

# READING BOROUGH COUNCIL

## REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

**TO: POLICY COMMITTEE**

**DATE: 14 DECEMBER 2020**

**TITLE: 2020/21 QUARTER 2 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 September 2020 (Period 6). 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 2 is a £0.667m overspend. This is an improvement of (£3.033m) since Quarter 1, and an improvement of (£1.629m) since Period 5 which is primarily as a result of improvements to the forecast in Housing and Neighbourhood Services in respect of revised forecasts and additional funding received. This forecast includes gross revenue pressures of £20.050m arising as a direct result of Covid-19.
- 1.3 The Housing Revenue Account (HRA) is currently projecting an underspend of (£1.880m) as at the end of Quarter 2.
- 1.4 The General Fund Capital Programme is forecast to underspend by (£111.231m) this year. This is predominantly because the £80.000m budget for commercial property will not be used and it is proposed that Policy Committee agrees the removal of this scheme. The HRA Capital Programme is currently forecast to underspend by (£15.146m) due to delays to the delivery of the Major Repairs Scheme and Phase 2 and Phase 3 of the New Build and Acquisitions Schemes.
- 1.5 The combined gross revenue and capital pressures as a result of Covid-19 total £20.350m, which is a decrease of (£2.089m) from Quarter 1. This is partially offset by a total allocation of (£9.775m) of Central Government general support grant, (£0.837m) furlough grant (£0.669m claimed and received to date) and an estimated (£6.000m) in income compensation. This gives a net projected pressure caused by Covid-19 of £3.738m.
- 1.6 Central Government published the final guidance document in respect of the local government income compensation scheme for lost sales, fees and charges on the 24<sup>th</sup> August. The first grant claim has been submitted for (£3.186m) of

compensation for the period April to July 2020. It is anticipated that the level of compensation that the council would receive is in line with our original estimate of (£6.000m). Changes to this assumption and the impact on the forecast outturn position will be reported through future reports.

- 1.7 A fourth tranche of Central Government general support grant was announced on the 12<sup>th</sup> of October with allocations published on the 22<sup>nd</sup> of October. The Council's allocation was (£3.494m). This is not included within the Quarter 2 projections but will be included in future reports. Were the funding to have been included, the revised revenue outturn position would be an underspend of (£2.827m), assuming no additional pressures arise. This would effectively bring the outturn position near to the figure we would have expected to achieve pre-pandemic and assuming delivery of all planned budget savings and thus no demand on the £3.522m contingency budget. Officers are constantly reviewing pressures in respect of a potential 2<sup>nd</sup> wave of the pandemic.
- 1.8 The financial implications of Covid-19 will continue to be refined and reported on a monthly basis.

The detail supporting this report is included in:

- Appendix 1 - Financial Monitoring for Quarter 2
- Appendix 2 - Performance for Quarter 2

## 2 RECOMMENDED ACTION

### That Policy Committee notes:

- 2.1 The forecast General Fund revenue outturn position as at the end of September 2020 is a net overspend of £0.667m, due to an overspend of £19.247m on services budgets mitigated by an underspend of (£1.968m) on corporate budgets and Government Covid-19 Grants of (£16.612m) which comprises (£9.775m) of general support funding, an (£0.837m) furlough claim and an estimated (£6.000m) income compensation claim.
- 2.2 The Housing Revenue Account is forecast to underspend by (£1.880m) as at the end of August 2020.
- 2.3 The General Fund Capital Programme is forecast to underspend by (£111.231m) and the HRA Capital Programme is forecast to underspend by (£15.146m) due to delays to the delivery of the Major Works Scheme and Phase 2 and Phase 3 of the New Build and Acquisitions Schemes as at the end of September 2020.

### That Policy Committee approves:

- 2.4 The removal of the "Purchase of Commercial Property" capital scheme from the General Fund Capital Programme for the current and following two years.

