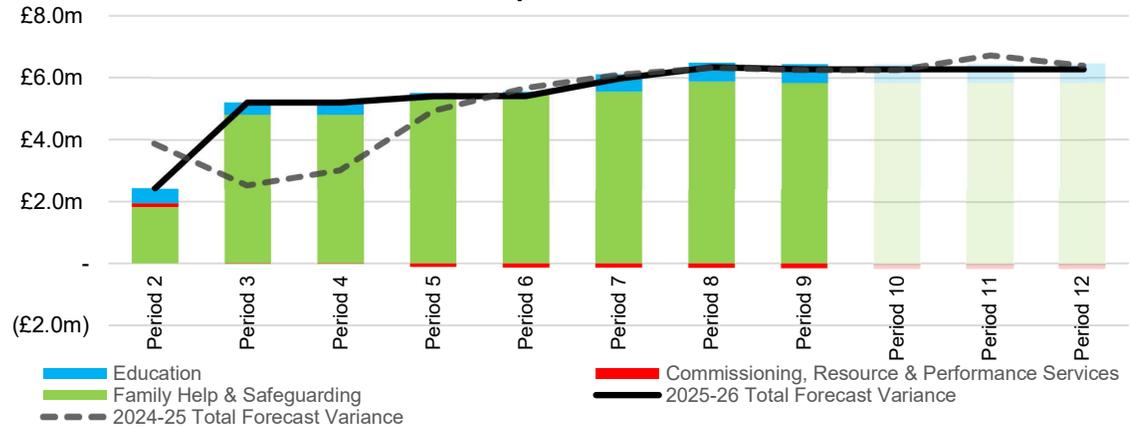
- 3.20. Children’s Services is forecasting an overall adverse net variance of £6.288m at Quarter 3. This reflects an adverse movement of £0.864m compared with the Quarter 2 position. The variance continues to be driven primarily by increasing demand and cost pressures within statutory services, combined with rising placement costs and other operational challenges across the service.

Table 5. Children’s Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Family Help & Safeguarding	49.771	55.607	5.836	0.363
Children’s Commissioning, Resource & Performance Services	3.246	3.090	(0.156)	(0.021)
Education	5.997	6.605	0.608	0.522
Service Level Agreements & BfFC Contract Funding	3.384	3.384	0.000	0.000
Total	62.398	68.686	6.288	0.864

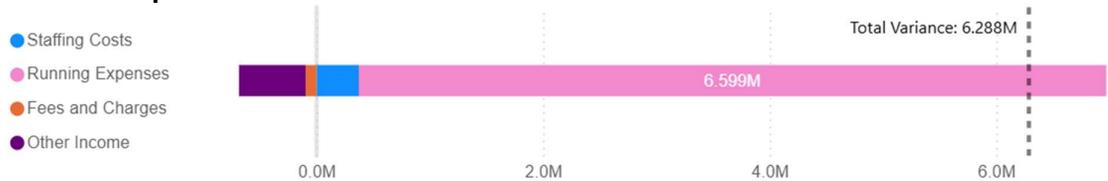
- 3.21. The following chart summarises the forecast budget variance, split by services within Children’s Services, for each period to date.

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



3.22. 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



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

Family Help and Safeguarding – £5.836m adverse variance

3.24. Family Help and Safeguarding, which incorporates both Children’s Social Care and Early Help budgets, is reporting an adverse net variance of £5.836m at Quarter 3, which is an adverse movement of £0.363m since Quarter 2.

3.25. The overall position is the result of multiple cost movements, including:

- A net increase in care costs linked to significant placement changes, often driven by escalating or complex needs.
- Additional children entering the system as Children Looked After (CLA), increasing demand for placements, legal intervention, and wrap-around support.

3.26. Despite these pressures, the service continues to invest in and utilise Edge of Care initiatives, which remain a critical component of early intervention and prevention. These interventions generate cost avoidance, helping to prevent children from entering higher cost statutory services and supporting families to remain safely together. The impact of this work continues to be significant and forms an essential part of the service’s mitigation strategy.

3.27. Actions and mitigation are being undertaken as follows:

Decision Making and Assurance

- Financial decisions made through the Resource Panel are ratified by the Executive Director of Children’s Services and the Section 151 Officer.
- New guidance regarding one-off payments has been implemented and now requires sign-off at Head of Service level.

- All-staff briefing to reinforce decision-making responsibilities, including the importance of achieving best value for money and adherence to best practice when submitting financial requests.
- A deep dive review was undertaken to provide strategic oversight and assurance in relation to children placed in high-cost placements, those in Connected Care arrangements, or subject to Deprivation of Liberty Safeguards (DoLS) orders. The review sought to ensure that care arrangements are appropriate, proportionate, safe, and represent best value for money.
- The review found that the use of DoLS was proportionate and appropriate. For the majority of children in kinship care, placements were stable and provided safe and loving homes. However, 8 of the 30 children reviewed were identified as having some level of risk due to weaknesses in assessment, care planning, or support arrangements. While high-cost placements were often justified, oversight and decision-making were not always consistently recorded, leading to delays in evidencing assurance.
- A Practice Improvement Lead has now commenced work with social care teams to support targeted improvements and the delivery of the Foundations of Practice. Stronger practice is expected to result in more children entering care in a planned way, reducing reliance on crisis-driven, high-cost placements.
- The 'How We Care' Programme has been designated as a Gold Council Programme, ensuring that there is robust support and oversight of the delivery of placement savings and cost avoidance.

Fostering Sufficiency

- Fostering sufficiency remains a critical risk. There is an urgent need to recruit additional foster carers, particularly those able to support school-aged children and children with complex needs. This challenge is reflected nationally and has contributed to an increase in the number of children placed in residential care, driving further cost escalation. A new fostering recruitment and communications plan is being implemented, and a workshop is scheduled with the Regional Care Cooperative in March to progress plans to respond to national reforms currently out for public consultation which will require a move to regional delivery models. Reforms include national recruitment campaigns and removing barriers to fostering by developing more flexible ways to foster.

Residential Sufficiency

- Reading is currently at a disadvantage within the placement market as it does not yet operate its own children's residential care homes. However, three new homes are scheduled to open in Reading by September 2026. This will support some children to return to, or remain in, Reading and be cared for at a lower cost, although it will not fully address the ongoing fostering shortfall.

Commissioning

- A new strategic commissioner has been appointed on a six-month basis to review all children in high-cost arrangements and to support negotiations where children entering care require residential placements. This work is underway and the postholder is also progressing actions identified in the deep dive review to ensure placement packages are renegotiated where appropriate.
- Care cubed, a benchmarking tool to support placement cost negotiations, is in the process of being implemented and will strengthen the work of the strategic commissioner.

Commissioning, Resource and Performance Services – £0.156m positive variance

- 3.28. Children's Commissioning, Resource and Performance Services are forecasting a positive variance of £0.156m at Quarter 3, which is a positive movement of £0.021m from Quarter 2. This favourable position is primarily driven by vacancy savings within the Commissioning

team arising from unfilled posts and recruitment delays. While these savings help offset pressures elsewhere, they also reflect capacity challenges that may impact future delivery and commissioning cycles.

