

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	8 MARCH 2021		
TITLE:	2020/21 QUARTER 3 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 December 2020 (Quarter 3). These forecasts include best estimates of the additional pressures arising as a result of Covid-19 and associated government funding received up to the end of December.
- 1.2 The financial reporting of the Council and Brighter Futures for Children (BFfC) have now been aligned and this report also includes the Quarter 3 projections for BFfC.
- 1.3 The forecast General Fund revenue outturn position as at the end of Quarter 3 is a (£4.820m) underspend. This is an improvement of (£5.487m) since Quarter 2. This forecast includes gross revenue pressures of £19.969m arising as a direct result of Covid-19.
- 1.4 The Housing Revenue Account (HRA) is currently projecting an underspend of (£5.133m) as at the end of Quarter 3. This is an increase of (£3.253m) since Quarter 2.
- 1.5 The General Fund Capital Programme is forecast to underspend by (£39.938m) this year. The HRA Capital Programme is currently forecast to underspend by (£18.138m) due to delays to the delivery of the Major Repairs Scheme and Phase 2 and Phase 3 of the New Build and Acquisitions Schemes.
- 1.6 This forecast General Fund position assumes the use of £9.906m of the Direct Revenue Financing of Capital Earmarked Reserve in the current financial year (2020/21) to reduce the ongoing Minimum Revenue Provision (MRP) charge to the revenue budget in future years. This reserve was set aside to mitigate against capital receipts not being realised and available for use as previously expected. The impact of Covid-19 has meant that this reserve has had to be

released, but it is hoped that as the economy picks up the reserve will be able to be replenished.

- 1.7 The combined gross revenue and capital pressures as a result of Covid-19 total £20.269m, which is a decrease of (£0.081m) from Quarter 2. This is offset by a total allocation of (£13.269m) of Central Government general support grant, (£0.981m) furlough grant and an estimated (£6.000m) in income compensation, as well as (£0.989m) of Arts Council grant to support Cultural Services.
- 1.8 Central Government published the final guidance document in respect of the local government income compensation scheme for lost sales, fees and charges on the 24th August. The first grant claim has been submitted for (£3.186m) for the period April to July 2020 and was received on the 3rd of December. It is anticipated that the total level of compensation that the Council would receive is (£6.000m). Changes to this assumption and the impact on the forecast outturn position will continue to be reported through future reports.
- 1.9 The financial implications of Covid-19 will continue to be refined and reported on a monthly basis.
- 1.10 Appendix 2 sets out the various Covid-19 related grants allocated to the Council. This register will be updated and refined monthly as part of future reports.

The detail supporting this report is included in:

- Appendix 1 - Financial Monitoring for Quarter 3
- Appendix 2 - Performance for Quarter 3
- Appendix 3 - Covid-19 Related Grants Register

2 RECOMMENDED ACTION

That Policy Committee notes:

- 2.1 The forecast General Fund revenue outturn position as at the end of December 2020 is a net underspend of (£4.820m), due to an overspend of £17.260m on services budgets mitigated by an underspend of (£1.830m) on corporate budgets and Government Covid-19 Grants of (£20.250m) which comprises (£13.269m) of general support funding, an (£0.981m) furlough claim and an estimated (£6.000m) income compensation claim.
- 2.2 The Housing Revenue Account is forecast to underspend by (£5.133m) as at the end of December 2020.
- 2.3 The General Fund Capital Programme is forecast to underspend by (£39.938m). The HRA Capital Programme is forecast to underspend by (£18.138m) 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 December 2020.

That Policy Committee approve:

- 2.4 To draw £9.906m from the Direct Revenue of Financing of Capital Earmarked Reserve in 2020/21 to reduce the ongoing Minimum Revenue Provision (MRP) charge to the revenue budget.
- 2.5 That the 2020/21 General Fund underspend, currently forecast to be (£4.820m), will be added to earmarked reserves to mitigate against the release of reserves per paragraph 2.4 and the anticipated use to balance the 2021/22 budget gap.