## 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 are being 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 2 is an £0.667m 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	38.273	39.620	1.347
Economic Growth and Neighbourhood Services	17.125	31.784	14.659
Resources	15.433	16.533	1.100
Chief Executive	1.556	1.590	0.034
Children's Services retained by Council	0.710	0.710	0.000
Children's Services delivered by BfC	48.421	50.528	2.107
<b>Total Service Expenditure</b>	<b>121.518</b>	<b>140.765</b>	<b>19.247</b>
Capital Financing Costs	14.731	16.193	1.462
Contingencies	3.522	0.000	(3.522)
Other Corporate Budgets	11.149	11.241	0.092
<b>Total Corporate Budgets</b>	<b>29.402</b>	<b>27.434</b>	<b>(1.968)</b>
<b>Net Budget Requirement</b>	<b>150.920</b>	<b>168.199</b>	<b>17.279</b>
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
Government Covid-19 Funding	0.000	(16.612)	(16.612)
<b>Total Funding</b>	<b>(150.920)</b>	<b>(167.532)</b>	<b>(16.612)</b>
<b>Over / (under) Budget</b>	<b>0.000</b>	<b>0.667</b>	<b>0.667</b>

- 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 Pressures £m	Other Net Pressures/ (Savings) £m	Forecast Outturn £m
Adult Social Care & Health Services	1.796	(0.449)	1.347
Economic Growth & Neighbourhood Services	15.251	(0.592)	14.659
Resources	1.149	(0.049)	1.100
Chief Executive	0.105	(0.071)	0.034
Children's Services (RBC)	0.000	0.000	0.000
Children's Services (BFfC)	1.549	0.558	2.107
<b>Total Service Budgets</b>	<b>19.850</b>	<b>(0.603)</b>	<b>19.247</b>
Capital Financing Costs	0.000	1.462	1.462
Contingency	0.000	(3.522)	(3.522)
Other Corporate Budgets	0.200	(0.108)	0.092
<b>Total Corporate Budgets</b>	<b>0.200</b>	<b>(2.168)</b>	<b>(1.968)</b>
Government Covid-19 Funding	(16.612)	0.000	(16.612)
<b>Total</b>	<b>3.438</b>	<b>(2.771)</b>	<b>0.667</b>

### **Adult Care and Health Services (DACHS)**

- 4.3 Adult Care and Health Services is forecasting an overspend of £1.347m at the end of Quarter 2, which is an improvement of (£1.396m) from Quarter 1. Pressures totalling £1.796m are as a result of Covid-19 which is partially offset by other net underspends of (£0.449m).
- 4.4 The forecast overspend is due to:
- £0.248m of additional PPE costs;
  - £0.385m to support care homes with high levels of void beds;
  - £0.727m of red savings as a result of the impact of Covid-19;
  - £0.436m of amber savings;
  - (£0.449m) of 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, £0.727m of savings have been categorised as red and no delivery is currently anticipated in year as a result of the impact of Covid-19. There are also £0.871m of amber savings of which it is projected that only £0.436m not be delivered. These savings are listed in Appendix 1.
- 4.6 The forecast assumes that the NHS fund all hospital discharges (Scheme 1's) in April-August for the duration of 2020/21 and that they fund the first 6 weeks of hospital discharge costs for September onwards (Scheme 2's) in line with the guidance.
- 4.7 There is also a risk of demand on the service increasing following 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 £14.659m at the end of Quarter 2, which is an improvement of (£1.617m) from Quarter 1. £15.251m of the overspend is due to the impact of Covid-19, partially offset by net underspends of (£0.592m) 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 they are dependent on economic activity levels.

#### **Transportation - £6.263m overspend**

- 4.9 There is a £6.263m income shortfall in Transportation due to the impact of Covid-19 on income from Car Parking, Civil Enforcement Services, Residents Parking and the Park and Ride Service. These income streams have started to gradually recover during Quarter 2 but still represent under 50% of budgeted income for this period. The above pressures include £0.825m of red savings relating to enforcement income.

