

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	12 JULY 2021		
TITLE:	QUARTER 4 PERFORMANCE REPORT (2020/21)		
LEAD COUNCILLOR:	COUNCILLOR McEWAN	PORTFOLIO:	CORPORATE & CONSUMER SERVICES
SERVICE:	FINANCIAL SERVICES CORPORATE IMPROVEMENT AND CUSTOMER SERVICES	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2020/21. Further changes are not expected at this stage however the outturn is subject to audit and any material issues arising will need to be adjusted for.
- 1.2 The Covid-19 pandemic has resulted in a unique set of financial challenges for councils around the country, with income levels dropping; costs increasing; savings projects being de-prioritised in order to focus on the delivery of critical front-line services; and large-scale financial support programmes being implemented.
- 1.3 Reading Borough Council has distributed more than £43m of grants to thousands of businesses; awarded more than £59m of business rates relief; and awarded £0.9m of hardship funding to Council Tax Support claimants in 2021/22. And whilst collection rates have inevitably reduced from previous years, the drop was not as great as anticipated.
- 1.4 There have also been major challenges in monitoring financial performance against the budget that was approved in February 2020 as the impact of the pandemic delivered an unprecedented level of change and uncertainty. The budget was based upon a pre-pandemic set of assumptions that have had to be continually revised and adjusted throughout the year. It is in this context that the finance team has adopted a prudent approach in assessing the financial implications of the pandemic in order to protect the long-term financial stability of the Council. This report now confirms the provisional year-end position.

General Fund

- 1.5 The budget report approved by Council on 23 February 2021 assumed the use of £12.682m of reserves in order to deliver a balanced budget:
 - £9.906m of the Direct Revenue Financing of Capital earmarked reserve was utilised in 2020/21 to reduce the ongoing Minimum Revenue Provision charge to the revenue budget;

- £2.776m to balance the 2021/22 budget.
- 1.6 The 2020/21 General Fund revenue provisional outturn position is a positive net variance of £12.762m. It is proposed to utilise £8.355m to replenish those reserves that were utilised in order to deliver a balanced budget, thereby reducing the net reduction in those reserves to £4.327m.
- 1.7 This can be broken down as follows:
- £6.453m of corporate contingencies held to deal with pressures not foreseen in the original budget were ultimately not required and can now be released back to replenish reserves that were used to balance the 2021/22 budget;
 - Other budgets delivered net positive variances of £2.341m, of which it is proposed to carry forward £0.439m and to utilise the remaining £1.902m to replenish reserves that were used to balance the 2021/22 budget.
 - The Council received £20.416m of un-ringfenced Covid-19 grant funding from Central Government. £16.448m of that was utilised in year and £3.968m can now be rolled forward to 2021/22 to mitigate the ongoing impact of the pandemic.
- 1.8 Brighter Future for Children delivered within the contract sum for 2020/21.
- 1.9 In summary, this results in an overall General Fund positive net variance of £12.762m. It is proposed that:
- The £3.968m of unallocated Covid-19 grant funding be put into an earmarked reserve to be used to mitigate the ongoing financial impact of the pandemic;
 - The £0.126m positive variance on the Joint Legal Team (JLT) within Legal & Democratic Services be carried forward to fund JLT specific invest to save projects;
 - The £0.313m positive variance against IT & Digital be carried forward to contribute to the funding of the Digital Strategy;
 - The remaining balance of £8.355m be released back to replenish reserves that were used in order to deliver a balanced budget for 2021/22.
- 1.10 The original budget for 2020/21 included assumed savings of £15.344m, including £2.539m of savings brought forward from the previous year. A total of £7.579m of ongoing savings were delivered in 2020/21, and £2.640m of savings were removed as part of the 2021/22 budget setting process on the basis that they were no longer deemed deliverable. This leaves a residual balance of £5.125m to be carried forward for delivery in 2021/22. It should be noted that the shortfall on the savings target was fully mitigated by services in-year.
- 1.11 This balance of £5.125m will be added to the £15.083m of savings already included in the 2021/22 budget to give a revised savings target of £20.208m. The carry forward of non-delivered savings and the ongoing impacts of Covid-19 significantly increase the risk of delivering the 2021/22 budget and Medium-Term Financial Strategy as originally approved in February 2021. Savings delivery will continue to be monitored and reported on regularly throughout 2021/22.