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 (£13.269m) of general support funding as well as the Council claiming (£0.981m) to cover Furlough costs and an estimated (£6.000m) in compensation for lost income.
- 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.

4 GENERAL FUND REVENUE

- 4.1 The forecast outturn as of Quarter 3 is a (£4.820m) underspend and is broken down in the following table:

Table 1. General Fund Forecast 2020/21

	Budget	Forecast	Variance
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	£m	Outturn £m	£m
Adult Social Care and Health	38.273	39.620	1.347
Economic Growth and Neighbourhood Services	17.128	31.116	13.988
Resources	15.434	15.456	0.022
Chief Executive	1.550	1.581	0.031
Children's Services retained by Council	0.710	0.710	0.000
Children's Services delivered by BFfC	48.421	50.293	1.872
Total Service Expenditure	121.516	138.776	17.260
Capital Financing Costs	24.637	26.099	1.462
Contingencies	3.522	0.000	(3.522)
Other Corporate Budgets	1.245	1.475	0.230
Total Corporate Budgets	29.404	27.574	(1.830)
Net Budget Requirement	150.920	166.350	15.430
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	(20.250)	(20.250)
Total Funding	(150.920)	(171.170)	(20.250)
Over / (under) Budget	0.000	(4.820)	(4.820)

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	15.097	(1.109)	13.988
Resources	1.138	(1.116)	0.022
Chief Executive	0.105	(0.074)	0.031
Children's Services (RBC)	0.000	0.000	0.000
Children's Services (BFfC)	1.633	0.239	1.872
Total Service Budgets	19.769	(2.509)	17.260
Capital Financing Costs	0.000	1.462	1.462
Contingency	0.000	(3.522)	(3.522)
Other Corporate Budgets	0.200	0.030	0.230
Total Corporate Budgets	0.200	(2.030)	(1.830)
Government Covid-19 Funding	(20.250)	0.000	(20.250)
Total	(0.281)	(4.539)	(4.820)

Adult Care and Health Services (DACHS)

- 4.3 Adult Care and Health Services is forecasting a net overspend of £1.347m at Quarter 3, which is the same position reported at Quarter 2. Pressures totalling £1.796m are as a result of Covid-19 which is partially offset by net underspends of (£0.449m).
- 4.4 The forecast overspend is due to:
- £0.248m of additional PPE costs;
 - £0.292m to support care homes with high levels of void beds;
 - £1.256m of savings not able to be delivered as a result of the impact of Covid-19;
 - (£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, £0.820m 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 50% will 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. To date all claims are being paid promptly.

Economic Growth and Neighbourhoods Services (DEGNS)

- 4.7 The Directorate of Economic Growth and Neighbourhood Services is forecasting a net overspend of £13.988m at Quarter 3, an improvement of (£0.671m) on the forecast at Quarter 2. £15.097m of the overspend is due to the impact of Covid-19, partially offset by net underspends of (£1.109m).

Transportation - £7.203m overspend

- 4.8 There is a £7.203m income shortfall in Transportation, an adverse movement of £0.500m from the last period, due to the impact of the changing Covid-19 measures on income generated from Car Parking On-Street and Off-Street as well as Civil Enforcement Services. These income streams had started to gradually recover towards the end of Quarter 2 but have fallen again during Quarter 3 although not to the extent seen in Quarter 1. Latest monthly revenue streams still represent circa 50% of budgeted income. We are assuming partial recovery of parking income in February and March. If Quarter 4 were to show a similar percentage shortfall as was seen in April and May (the height of the 1st Lockdown), then we can expect to see another £1.500m added to the current pressure.

Planning and Regulatory Services - £1.525m overspend

- 4.9 The service is forecasting a £1.525m overspend, an improvement of (£0.210m) on the reported position last period. The improvement is in a forecast lower

spend on contracted services which provide specialist advice. There is an income shortfall of £1.790m across Building Control, license fees, planning applications and planning fees and charges as a result of Covid-19, which includes budgeted MTFs income increases of £0.446m that cannot be achieved under pandemic conditions. There are two significant unbudgeted legal cases which are ongoing, the cost of which are forecast at £0.400m for 2020/21. This pressure is partially mitigated by a staffing underspend due to vacancies within the service of (£0.490m) and other net underspends (£0.175m).

