

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	9 MARCH 2020		
TITLE:	2019-20 QUARTER 3 PERFORMANCE MONITORING REPORT		
LEAD COUNCILLOR:	CLLR EMBERSON	PORTFOLIO:	CORPORATE & CONSUMER SERVICES
SERVICE:	FINANCE AND CUSTOMER SERVICES	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the projected revenue and capital outturn positions for 2019/20 for both the General Fund and the Housing Revenue Accounts as at the end of December 2019 (Quarter 3).
- 1.2 The report also sets out performance for the third quarter against the measures of success published in the Council's Corporate Plan.

The Corporate Plan sets out:

- The Council's vision and priorities which provide the context for service delivery;
- How the Council works together with partners and our contribution to Shaping Readings Future; and
- The measures the Council will use to show the difference it is making.

Hence the Corporate Plan informs the Council's allocation of resources, its Medium-Term Financial Strategy and budget setting process.

- 1.3 The detail supporting this report are included in two appendices:
 - Appendix 1 - Financial Monitoring for Quarter 3, and
 - Appendix 2 - Performance Monitoring for Quarter 3
- 1.4 Appendix 2 uses a more graphical approach and presents an overview for the Corporate Plan and each Priority. This format will be used in the short term. However, from the 1ST April 2020 summary reporting will be built into the new performance software (InPhase) at a Corporate Plan priority and Directorate level.

2. RECOMMENDED ACTION

That Policy Committee notes that:

- 2.1 The forecast General Fund revenue outturn position as at the end of December 2019 is a net underspend of £3.115m with weighted opportunities of £0.075m;
- 2.2 The forecast outturn position on the Housing Revenue Account as at the end of December 2019 is a projected underspend of £8.614m against budget.
- 2.3 The forecast outturn on the Capital Programme as at the 31st December 2019 is a projected underspend of £133.9m on the General Fund and a projected underspend of £4.9m on the Housing Revenue Account, and
- 2.4 The performance achieved against the Corporate Plan success measures as set out in paragraphs 7.2-7.7 and Appendix 2 attached.

3. POLICY CONTEXT

- 3.1 Council in June 2018 approved Shaping Reading's Future - Our Corporate Plan 2018-21. The Plan reflects the Council's priorities for Reading and provides direction for staff in delivering services to meet the needs of the communities within the Borough whilst working to a budget and Medium-Term Financial Strategy (MTFS) agreed at Council in February 2019. An annual refresh of the Plan was published at Council in June 2019.

4. Financial Performance

General Fund

- 4.1 The forecast outturn as at the end of Period 9 for operational service budgets, (excluding the services delivered by Brighter Futures for Children), is an overspend of £0.507m, which is a decrease of (£0.174m) from Period 8. This is mainly attributable to the Directorate of Economic Growth and Neighbourhood Services which is forecasting an overspend of £0.399m, but also includes a projected overspend of £0.116m from the Directorate of Resources. The Directorate of Adult Care and Health is currently projecting a small underspend of (£0.008m).
- 4.2 The Directorate of Economic Growth and Neighbourhood Services [DEGNS] projected overspend of £0.399m is a decrease of £0.243m from Period 8. The key variances attributable are a £0.632m overspend in Environmental and Commercial Services, relating to income shortfalls and use of agency staff to cover staff absences. A £0.609m overspend in Regeneration and Asset services due to limited commercial investment opportunities and pressures relating to the reshaping of the building cleaning service. A £0.269m overspend in Cultural Services projects due to income shortfalls in the town hall, libraries, the hexagon and play services. A £0.140m overspend in Planning and Regulatory Services due to costs of a legal challenge, offset by income surpluses and underspends due to staffing vacancies and transitional costs relating to the departmental management structure resulting in an overspend of £0.101m within the Overhead Account. Offsetting these projected overspends are a projected underspend of (£0.200m) within Housing and Neighbourhood Services due to additional Homelessness grant funding and

additional income of (£1.152m) within Transportation, predominantly from extra Parking and Bus Lane Enforcement.