#### **Planning and Regulatory Services - £1.970m overspend**

- 4.10 The service is forecasting a £1.970m overspend. This includes an income shortfall of £2.070m across Building Control, license fees, planning applications and planning fees and charges as a result of Covid-19, which includes £0.446m of red savings relating to the service's various income generation proposals. 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. There is a staffing underspend due to vacancies within the service of (£0.330m).

#### **Housing and Neighbourhood Services (General Fund) - £1.022m overspend**

- 4.11 The pressure on Housing and Neighbourhood services of £1.022m is due to increased demand on bed and breakfast including hotel beds given the need to accommodate homeless individuals during the Pandemic. This figure has reduced from £2.110m in period 5 due to a revision of the calculation based on actual costs to the end of September and projected costs for the remainder of the year as well as (£0.584m) Next Steps Accommodation Programme (NSAP) funding which has recently been received. 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 - £3.752m overspend**

- 4.12 Cultural Services is forecasting an overall overspend of £3.752m consisting of pressures of £4.289m 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 closed during lockdown have reopened although on a limited basis, including Central library and the leisure centres which opened in July and Reading Museum, which opened in September. The current Covid-19 related pressures are:

- A £2.243m income shortfall across the theatres and Town Hall, assuming no shows are possible until April 2021.
- Leisure Services only operating limited services related to Play Services supporting SEND and key worker children. Leisure Centres were allowed to reopen from the 25th July, however there remains uncertainty over the level of income achievable, and a shortfall of £1.487m is anticipated. which is partially negated by £0.537m budget related to the delay in signing the new contract.
- 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 £0.176m 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 - £0.943m overspend**

- 4.15 Regeneration & Assets is reporting an overspend of £0.943m 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 £0.153m. 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.

#### **Resources (DoR)**

- 4.16 The Directorate of Resources is currently reporting a net overspend of £1.100m as at the end of Quarter 2, which is an increase of £0.213m from Quarter 1. Pressures totalling £1.149m are directly as a result of the impact of Covid-19, offset by savings of (£0.049m) across the directorate.

#### **Resources Management - £0.054m overspend.**

- 4.17 The overspend reflects the forecast non-delivery of Digitisation savings across the Directorate.

#### **Customer & Corporate Improvement - £0.066m overspend**

- 4.18 The service is forecasting an overspend of £0.066m. This represents the savings that were anticipated from the delivery of the Customer Experience strategy. Delays in the project, as a result of Covid19 have meant that these savings have been delayed. There has been no change from what was reported in P5. There are existing pressures on salary budgets across the service, but this will be managed within the service.

#### **Human Resources & Organisational Development - £0.174m overspend**

- 4.19 Human Resources & Organisational Development is forecasting an overspend of £0.174m. This consists of a £0.174m pressure on Kennet Day Nursery income

resulting directly from Covid-19. Some staff have been furloughed, to manage the current restrictions around social distancing. The forecast reflects increased cleaning costs and that the nursery has returned to full capacity as of 1 September 2020.

#### **Audit & Insurance - (£0.030m) underspend**

- 4.20 Audit and Insurance is currently forecasting a (£0.030m) 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.

#### **Procurement - £0.250m overspend**

- 4.21 The overspend of £0.250m within Procurement is a direct result of setting up the One Reading Community Hub in response to Covid-19.

#### **Financial Services - £0.549m overspend**

- 4.22 Financial Services is forecasting an overspend of £0.549m. This variance is primarily due to a net reduction in court costs income of £0.625m 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. These pressures are partially offset by other net underspends of (£0.076m) across the service.

#### **Legal & Democratic Services - (£0.039m) underspend**

- 4.23 Legal & Democratic Services are forecasting an underspend of (£0.039m). This consists of £0.065m of pressures within Legal Services due to a steep decline in demand for Land Charges services and £0.035m from an anticipated shortfall of income for sales of properties and CIL/S106, all as a direct result of Covid-19. There is also a pressure of £0.036m on supplies and services budgets, offset by an underspend of (£0.015m) on staffing budgets and an underspend of (£0.160m) in year in Democratic services as there is no anticipated local election this year.

