

READING BOROUGH COUNCIL
REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO: POLICY COMMITTEE

DATE: 24 AUGUST 2020

TITLE: 2020/21 QUARTER 1 PERFORMANCE AND MONITORING REPORT

LEAD COUNCILLOR: COUNCILLOR EMBERSON

**PORTFOLIO: CORPORATE &
CONSUMER SERVICES**

SERVICE: FINANCIAL 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 2020/21 for both the General Fund and the Housing Revenue Accounts as at the end of June 2020 (Period 3). These forecasts include the additional pressures arising as a result of Covid-19 and associated government funding.
- 1.2 The forecast General Fund revenue outturn position as at the end of Quarter 1 is a £3.700m overspend. This forecast includes gross revenue pressures of £22.139m arising as a direct result of Covid-19.
- 1.3 The Housing Revenue Account (HRA) is currently projecting an underspend of (£0.480m) as at the end of Quarter 1.
- 1.4 The General Fund Capital Programme is forecast to underspend by (£105.523m) this year. This is predominantly because the £80.000m budget for commercial property will not be used. The HRA Capital Programme is currently forecast to spend to budget.
- 1.5 The combined gross revenue and capital pressures as a result of Covid-19 total £22.439m. This is partially offset by a total allocation of (£9.775m) of Central Government general support grant and an estimated (£0.837m) furlough grant claim and an estimated (£6.000m) in income compensation. This gives a net projected pressure caused by Covid-19 of £5.827m.
- 1.6 Central Government have announced that they will compensate Local Authorities for 75% of qualifying lost income over and above 5% of 2020/21 income budgets for 2020/21 only. Whilst the Government has published the principles for eligible income compensation, we are currently awaiting the detailed guidance to set out exactly what income qualifies but income relating to commercial property investments has been confirmed as being excluded. Our current estimate is that up to (£6.000m) of income losses could be compensated, but this is dependent on the publication of the guidance, is also subject to fluctuations in the level of lost income. Changes to this assumption

and the impact on the forecast outturn position will be reported through future reports.

- 1.7 The financial implications of Covid-19 will continue to be refined and reported on a monthly basis.
- 1.8 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.9 The detail supporting this report is included in the following two appendices:
 - Appendix 1 - Financial Monitoring for Quarter 1;
 - Appendix 2 - Performance for Quarter 1.

2 RECOMMENDED ACTION

That Policy Committee notes:

- 2.1 The forecast General Fund revenue outturn position as at the end of June 2020 is a net overspend of £3.700m, due to an overspend of £22.850m on services budgets mitigated by an underspend of (£2.538m) on corporate budgets and anticipated Government Covid-19 Grants of (£16.612m) which comprises (£9.775m) of received general support funding; an estimated (£0.837m) furlough claim and an estimated (£6.000m) income compensation claim.;
- 2.2 The Housing Revenue Account is forecast to underspend by (£0.480m) as at the end of June 2020.
- 2.3 The General Fund Capital Programme is forecast to underspend by (£105.523m) and the HRA Capital Programme is forecast to spend to budget as at the end of June 2020.
- 2.4 The performance achieved against the Corporate Plan success measures as set out in Section 11 of this report and Appendix 2.

3 POLICY CONTEXT

- 3.1 The Council approved the 2020/21 Budget and Medium-Term Financial Strategy in February 2020. The Covid-19 situation has meant that forecasts for 2020/21 are significantly different to the budget that was set. The Government has allocated the Council (£9.775m) of general support funding.
- 3.2 The financial impact of Covid-19 will continue to be monitored closely throughout the year and the ongoing impacts will be reviewed as part of the refresh of the Medium-Term Financial Strategy. Current forecasts do not include any potential impact of a second wave of the Pandemic and a return to tighter lockdown conditions.