Education – £0.608m adverse variance

3.29. The Education service is reporting an adverse variance of £0.608m, a further adverse movement of £0.522m from Quarter 2. The main pressure continues to be the escalating cost of home-to-school transport, which is being affected by several compounding factors:

- An increase in the number of pupils requiring transport, including those with statutory entitlements.
- Rising demand linked to medical or specialist equipment that requires tailored transport arrangements.
- Additional bespoke travel requirements driven by individual needs, increased complexity, and market capacity constraints.

3.30. These combined factors are creating sustained financial pressure on the transport budget despite ongoing work to improve efficiency and optimise routes.

3.31. Additional mitigating actions are being undertaken as follows:

- Comprehensive review of out-of-borough transport and Education Other Than At School (EOTAS) route costs:
A full evaluation of all current out-of-borough and EOTAS transport arrangements is underway to identify opportunities for greater efficiency and value for money. This includes analysing route utilisation, journey times, vehicle occupancy levels, and alternative travel options. The intention is to redesign routes where necessary and introduce more cost-effective transport models immediately following the February half-term period. The review will also consider the potential for route consolidation and the use of shared transport where appropriate.
- Acceleration of the independent travel training programme:
The independent travel training offer is being expanded and fast-tracked to support a greater number of eligible students to travel to college using public bus services or personalised transport budgets. Additional training resource is being deployed to increase capacity from March, with the aim of enabling more young people to develop the skills and confidence needed for independent travel. This action is expected to reduce reliance on bespoke transport arrangements while promoting independence and long-term positive outcomes for students.
- Review of all Post-16 transport arrangements:
All Post-16 transport packages are being reviewed as part of the annual reapplication process to identify students who are ready to transition to independent travel. This includes engaging with families, colleges, and support staff to ensure transitions are safe, appropriate, and well-supported. By accelerating moves to independent travel, the service aims to reduce the number of high-cost, individualised transport routes during the remainder of the academic year and beyond.
- Targeted review and renegotiation of high-cost transport route contracts:
A focused review is being undertaken on routes delivered by the highest-cost providers, with a view to renegotiating contract terms or identifying more competitive alternatives. This includes assessing market rates, exploring opportunities for aggregated procurement, and working directly with suppliers to secure improved value. Where contracts are no longer delivering cost-effective provision, the service will seek to reshape or re-tender the routes to ensure better financial sustainability.

Brighter Futures for Children (BFfC) Outturn

- 3.32. Children’s Services were delivered by BFfC during the period from 1 April 2025 to 30 September 2025. During this period, BFfC reported an overall adverse forecast variance of £5.424m.
- 3.33. It is recommended that Policy Committee approves funding support for BFfC of £3.694m over and above the 2025/26 contract sum in respect of their provisional outturn for the six months trading to 30 September 2025 reflecting services that have been provided prior to transfer of all activities to Reading Borough Council.
- 3.34. This pressure is largely attributable to CLA placement costs, driven by both an increase in the number of children entering care and changes in the placement mix.
- 3.35. In particular, there has been a higher reliance on more costly placements due to the increasing complexity of need among some children looked after, including additional safeguarding, therapeutic, and specialist support requirements. These factors have combined to significantly increase expenditure above the approved budget.

Economic Growth & Neighbourhood Services - £2.494m adverse variance

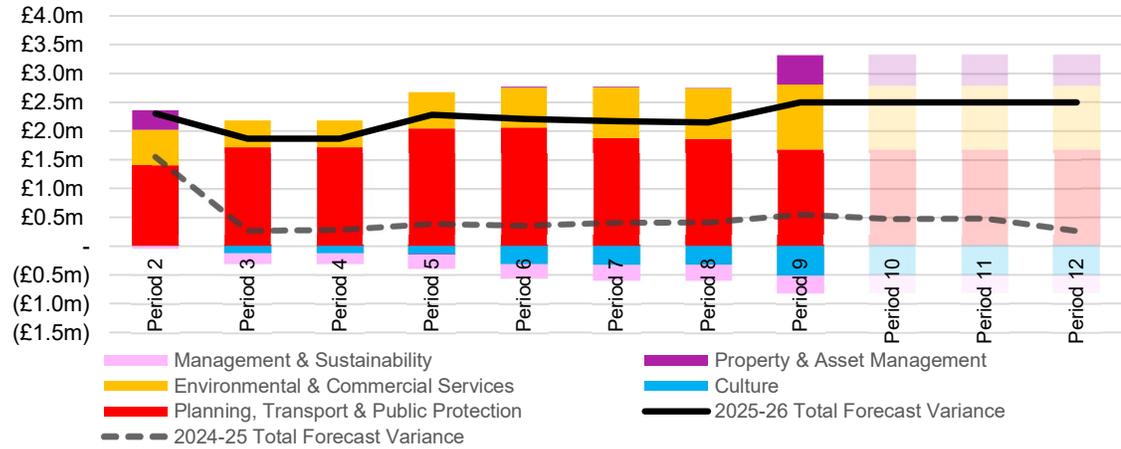
- 3.36. Economic Growth & Neighbourhood Services’ (DEGNS) is forecasting an adverse net variance of £2.494m at Quarter 3, which is an adverse movement of £0.288m from Quarter 2 which has primarily arisen from a £0.500m adverse movement from the budgeted dividend from Reading Transport Limited (RTL) now not expected to be received in 2025/26. Other net positive movements throughout the DEGNS service total £0.212m and are 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 2
	£m	£m	£m	£m
Planning, Transport & Public Protection	(0.101)	1.574	1.675	(0.389)
Culture	3.048	2.538	(0.510)	(0.195)
Environmental & Commercial Services	18.578	19.707	1.129	0.442
Property & Asset Management	(0.725)	(0.215)	0.510	0.490
Management & Sustainability	0.996	0.686	(0.310)	(0.060)
Total	21.796	24.290	2.494	0.288

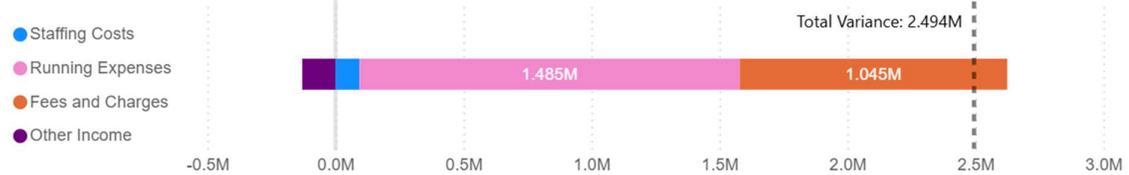
- 3.37. The following chart summarises the forecast budget variance, split by services within Economic Growth & Neighbourhood Services, for each period to date.