- 4.3 The Directorate of Adult Care and Health Services [DACHS] is forecasting a small underspend of (£0.008m), a £1k reduction from Period 8. The underspend reflects a net position, with Adult Services Operations forecasting a £0.543m pressure on adult placements, partly offset by an underspend of (£0.288m) on staffing budgets, a (£0.134m) overachievement on income, underspends on non-staffing directorate budgets (£109k) and an anticipated underspend of (£0.020m) by Preventative Services.
- 4.4 The Directorate of Resources [DOR] as at the end of Period 9 is forecasting an overspend of £0.116m, an increase of £0.071m on the Period 8 position. This is due to a forecast overspend of £0.087m in Financial Services and an overspend in Legal and Democratic Services of £0.203m, due to staffing pressures and a shortfall in income. The key underspend offsetting these variances is within IT and Digital Transformation (£0.255m), where various IT implementation projects are delayed. Other services within DOR are forecasting smaller variances, with a combined total overspend of £0.081m.
- 4.5 As in previous months, the forecast outturn for Children's Services delivered by Brighter Futures for Children [BFFC] is based on the prior months data due to a contractual delay in their reporting timeframes. The forecast outturn for Children's Services delivered by Brighter Futures for Children [BFFC] is a projected overspend of £1.608m, which relates predominantly to the continued increase in the number of children in care and the cost of agency workers covering vacant posts. The position has deteriorated by £0.148m on the prior period and is due to an increase in the cost of External Placements - £0.100m and higher usage for the Emergency Duty Service - £0.048m.
- 4.6 Corporate Budgets are forecast to underspend by (£5.230m). Incorporating the corporate items forecast with that of the service areas, offsets the projected overall service overspend of £2.115m, assuming the Council picks up all of BFFC's overspend and results in a net projected underspend of (£3.115m). The underspend on Corporate Budgets relates to higher than anticipated section 31 grant income and upsides from the 2019/20 Pooling Pilot as well as contingency and risk provisions not all being required based on the above service forecasts.
- 4.7 The forecast underspend (£3.115m) will be transferred into General or Earmarked Reserves at year end thereby increasing the Council's overall financial resilience. If the net weighted opportunities of (£0.075m) were to materialise then this would increase to (£3.190m). Within the net weighted opportunities are total unweighted risks of £2.705m, which if they all materialised would result in a reduced underspend for the year of (£0.410m).
- 4.8 Delivery of the Council's budget is predicated on achieving savings and efficiencies as agreed as part of the budget setting process in February 2019. Detailed monitoring of agreed savings is tracked on a monthly basis on a R-A-G-B basis. As at the end of Period 9, £8.987m of the overall £12.720m savings being tracked are categorised as either blue or green (£4.559m blue - already delivered; £4.428m green - on track). A further £0.280m are categorised as amber and £3.453m as red. Since Period 8, blue savings have increased by £0.260m; green savings decreased by £0.151m; amber savings decreased by £0.220m and savings rated as red have

increased by £0.111m. £0.561m of prior year red rated savings and £1.144m of current year red rated savings have been removed from future years as part of the MTFS refresh. Details of those savings which have been removed are set out in the end column of the outstanding red savings in appendix 1, pages 13-18.