Housing and Neighbourhood Services (General Fund) - £0.760m overspend

- 4.10 The pressure on Housing and Neighbourhood services of £0.760m at Quarter 3 is an improvement of (£0.123m) from last period. The pressure is due to increased demand on bed and breakfast, including hotel beds, given the need to accommodate homeless individuals during the Covid-19 pandemic. The improvement from the prior period is principally due to the receipt of an Emergency Assistance Grant for Food and Essential Supplies from the Department for Environment, Food & Rural affairs (DEFRA). There has been a further small reduction due to a revision of the cost modelling based on actual costs to the end of December and projected costs for the remainder of the year as the service projects less users than previously anticipated at the end of November.

Cultural Services - £3.383m overspend

- 4.11 Cultural Services is forecasting an overall overspend of £3.383m at Quarter 3, no change on the position forecast last period. This forecast position is £3.920m of income forgone as a result of Covid-19, partially offset by an underspend of (£0.537m) due to the delay in the new Leisure contract with GLL. The current Covid-19 related pressures are:

- A £1.254m income shortfall across the theatres and Town Hall, assuming no shows are possible until April 2021. This position includes a successful grant bid of (£0.989m) from the Arts Council in respect of the Cultural Recovery Fund. This funding will cover pressures incurred at the Hexagon, South Street and the Museum until the end of March 2021, including staffing, utilities and Covid-19 adaptations.
- 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 £2.002m 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 £0.281m of undeliverable savings relating to the service's various income streams.

Environment and Commercial Services - £0.227m overspend

- 4.12 The service is reporting a pressure of £0.227m at Quarter 3, similar to the position reported last period. Environment & Commercial Services is anticipating income shortfalls of £0.534m as a direct result of Covid-19, and this includes a £0.086m pressure on the Food Waste and Smaller Bins saving

and pressures across Business Development, Parks Service, Green Waste and Recycling totalling £0.448m.

- 4.13 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. There are underspends on waste disposal (£0.400m) and staffing as a result of vacancies in Parks Services of (£0.305m).

Regeneration & Assets - £0.890m overspend

- 4.14 Regeneration & Assets is reporting an overspend of £0.890m at Quarter 3, no change on the position forecast last period. This pressure is all due to Covid-19. There is a pressure on income of £0.200m for community lettings and a £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 £0.100m. The pressures are partly mitigated by reduced utility costs (£0.090m) for the year due to reduced use of buildings during the Covid-19 pandemic.

Resources (DoR)

- 4.15 The Directorate of Resources is currently reporting a net overspend of £0.022m at Quarter 3, which is a decrease of (£1.078m) from what was reported at Quarter 2. This is mainly due to improvements to the forecasts in Financial Services and IT Services. Pressures totalling £1.138m are as a result of Covid-19 which is partially offset by other net underspends of (£1.116m).

Customer & Corporate Improvement - (£0.072m) underspend

- 4.16 The service is currently forecasting an underspend of (£0.072m), an improvement of (£0.027m) from the previous period. Savings that were anticipated from the delivery of the Customer Experience strategy have been delayed due to Covid-19. There are existing pressures on salary budgets across the service offset by additional income in the Registration & Bereavement Service.

Human Resources & Organisational Development - £0.174m overspend

- 4.17 Human Resources & Organisational Development is forecasting an overspend of £0.174m, unchanged from last period, as a result of pressure on Kennet Day Nursery income resulting directly from Covid-19. Some staff have been furloughed to manage the current restrictions around social distancing.

Audit & Insurance - (£0.054m) underspend

- 4.18 Audit and Insurance is currently forecasting a (£0.054m) underspend which is unchanged from last period. This variance is 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.

Procurement - £0.250m overspend

- 4.19 The overspend of £0.250m within Procurement is unchanged from last period and is a direct result of setting up the One Reading Community Hub in response to Covid-19.