4 General Fund Revenue

- 4.1 The forecast outturn as of Quarter 1 is an £3.700m overspend and is broken down in the following table:

Table 1. General Fund Forecast 2020/21

	Budget	Forecast Outturn	Variance
	£m	£m	£m
Adult Social Care and Health	37.492	40.235	2.743
Economic Growth and Neighbourhood Services	16.871	33.147	16.276
Resources	14.751	15.638	0.887
Chief Executive	1.581	1.994	0.413
Children's Services retained by Council	0.710	0.710	0.000
Children's Services delivered by BFFC	48.421	50.952	2.531
Total Service Expenditure	119.826	142.676	22.850
Capital Financing Costs	14.731	16.193	1.462
Contingencies	3.522	0.000	(3.522)
Other Corporate Budgets	12.841	12.363	(0.478)
Government Covid-19 Funding	0.000	(16.612)	(16.612)
Total Corporate Budgets	31.094	11.944	(19.150)
Net Budget Requirement	150.920	154.620	3.700
Financed by:			
Council Tax Income	(96.014)	(96.014)	0.000
NNDR Local Share	(34.357)	(34.357)	0.000
New Homes Bonus	(3.988)	(3.988)	0.000
Section 31 Grant	(3.994)	(3.994)	0.000
Revenue Support Grant	(2.030)	(2.030)	0.000
One-off Collection Fund Surplus	(10.537)	(10.537)	0.000
Total Funding	(150.920)	(150.920)	0.000
Over / (under) Budget	0.000	3.700	3.700

4.2 The following table reconciles Covid-19 and other pressures to the forecast outturn position:

Table 2. Covid-19 Revenue Pressures Impact on the 2020/21 Outturn Forecast

	Covid-19 Net Pressures £m	Net Pressures/ (Savings) £m	Forecast Outturn £m
Adult Social Care & Health Services	2.776	(0.033)	2.743
Economic Growth & Neighbourhood Services	16.278	(0.002)	16.276
Resources	0.906	(0.019)	0.887
Chief Executive	0.485	(0.072)	0.413
Children's Services (RBC)	0.000	0.000	0.000
Children's Services (BFFC)	1.494	1.037	2.531
Total Service Budgets	21.939	0.911	22.850
Capital Financing Costs	0.000	1.462	1.462
Contingency	0.000	(3.522)	(3.522)
Other Corporate Budgets	0.200	(0.678)	(0.478)
Government Covid-19 Funding	(16.612)	0.000	(16.612)
Total Corporate Budgets	(16.412)	(2.738)	(19.150)
Total	5.527	(1.827)	3.700

Adult Care and Health Services (DACHS)

4.3 Adult Care and Health Services is forecasting an overspend of £2.743m at the end of Quarter 1. Pressures totalling £2.776m are as a result of Covid-19 which is partially offset by other net underspends of (£0.033m).

4.4 The forecast overspend is due to:

- £0.248m of additional PPE costs;
- £0.585m to support care homes with high levels of void beds;
- £0.783m of red savings as a result of the impact of Covid-19;
- £0.408m, 50% of amber savings;
- £0.752m relates to a forecast reduction in discharge funding from the CCG for the second half of the year;
- (£0.033m) of net underspends largely relating to staffing.

4.5 Adult Care and Health Services has £3.100m of savings and additional income targets to deliver in 2020/21. Currently, £0.876m of savings within the Directorate have been categorised as red. These red savings include £0.783m relating to the impact of Covid-19 and a further £0.093m of savings relating to Public Health, which are covered by the Public Health Grant. There are also £0.815m of amber savings of which it is projected that only 50% will be delivered leaving a further pressure of £0.408m. These savings are listed in Appendix 1.

4.6 The forecast assumes that the NHS continues to fund all costs relating to hospital discharges until 30th September 2020, estimated at (£3.100m). Additionally, the forecast estimate assumes that the funding reduces and therefore costs relating to discharges are only partly covered by Health funding in the second half of 2020/21, estimated at a further (£1.396m). The total assumed level of funding assumed from the CCG is therefore (£4.496m). This is reflective of the uncertainty over how long the NHS discharge funding will continue to be paid to Local Authorities.

4.7 There is also a risk of demand on the service increasing following further lifting of social distancing regulations.

Economic Growth and Neighbourhoods Services (DEGNS)

4.8 The Directorate of Economic Growth and Neighbourhood Services is forecasting an overspend of £16.276m at the end of Quarter 1. £16.278m of the overspend is due to the impact of Covid-19, partially offset by net underspends of (£0.002m) arising within Environment & Commercial Services, Cultural Services and Planning Services as detailed below. The forecast is based on assumptions regarding future income levels which will continue to be closely monitored over the coming months as economic activity increases and services resume.