Covid-19

- 1.12 The combined gross revenue pressures for 2020/21 as a result of Covid-19 total £16.448m, which includes £1.643m of pressures in Brighter Futures for Children that the Council has agreed to fund. Funding received from Central Government included £13.269m of Central Government general support grant, £5.842m in compensation for lost income from sales, fees & charges, and (£1.305m) furlough grant. This leaves a net variance of £3.968m of unallocated Covid-19 grant funding that is proposed to be rolled forward as an earmarked reserve.
- 1.13 In addition, the Council delivered £8.794m of non-Covid related net savings, resulting in an overall positive variance on the General Revenue Fund of £12.762m.

Housing Revenue Account

- 1.14 The provisional Housing Revenue Account outturn position is a £9.306m surplus/return to reserves.

Capital

- 1.15 The provisional General Fund Capital Programme outturn is a £29.142m positive variance against the budget of £67.812m.
- 1.16 The provisional HRA Capital Programme outturn is a £4.308m positive variance against the budget of £20.457m.

Performance

- 1.17 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.18 Further detail supporting this report is included in the following appendices:
- Appendix 1 - General Fund Outturn;
 - Appendix 2 - Covid-19 Grants;
 - Appendix 3 - Housing Revenue Account (HRA) Outturn;
 - Appendix 4 - Capital Programme Outturn;
 - Appendix 5 - Savings;
 - Appendix 6 - Delivery Fund;
 - Appendix 7 - Reserves Position as at 31st March 2021;
 - Appendix 8 - Performance Outturn.

2. RECOMMENDED ACTION

That Policy Committee notes:

- 2.1 The provisional General Fund revenue outturn position for 2020/21 is a £12.762m positive net variance;
- 2.2 The provisional Housing Revenue Account outturn position for 2020/21 is a £9.306m transfer to the HRA Reserve;
- 2.3 The provisional General Fund Capital Programme outturn position for 2020/21 is a £29.142m positive net variance;

- 2.4 The provisional HRA Capital Programme outturn position for 2020/21 is a £4.308m positive net variance;
- 2.5 That £7.579m of agreed savings have been delivered in year with £5.125m of non-delivered savings being carried forward into 2021/22;
- 2.6 That £3.256m of Capital Receipts have been used to fund transformation in accordance with the Capitalisation Directive (Appendix 4);
- 2.7 The performance achieved against the Corporate Plan success measures as set out in Section B of this report and Appendix 8.

That Policy Committee approves:

- 2.8 The service requests to roll-forward funds totalling £0.439m into 2021/22 to complete future programmes of work;
- 2.9 That £3.968m of un-ringfenced Covid-19 grant funding be put into an earmarked reserve to meet the ongoing financial impacts of the pandemic;
- 2.10 That the remaining balance of £8.355m is set aside to partially replace the drawdown of £9.906m of earmarked reserves in respect of reducing the ongoing Minimum Revenue Provision (MRP) charge to the revenue budget in future years that was approved in the Quarter 3 Performance and Monitoring Report;
- 2.11 The net roll-forwards of budget within the Capital Programme totalling £29.471m; resulting in a revised Capital Programme net budget of £117.624m for 2021/22;
- 2.12 The net roll-forwards of budget within the HRA Capital Programme totalling £4.419m; resulting in a revised HRA Capital Programme net budget of £44.094m for 2021/22;
- 2.13 The re-programming of the New Build & Acquisitions- Phase 4 budget of £1.400m within the HRA Capital Programme from 2023/24 to 2021/22 as set out in paragraph 8.3.