Financial Services - £0.045m overspend

- 4.20 Financial Services is forecasting an overspend of £0.045m, an improvement of (£0.504m) from the previous period. This variance is primarily due to a reduction in court costs income of £0.625m within the Revenues and Benefits Service due to courts being closed for part of the year as a result of Covid-19 offset by net underspends of (£0.580m) across the Service due to additional one-off new burdens grant funding in respect of Covid-19.

Legal & Democratic Services - (£0.053m) underspend

- 4.21 Legal & Democratic Services are forecasting an underspend of (£0.053m), unchanged from last period. This consists of £0.054m 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 a (£0.018m) underspend on staffing budgets in Committee Services and an underspend of (£0.160m) in Electoral Services as there is no anticipated local election this year.

IT & Digital Services - (£0.268m) underspend

- 4.22 IT & Digital Services is showing an underspend of (£0.268m), an improvement of (£0.350m). While there have continued to be upward pressures in Digital and ICT as previously reported, these have been more than offset through the realisation of savings from the move to new mobile telephony contracts and by the fact that some licence expenditure to which we have committed falls into 21-22.

Chief Executive (including Corporate Communications)

- 4.23 Chief Executive is currently reporting a net overspend of £0.031m, which is the same position reported last period. Pressures of both expenditure and income totalling £0.105m as a result of Covid-19 are offset by expenditure underspends of (£0.074m).

Chief Executive budget - £0.046m overspend

- 4.24 The Chief Executive's budget is reporting an overspend of £0.046m, which is due to Covid-19 pressures of £0.070m relating to the Temporary Place of Rest at Wexham Park, offset by a (£0.024m) underspend in the service. Note the forecasted cost to Reading of the Temporary Place of Rest is estimated at £0.070m at this time and does not reflect any cost associated with a second wave of Covid-19.

Communications budget - (£0.015m) underspend

- 4.25 The Communications is forecasting an underspend of (£0.015m). 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.

Children's Services Retained by the Council

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

Children's Services Delivered by BFfC

- 4.27 The forecast outturn for Children's Services delivered by Brighter Futures for Children (BFfC) is a £1.872m overspend, of which £1.633m is the in-year pressures BFfC have indicated is due to Covid-19. This is an improvement of (£0.235m) from Quarter 2. The non-Covid related net pressures totalling £0.239m. The overall council's forecast budget position assumes that it will recompense BFfC for these Covid pressures, subject to a review of their Covid-related expenditure.
- 4.28 During Quarter 3, children looked after numbers have decreased slightly to 271 from 278 in Quarter 2, which is reflected in the improvement in the forecast budget variance.

Corporate Budgets

- 4.29 Corporate Budgets are forecasting a variance of (£1.830m) as at the end of Quarter 3, which is an adverse movement of £0.138m from Quarter 2.
- 4.30 A draw from the Direct Revenue Financing of Capital Earmarked Reserve is required in the current financial year (2020/21) to reduce the ongoing Minimum Revenue Provision (MRP) charge to the revenue budget by paying-off debt on short-life assets. This reserve was set aside to mitigate against capital receipts not being realised and available for use as previously expected. The impact of Covid-19 has meant that this reserve has had to be released, but it is hoped that as the economy picks up the reserve will be able to be replenished.
- 4.31 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.
- 4.32 There are unallocated Contingency budgets of (£3.522m) and a net overspend on Other Corporate Budgets of £0.230m 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 £0.702m.

5 FUNDING

- 5.1 The Council's net budget requirement of £150.920m is financed from Council Tax, Business Rates and the 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 (£20.250m). The Government has, to date, allocated the Council general support funding for the additional pressures due to Covid-19, totalling (£13.269m). Additionally (£0.981m) is anticipated in respect of furloughed council staff.
- 5.3 Additionally, the sum currently forecast to be reimbursed in respect of lost fees and charges is (£6.000m), which is 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 and was received on the 3rd December. Changes to this assumption and the impact on the forecast outturn position will be reported through future reports.
- 5.4 Current forecasts in respect of collection of Council Tax and Business Rates indicate an overall in-year shortfall of £3.227m, 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 will now be recovered over a three-year period to aid Local Authorities in spreading the financial impact. In addition, the Chancellor announced as part of the Spending Review that 75% of final losses will be covered by the Government.