#### **IT & Digital Services - £0.076 overspend**

- 4.24 IT & Digital are forecasting an overspend of £0.076m. This overspend consists of £0.041m due to staffing pressures and other operational costs of £0.035m.

#### **Chief Executive**

#### **Chief Executive - £0.034m overspend**

- 4.25 The Chief Executive's budget is reporting an overspend of £0.034m, which is mainly due to Covid-19 pressures of £0.070m relating to the Council's estimated share of the costs of the Temporary Place of Rest at Wexham Park and does not reflect any potential costs of the second wave of Covid-19. This pressure is partially offset by a service underspend of (£0.036m).

#### **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 £2.107m overspend, of which £1.549m is the in-year pressures BFFC have indicated due to Covid-19. In addition, there are further pressures of £0.558m primarily relating to an in-year forecast overspend on Looked After Children, an increase of £0.075m from the previously reported period.

#### **Corporate Budgets**

- 4.29 Corporate Budgets are forecasting a variance of (£1.968m) as at the end of Quarter 2, which is a reduction of £0.570m from Quarter 1.
- 4.30 The Capital Financing budget is currently forecasting an overspend of £1.462m due 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.
- 4.31 There are unallocated Contingency budgets of (£3.522m) and a net overspend on Other Corporate Budgets of £0.092m consisting of: a projected underspend against corporate provisions of (£0.722m), offset by unrealisable corporate savings totalling £0.250m and other corporate net pressures totalling £0.380m.

### **5 Funding**

- 5.1 The Council's net budget requirement of £150.920m is financed from Council Tax, Business Rates and New Homes Bonus Grant. 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.
- 5.2 Government support funding in respect of Covid-19 totals (£16.612m). The Government has, to date, allocated the Council general support funding for the additional pressures due to Covid-19, totalling (£9.775m). A further (£0.837m) is anticipated in respect of furloughed staff of which (£0.669m) has been claimed and received to date. Additionally, the sum currently forecast to be reimbursed in respect of lost fees and charges is (£6.000m), subject to fluctuations in the level of lost income. The first grant claim has been submitted for (£3.186m) of compensation for the period April to July 2020. Changes to this assumption and the impact on the forecast outturn position will be reported through future reports.
- 5.3 Current forecasts in respect of collection rates indicate a shortfall of £3.750m, which continues to be monitored on a monthly basis. This one-off pressure,

should it materialise, will impact. In future years as Government have announced that Collection Fund deficits can now be recovered over a three-year period to aid Local Authorities in spreading the financial impact.

## 6 Savings Programme

- 6.1 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.
- 6.2 The projected financial impact of any non-delivery of savings have been included in the projected outturn position.
- 6.3 The following table summarises the current forecast savings delivery for 2020/21 (a further detailed breakdown by saving is provided in Appendix 1):

**Table 3. 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	820	871	386	1,023	3,100
Economic Growth and Neighbourhood Services	4,488	1,944	787	0	7,219
Resources	226	120	296	0	642
Chief Executive	0	0	5	0	5
Corporate	200	50	0	0	250
Children's Services Delivered by BfC	0	0	0	4,128	4,128
<b>Total</b>	<b>5,734</b>	<b>2,985</b>	<b>1,474</b>	<b>5,151</b>	<b>15,344</b>

- 6.4 Any savings not delivered in 2020/21 will cause an immediate pressure on 2021/22 unless mitigated with alternative ongoing savings. Service Managers are currently working to review the savings programme as part of the Council's annual MTFS refresh process.