3. POLICY CONTEXT

- 3.1 The Council approved the 2020/21 Budget and Medium-Term Financial Strategy in February 2020. This included assumptions around available resources and agreed efficiencies. Savings delivery has been monitored throughout the year and any approved costs associated with transformation savings have been tracked by the Corporate Programme Board.
- 3.2 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 for 2020/21 as well as the Council claiming £5.842m in compensation for lost income from sales, fees & charges and £1.305m in Furlough grant.
- 3.3 Council in June 2018 approved Shaping Reading's Future - Our Corporate Plan 2018-21. The Plan reflects the Council's priorities for Reading and provides direction for staff in delivering services to meet the needs of the communities within the Borough whilst working to a budget and MTFS agreed at Council in February 2019.
- 3.4 This report is structured into two parts. The first (**Section A, paragraphs 4 to 12**) reports on financial performance, whilst the second (**Section B, paragraph 13**) reports on performance in delivering against the Corporate Plan.

A. FINANCIAL PERFORMANCE

4. GENERAL FUND REVENUE SUMMARY

4.1 The provisional outturn position of the General Revenue Fund is a positive net variance of £12.762m against the net budget of £150.920m.

4.2 It is estimated that the Covid-19 pandemic resulted in revenue cost and income pressures of £16.448m in 2020/21 which are offset by £20.416m of Covid-19 funding from Central Government and other net savings of £8.794m. The impact on individual Directorate budgets is set out below.

Table 1. General Revenue Fund Summary by Directorate

	Budget	Outturn	Variance
	£m	£m	£m
Adult Care & Health Services	38.273	38.966	0.693
Economic Growth and Neighbourhood Services	19.570	29.040	9.470
Resources	15.473	14.883	(0.590)
Chief Executive	1.511	1.484	(0.027)
Children's Services retained by the Council	0.710	0.710	0.000
Children's Services delivered by BfC	48.421	50.064	1.643
Total Service Expenditure	123.958	135.147	11.189
Capital Financing Costs	14.731	14.703	(0.028)
Contingency	3.522	0.000	(3.522)
Other Corporate Budgets	8.709	8.724	0.015
Other Corporate Budgets (Covid Funding)	0.000	(20.416)	(20.416)
Total Corporate Budgets	26.962	3.011	(23.951)
Net Budget Requirement	150.920	138.158	(12.762)
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
(Positive)/Adverse Variance	0.000	(12.762)	(12.762)

4.3 Further detail on the variances are set out below and in Appendix 1 attached.

4.4 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	Other Net Pressures/	Forecast Outturn

	£m	(Savings) £m	£m
Adult Care & Health Services	1.718	(1.025)	0.693
Economic Growth & Neighbourhood Services	11.665	(2.195)	9.470
Resources	1.132	(1.722)	(0.590)
Chief Executive	0.090	(0.117)	(0.027)
Children's Services retained by the Council	0.000	0.000	0.000
Children's Services delivered by BFfC	1.643	0.000	1.643
Total Service Budgets	16.248	(5.059)	11.189
Capital Financing Costs	0.000	2.312	2.312
Contingency	0.000	(3.522)	(3.522)
Other Corporate Budgets	0.200	(2.525)	(2.325)
Total Corporate Budgets	0.200	(3.735)	(3.535)
Total	16.448	(8.794)	7.654
Other Corporate Budgets (Covid Funding)	(20.416)	0.000	(20.416)
Total	(3.968)	(8.794)	(12.762)

Adult Care and Health Services

4.5 Adult Care and Health Services' provisional outturn position is an adverse net variance of £0.693m, including £1.718m of Covid-19 pressures. If Covid-19 pressures are excluded, then the directorate delivered a net saving of £1.025m.

Adult Social Care - £0.693m adverse variance

4.6 Adult Social Care's (Commissioning & Improvement, Adult Services Operations, Preventative Services and Directorate & Other) provisional outturn is an adverse net variance of £0.693m. Pressures totalling £1.718m are as a result of Covid-19 which is partially offset by net savings of £1.025m.

4.7 The Covid related impact on services of £1.718m is detailed as follows:

- £0.804m non-delivery of savings;
- £0.260m support for day care providers;
- £0.154m support for residential/nursing providers;
- £0.500m shortfall in service user contributions.