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 reported above.
- 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	5,059	1,220	863	77	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 BFFC	0	0	0	4,128	4,128
Total	6,305	2,261	1,550	5,228	15,344

6.4 In general, the Medium Term Financial Strategy (MTFS) for 2021/22 - 2023/24 assumes all prior year budgets brought forward are deliverable, including savings targets. However, where it is clear that targets can no longer be met going forward these have been shown as pressures and effectively removed from the MTFS. Those savings targets not removed but not delivered in 2020/21 will cause an immediate pressure on 2021/22 unless mitigated with alternative ongoing savings.

7 OTHER CONSIDERATIONS

Sundry Debt

7.1 Total General Fund sundry debt as at the end of Quarter 3 is £6.830m, of which £6.336m relates to invoices over 30 days old. Total General Fund sundry debt has decreased by (£10.495m) compared to Quarter 2 where it totalled £17.325m. Community Care debt is £4.693m, which includes £0.419m which has been secured against properties. The following table shows the outstanding debt over 30 days old as at the end of December 2020:

Table 4. Outstanding Debt as at the End of Quarter 3 Over 30 Days Old

	1 to 2 months £000	2 to 3 months £000	3 to 6 months £000	6 months to 1 year £000	1 to 2 years £000	Over 2 years £000	Total Outstanding Debt £000
Resources and Facilities	23	112	189	8	5	119	456
Ex Berkshire County Council	-	-	-	-	-	1	1
Valuation	8	70	134	130	46	165	553
Environment	152	103	45	56	35	47	439
Education & Community Services	3	-	-	1	1	61	66
Culture & Sport	35	6	5	93	39	97	375
General Fund Housing	-	-	-	-	3	1	4
Community Care	180	170	297	671	1,036	2,188	4,542
Total General Fund:	401	461	670	959	1,166	2,678	6,336
Housing Revenue Account Housing	35	9	23	68	211	341	687
Intercompany Debt	-	-	588	2,932	1,573	-	5,092

Total Including HRA and Intercompany:	436	470	1,281	3,959	2,950	3,019	12,115
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- 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 has been revised and was approved by Policy Committee in December.

Staffing

- 7.3 The Council currently has 49 agency contracts across the directorates costing £1m more than the substantive posts budgets in a full year. £0.038m has been spent on overtime during Quarter 3, bringing the total for the year to £0.308m.
- 7.4 There have been 6 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 (£5.133m) which is largely due to an underspend on the Major Works budget. The forecast underspend has increased by (£3.253m) from Quarter 2 due to the impact of the second wave of Covid 19 which is expected to have a significant impact on the ability to deliver programmes of work in the remaining months of the financial year. This reduces the budgeted (£1.845m) drawdown from reserve requirement to a contribution to reserves of £3.288m.

Table 7. Housing Revenue Account Forecast 2020/21

	Budget £m	Forecast Outturn £m	Variance £m
Responsive Repairs	3.290	2.820	(0.470)
Planned Maintenance	2.066	1.676	(0.390)
Major Works	13.981	10.208	(3.773)
Managing Tenancies	1.410	1.410	0.000
Management, Policy & Support	5.331	5.331	0.000
PFI	7.238	7.038	(0.200)
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)
Over/(Under) Budget	1.845	(3.288)	(5.133)
Movement to/(from) HRA Reserve	(1.845)	3.288	5.133