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



3.38. 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



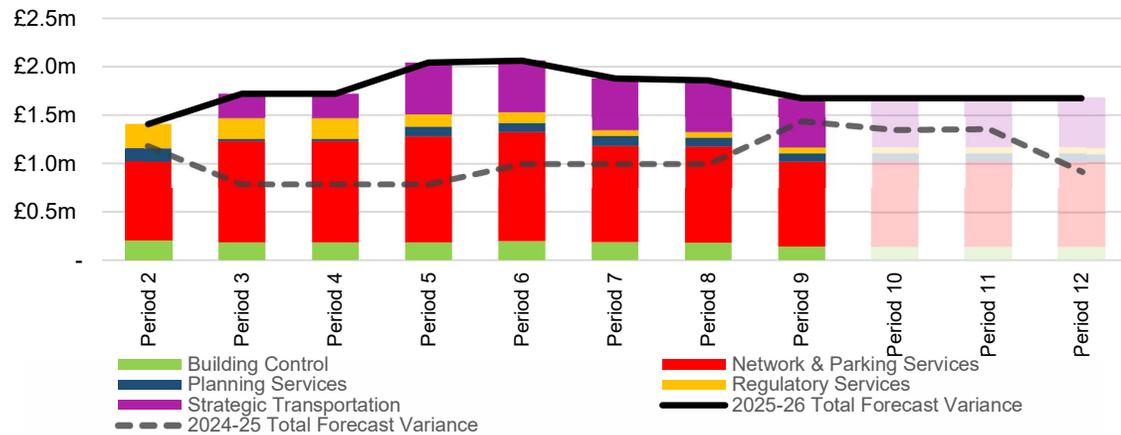
3.39. The explanation for these variances is set out below.

Planning, Transport and Public Protection – £1.675m adverse variance

3.40. Planning, Transport and Public Protection is forecasting an adverse variance of £1.675m at Quarter 3, which is a positive movement of £0.389m from Quarter 2. This forecast includes £0.154m of Recovery Plan mitigations.

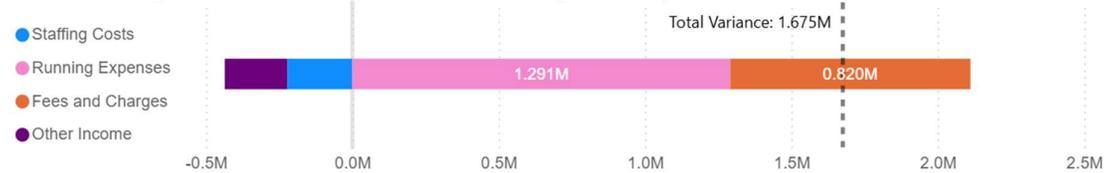
3.41. The following chart summarises the forecast budget variance across Planning, Transport and Public Protection for each period to date.

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



3.42. 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



- 3.43. Building Control is forecasting an adverse variance of £0.143m. There is an adverse variance on income generation of £0.127m. 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 £0.016m. The recruitment challenge has become more significant with a change in legislation which has resulted in professionals leaving the sector.
- 3.44. Planning is forecasting an adverse net variance of £0.083m. There are pressures on staffing and running expenses totalling £0.041m, which includes £0.010m of Recovery Plan mitigations. There is also a net pressure of £0.042m relating to income which is directly related to the number of planning applications, which corresponds to the £0.055m of red rated savings (Appendix 3). 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 not be repeated 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 £0.042m.
- 3.45. Planning Enforcement is forecasting a positive net variance of £0.075m 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.
- 3.46. Houses in Multiple Occupation (HMO) licensing is forecasting an adverse variance of £0.160m. 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).
- 3.47. On 17th November 2025, Policy Committee approved fee increases for Building Control, Planning pre-applications and HMO licensing. These increases were applied from 1st December 2025 and have been reflected in the improvement to the adverse variance for the Quarter 3 position shown above.
- 3.48. Strategic Transport is forecasting an overall net adverse variance of £0.508m. Concessionary Fares is forecasting an adverse variance of £0.690m, which is an increase of £0.110m from Quarter 2. 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 3,469,000 journeys, which is an increase of 190,000 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 £0.690m, 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 is being addressed through the 2026/27 Budget setting process. This £0.690m pressure is partially offset by positive variances of applying £0.047m of Bus Service Improvement Plan funding and £0.135m Local Transport Development funding.

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%

- 3.49. Parking Services is reporting a £0.880m pressure within these figures, this is a net positive movement from the Quarter 2 position of £0.248m. Over the next period the impact of bad and doubtful debts on Penalty Charge Notices will be reviewed which could further improve the final outturn. Further details and analysis of Quarter 3 performance for the specific areas is below.
- 3.50. There is a forecast adverse net variance of £0.216m relating to Bus Lane Enforcement income and Special Parking Area income. 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 have started 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.
- 3.51. A new enforcement contract began in November 2023 which resulted in an expected rise in the contracted spend, with the increase in the corresponding income from Penalty Charge Notices (PCNs) expected 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.
- 3.52. Moving Traffic Enforcement is forecasting an adverse net variance of £0.285m. There is an income pressure of £0.522m primarily driven by increased compliance, which is partially offset by £0.237m 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, 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.
- 3.53. Off Street Parking income is currently forecasting a net adverse variance of £0.117m. Although Broad Street Mall (BSM) car park closure date has been pushed back to a later date in 2026, it has had limited impact overall on the position. BSM income continues to decline due to a likely reduction in footfall, driven by some shops having either moved (e.g. TK Maxx) or have fully closed (e.g. 'One-Pound' shop). The income pressures that were previously reported still remain a risk. 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 now seeking other alternative arrangements that will 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.

- 3.54. Special Parking Area enforcement is reporting a net positive variance of £0.161m. This is driven by more PCNs being issued, around 17% more than in 2024/25.
- 3.55. On Street Pay and Display is forecasting an adverse variance of £0.418m. 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.
- 3.56. The 2026/27 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.
- 3.57. Other forecast positive net variances total £0.021m across the service.

Culture – £0.510m positive variance

- 3.58. Culture is forecasting a positive variance of £0.510m at Quarter 3, including £0.085m of Recovery Plan mitigations. This is a positive movement of £0.195m from Quarter 2.
- 3.59. Within the Active Reading service, the GLL Contract is reporting a total positive variance of £0.440m. This is due to a £0.150m improvement following the finalisation of the energy benchmarking cost exercise, reflecting the lower unit costs and usage as well as an improvement on the contract sum, this is a one-off saving in year for 2025/26. As well as this, a further saving has been made of £0.140m from the current energy estimate which is another one-off saving in year, however future energy predictions have been built into the savings proposal for the 2026/27 MTFS. The closure of the demountable pool has incurred a saving of running costs of £0.080m, and this ongoing benefit has been reflected in savings applied in the 2026/27 MTFS budget setting proposals. Additionally, energy tariffs are lower than budgeted for resulting in a further saving of £0.030m. Staff savings of £0.040m have also been made. This forecast includes £0.060m of Recovery Plan mitigations.
- 3.60. The Reading Play Services within the Leisure Services is forecasting an adverse net variance of £0.015m. This is due to salaries pressures as well as income underachievement from a drop in schools' referrals.
- 3.61. Archives forecasting a positive variance of £0.085m of which £0.025m relates to various Recovery Plan mitigations.