4.8 There are additional underlying non-Covid related pressures on placement budgets of £1.101m.

4.9 These pressures are partially offset by the following savings:

- £0.224m voluntary sector funding;
- £0.121m carers;
- £0.064m service development;
- £0.062m compass recovery college;
- £0.332m recovery of costs of Community Equipment Service from hospital discharge scheme;
- £0.132m in-house services (Respite, Charles Clore Court and The Willows).

4.10 These pressures are further offset by the write back of the £0.951m Sleep In provision that is no longer required following the Supreme Court judgement and full release of the £0.240m Advice & Wellbeing Hub earmarked reserve.

- 4.11 The required roll-forward of £0.453m of Better Care Funding is included within the above position.

Public Health - balanced budget

- 4.12 Public Health is reporting a balanced position which includes the required rolled forward of unspent Public Health Grant of £0.448m. The service had also rolled forward £3.738m of Track & Trace and Contain Outbreak Management Fund grants and £0.609m Rough Sleeping Drug & Alcohol Treatment Grant from Central Government.

Economic Growth and Neighbourhood Services

- 4.13 Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £9.470m, including £11.665m of Covid-19 Pressures. If Covid-19 pressures are excluded, then the directorate delivered a net saving of £2.195m.

Transportation - £8.009m adverse variance

- 4.14 Transportation is reporting an adverse variance of £8.009m.
- 4.15 £6.824m of this variance relates to the impact of Covid-19 impact 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 fell again in Quarters 3 and 4 although not to the extent seen in the 1st Quarter of the year.
- 4.16 There was another £0.861m pressure resulting from the write-off of bad debt during the course of the year. The remaining £0.324m pressure was linked to payments to Bus Service Operators during the course of the year, where the Council received a smaller amount of revenue but still had to keep making payments to operators at a certain level.

Planning & Regulatory Services - £0.153m adverse variance

- 4.17 Planning & Regulatory Services ended the year with a £0.153m adverse variance.
- 4.18 The variance for the year was made up of positive variances on expenditure of £0.874m on salaries, £0.028m on recharges and £0.089m 3rd party contracts offset by pressures of £0.082m on supplies and services and £0.011m of other minor variances. There were also income shortfalls of £0.627m across building control, license fees, planning applications and planning fees and charges as a result of Covid-19, as well as £0.446m of non-delivered savings relating to the service's various income generation proposals not related to Covid-19.

Housing & Neighbourhood Services (General Fund) - £0.783m adverse variance

- 4.19 Housing & Neighbourhood Services is reporting a £0.783m adverse variance for the year. As previously reported, this position is due to increased demand on bed and breakfast accommodation, including hotel beds, given the need to accommodate homeless individuals during the Covid-19 pandemic.

Cultural Services - £2.386m adverse variance

- 4.20 Cultural Services is reporting an overall adverse variance of £2.386m for the year.
- 4.21 The service had an adverse variance of £3.091m on income foregone and expenditure incurred as a result of Covid-19, partially offset by an in-year saving of £0.537m due to

the delay in the new Leisure contract with GLL. There are additional non-Covid related net savings totalling £0.168m across the service. The Covid-19 related pressures were:

- A £1.050m income shortfall across the theatres and Town Hall, as no shows were possible. This position included a successful grant bid of £0.989m from the Arts Council in respect of the Cultural Recovery Fund. This funding covered pressures incurred at the Hexagon, South Street and the Museum until the end of March 2021, including staffing, utilities and Covid-19 adaptations;
- Play Services operated limited services supporting only SEN and key worker children leading to an income shortfall of £0.260m;
- Leisure Centres opened from the 2nd of December and then closed again, reducing the level of income achievable. An income shortfall of £1.180m occurred, plus additional expenditure of £0.298m for Covid Relief Payments to the leisure centre operator, and the positive impact of the grant from the national leisure recovery fund. The forecast for leisure centres did not change materially from Period 8, when the assumptions underpinning the forecast for leisure centres were based on a worst-case scenario of closures extending to the end of the financial year;
- A £0.203m shortfall due to the Reading Festival being cancelled;
- An income shortfall of £0.100 in Library Services, the improvement being due to additional rental income being better than previous assumptions about lock down had suggested.