Transportation - £6.263m overspend

4.9 There is a £6.263m income shortfall on Transportation due to the impact of Covid-19 on lost income from Car Parking, Civil Enforcement Services, Residents Parking and the Park and Ride Service. Whilst there has been minimal income for April and May, income has improved in line with the forecast in June and is project to continue to improve as the year continues as restrictions ease. The above pressures include £0.825m of red savings relating to enforcement income.

Planning and Regulatory Services - £2.300m overspend

- 4.10 The service is forecasting an income shortfall of £2.070m across Building Control, license fees, planning applications and planning fees and charges as a result of Covid-19. There are two significant legal cases which are ongoing, the cost of which are estimated at £0.230m for 2020/21 which is not budgeted. The forecast includes £0.446m of red savings relating to the service's various income streams.

Housing and Neighbourhood Services (General Fund) - £2.110m overspend

- 4.11 The pressure on Housing and Neighbourhood services of £2.110m is due to increased demand on bed and breakfast including hotel beds given the need to accommodate homeless individuals during the Pandemic. Currently there are 120 beds occupied (from a high of 140 at Period 2). It is assumed that the Council will only be able to recoup a net 17.7% of the costs which leaves an estimated pressure for April to June of £0.843m. The service is exploring options to reduce these costs and spend has been modelled to reduce each quarter for the remainder of the financial year. There is a risk of an increased pressure on homelessness once government restrictions around evictions are lifted. The financial impact of this is not yet known.

Cultural Services - £3.691m overspend

- 4.12 Cultural Services is forecasting an overall overspend of £3.691m consisting of pressures of £4.228m as a result of Covid-19, partially offset by an underspend of (£0.537m) due to delayed contract commencement within Leisure services. Many of the buildings, including four leisure centres, museum, theatres and the Town Hall, have been closed to the public during the pandemic, and some services have moved online. The current Covid-19 related pressures are:

- a £2.243m income shortfall across the theatres and The Town Hall, assuming no shows are possible until April 2021.
- Leisure Services are only operating limited services related to Play Services supporting SEND and key worker children. Leisure Centres are allowed to reopen on the 25th July, however there remains uncertainty over the level of income achievable, and a shortfall of £1.387m is anticipated.
- A £0.203m shortfall has been reported due to the Reading Festival being cancelled.
- An income shortfall of £0.180m has been forecast for Library Services.
- There is an additional £0.215m of red savings relating to the service's various income streams.

Environment and Commercial Services - £0.709m overspend

- 4.13 Environment & Commercial Services is forecasting an overspend of £0.709m, of which £0.564m relates to Covid-19. The service has a mixture of income shortfalls arising from Covid-19 on Business Development, Parks Service, Green Waste and Recycling totalling £0.478m. The Food Waste and Smaller Bins saving is delayed causing a £0.086m pressure.
- 4.14 There are also non-covid related pressures on this service; a £0.138m pressure on refuse collection; a £0.060m pressure on street lighting; a £0.090m Section 38 income pressure and a £0.111m pressure on inspection service income. The

overspend is partially mitigated by reduced expenditure on waste disposal of (£0.254m).

Regeneration & Assets - £1.043m overspend

- 4.15 Regeneration & Assets is reporting an overspend of £1.043m as a result of Covid-19. This is due to a pressure on income of £0.200m for community lettings and £0.530m forecast shortfall on commercial property rental income. There is a £0.150m pressure due to the delay in moving into the newly refurbished Bennet Road depot and disposal of the Darwin Close building. The service has also forecast additional costs of cleaning of £0.253m. The pressures are partly mitigated by reduced utility costs (£0.090m) for the first six months of the year due to reduced use of buildings during the Pandemic.

DEGNS Management - £0.160m overspend

- 4.16 Savings of £0.160m carried forward from 2019/20 are held on the management cost centre and are yet to be allocated out. These were mitigated by non-recurrent salary underspend last year but are yet to be achieved or mitigated in 2020/21.

Resources (DoR)

- 4.17 The Directorate of Resources is currently reporting a net overspend of £0.887m. Pressures totalling £0.906m are directly as a result of the impact of Covid-19 which is partially offset by net underspends of (£0.019m) across the directorate.