Environmental & Commercial Services – £1.129m adverse variance

- 3.62. Environmental & Commercial Services is forecasting an adverse variance of £1.129m at Quarter 3, which is an adverse movement of £0.442m from Quarter 2.
- 3.63. Streetscene is forecasting an adverse variance of £0.050m. Vacancies in the team across the year are expected to provide a positive variance of £0.100m, but the costs resolving ash dieback issues are now £0.200m. This is partially offset by £0.050m of other positive variances within the running costs of the service
- 3.64. Recycling and Waste Collection is forecasting an adverse net variance of £0.160m. 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. The forecast pressure on employee costs totals £0.471m and is after the application of the Delivery Fund agreed for Route Optimisation costs. 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.

- 3.65. Fleet Management is forecasting an adverse variance of £0.650m. Vehicle hire costs for Recycling and Waste Collection have resulted in costs much higher than budgeted, primarily due to the lack of reliability within the electric fleet of Refuse Collection Vehicles (RCVs) and the aged fleet of spare diesel RCVs. This has resulted in a total RCV fleet, including hires, of up to 28 vehicles on site in order to deliver 14 daily waste rounds. Vehicle hire will create an adverse variance of £0.175m. The unreliability of the electric RCVs has meant that we have kept spare RCVs way beyond their economic life which has resulted in additional and exponential maintenance costs. The service is hiring new vehicles for the remainder of the financial year which should result in greater reliability but no reduction in cost. The new maintenance contract is working well for the scheduled/expected costs of maintaining the fleet, but the activity/reactive based repairs are much higher than anticipated. There has been an increase in the general cost of repairs, and these are expected to create an adverse variance of £0.400m. The service has also incurred consultancy and training costs of £0.030m in order to ensure governance and improve compliance with the Council's Operators Licence (O-Licence). The reduction in older vehicle sales and the maintenance on Electric Vehicle charging units will create an adverse variance of £0.045m.
- 3.66. Highways and Drainage is reporting an adverse variance of £0.470m. 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 pipeline of work for the remainder of 2025/26 is also very low and this has increased the underachievement within the service. A business case has been presented as part of the 2026/27 budget setting process which will hopefully resolve this issue, and the budget and workflow will be reviewed in order to reduce the gap going forward.
- 3.67. Civil Engineering is forecasting an adverse variance of £0.130m. An adverse variance of £0.100m is expected in the streetlighting maintenance contract as there is an ageing asset base it means more structural failures and repairs. It is hoped that funding through the MTFS will help to replace ageing columns and this will in turn lead to a reduction in the maintenance costs. A further £0.030m will be due to an adverse variance on historical income targets that cannot be achieved.
- 3.68. 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. The budget has been rebuilt in order to make it easier to identify the costs of this service but this has identified that some adverse variances exist regarding phone lines and sim card costs
- 3.69. Waste Disposal is forecasting a positive variance of £0.431m. Residual, Green and Food Waste disposal costs are currently lower than expected by £0.298m, recycling budgets and income is expected to be higher than expected by £0.092m, 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 £0.117m has been released as a positive variance. Passthrough costs (paint, wood, rigid plastics) and POPS cost will create an adverse variance of £0.103m, and extended opening hours of the Smallmead site for Waste Collection teams to finish their rounds creates a further £0.029m adverse variance.

Property & Asset Management – £0.510m adverse variance

- 3.70. Property & Asset Management is forecasting an adverse variance of £0.510m at Quarter 3, which is an adverse movement of £0.490m from Quarter 2.

- 3.71. The dividend budgeted from RTL is now not expected to be received in 2025/26 which has created an adverse movement from Quarter 2 of £0.500m.
- 3.72. Acre Business Park is forecasting an adverse net variance of £0.160m. 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. The further £0.020m pressure relates to income losses due to units being handed back during the year.
- 3.73. Facilities Management is forecasting a positive variance of £0.040m due to a recruitment lag of £0.045m in Buildings Payroll, which is partially offset by a pressure of £0.035m relating to staffing within the cleaning service. A positive variance of £0.030m is due to a business rates rebate on Public Conveniences.
- 3.74. 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 £0.130m, this is partially offset by a positive variance of £0.100m on salaries due to vacancies in the team. 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 – £0.310m positive variance

- 3.75. Management & Sustainability is forecasting a positive variance of £0.310m at Quarter 3, which is a positive movement of £0.060m from Quarter 2. A positive variance of £0.340m 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 - £0.115m positive variance

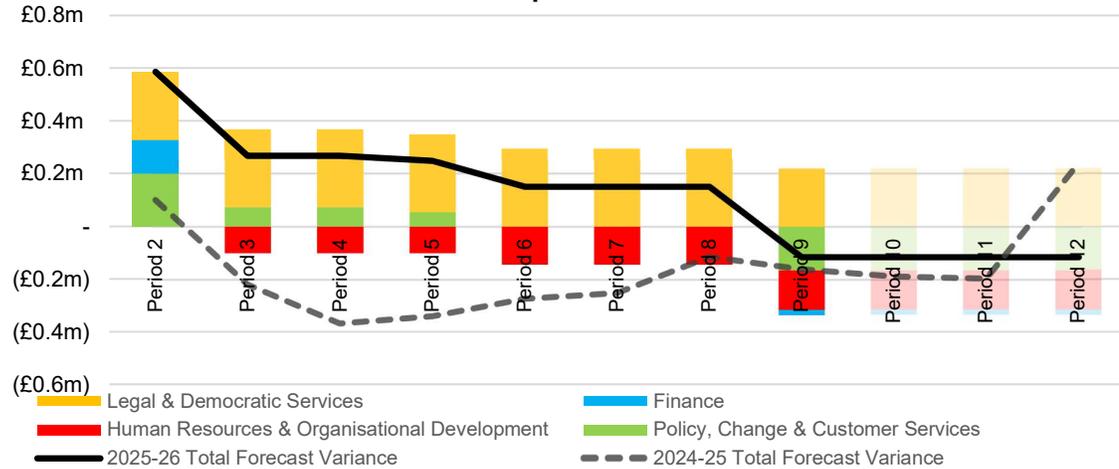
- 3.76. The Directorate of Resources is forecasting a positive net variance of £0.115m at Quarter 3, which is a positive movement of £0.266m from Quarter 2.