- 8.2 The underspend on Major Works of (£3.773m) is due to underspends on Kitchen & Bathrooms of (£1.595m) caused by Covid-19 related delays, along with similar underspends on structural projects (£0.898m) and Low Carbon Trials (£1.940m) because they have not yet progressed from the development stage. This is partially negated by an in-year overspend of £1.355m on the Coley Water Mains project due to a timing delay in the works that arose in 2019/20. A further net underspend totalling (£0.695m) is forecast on the Decent Neighbourhood Fund, Hexham Road, Rewiring, Asbestos and other minor schemes; although this underspend has been reduced because of the increased spend on Fire protection works.
- 8.3 The underspend of (£0.470m) on responsive repairs is almost entirely due to less spend being predicted on minor voids work than anticipated after a revised projection of spend apportionment between revenue & capital voids work.
- 8.4 In relation to planned maintenance, the main reason for the projected underspend of (0.390m) is due to the team not being able to access premises due to Covid-19 which has reduced the spend on decorations (Communal, OAP & External).
- 8.5 The current forecast on the Capital Financing budget is a (£0.100m) underspend, due to delays to delivery of Phase 2 and Phase 3 of the New Build and Acquisitions Schemes. There is also expected to be an underspend on the PFI of (£0.200m).
- 8.6 The current forecast on HRA Income is a (£0.200m) overachievement against budget. HRA rent collection rates of 97.65% 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 (£39.938m) this year. The underspend has reduced by £71.293m since Quarter 2, when the forecast underspend was (£111.231). This is predominantly because the £80.000m budget for commercial property in 2020/21, which was not previously forecast to be spent, has now been removed following Policy Committee approval in December.
- 9.2 The DEGNS Capital Programme schemes are currently forecast to underspend by (£19.640m). This is predominantly due to construction related delays caused by Covid-19. The two largest variances are on the Dee Park Regeneration (£5.900m) and Leisure Procurement (£4.757m) Schemes.
- 9.3 The HRA Capital Programme is currently forecast to underspend by (£18.138m) 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 8. 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	0.980	(0.542)
Economic Growth and Neighbourhood Services	52.797	62.588	42.948	(19.640)
Resources	8.051	8.084	7.589	(0.495)
Children’s Services	19.024	21.526	8.912	(12.613)
Corporate	89.169	11.970	5.323	(6.647)
Total General Fund	170.446	105.691	65.753	(39.938)
Total HRA	34.974	36.507	18.638	(17.310)

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 will roll forward into 2020/21.
- 10.2 It is planned to publish a new one-year Corporate plan for 21/22 in March. Therefore, a revised set of performance measures will be developed for monitoring from April.
- 10.3 We are using the council’s performance management software system (InPhase <https://reading.inphase.com/login>) as the source for recording and monitoring progress against our performance objectives. The data for Corporate Plan performance reporting is taken from the system and the full set of quarterly data is attached at Appendix 2. Accessing the system online allows for further analysis and interaction with the data and a richer experience than when information is extracted and presented in a document format.

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

- 10.4 Paragraphs 10.5 - 10.10 below provide a summary of the areas where the Council is performing well and the areas for improvement which show significant variance. A selection of these measures are displayed as charts from InPhase in Appendix 2.

10.5 Securing the economic success of Reading

Measure	2019/20 Q3	2019/20 Outturn	2020/21 Q3	2020/21 Target	Performance against target
Performing well					
Superfast	On track	98.82%	99.10%	100%	BT Open Reach are progressing the

Broadband coverage				remaining town centre connections relating to private landlord multiple dwelling units, where it has not been possible to obtain Wayleave permission from a significant number of landlords to move distribution into the building BT have engaged specialist Wayleave company to chase landlords. However, if this final try is unsuccessful these remaining properties will be removed from the project and BT will terminate the connection at the outside of the property and await normal demand led activity from tenants to complete connectivity. The project would then be closed from a Reading Perspective
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10.6 Ensuring access to decent housing to meet local needs

Measure	19/20 Q3	19/20 Outturn	20/21 Q3	20/21 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. The figure quoted refers to single people only.