Customer & Corporate Improvement - £0.155m overspend

- 4.18 The service is forecasting an overspend of £0.155m. There is a pressure of £0.027m due to the digitalisation saving which is rated amber and therefore 50% of the £0.054m saving target is assumed to be not deliverable at this stage. There are also delays to the delivery of the new Customer Service Delivery Model saving of £0.066m and the EU Settlement Card Service saving of £0.027m both of which have been rated as red. There is a £0.022m pressure on salary budgets and a further £0.013m of minor variances across the service.

Human Resources & Organisational Development - £0.243m overspend

- 4.19 Human Resources & Organisational Development is forecasting an overspend of £0.243m directly as a result of Covid-19. This consists of a £0.195m pressure on Kennet Day Nursery income as despite some staff being furloughed, due to the current restrictions around social distancing, the nursery's capacity is significantly reduced. It has also been assumed that government grant will continue to fund the nursery, despite children not being present. If this was not the case, the pressure on the nursery would increase by a further £0.200m. There is also a £0.048m pressure due to the non-achievement of savings in year. The recruitment saving and schools income saving will both be delayed until 2021/22.

Audit & Insurance - (£0.020m) underspend

- 4.20 Audit and Insurance is currently forecasting a (£0.020m) underspend due to a vacancy within the Corporate Investigations Team. It is still too early to anticipate the volume and severity of any insurance claims arising out of Covid-19 and the impact on the Council of associated increased premiums etc. There is the potential for a wide range of both Employers & Public Liability claims to be made arising both directly and indirectly from Covid-19.

Procurement - £0.171m overspend

- 4.21 The overspend of £0.171m within Procurement is a direct result of setting up the Community One Hub in response to Covid-19. If this service becomes part of core operations, then the cost will need to be addressed through the MTFS process.

Financial Services - £0.378m overspend

- 4.22 Financial Services is forecasting an overspend of £0.378m. This variance is primarily due to a reduction in court costs income of £0.392m within the Revenues and Benefits Service due to courts currently being closed as a result of Covid-19 and uncertainty as to when civil proceedings will recommence. There is a pressure of £0.115m due to a saving on the Revenues and Benefits Team being classified as red. The pressures are partially offset by additional grant income of (£0.111m) and other net underspends of (£0.018m) across the service.

Legal & Democratic Services - (£0.035m) underspend

- 4.23 Legal & Democratic Services are forecasting an underspend of (£0.035m). This consists of £0.065m of pressures within Legal Services due to a steep decline in demand for Land Charges services and there is an anticipated shortfall of income for sales of properties £0.035m and CIL/S106, all as a direct result of Covid-19. There are also pressures on supplies and services budgets, particularly subscriptions, of £0.025m. Democratic services are currently forecasting an underspend of (£0.160m), as there is no anticipated local election this year.

IT and Digital - (£0.005m) underspend

- 4.24 IT & Digital is forecasting a small underspend of £0.005m.

Chief Executive

Chief Executive - £0.413m overspend

- 4.25 The Chief Executive's budget is reporting an overspend of £0.413m, which is mainly due to Covid-19 pressures of £0.450m relating to the Temporary Place of Rest at Wexham Park, offset by (£0.037m) of underspends in the service. The forecast cost of the Temporary Place of Rest is estimated at £0.450m until December 2020, this is a worst-case scenario as the Council expects to recover part of these costs from other Berkshire and Thames Valley authorities. This pressure is partially offset by a service underspend of (£0.037m).

Communications - On budget

- 4.26 Communications is forecasting a nil variance. Covid-19 related income pressures of £0.035m have been identified as a result of the cancellation of events but these are being actively mitigated by compensating underspends on expenditure budgets of (£0.035m).

Children's Services Retained by the Council

- 4.27 Children's Services retained by the Council are forecast to be on budget for 2020/21.

Children's Services Delivered by BFFC

- 4.28 The forecast outturn for Children's Services delivered by Brighter Futures for Children (BFFC) is a £2.531 overspend, of which £1.494m is the in-year pressures BFFC have indicated due to Covid-19. In addition, there are further pressures of £1.037m primarily relating to an in-year forecast overspend on Looked After Children. The number of placements has risen from 278 to 289 from Period 2 to Period 3.