Table 8. Resources Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Policy, Change & Customer Services	3.934	3.769	(0.165)	(0.165)
Human Resources & Organisational Development	2.370	2.221	(0.149)	(0.006)
Finance	6.396	6.376	(0.020)	(0.020)
Legal & Democratic Services	3.666	3.885	0.219	(0.075)
Digital & IT	7.360	7.360	0.000	0.000
Total	23.726	23.611	(0.115)	(0.266)

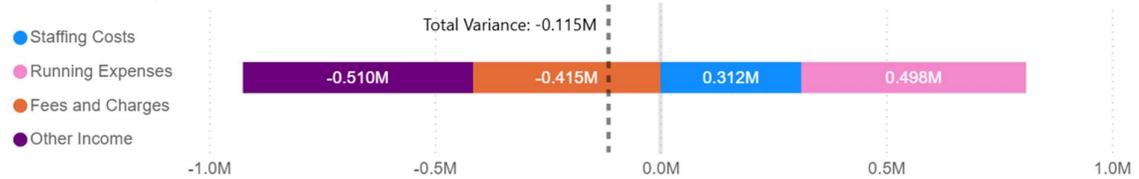
- 3.77. The following chart summarises the forecast budget variance, split by services within Resources, for each period to date.

Chart 15. Forecast Variance Period Comparison – Resources



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

Chart 16. Split of Total Variance – Resources



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

Policy, Change & Customer Services – £0.165m positive variance

3.80. Policy, Change & Customer Services is forecasting a positive variance of £0.165m, which is a positive movement of £0.165m from Quarter 2

3.81. The Customer Experience Programme has a savings target of £0.500m for this year. Savings of £0.401m have been approved as at Quarter 3, leaving a forecast saving shortfall of £0.099m. The service has covered the shortfall from other areas but continues seek actions to deliver the remaining saving.

3.82. 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.

3.83. These budget pressures are being offset by increased income within the Bereavement & Registration service of £0.176m and a £0.175m positive variance on salaries across the service.

Human Resources & Organisational Development – £0.149m positive variance

3.84. Human Resources & Organisational Development is forecasting a positive variance of £0.149m, which is a positive movement of £0.006m from Quarter 2. This variance is due to additional income at Kennet Day Nursery via Early Years Funding and fees and charges, and other minor variances.

Finance – £0.020m positive variance

3.85. Finance is forecasting a positive variance of £0.020m, which is a positive movement of £0.020m from Quarter 2.

- 3.86. Finance is anticipating to fully deliver its planned savings programme of £0.318m in 2025/26.
- 3.87. 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 and savings being achieved across the Revenues and Benefits team.

Legal & Democratic Services – £0.219m adverse variance

- 3.88. Legal & Democratic Services is forecasting an adverse variance of £0.219m, which is a positive movement of £0.075m from Quarter 2.
- 3.89. Staffing and agency costs within Legal Services are adding £0.250m 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 £0.019m.
- 3.90. The staffing establishment is currently under review as part of delivering budgetary mitigations.

Chief Executive Services – £0.031m positive variance

- 3.91. Chief Executive Services is forecasting a positive net variance of £0.031m at Quarter 3, which is unchanged from Quarter 2.

Table 9. Chief Executive Services Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Executive Management Team	0.944	0.919	(0.025)	0.000
Communications	0.673	0.667	(0.006)	0.000
Total	1.617	1.586	(0.031)	0.000

Executive Management Team – £0.025m positive variance

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

Communications – £0.006m positive variance

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

Corporate Budgets - £4.486m positive variance

- 3.94. Corporate Budgets are forecasting a positive net variance of £4.486m at Quarter 3, which is a positive movement of £0.704m from Quarter 2 and is summarised below.

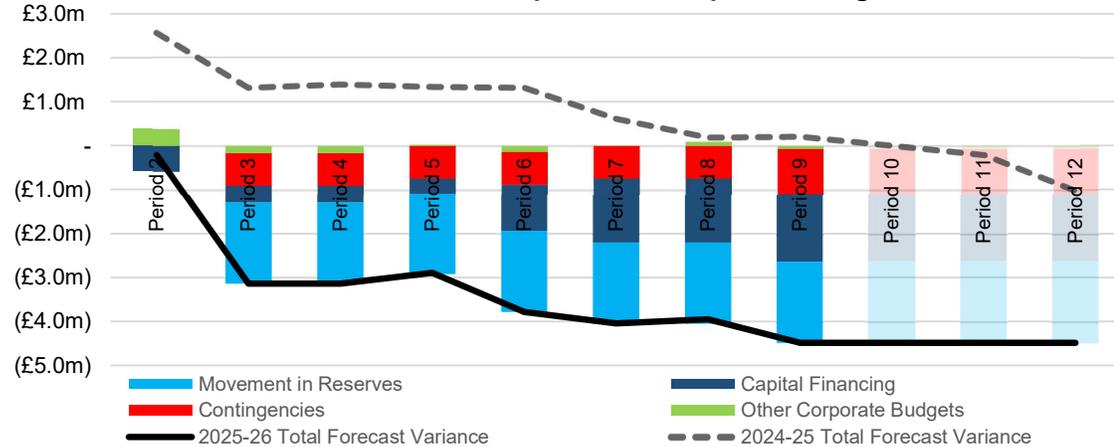
Table 10. Corporate Budgets Forecast 2025/26

Service	Budget	Forecast Outturn	Forecast Variance	Increase/ (decrease) from Quarter 2
	£m	£m	£m	£m
Capital Financing Costs	17.296	15.744	(1.552)	(0.489)
Contingencies	2.523	1.500	(1.023)	(0.285)
Other Corporate Budgets	(13.170)	(13.237)	(0.067)	0.070

Movement to/(from) Reserves	(4.018)	(5.862)	(1.844)	0.000
Total	2.631	(1.855)	(4.486)	(0.704)

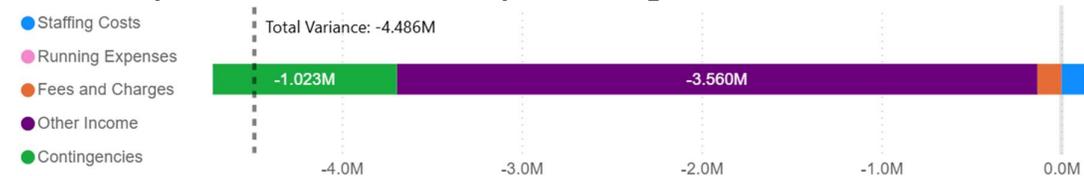
3.95. The following chart summarises the forecast budget variance, split by services within Corporate Budgets, for each period to date.

Chart 17. Forecast Variance Period Comparison – Corporate Budgets



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

Chart 18. Split of Total Variance – Corporate Budgets



3.97. Capital Financing Costs is forecasting a positive total net variance of £1.552m, which is a positive movement of £0.489m from Quarter 2. There is an adverse variance of £0.464m on the interest payable budget, which is a positive movement of £0.450m from Quarter 2. However, this is offset by a positive variance of £1.443m on the interest receivable budget, which is a positive movement of £0.039m from Quarter 2. Additionally, there is a positive variance of £0.573m relating to the Minimum Revenue Provision (MRP), which is unchanged from Quarter 2, 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.

3.98. Other Corporate Budgets is forecasting a positive net variance of £0.067m, which is an adverse movement of £0.070m from Quarter 2. This includes a projected positive variance of £0.125m against the General Fund Bad Debt Provision year to date based on the level and age of outstanding debt as at the end of December, which is an adverse movement of £0.137m from the Quarter 2 position. There is a positive movement of £0.182m on the Housing Benefit Subsidy forecast and further small adverse variances across corporate totalling £0.115m.