- 4.9 The Council's net budget requirement of £137m is financed from Council Tax (including New Homes Bonus) and Business Rates. Any in-year projected surplus or deficit on these items is prevented (by technical accounting regulations) from impacting on the current year position but would be carried into 2020/21. A £1.8m improvement in our overall business rates provision is currently forecast and is included in the draft budget and MTFS proposals.
- 4.10 Sundry debt relating to invoices over 30 days old as at the end of Period 9 is £9.759m. This is a 34% decrease from the figure reported at Period 8, when outstanding debt over 30 days was £14.770m.
- 4.11 Purchase to Pay is showing an average compliance of 85% in Period 9. This is unchanged from Period 8, is a 12% increase compared to Period 9 last year and gives an average compliance for the financial year to date of 80%.
- 4.12 The Council has 39 agency contracts, of which 16 are in DOR, 17 in DACHS and 6 in DEGNS. The top 5 posts currently filled by agency staff are listed on page 21 of appendix 1. The number of agency contracts has decreased by 7% from Period 8 and there has been a 34% reduction in agency contracts within these directorates compared to Period 9 last year. £0.045m has been spent on overtime during Period 9, bringing the total spent this year to £0.519m. The number of redundancies to date during 19-20, is 18, at a cost of £0.322m.

5. Housing Revenue Account

- 5.1 As at Period 9 the forecast revenue outturn position on the HRA is an improvement on that budgeted of (£8.614m). This is due to slippage on Major Works of (£4.614m) due to two work programmes that had to be retendered; increased projected rental income of (£0.200m) and a change in the Council's minimum revenue provision policy, resulting in an underspend of (£3.800m), which reduces the in-year requirement to use HRA balances to (£1.852m). The forecast underspend is (£1.019m) higher than that reported in Period 8.

6. Capital Programme

- 6.1 The Council's General Fund Capital Programme (excluding particular schemes relating to investing in commercial property and providing loan finance to Homes for Reading - both provisionally approved but subject to suitable business opportunities emerging) is a (£0.606m) net underspend, (£2.682m) less than in Period 8. £5.200m of the projected forecast relates to a loan to Reading Transport Limited [RTL] for the acquisition of another bus operator, (approved by policy committee but pending approval by full Council). Several projected underspends including Cranbury College (£0.600m), Corporate buildings/Health & Safety Works investments (£0.768m) and ICT infrastructure (£1.268m) represent the largest forecast in-year net underspends. Forecast variances across the whole General Fund Capital Programme are set out later in this report and detail all other net variances on a scheme by scheme basis.

6.2 As previously reported, the change in business model for Homes for Reading has meant that the allocated £25m will not now be required. Additionally, whilst £35m has so far been spent in year on the acquisition of commercial property investments, £115m remains unspent to date. Whilst several further opportunities are being explored, proceeding with these requires detailed business case modelling and due diligence to be completed and would only proceed if such acquisitions met criteria laid out in the Commercial Investment Property Strategy.

7. Corporate Plan Performance

7.1 Paragraphs 7.2 - 7.7 provide a summary of performance of the areas as at the end of the third quarter against the success measures to monitor progress against the Council's six priorities published in its Corporate Plan.

The full suite of thirty-nine¹ measures and progress against targets as at the end of December 2019 are set out in Appendix 2 attached.

The overall RAG Status of these indicators is as follows:

- 23 measures are Green;
- 6 Measures are Amber;
- 8 measures are Red

7.2 Securing the economic success of Reading

Measure	2018/ 19 Q3	2018/ 19 Result	2019/ 20 Q2	2019/ 20 Q3	2019/ 20 Target	Performance against target
Areas performing well or improving						
Percentage of people aged 18 -64 who are economically active	79.8%	80.70%	82.10%	81.2%	80.90%	Economically active people in Reading have decreased marginally over the past 3 months. Reading is now below the average for the South East region. Latest data covers the period to Oct 2018 - Sep 2019
Superfast Broadband coverage	On target	On Track	Delayed	98.82 %	100%	BT Openreach keeping to their remedial plan and targets are being met as per revised plan Current coverage percentage 98.82%. Prospects now remain good for delivery on target

7.3 Ensuring access to decent housing to meet local needs

Measure	2018/ 19 Q3	2018/ 19 Result	2019/ 20 Q2	2019/ 20 Q3	2019/ 20 Target	Performance against target
Areas performing well or improving						
Total number of cases where positive action was successful	341	421	320	503	440	This figure in line with last year's figures includes both cases that are