Corporate Budgets

- 4.29 Corporate Budgets are forecasting a variance of (£19.150m). This consists of a net underspend of (£2.538m) within Corporate Budgets and (£16.612m) of Covid-19 related grant funding from Central Government, including the estimated grant in respect of furloughing staff and the estimated grant in respect of income compensation.
- 4.30 The Capital Financing budget is currently forecasting an overspend of £1.462m. This pressure relates to the profiling of the budget in respect of the net capital financing costs and associated savings in relation to the purchase of commercial properties in 2020/21. It is anticipated that following the review of the Capital Programme, that is currently taking place, that if any schemes are removed from the capital programme then less external borrowing will be needed than was originally expected, therefore the forecast overspend would reduce. This forecast will be updated in conjunction with the outcomes of the Capital Programme review.
- 4.31 The (£4.000m) underspend on Other Corporate Budgets is mainly due to the unallocated contingency budgets of (£3.522m) and underspends on corporate provisions of (£0.764m). There are two corporate savings, totalling £0.200m, which are projected to be non-delivered in 2020/21. There are also other small variances within the corporate budgets that net to a further pressure of £0.086m.
- 4.32 The Government has, to date, allocated the Council support funding to help fund the additional pressures due to Covid-19. The 3rd tranche of support funding was announced on 16th July and the Council's allocation was (£1.442m), which takes the total general support funding up to (£9.775m) additionally, the sum currently forecast to be reimbursed in respect of lost fees and charges is (£6.000m). A further (£0.837m) is anticipated in respect of furloughing staff.

4.33 Our current estimate is that up to (£6.000m) of income losses could be compensated, but this is dependent on the publication of the guidance, is also subject to fluctuations in the level of lost income. Changes to this assumption and the impact on the forecast outturn position will be reported through future reports.

5 Covid-19 Financial Implications

5.1 The Council is currently projecting total gross pressures of £22.439m (£22.139m revenue and £0.300m capital) in 2020/21) as a result of Covid-19. Government grants totalling (£16.162m) partially offset these pressures to £5.827m.

5.2 The following table sets out the financial implications of Covid-19 by type and shows the comparison to forecasts projected at Period 2 (the end of May 2020):

Table 3. Covid-19 Financial Implications by Type

	20/21 Q1 (£m)	20/21 Q2 (£m)	20/21 Q3 (£m)	20/21 Q4 (£m)	20/21 Total (£m)	2020/21 Total per Period 2 (£m)	Increase/ (Decrease) (£m)
Additional Expenditure - General	3.699	3.591	1.901	1.590	10.781	8.583	2.198
Reduced Income	5.794	4.807	3.326	3.231	14.894	16.732	(1.838)
Impact on Savings Delivery	0.261	0.289	0.304	0.404	1.260	1.420	(0.160)
Total Pressures	9.754	8.688	5.532	5.226	26.935	26.735	0.200
Assumed CCG Funding	(1.550)	(1.550)	(0.698)	(0.698)	(4.496)	(3.100)	(1.396)
Total Council Pressure	8.204	7.138	4.834	4.528	22.439	23.635	(1.196)
Government Funding					(16.612)	(8.333)	(8.279)
Total Net Pressures					5.827	15.302	(9.475)

6 Funding

6.1 The Council's net budget requirement of £150.920m is financed from Council Tax (including New Homes Bonus) and Business Rates. Whilst it is highly likely that the Covid-19 situation will impact collection rates for 2020/21, this will not impact the Council's budget until 2021/22 as the precepts for 2020/21 have already been agreed.

6.2 Current forecasts in respect of collection fund collection rates are forecasting a potential shortfall of £3.995m. This one-off pressure, should it materialise, will impact on 2021/22 as part of the Council's share of the collection fund balance. This projection includes a pick-up in collection rate in June 2020. Central Government have announced that Collection Fund deficits can now be recovered over a three year period to aid Local Authorities to spread the financial impact.

7 Savings Programme

7.1 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 2020. Detailed monitoring of agreed savings is tracked on a monthly basis.