3.99. It is currently assumed that £1.500m of the £2.523m 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 £1.023m contingency is currently forecast to contribute a positive variance to the overall General Fund position.

3.100. 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

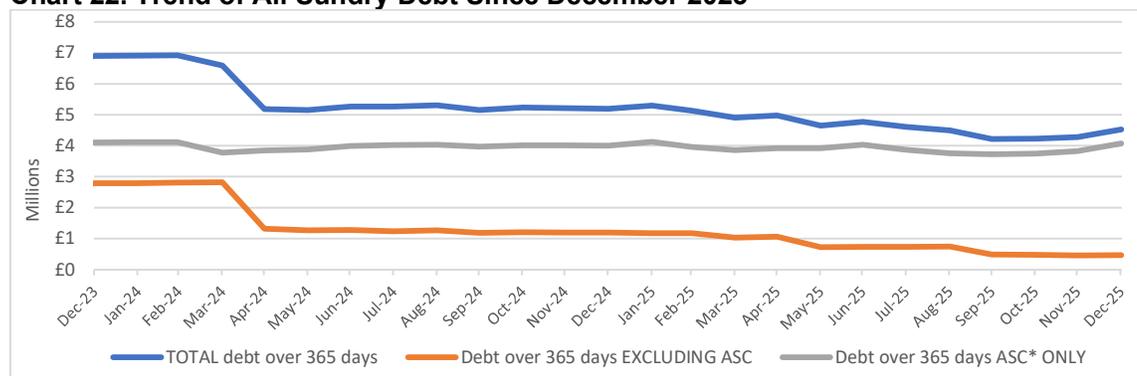
- 4.1. Delivery of the Council's budget is predicated on achieving savings and additional income as agreed as part of the budget setting process in February 2025. Detailed monitoring of agreed savings is tracked on a monthly basis.
- 4.2. The projected financial impact of any non-delivery of savings 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 3):

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	0.000	(0.668)	(0.315)	(0.983)
Children's Services	(0.813)	0.000	0.000	(1.821)	(2.634)
Economic Growth and Neighbourhood Services	(1.677)	(0.369)	(2.280)	(0.883)	(5.209)
Resources	(0.099)	(0.028)	(0.068)	(2.143)	(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	(2.589)	(0.397)	(3.016)	(5.514)	(11.516)

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

Chart 22. Trend of All Sundry Debt Since December 2023



5.2. Client finances continue to work on understanding causes and options for prevention of accumulation of Adult Social Care related debt. The service is piloting in-person debt surgeries, whereby tailored support and advice can be given to those services users for whom it is appropriate, as well as signposting to other services and support available across the council (i.e. the deputies service) and in the voluntary sector. The objective is to provide a supportive and person centred approach, to support services users in navigating their charge.

5.3. The overall Adult Social Care debt position relating to current and deceased customer charges remains quite stable across 2025/26. Around 10% of total Adult Social Care debt is under current deferred payment agreements. A further 42 accounts are currently with legal services for appropriate further action. The overall debt position is however increasing as a result of corporate recharges to health (i.e. NHS contributions for continuing healthcare). We continue to work with health bodies to improve our relationship and processes, to support timely payment of invoices raised and effective management of invoice queries that can delay payment.

6. Debt Write-Offs

6.1. 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 - £145,433.70
- Sundry Debt - £25,750.00

6.2. The list of specific debts requested to be written off are set out in Appendix 8. It is considered that information contained within Appendix 8 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.

6.3. 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.

6.4. 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%).

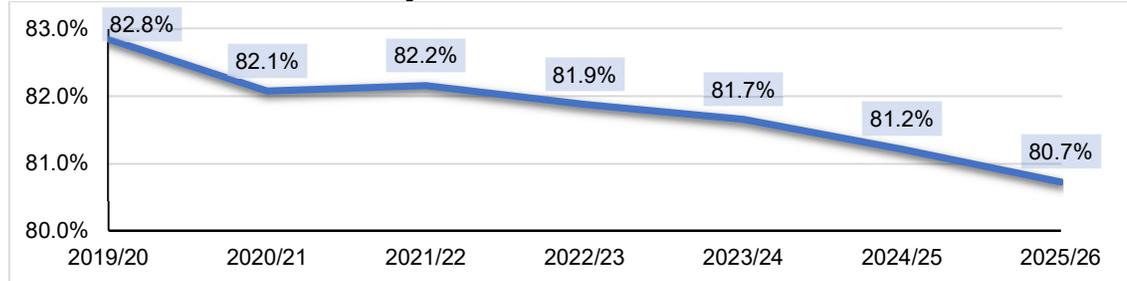
7. Collection Fund

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

7.2. Council Tax collection rates are behind the collection levels at the same point when compared to 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. 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



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

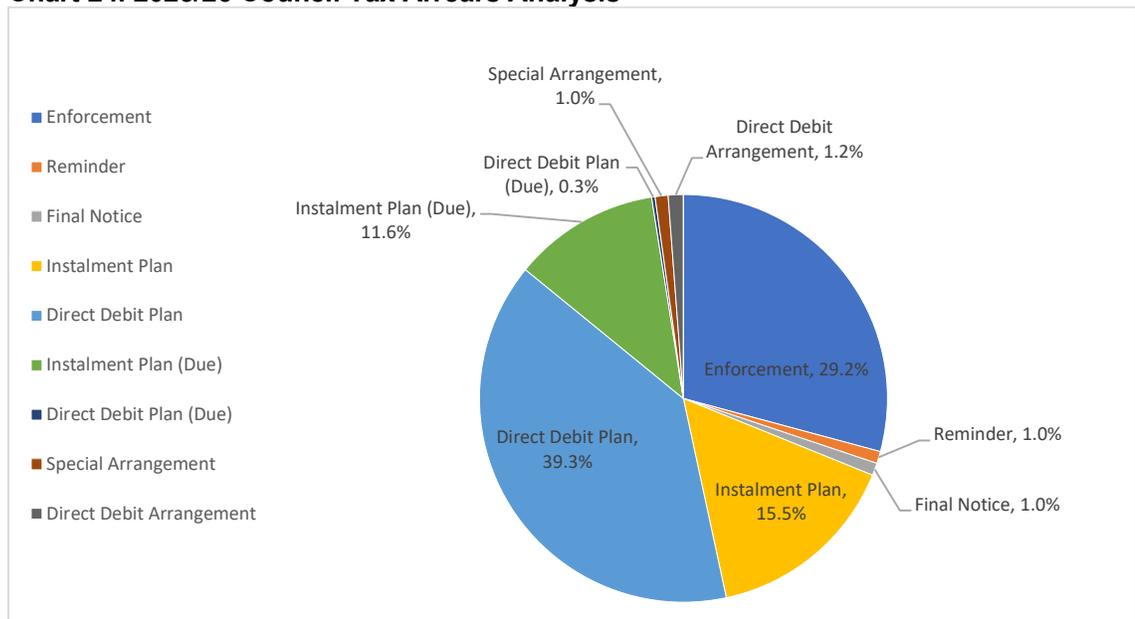
Table 12. Council Tax Collection across Berkshire (Quarter 3)