¹ 2 survey measures, which take place every two years, have no trend information so no status assigned.

in preventing homelessness - cumulative						prevented from becoming homeless and those whose homelessness was resolved
Percentage of Houses of Multiple Occupation (HMO's) licensed under mandatory licensing schemes	New Measure	30%	37%	54%	32%	Continued work with HMO owners to secure new licence applications has achieved the target set for this year

7.4 Protecting & enhancing the lives of vulnerable adults and children

Measure	2018/19 Q3	2018/19 Result	2019/20 Q2	2019/20 Q3	2019/20 Target	Performance against target
Areas performing well or improving						
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Older People (65+)	341.7	432	192.12	251.53	550 per year per 100,000	Progress against this target remains good and supports the RBC Adult Social Care ethos of helping people to return home with the right support, equipment and technology to allow them to live independently. With enabling care provided by our Community Reablement Service combined with growth in extra care housing, social care practitioners will always look to promote independence in the community before considering placements. As at Dec 2019; 51 Older People at an average of 5.67 per month had been newly permanently admitted whereas at the same point in 2018 there had been 69 people admitted at an average of 7.33 per month (88 Older People in total were finally admitted in 2018/19).
Areas for Improvement						
Increase the number of service users (Adults) receiving direct payments	16.93%	17.87%	18.96%	18.83%	22%	Whilst there are several new Direct Payment recipients, there has also been some movement with people coming off Direct Payments, due to death or not being able to safely manage this method. A dedicated Direct Payment advisor has just started working on a 6-month contract to drive this towards target of 22%. This will see intense work with staff in order to upskill them to deliver more Direct Payments. Further

						work is also underway to look at how a PA market can be supported to grow in Reading.
Reducing the number of days that people are unable to leave hospital because of social care delays (bed days)		1322	863	1202	1273	Whilst most patients return to the community there are some patients who present with complex social care needs. These patients can therefore be delayed in hospital whilst a range of providers are sourced to assess them. Many delays are due to a small number of patients who require specialist dementia care. Market capacity in this area remains challenging due to some CQC impositions regarding admissions to River View Nursing Home where Reading contract several beds. There is also a lack of other local providers of this care and commissioners are aware of this and holding discussions with the relevant providers. Overall Reading Borough Council continue to be proactive in the area of delays, working with partners in Health, Housing and the wider third sector to ensure that delays are kept to a minimum.

7.5 Keeping Reading's environment clean, green and safe

Measure	2018/ 19 Q3	2018/ 19 Result	2019/20 Q2	2019/20 Q3	2019/ 20 Target	Performance against target
Areas performing well or improving						
Increased Percentage of household waste sent for re-use, recycling and composting		32.00%	37%	36.5%	35%	Improved this quarter and related to the increase of wood recycling at Household Waste Recycling Centres (HWRCs) since the new contract has been put in place. Projected to increase further with the introduction of food waste collections and a smaller bin for waste sent to landfill
Areas for Improvement						
Reduction in total recorded crime rates (per 1,000 population)	New Measure	7.126	8.75	9.46	7.236	This figure is measured annually; however current year on year figures shows there is no increase in overall crime

						although we are still about average within our comparator group for the same period. Looking at number rather than per 1000 up to October 19 figures shows no increase in crime. However, the trend is upward, so we need to continue to work to address this.
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7.6 Promoting health, education, culture and wellbeing