7.2 The projected financial impact of any non-delivery of savings have been included in the projected outturn position.

7.3 The following table summarises the current forecast savings delivery for 2020/21 (a further detailed breakdown by saving is provided in Appendix 1):

Table 4. Delivery of 2020/21 Savings Programme

Service	Savings At Risk £'000s	Savings Delayed or at Risk £'000s	Savings on Track £'000s	Savings Achieved £'000s	Directorate Total £'000s
Adult Care and Health Services	876	815	386	1,023	3,100
Economic Growth and Neighbourhood Services	4,488	1,944	787	0	7,219
Resources	180	148	364	0	692
Chief Executive	0	0	5	0	5
Corporate	200	0	0	0	200
Children's Services Delivered by BfFC	0	0	4,128	0	4,128
Total	5,744	2,907	5,670	1,023	15,344

7.4 Any savings not delivered in 2020/21 will cause an immediate pressure on 2021/22. Service Managers are currently working to review the savings programme to identify alternative mitigating savings.

8 Other Considerations

Sundry Debt

8.1 Total sundry debt as at the end of Period 3 is £21.051m, of which £14.431m relates to invoices over 30 days old. Community Care debt (£5.774m) includes £0.547m which has been secured against properties. The following table shows the outstanding debt over 30 days old as at the end of June 2020:

Table 5: Outstanding Debt as at the End of June 2020 Over 30 Days Old

Total Debt as of June 2020	1 to 2 months £000's	2 to 3 months £000's	3 to 6 months £000's	6 months to 1 year £000's	1 to 2 years £000's	Over 2 years £000's	Total Outstanding Debt £000's
Resources and Facilities	143	192	168	32	10	116	660
Ex Berkshire County Council	-	-	-	-	-	1	1
Valuation	189	95	72	50	49	148	603
Environment	5,196	19	142	46	38	55	5,496
Education & Community Services	2,293	-	9	19	6	57	2,384
Culture & Sport	8	80	92	8	36	102	326
General Fund Housing	-	-	-	3	-	1	4
Community Care	193	334	580	829	981	2,040	4,958
Total General Fund:	8,022	720	1,063	987	1,120	2,520	14,431
Housing Revenue Account Housing	5	3	52	97	239	261	656
Intercompany Debt	-	-	2,370	12	1,560	-	3,943
Total Including HRA and Intercompany:	8,027	723	3,484	1,096	2,920	2,781	19,030

8.2 The level of General Fund sundry debt has increased since the end of period 2 primarily due a debt of £5.027m in respect of funding due in respect of the Green Park Station scheme within the Capital Programme. The payment profile of this funding is currently being reviewed with the debtor and the debt will be paid/ restructured as appropriate.

8.3 A review of the Council's debt management arrangements to harmonise and streamline collection processes and ensure associated bad debt provisions are at the appropriate level is being undertaken as part of the work to mitigate against the current in-year financial gap resulting from Covid-19.

Staffing

8.4 The Council currently has 37 agency contracts across the three directorates. £0.030m has been spent on overtime during Period 3, bringing the total spent this year to £0.101m.

8.5 There have been no redundancies to date during 2020/21.

9 Housing Revenue Account (HRA)

9.1 The forecast revenue outturn position on the HRA is currently an underspend of £0.480m against the budgeted position, which results in a return of £0.804m to the HRA reserve against the budgeted transfer to the HRA reserve of £0.324m, as shown in the following table:

Table 6: Housing Revenue Account Forecast 2020/21

	Budget £m	Forecast Outturn £m	Variance £m
Responsive Repairs	2.366	2.366	0.000
Planned Maintenance	2.990	2.990	0.000
Major Works	11.450	11.450	0.000
Managing Tenancies	1.410	1.410	0.000
Management, Policy & Support	5.693	5.331	(0.362)
PFI	7.238	7.238	0.000
Rent Collection	1.363	1.363	0.000
Building Cleaning, Energy & other	2.953	2.953	0.000
Capital Financing	5.300	5.300	0.000
HRA Income	(41.087)	(41.205)	(0.118)
Over/(Under) Budget	(0.324)	(0.804)	(0.480)
Movement to/(from) HRA Reserve	0.324	0.804	0.480

9.2 The current forecast on HRA Income is a (£0.118m) overachievement against budget. HRA rent collection rates are continuing to hold slightly above the budgeted collection rate; though it is lower than the pre-pandemic collection rate. Therefore, this drop in collection is currently manageable within existing budgets but is being kept under close review and forecasts will be updated as required. In addition, there is a current forecast underspend on Management, Policy & Support of (£0.362m).