Council Tax	Comparison to 2024/25
Bracknell	↑ 0.35%
Reading	↓ 0.49%
RBWM	↓ 0.32%
Slough	↓ 1.11%
West Berkshire	↓ 0.27%
Wokingham	↑ 0.09%

7.4. For context, a 0.49% decrease in collection is worth approximately £0.740m to the Collection Fund for 2025/26.

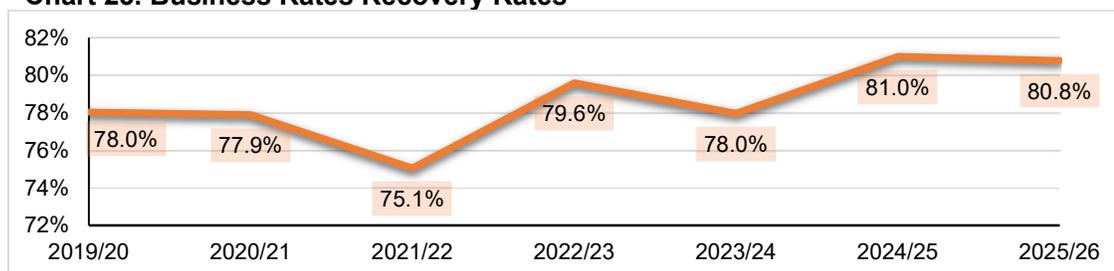
7.5. The following graph shows an analysis of 2025/26 Council Tax Arrears as at 7th January 2026.

Chart 24. 2025/26 Council Tax Arrears Analysis



- 7.6. Non-Domestic collection rates are currently behind the collection levels at the same point when compared to 2024/25 collection rates at the same point last year.

Chart 25. Business Rates Recovery Rates



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

Table 13. Business Rates Collection across Berkshire (Quarter 3)

Business Rates	Comparison to 2024/25
Bracknell	↑ 2.47%
Reading	↓ 0.22%
RBWM	↓ 1.14%
Slough	↑ 0.29%
West Berkshire	↓ 2.09%
Wokingham	↑ 1.20%

- 7.8. For context, a 0.22% decrease in collection is worth approximately £0.339m to the Collection Fund for 2025/26.

8. General Fund - Capital Programme

- 8.1. The General Fund Capital Programme for 2025/26 has an approved budget of £76.754m. The following amendments are requested to be formally approved which would result in a proposed revised Capital Programme budget of £53.806m. These amendments are set out on an individual scheme basis in Appendix 4.
- 8.2. Against the proposed revised budget of £53.806m there is a positive net variance of £0.247m. This variance incorporates a £0.367m positive variance for the Delivery Fund, offset by a £0.120m adverse variance on the IT Future Operating Model scheme.

Table 14. General Fund Capital Programme Amendments

General Fund Capital Programme	£m
Revised Approved Budget 2025/26	76.754
Budget Movements Between Schemes	0.000
Additional Budgets added to the Programme - Funded by Grants & Contributions	0.755
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts, Revenue Contributions and Borrowing	0.073
Reduced Budgets - Completed Schemes & Other carry forward budget adjustments	(0.803)
Budgets reprogrammed (to)/from Future Years	(22.973)
Proposed Revised Budget Quarter 3 2025/26	53.806

- 8.3. Budget movements requested between schemes are set out within Appendix 4.

- 8.4. A total of £0.755m of additional budget (as set out in Appendix 4) is requested to be formally added into the Capital Programme to be funded by grants and other contributions. This includes:
- £0.561m for the new Roman Britain Reimagined in Reading scheme to refurbish the Silchester Gallery following the award of grant funding. This scheme is expected to commence in 2026/27 so has been subsequently reprofiled into future years;
 - £0.102 for the new, fully grant funded, Pavement Channels scheme, following the award of grant funding. This scheme is expected to commence in 2026/27 so has been subsequently reprofiled into future years;
 - £0.092m for the DFC scheme for capital expenditure directly incurred by schools and funded by devolved formula capital grant funding.
- 8.5. A total of £0.073m of additional budget (as set out in Appendix 4) is requested to be formally added into the Capital Programme for the Levelling Up Delivery Plan - New Reading Library at the Civic Centre scheme. The £0.073m budget increase will be funded from revenue reserves.
- 8.6. A total of £0.803m of budget (as set out in Appendix 4) is requested to be removed from the Capital Programme, where schemes funded by grants and other contributions have completed below budget and to correct previous grant allocations.
- 8.7. A net total of £22.973m 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:
- £3.190m for the Active Travel Tranche 2 and 3 schemes to reflect the revised programme for Shinfield Road Phase 2 and Castle Hill/Bath Road works;
 - £2.639m for the Bus Service Improvement scheme to reflect the revised programme, with outstanding Phase 1 schemes anticipated to be delivered in 2026/27;
 - £2.391m for the Co-located profound and multiple learning disabilities day opportunities and respite facility and sheltered housing flats scheme to reflect the latest timeline provided by the building contractor;
 - £1.976m for the Local Transport Plan Development to reflect the revised programme;
 - £1.024m for the Levelling Up Delivery Plan - New Reading Library at the Civic Centre scheme to reflect a slight delay in project delivery;
 - £1.000m for the Levelling Up Delivery Plan - New performance space at the Hexagon Theatre scheme where the delayed contract signing has led to some activities being pushed back to 2026/27;
 - £0.851m for the Electric Vehicle Charging Points scheme to reflect current expectations of the timing of this scheme;
 - £0.608m for the Cremator Procurement scheme to reflect the revised timescale;
 - £5.520m for Education schemes, which are fully funded by grants and other contributions;
 - £3.774m of net re-programming between years across all other schemes.
- 8.8. In addition, a total of £8.650m of budgets are requested to be reprogrammed between 2027/28 and future years of the Capital Programme as set out in Appendix 4 for the Maintenance & Enhancement of Council Properties scheme and further reprofiling is requested in future years for grant funded Education schemes as set out in Appendix 4.

9. Delivery Fund

- 9.1. Costs of service transformation and the delivery of future ongoing savings are able to be charged to capital (and financed from new capital receipts) due to the introduction of the Flexible Capital Receipts Regulations. These regulations have been confirmed to have been extended to 31st March 2030.

9.2. There is a total £2.927m Delivery Fund available for 2025/26 (inclusive of 2024/25 approved carry forwards). At Quarter 3, £2.820m of this funding has been allocated out to approved schemes and the forecast spend is £2.560m, which represents a positive net variance of £0.367m. 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.