Environmental & Commercial Services - £0.345m positive variance

- 4.22 Environmental & Commercial Services is reporting a positive net variance of £0.345m. The variance for the year was due to several factors including the spend on Household Waste, which did not meet the level budgeted, contributing £0.500m to the net position. There was a further benefit from a year end PFI adjustment, adding an extra £0.800m. Netting off against this was a £0.490m pressure in Waste Services as a result of an unachieved saving linked to additional revenue generated by the new Food Waste Team, which came in right at the end of the year, giving no time at all for the full year savings to be achieved.
- 4.23 Other non-Covid related pressures for the year on this service include a £0.111m pressure on inspection service income. The service also experienced income shortfalls of £0.340m as a direct result of Covid-19, made up of pressures across the Parks Service, Street Cleansing as well as Food and Green Waste. There were other net pressures of £0.014m across the service.

Regeneration & Assets - £1.488m positive variance

- 4.24 Regeneration & Assets is reporting a positive net variance of £1.488m.
- 4.25 There were favourable variances of £1.323m on income for sundry properties partly offset by £0.270m of additional premises and third-party contract costs. Garages had a favourable income variance of £0.080m, and favourable expenditure variances totalling £0.457m for supplies and services, and interest and MRP charges which had been budgeted for but where no costs arose in practice. Printing ended the year £0.197m adverse as there were fixed costs that could not be recharged out because usage was so low.

- 4.26 The service delivered a £0.150m positive variance in respect of payroll costs for buildings services due to vacancies. Recharges to housing projects were £0.346m adverse, and corporate maintenance was £0.129m favourable.
- 4.27 Taking office and community buildings lettings together these cost centres ended the year on budget.
- 4.28 There were favourable variances in building cleaning £0.029m, valuers £0.061m, the Acre Business Park £0.040m and other small positive variances totalling £0.032m.

DEGNS Overhead Account - £0.028m positive variance

- 4.29 There is a small overall positive net variance of £0.028m across all budgets in this area with no significant individual variances to report.

Resources

- 4.30 The Directorate of Resources' provisional outturn position is a positive net variance of £0.590m, including Covid-19 pressures of £1.132m. If Covid-19 pressures are excluded, then the directorate delivered a net saving of £1.722m.

Customer & Corporate Improvement - £0.301m positive variance

- 4.31 Customer & Corporate Improvement is reporting a positive variance of £0.301m. This is due to a £0.382m overachievement of income within the Registration & Bereavement Service offset by minor adverse net variances across the service which total £0.081m.

Human Resources and Organisational Development - £0.079m adverse variance

- 4.32 Human Resources & Organisational Development is reporting an adverse variance of £0.079m. There has been a shortfall on Kennet Day Nursery fees & charges income of £0.193m resulting directly from Covid-19, which is partially offset by £0.019m of additional early years funding; £0.092m of Contain Outbreak Management funding and other minor positive net variances of £0.003m.

Audit & Insurance - £0.079m positive variance

- 4.33 Audit and Insurance is reporting a 0.079m positive variance. This variance is due to a vacancy within the Corporate Investigations Team and other minor net variances.

Procurement & Contracts - £0.244m adverse variance

- 4.34 The adverse variance of £0.244m within Procurement Services is a direct result of setting up the One Reading Community Hub in response to Covid-19.

Financial Services - £0.064m adverse variance

- 4.35 Financial Services is reporting an adverse variance of £0.064m.
- 4.36 The majority of this variance is due to additional net pressures within Accountancy of £0.061m arising from a combination of recruitment and consultancy costs.
- 4.37 The remaining £0.003m adverse variance relates to the Revenues and Benefits Service. During the year there has been a reduction in income from court costs of £0.636m as a result of courts being closed due to Covid-19. This pressure has been offset by additional

government grants of £0.633m awarded to manage grants to businesses and residents in relation to Covid-19.