## 7 Other Considerations

### Sundry Debt

- 7.1 Total General Fund sundry debt as at the end of Quarter 2 is £17.325m, of which £12.131m relates to invoices over 30 days old. This is a decrease of £3.056m compared to the previous period where General Fund sundry debt totalled £20.381m. This decrease relates predominantly to the outstanding balance relating to Green Park School being paid off. Community Care debt is £5.994m, which includes £0.412m which has been secured against properties. The following table shows the outstanding debt over 30 days old as at the end of September 2020:

**Table 4: Outstanding Debt as at the End of September 2020 Over 30 Days Old**

Total Debt as of September 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	10	39	10	36	8	117	218
Ex Berkshire County Council	-	-	-	-	-	1	1
Valuation	16	10	80	116	40	163	425
Environment	68	150	5,174	126	36	56	5,610
Education & Community Services	-	-	-	14	4	58	77
Culture & Sport	5	50	56	73	37	101	323
General Fund Housing	-	-	-	-	3	1	4
Community Care	599	207	496	848	1,053	2,271	5,474
<b>Total General Fund:</b>	<b>699</b>	<b>456</b>	<b>5,815</b>	<b>1,213</b>	<b>1,180</b>	<b>2,768</b>	<b>12,131</b>
Housing Revenue Account Housing	98	4	21	92	248	286	750
Intercompany Debt	-	592	764	2,184	1,560	-	5,100
<b>Total Including HRA and Intercompany:</b>	<b>797</b>	<b>1,053</b>	<b>6,600</b>	<b>3,489</b>	<b>2,989</b>	<b>3,054</b>	<b>17,981</b>

7.2 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. The Council's Debt Management Strategy is also being revised and will be reported to Policy Committee in December.

### Staffing

7.3 The Council currently has 39 agency contracts across the three directorates which cost £1m more than the substantive posts budgets. £0.035m has been spent on overtime during Period 6, bringing the total spent this year to £0.198m.

7.4 There have been 2 redundancies to date during 2020/21.

## 8 Housing Revenue Account (HRA)

8.1 The forecast revenue outturn position on the HRA is currently an underspend to budget of £1.880m which is largely due to an underspend on the Major Works budget. This reduces the budgeted £1.845m drawdown from reserve requirement to a contribution to reserves of £0.035m.

**Table 5: Housing Revenue Account Forecast 2020/21**

	Budget £m	Forecast Outturn £m	Variance £m
Responsive Repairs	3.290	3.325	0.035
Planned Maintenance	2.066	2.060	(0.006)
Major Works	13.981	12.372	(1.609)
Managing Tenancies	1.410	1.410	0.000
Management, Policy & Support	5.331	5.331	0.000
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	5.200	(0.100)

HRA Income	(41.087)	(41.287)	(0.200)
<b>Over/(Under) Budget</b>	<b>1.845</b>	<b>(0.035)</b>	<b>(1.880)</b>
Movement to/(from) HRA Reserve	(1.845)	0.035	1.880

- 8.2 The underspend on Major Works of (£1.609m) is due to underspends on Kitchen & Bathrooms of (£0.860m) due to delays caused by Covid-19 in the first quarter, along with similar underspends on structural projects (£0.673m) and Low Carbon Trials (£1.025m) because they have not yet progressed from the development stage. This is partially negated by an in-year overspend of £1.490m relating to the Coley Water Mains projects due to a timing delay in the works that arose in 2019/20. A further underspend totalling (£0.537m) is forecast on Decent Neighbourhood Fund, Rewiring, Asbestos and other minor schemes.
- 8.3 The current forecast on the Capital Financing budget is (£0.100m) underspend, due to delays to delivery of Phase 2 and Phase 3 of the New Build and Acquisitions Schemes.
- 8.4 The current forecast on HRA Income is a (£0.200m) overachievement against budget. HRA rent collection rates of 97.74% are continuing to hold slightly above the budgeted collection rate of 97.50%, 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.