Measure	2018/19 Q2	2018/19 Result	2019/20 Q2	2019/20 Q3	2019/20 Target	Performance against target
Areas performing well or improving						
Levels of activity - active at least 150 minutes per week (Active Lives Survey)	Annual	65%	68%		66%	Annual Sport England Survey results released show increase in participation rates. Procurement of new Leisure partner considered at Policy Committee 20/1/20
Increased participation at Council Cultural Venues	New measure	326,200	50,272	120,100	334,500	Very busy Autumn / winter season at Council cultural venues. We are on track to achieve the target set
Areas for Improvement						
Smoking prevalence in adults in routine and manual occupations (18-64) - current smokers	27.0% (2018)	27.0% (2018)	27.0% (2018)	28.3% (2019)	26.5% (2019)	Prevalence in this sub-group has increased marginally but remains within the range of both the national average and those of council areas most like Reading. Work continues with the provider to ensure that the service is targeted in areas of greatest need - for example the most regular clinics are held in areas of greatest socio-economic deprivation. The provider is also paid a higher tariff for achieving quits in targeted groups like this.

7.7 Ensuring the Council is fit for the future

Measure	2018/19 Q3	2018/19 Result	2019/20 Q2	2019/20 Q3	2019/20 Target	Performance against target
Areas performing well or improving						
Improve customer satisfaction with our front of house service	81%	85	86%	95%	85%	The percentage of customers rating the contact centre good or excellent has improved by 9% this quarter

Increase in take up of online services - number of people signed up for an online account	64,003	80,477	85,221	91,266	80,425	Online account users continue to increase and has exceeded the target set for 19/20
Areas for Improvement						
Measure	2018/19 Q3	2018/19 Result	2019/20 Q2	2019/20 Q3	2019/20 Target	Performance against target
Percentage of Council Tax collected	82.61%	96.41%	55.62%	82.84%	97.1% (83.57% Dec)	Collection is 0.73% behind target set, however the result is an improvement on last year by 0.23%. So, although improving still ground to make to achieve the 97% annual target. We have seen the overall debit increase by £1.3m. This is a greater increase in total debit than the prior year, the debit has risen by 1.24% compared to 0.93% in the same period last year. A proportion of this will be as a result of income generation projects
Percentage of Business Rates collected	79.08%	97.89%	53.20%	78.02%	97.25% (81.4% Dec)	Collection is behind target by 2.13%. Behind in comparison to last year (79.08%) by 1.06%. We are still to allocate the funding provided in respect of local revaluation relief scheme, this will be awarded this month, a total of £203k. We are also reviewing high value debt more regularly and looking at what proactive steps we can take to working with businesses.

8. CONTRIBUTION TO STRATEGIC AIMS

8.1 Our vision as Reading Borough Council is: to ensure that Reading realises its potential - and to ensure that everyone who lives and works here can share the benefits of its success. We have six priorities which contribute to delivering this vision. The priorities are set out below:

- Securing the economic success of Reading;
- Improving access to decent housing to meet local needs;
- Protecting and enhancing the lives of vulnerable adults and children;
- Keeping Reading's environment clean, green and safe;
- Promoting health, education, culture and wellbeing; and
- Ensuring the Council is fit for the future.

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

9. COMMUNITY ENGAGEMENT AND INFORMATION

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

10. ENVIRONMENTAL IMPACT

10.1 A Climate Emergency has been declared with the intention of being carbon neutral by 2030. Our Corporate Plan monitors our progress in reducing our carbon footprint (Appendix 2).

11. EQUALITY IMPACT ASSESSMENT

11.1 The equality duty is relevant to the development of the Budget and Corporate Plan. 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.

12. LEGAL IMPLICATIONS

12.1 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 and therefore comply with this requirement.

12.2 There are no legal requirements to have a Corporate Plan. Nevertheless, considering the size and complexity of the services we provide and have responsibility for, it is sensible to have a strategic document for the organisation which sets out key priorities and activities against a robust and sustainable financial strategy.

13. FINANCIAL IMPLICATIONS

13.1 The financial implications are set out in the body of the report and Appendix 1 attached.

14. BACKGROUND PAPERS

14.1 Shaping Reading's Future - Our Corporate Plan 2018-21, Annual refresh - spring 2019

14.2 2019/20 Budget and Medium-Term Financial Strategy