Legal & Democratic Services - £0.284m positive variance

- 4.38 Legal & Democratic Services are reporting a positive variance of £0.284m. This consists of £0.024m of pressures within Corporate Legal due to a decline in demand for Land Charge services and £0.035m from an anticipated shortfall of income from sales of properties and CIL/S106, all as a direct result of Covid-19. These pressures are offset by a £0.057m underspend on staffing budgets across the service, a positive variance of £0.160m in Electoral Services due to there being no local elections held in 2020/21 and a £0.126m surplus within the Joint Legal Team.
- 4.39 The service has requested that the positive variance delivered by the Joint Legal Team (JLT) of £0.126m is rolled-forward into 2021/22 to fund JLT specific invest to save projects. This request is not included in the outturn position and is requested to be funded from the overall position.

IT & Digital - £0.313m positive variance

- 4.40 IT & Digital is reporting a positive variance of £0.313m. Whilst there has continued to be upward pressures within IT & Digital, 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 2021/22.
- 4.41 The service has requested that the total variance of £0.313m is rolled-forward into 2021/22 to enable projects to go ahead as planned. This request is not included in the outturn position and is requested to be funded from the overall position.

Chief Executive

- 4.42 The Chief Executive's provisional outturn position is a positive variance of £0.027m. Pressures totalling £0.090m are as a result of Covid-19 which is partially offset by positive net variances of £0.117m.

Chief Executive - £0.032m adverse variance

- 4.43 The Chief Executive's budget is reporting an adverse variance of £0.032m due to Covid-19 pressures of £0.059m relating to the Temporary Place of Rest at Wexham Park offset by £0.027m of positive net variances across the service.

Communications - £0.059m positive variance

- 4.44 Communications is reporting a positive variance of £0.059m. Covid-19 related income pressures of £0.031m have been offset by compensating positive variances on expenditure budgets of £0.090m.

Children's Services retained by the Council

- 4.45 Children's Services retained by the Council's provisional outturn position is a balanced budget.

Children's Services delivered by BFfC

- 4.46 Brighter Futures for Children's (BFfC) provisional outturn position is an adverse net variance of £1.643m. These pressures entirely relate to additional cost and income pressures arising as a result of Covid-19. The Council has funded these additional pressures from the Covid-19 grant money received from Central Government during the year.
- 4.47 Excluding the additional Covid-19 pressures, BFfC delivered all services within the 2020/21 contract sum.

Corporate Budgets

- 4.48 Corporate Budgets are reporting a provisional positive net variance of £23.951m.
- 4.49 This variance is primarily due to £20.416m of additional funding received in year from Central Government in respect of Covid-19, specifically £13.269m of general emergency support grant; £5.842m of compensation funding in respect of lost income from sales, fees and charges; and £1.305m of furlough grant.
- 4.50 Additionally, the Contingency budget of £3.522m to mitigate against non-delivered in-year savings has not been allocated out to services and has been retained corporately and therefore contributes a further positive variance.
- 4.51 A further positive net variance has arisen due to £2.931m of other corporate contingencies not being required to be used.
- 4.52 These positive variances are partially offset by a pressure of £2.340m relating to the profiling of the budget between years in respect of the net capital financing costs and associated savings in relation to the purchase of commercial properties in 2020/21 as has been previously reported. This budget has been re-aligned as part of 2021/22 budget setting and the budget in respect of further purchases of commercial properties was removed from the Capital Programme per the Quarter 3 Performance & Monitoring Report to Policy Committee in December 2020.
- 4.53 There are two corporate savings, totalling £0.200m, which were not delivered in 2020/21 which were identified and removed going forwards as part of the 2021/22 budget setting process. There are also other small adverse variances within the corporate budgets that net to a further £0.378m pressure.