10 Capital Programme

10.1 The General Fund Capital Programme is forecast to underspend by (£105.523m) this year. This is predominantly because the £80.000m budget for commercial property will not be used. It is anticipated this will be removed from the Programme as part of the MTFP refresh process later in the year. The Capital Programme is currently being reviewed to identify schemes that could be removed in order to generate savings within the Capital Financing revenue budget.

10.2 The HRA Capital Programme is currently forecast to spend to budget.

10.3 The revised budgets have been updated to include the net budget roll forward requests from 2019/20 that were approved by Policy Committee as part of the 2019/20 Quarter 4 Performance and Monitoring Report. The forecast outturn for the Capital Programmes is set out in the following table:

Table 7. Capital Programme Forecast 2020/21

	Original Budget £m	Revised Budget £m	Forecast Spend £m	Forecast Variance £m
Adult Social Care and Health	1.405	1.522	1.022	(0.500)
Economic Growth and Neighbourhood Services	52.797	62.589	42.218	(20.171)
Resources	8.051	8.084	8.852	0.768
Children's Services	19.024	21.526	21.555	0.029
Corporate	89.169	91.970	6.321	(85.649)
Total General Fund	170.446	185.691	80.168	(105.523)
Total HRA	34.974	36.507	36.507	-

11 CORPORATE PLAN PERFORMANCE

11.1 In light of the Covid-19 Pandemic and associated work pressures placed on senior officers, it has been agreed that the 2019/20 Corporate Plan measures and targets will roll forward into 2020/21. It has been agreed that a new Corporate Plan will be developed for 2021/22 to align with the approval of the Council's Medium-Term Financial Plan in February 2021.

11.2 We are now using the council's new performance management software system (InPhase) as the source for recording and monitoring progress against our performance objectives. In future the data for Corporate Plan performance reporting will be taken directly from the system.

Key areas where we are performing well and areas for improvement as at the end of the first quarter of 2020/21

11.3 Paragraphs 11.4 - 11.9 below provide a summary of the areas where the Council is performing well and the areas for improvement which show significant variance.

11.4 Securing the economic success of Reading

Measure	2019/20 Q1	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Performing well					
The percentage of people who are economically active	80.8%	81.7%	82.8%	81.1%	Economically active people in Reading have marginally increased over the past 3 months. Reading is now above the average for the South East region (82.3%). Latest data covers the period April 19 - March 20
Areas for Improvement					
Reduction in percentage of young people Not in Education, Employment or Training (NEET)	3.8%	3.1%	4.3%	1.8%	The service is adapting to working in a Covid-19 situation. Virtual careers guidance sessions are being delivered via phone with follow up support via email/phone. A dedicated vacancy service is now live for young people in Reading, all vacancies are shared with colleagues/partners. We have a variety of opportunities (apprenticeships, traineeships, reengagement courses and jobs) available to young people. There is now a section on BFFC website: where young people can access our post-16 team via the website and also view an online jobs board.

11.5 Ensuring access to decent housing to meet local needs

Measure	2019/20 Q1	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Performing Well					
Numbers of families in bed & breakfast	0	0	0	0	This figure has remained at 0 throughout the year for families. This performance indicator only relates to

accommodation
(shared facilities) -
snapshot



families with dependent children. The
figure quoted in paragraph 4.11 refers
to single people only.