## 9 Capital Programme

- 9.1 The General Fund Capital Programme is forecast to underspend by (£111.231m) this year. This is predominantly because the £80.000m budget for commercial property in 2020/21 will not be used. It is recommended that Policy Committee remove the Commercial Property scheme from the Capital Programme (£80.000m in 2020/21 and £50.000m in 2021/22 and 2022/23).
- 9.2 The DEGNS Capital Programme schemes are currently forecast to underspend by (£19.233m). This is predominantly due to construction related delays caused by Covid-19. The two largest variances are on the Dee Park Regeneration (£5.400m) and Leisure Procurement (£4.757m) Schemes.
- 9.3 The HRA Capital Programme is currently forecast to underspend by (£15.146m) due to delays to the delivery of the Major Repairs Scheme and Phase 2 and Phase 3 of the New Build and Acquisitions Schemes resulting from delayed starts relating to Covid-19 and additional planning conditions.
- 9.4 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 Programme is set out in the following table:

**Table 6. 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	62.588	43.355	(19.233)
Resources	8.051	8.084	8.658	0.574
Children's Services	19.024	21.526	15.104	(6.422)

Corporate	89.169	91.970	6.321	(85.649)
<b>Total General Fund</b>	<b>170.446</b>	<b>185.691</b>	<b>74.460</b>	<b>(111.231)</b>
<b>Total HRA</b>	<b>34.974</b>	<b>36.507</b>	<b>21.360</b>	<b>(15.146)</b>

## 10 CORPORATE PLAN PERFORMANCE

10.1 Due to the Covid-19 Pandemic and associated work pressures placed on senior officers, it was agreed that the 2019/20 Corporate Plan measures and targets would roll forward into 2020/21.

10.2 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. The data for Corporate Plan performance reporting is now taken directly from the system and the full set of quarterly data is attached at Appendix 2.

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

10.3 Paragraphs 10.4 - 10.9 below provide a summary of the areas where the Council is performing well and the areas for improvement. A selection of these measures are displayed as charts from InPhase in Appendix 2.

#### 10.4 Securing the economic success of Reading

Measure	2019/20 Q2	2019/20 Outturn	2020/21 Q1	2020/21 Target	Performance against target
Performing well					
The percentage of people who are economically active	81.2%	81.7%	84%	81.1%	Economically active people in Reading marginally increased during the period to June 2020. Reading is now above the average for the South East region (82.3%). Latest data covers the period July 19 - Jun 20. There is a lag in reporting this figure
Areas for Improvement					
Reduction in percentage of young people Not in Education, Employment or Training (NEET)	No Data	3.1%	4.0% August	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 view an online jobs board

#### 10.5 Ensuring access to decent housing to meet local needs

Measure	2019/20 Q2	2019/20 Outturn	2020/21 Q2	2020/21 Target	Performance against target
Performing Well					
Numbers of families in bed & breakfast accommodation (shared facilities) - snapshot	0	0	0	0	This figure has remained at 0 throughout the year for families. This performance indicator only relates to families with dependent children.

#### 10.6 Protecting & enhancing the lives of vulnerable adults and children

Measure	2019/20 Q2	2019/20 Outturn	2020/21 Q2	2020/21 Target	Performance against target
Performing Well					
Timeliness of Early Help Assessments (Percentage completed within timescale 5 weeks)	98%	95%	99%	95%	A consistent focus on timeliness has resulted in a high % of Early Help Assessments are completed within timescale. The quality of intervention is reflected by a low re-referral rate (2%) of cases closed to Early Help in 2019/20 not re-presenting to children's services within 6 months.
Decrease the	221.67	408.87	152.71	432.00	Numbers of permanent admissions

permanent new admissions to Residential or Nursing care per 100,000 population for Older People (65+) (cumulative)					<p>into care homes have reduced significantly in the second quarter. Part of the reason has been the challenge of Covid-19 which has seen less people move into care homes in general.</p> <p>However, it also reflects the increased levels of work that staff have done during this period to ensure that people have been able to stay at home with the appropriate care and support.</p>
<b>Areas for Improvement</b>					
Reduced number of children looked after	278	277	278	250	A steady improvement in providing more permanent outcomes for our looked after children has seen a reduction in this number. There are 14 UASC children included in this figure
Increase the number of service users (Adults) receiving direct payments	18.96%	19.68%	20.2%	26.00%	<p>Direct Payments continue to increase at a steady rate, although this is still below the target set. The Directorate continue to work with people who use services to promote Direct Payments as the preferred way for services to be delivered. A dedicated Direct Payment Advisor continues to work with frontline staff and ensure that they have the tools and confidence to continue driving forward this indicator. Whilst the Directorate continues to bring new people onto Direct Payments, there are also Direct Payments that cease due to numerous reasons, services ending, customers moving into long-term care or accounts being suspended. All new packages of care are now challenged if a Direct Payment is not the default option</p>