10. Housing Revenue Account – Revenue

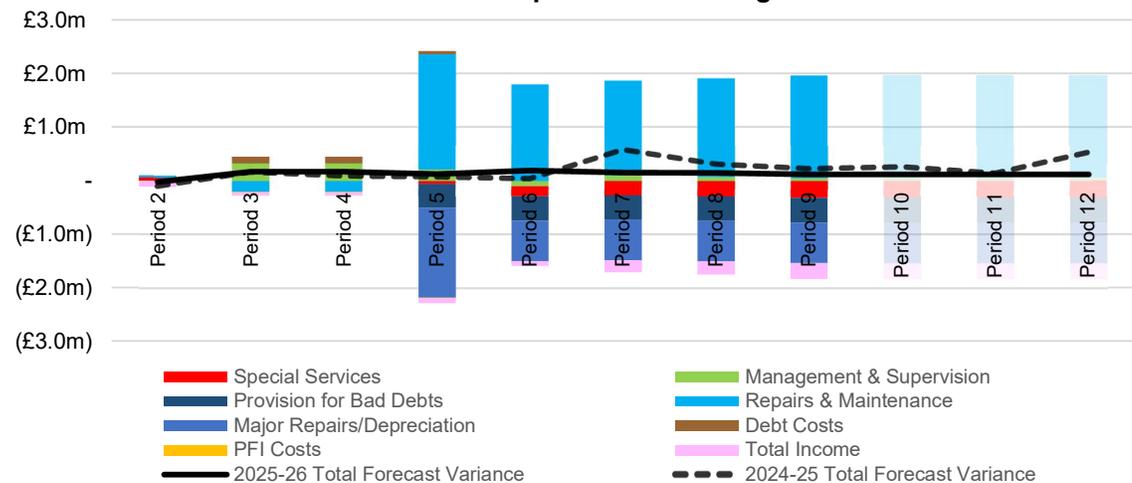
10.1. The approved HRA budget assumes a drawdown from reserves of £5.424m. At Quarter 3, the forecast revenue outturn position on the HRA is an adverse net variance to budget of £0.126m. Therefore, a drawdown from the HRA Reserve is forecast of £5.550m rather than the approved budgeted £5.424m drawdown 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 2
	£m	£m	£m	£m
Management & Supervision	12.154	12.204	0.050	0.145
Special Services	5.114	4.791	(0.323)	(0.132)
Provision for Bad Debts	0.922	0.461	(0.461)	0.000
Repairs & Maintenance	9.229	11.142	1.913	0.119
Major Repairs/Depreciation	14.009	13.250	(0.759)	0.000
Debt Costs	8.426	8.426	0.000	0.001
PFI Costs	8.410	8.410	0.000	0.000
HRA Income	(52.840)	(53.134)	(0.294)	(0.204)
Over/(Under) Budget	5.424	5.550	0.126	(0.071)
Movement to/(from) HRA Reserves	(5.424)	(5.550)	(0.126)	0.071

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

Chart 26. Forecast Variance Period Comparison – Housing Revenue Account



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

Chart 27. Split of Total Variance – Housing Revenue Account



- 10.4. Management and Supervision is forecasting an adverse variance of £0.050m. There are positive variances on staffing offset by the costs associated with the temporary structure at Whitley Wood Community Centre and higher central recharges.
- 10.5. Special Services, which include sheltered housing schemes, is forecasting a positive variance of £0.323m due to vacancies.
- 10.6. 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.
- 10.7. Repairs & Maintenance is forecasting an adverse variance of £1.913m. 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.
- 10.8. 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.
- 10.9. HRA Income is forecasting a positive variance of £0.294m. Dwelling Rents are currently projected to be overachieving on the budget by a total of £0.088m (0.20% more than budget). In addition, there is a forecast positive variance on Service Charges of £0.020m. Other Income is forecast to overachieve against the budget by £0.265m. Interest on balances is forecast to underachieve by £0.079m due to lower interest rates than expected.

11. Housing Revenue Account - Capital Programme

- 11.1. The HRA Capital Programme for 2025/26 has an approved budget of £64.483m. The following amendments are requested to be formally approved which would result in a proposed revised Capital Programme budget of £62.154m. These amendments are set out on an individual scheme basis in Appendix 5.

Table 16. Housing Revenue Account Capital Programme Amendments

Housing Revenue Account Capital Programme	£m
Revised Approved Budget 2025/26	64.483
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	0.000
Budgets reprogrammed (to)/from Future Years	(2.329)
Proposed Revised Budget Quarter 3 2025/26	62.154

- 11.2. A total of £2.329m of budgets are requested to be reprogrammed between 2025/26 and future years of the Capital Programme as set out in Appendix 5, for the Major Repairs - Existing Homes Renewal & Zero Carbon Retrofit works scheme.

12. Council Plan Performance

Summary

- 12.1. 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.”
- 12.2. 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
- 12.3. These themes are supported by the strong Foundations of effective service delivery, improvement and transformation needed to ensure the effective delivery of the ambitious programme set out in the Council Plan.
- 12.4. 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.
- 12.5. The full list of Performance KPIs monitored in year is attached at Appendix 6 and Projects as Appendix 7.
- 12.6. The table below provides a summary of the status of the KPIs and projects at the end of the third quarter of 2025/26.

Table 17. Performance Overview

	Status %				
What	Red	Amber	Green	Complete	Outstanding
Key Measures	29	18	47	N/A	6
Key Projects	0	35	63	2	0

Council Plan KPIs

- 12.7. The KPIs are rated as follows:
- Green – at or above target
 - Amber – within 10% of the target
 - Red – 10% or more off target
- 12.8. 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		
	Q3	Q4	Q1	Q2	Q3
	%	%	%	%	%
Green	35	42	53	47	47
Amber	22	19	6	23.5	18
Red	43	39	35	23.5	29
Outstanding	0	0	6	6	6
Total	100	100	100	100	100

12.9. The one measure that is outstanding as at Quarter 3 is the Residents contacts handled through self-service channels. Due to the substantial changes and increases to our digital channels, it is not possible to provide a consistent measure at this stage.

12.10. Further details are provided in Appendix 6.

Council Plan Projects

12.11. Projects are rated as follows:

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

12.12. 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	Q3
	%	%	%	%	%	%
Blue	0	9	11	0	2	2
Green	65	61	67	63	63	63
Amber	35	28	20	35	31	35
Red	0	2	2	2	4	0
Total	100	100	100	100	100	100

12.13. Further details are provided in Appendix 7.

13. Contribution to Strategic Aims

13.1. 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.

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

14. Environmental and Climate Implications

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

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

15. Community Engagement

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

16. Equality Implications

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

17. Other Relevant Considerations

17.1. There are none.

18. Legal Implications

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

19. Financial Implications

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

20. Timetable for Implementation

20.1. Not applicable.

21. Background Papers

21.1. There are none.

Appendices

- 1. Summary of the General Fund Budget and Forecast 2025/26**
- 2. Spend Control Tracking**
- 3. Savings Tracker Quarter 3**
- 4. General Fund Capital Programme**
- 5. Housing Revenue Account (HRA) Capital Programme**
- 6. Council Plan Performance Measures Quarter 3**
- 7. Council Plan Projects Quarter 3**
- 8. Debt Write-Offs**