11.6 Protecting & enhancing the lives of vulnerable adults and children

Measure	2019/20 Q1	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Performing Well					
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Older People (65+) (cumulative)	73.89	408.87	73.89	432	This quarter has started in a strong position once again - continuing the performance that was measured in 2019/20. The ethos remains the same, people are supported and encouraged to live at home and in their communities for as long as possible. Residential care is only a viable option when people can no longer safely do this. It is expected that with extra care housing becoming the standard offer for people requiring high care needs in a care setting, that this indicator continues to remain low
Areas for Improvement					
Increase the number of service users (Adults) receiving direct payments	17.43%	19.68%	19.51%	26%	Whilst we are starting at a better position than Q1 last year, there is considerable progress to be made. The employment of a Direct Payment specialist advisor in the service has helped to drive up understanding, confidence and knowledge of DP process across the department and this will continue. We will continue to measure through performance reviews and performance boards and highlight best practice and workers who are excelling at promoting DP's. Training and policy have been reviewed and refreshed and all managers to continue to push Direct Payments as first choice when care is required.
Reduced number of children looked after	278	277	288	250	Prior to Covid-19 BFFC's children looked after numbers reduced to 277 after peaking in October at 291. Included in this figure are 13 Unaccompanied Asylum Seekers who are centrally funded. In June there was an increase of 6 children Looked After. Due to escalated risk, several children entered proceedings and became looked after; notably the younger age group and babies. A review has now been completed on the babies, 12 weeks old and Unborns, open to CSC at 1 June 2020 and has led to immediate action: a change in the single assessment to include a pre-birth section; liaising with Early Help to share learning of the tools the Pre-Birth team utilise when intervening and supporting parents (to optimally utilise the months when baby is still unborn); joint supervision between the pre-birth team and social care and the revised chronology in mosaic, was launched.

11.7 Keeping Reading's environment clean, green and safe

Measure	2019/20 Q1	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Areas for Improvement					
Percentage of household waste sent for re-use, recycling and composting	36%	35.3%	32%	38%	This figure is projected to increase with the introduction of food waste collections and a smaller bin for waste sent to landfill.

11.8 Promoting Health, Education, Culture & Wellbeing

Measure	2019/20 Q1	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Areas for Improvement					
Increased participation at Council Cultural Venues (Town Hall & Museum, Hexagon, South Street)	82,308	340,394	0	355,000	As a result of the government lockdown from all cultural venues have been closed during Q1.

11.9 Ensuring the Council is fit for the future

Measure	2019/20 Q1	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Performing well					
Council agency Spend	£0.969m	£4.929m	£0.955m	£3.900m	Agency spend continues to reduce with a focus on permanent recruitment resulting in less spend on temporary and agency staff
Areas for Improvement					
Percentage of Council Tax collected (cumulative)	28.65%	96.17%	28.23%	29.37% June 97.5% Annual	Collection is 0.42% behind position last year and 1.14% behind in month target. We started the financial year with an increased debit from last year of 4.26% at £111,587,171, this has increased further by £0.983m to £112,569,928. This rise is normal for this period as we see student tenancies end and exemptions cease. We anticipated a reduced collection due to Covid-19 and the removal of further recovery. Benchmarking with neighbouring boroughs, shows we are faring well. We are proactively contacting our customers to maintain payments. The hardship fund will be administered in August which will decrease the overall debit.
Percentage of Business Rates collected (Cumulative)	28.07	97.71%	24.66%	27.06% June 97.5% Annual	Collection is 3.41% behind position last year, 2.40% behind in month target. We start the financial year with a reduced debit from last year of 35.5% at £91,430,808 as a result of expanded retail relief, plus other measures announced in the March budget, this has reduced further to £89,899,812, we don't anticipate this changing significantly now as the workload appears to be stabilising and are starting to see numbers decline.

12 CONTRIBUTION TO STRATEGIC AIMS

12.1 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:

- 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.

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

13 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

13.1 The Council declared a Climate Emergency at its meeting on 26 February 2019. Whilst the Covid-19 situation has put significant pressure on the Council's finances, the work to tackle the Climate Change Emergency is continuing and has not yet been impacted by the financial position.

13.2 The Covid-19 pandemic has had a positive impact on air quality as a result of the initial lockdown and changes to the town centre that encourage increased walking and cycling.

14 COMMUNITY ENGAGEMENT AND INFORMATION

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

15 EQUALITY IMPACT ASSESSMENT

15.1 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.

16 LEGAL IMPLICATIONS

16.1 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. Officers are currently undertaking a range of measures in order to present options to mitigate the financial implications of the pandemic. These will be presented to members for consideration later in the summer.

17 FINANCIAL IMPLICATIONS

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

18 BACKGROUND PAPERS

- 2020/21 Budget and Medium-Term Financial Strategy, Council, February 2020
- Shaping Reading's Future - Our Corporate Plan 2018-21, Annual Refresh Spring 2019
- Mitigating the Financial Impact of Covid-19 - Next Steps