10.7 Protecting & enhancing the lives of vulnerable adults and children

Measure	19/20 Q3	19/20 Outturn	20/21 Q3	20/21 Target	Performance against target
Performing Well					
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for people 18-64	0.92	2.77	0.00	1.08	This number continues to be stable even though the target is ambitious which evidences the consistent approach across the service. The review team will consider alternatives to Residential & nursing care using a strength-based approach, TECH & community services
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Older People (65+)	14.78	78.82	9.71	36	Number of permanent admissions to care homes continues to be low. A collaborative approach with partners supports people to remain at home. The ethos is home first with reablement services when discharging people from hospital

Areas for Improvement					
Increase the number of service users (Adults) receiving direct payments	18.83%	19.68%	20.8%	26.00%	Direct payments continue to increase although this is still below the target set. The dedicated worker has set targets for the rest of the financial year for each team to improve the number further. The worker will be working directly with the review team to support the transition to direct payments

10.8 Keeping Reading's environment clean, green and safe

Measure	19/20 Q3	19/20 Outturn	20/21 Q3	20/21 Target	Performance against target
Areas for Improvement					
Percentage of household waste sent for re-use, recycling and composting	37%	35.3%	33%	38%	Figures for Quarter 3 are provisional at this stage. Recycling rate is normally lower in the second half of the year than the first. However, the introduction of food waste collections in February are expected to result in an increase.

10.9 Promoting Health, Education, Culture & Wellbeing

Measure	19/20 Q3	19/20 Outturn	20/21 Q3	20/21 Target	Performance against target
Significant Covid Impact					
Increased participation at Council Cultural Venues (Town Hall & Museum, Hexagon, South Street)	120,100	340,394	13,679	Q3 Target 88,750	The Hexagon reopened for public performance in October, including comedy film and Noisy kids (RPO family concerts) before a further lockdown in November and tier change in December prevented further event programme. Sitelines pandemic themed show ('Behind closed doors') took place in Oct & Dec while restrictions allowed. The museum was open for pre-booked visits where restrictions allowed

10.10 Ensuring the Council is fit for the future

Measure	19/20	19/20	20/21	20/21	Performance against target
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	Q3	Outturn	Q3	Target	
Performing well					
Take up of online services - people signed up for an online account	91,266	95,338	115,189	86,488	Performance exceeding target set
Areas for Improvement					
Percentage of Council Tax collected (cumulative)	82.84%	96.17%	82.07%	83.99% Dec 97.5% Annual	Collection is 0.77% behind position last year and 1.92% 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 and have seen the overall debit reduce this month to the same starting value of £111.6m (to bear in mind the £812k CTS hardship which makes the debit change appear lower than it is, plus increased CTS claimants). We anticipated a reduced collection as a result of Covid-19 and the removal of further recovery. Bench marking with neighbouring boroughs still demonstrates a lesser reduction that they are experiencing, we are the lowest at 0.77%, with the highest at 4.57%. We are continuing to proactively contact our customers to maintain payments. We have produced 3 summons batch jobs to date, with the first virtual liability order hearing on 20th Jan
Percentage of Business Rates collected (Cumulative)	78.02%	97.71%	77.89%	80.99% Dec Sept 97.5% Annual	NNDR has significantly improved to -0.01%, however this is not a true reflection of the position. The RBC owed amounts were processed in December of £3.3m, which has inflated the collection position in comparison to last year (RBC accounts weren't processed until March 2020). The true position is closer to -3.9%, continue to track considering the RBC payments. This is however still an improvement on the prior month of approx. 0.5%. Collection is 3.1% behind in month target set to achieve 98.00%. The Civica error remains unresolved with £2.5m incorrectly posted to suspense, finance teams continue to work on resolving this but to date have not been able to confirm a date for resolution. A meeting is scheduled with finance colleagues on 19th Jan. Once corrected this may reduce the variance on last year. Benchmarking with neighbouring

				<p>authorities demonstrates significant variances across the Berkshire Authorities, the lowest with just a decrease of 0.05% in comparison and another a decrease as high as 10.17%. 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 £87,623,671</p>
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11 CONTRIBUTION TO STRATEGIC AIMS

11.1 The Council's vision is to ensure that Reading realises its potential - and to ensure that everyone who lives and works in Reading can share the benefits of its success. The Council has 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. The latest forecasts indicate that for the current year at least the additional financial support from Government covers the financial pressures caused by Covid-19.

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