## 10.7 Keeping Reading's environment clean, green and safe

Measure	2019/20 Q2	2019/20 Outturn	2020/21 Q2	2020/21 Target	Performance against target
<b>Areas for Improvement</b>					
Percentage of household waste sent for re-use, recycling and composting	37%	35.3%	35%	38%	34.97% is the provisional recycling rate for July - September 2020. The cumulative performance for 2020/21 (April-September) is currently 33.57%. The equivalent figure for 2019/20 was 37.8%.  The recycling centres have a higher recycling rate than the kerbside services and were shut throughout April, and into May, as a result of COVID 19. COVID 19 also delayed the implementation of food waste collections

## 10.8 Promoting Health, Education, Culture & Wellbeing

Measure	2019/20 Q2	2019/20 Outturn	2020/21 Q2	2020/21 Target	Performance against target
<b>Areas for Improvement</b>					
Increased participation at Council Cultural Venues (Town Hall & Museum, Hexagon, South Street)	50,272	340,394	1,206	355,000	As a result of the government lockdown all cultural venues have been closed. The Hexagon and South Street closed to public until October. Figures are for the Museum only.

## 10.9 Ensuring the Council is fit for the future

Measure	2019/20 Q2	2019/20 Outturn	2020/21 Q2	2020/21 Target	Performance against target
<b>Performing well</b>					
Take up of online services - people signed up for an online account	84,320	95,338	111,908	86,488	Performance exceeding target set
<b>Areas for Improvement</b>					
Percentage of Council Tax collected (cumulative)	55.62	96.17%	54.9%	56.65% Sept 97.5% Annual	Collection is 0.72% behind position last year and 1.78% behind in month target set to achieve 97.50%. We started the financial year with an increased debit from last year of 4.26% at £111.6m, this has increased further by £480k to £112.1m. This rise is normal for this period as we see student tenancies end and exemptions cease, we are now starting to see the student's

					registrations filtering in. We anticipated a reduced collection as a result of Covid-19 and the removal of further recovery. Benchmarking with neighbouring boroughs still demonstrates a lesser reduction than they are experiencing, we are the lowest at 0.72%, with the highest at 3.75%. We are continuing to proactively contact our customers to maintain payments and the re-introduction of court and the additional powers this enables should see further improvements.
Percentage of Business Rates collected (Cumulative)	53.2	97.71%	47.63%	53.73% Sept 97.5% Annual	Collection is 5.57% behind position last year, 6.1% behind in month target set to achieve 98.00%. We have identified an error with the Civica payments system, it appears following a parameter change, £1m has been incorrectly posted to suspense, finance teams are working on resolving this but to date have not been able to confirm a date for resolution. This correction should reduce the position to 4.45% variance on last year. Benchmarking with neighbouring authorities demonstrates significant variances across the Berkshire Authorities, with one having a positive result of +1.02% in comparison and another as low as -9.14%. 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 £88,989,840.

## 11 CONTRIBUTION TO STRATEGIC AIMS

11.1 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.

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

## **12 ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

- 12.1 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.
- 12.2 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.

## **13 COMMUNITY ENGAGEMENT AND INFORMATION**

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

## **14 EQUALITY IMPACT ASSESSMENT**

- 14.1 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.

## **15 LEGAL IMPLICATIONS**

- 15.1 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.

## **16 FINANCIAL IMPLICATIONS**

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

## **17 BACKGROUND PAPERS**

- 2020/21 Budget and Medium-Term Financial Strategy, Council, February 2020