5. REQUESTED ROLL FORWARDS

- 5.1 It is recommended that the following roll-forward requests as set out in paragraphs 4.39 and 4.41 above, totalling £0.439m, are agreed in order to enable planned programmes of work to go ahead as planned:
- £0.126m to a new Joint Legal Team Reserve;
 - £0.313m to the existing IT & Digital Reserve.

6. HOUSING REVENUE ACCOUNT (HRA)

- 6.1 The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £9.138m which results in a return to the HRA reserve of £9.306m.
- 6.2 The outturn position was due to:

- Positive variances within Housing Management and Special Services of £1.435m and £0.237m respectively due to staff vacancies and reduced support services costs;
- A positive variance within Revenue Repairs of £1.098m mainly due to difficulties in gaining access to carry out repairs arising from lockdown. There was also a lower spend on minor voids work than anticipated after a revision of spend apportionment between revenue and capital work;
- A positive variance relating to PFI costs of £0.902m;
- A positive variance on the Bad Debt Provision of £0.727m which reflects a good performance on rent collection this year;
- A positive variance on Depreciation of £0.866m which reflected the latest HRA stock value which was lower than expected;
- A positive variance on Interest charges on borrowing ('debt costs') which were £2.355m lower compared with the budget;
- A positive variance on Interest receivable on balances of £1.249m against budget due to an increase in the average interest rate from 1.66% to 2.46% and an increase in the balances on which the interest is calculated;
- The Rent Collection rate was 97.61% for 2020/21, which is above the budgeted level of 97.40% which contributed towards an overall rent collection of £0.392m above the budgeted level;
- Other variances against budget accounted for net pressures of £0.123m across other income sources.

7. GENERAL FUND CAPITAL PROGRAMME

- 7.1 The provisional General Fund Capital outturn is a £29.142m positive net variance against the revised budget of £67.812m. A revised budget of £64.938m was agreed as part of the budget setting process in February 2021 and this has since been increased by a further £2.874m due to additional capital grant funding having been received. A net £29.471m of budget is requested to be slipped between 2020/21 and 2021/22 per Appendix 4.
- 7.2 Key variances per Directorate are set out below.
- 7.3 Corporate Schemes includes the Delivery Fund which is funded from the flexible use of capital receipts. The Delivery Fund is reporting a positive net variance of £0.800m which is requested to be rolled forward to 2021/22.
- 7.4 Adult Social Care & Health Services has a positive net variance of £0.993m across four schemes., which is requested to be rolled forward to 2021/22
- 7.5 Education schemes are reporting a positive net variance of £2.188m, of which £2.007m was to be grant funded. This grant funding can be carried forward to spend in 2021/22.
- 7.6 Economic Growth & Neighbourhood Services is reporting a positive net variance of £22.617m with a requested roll-forward of £22.640m. The key variances are highlighted below:

- £6.028m slippage on the Green Park station scheme which is wholly grant or contribution funded. Due to the complexity and constraints associated with the building of a new railway station on an active line, accompanied with measures taken to maintain health and safety during the Covid pandemic and the impact the pandemic and Brexit has had on the supply chain, the project has experienced construction delays, resulting in programme slippage;
- £3.477m slippage on the South Reading Mass Rapid Transit Phase 3 and 4 scheme which is wholly grant or contribution funded. Shortly following the award of contract in 2020, the national lockdown commenced and had a significant impact on the principal contractor's ability to commence works. However, progress has been made throughout 2020/21 and completion is due during 2021/22;
- £1.454m slippage on the Reading West Station upgrade scheme which is wholly grant or contribution funded. Design work was ongoing during the Covid pandemic, which in combination with working with third party stakeholders had an impact on the overall programme, with planning consent not granted until January 2021. Works are currently ongoing to delivery highway works in 2021/22, whilst some of the rail associated works, being undertaken by Great Western Railway will not be complete until Summer 2022;
- £1.603m slippage on the Accommodation Review Phase 2C scheme. This is a multi-stage project with significant uncertainty about the correct level of contingency. There was also a delay in project spend as the main staff move changed from April 2020 to August 2020 and the Records and Museum move was delayed from May 2020 to May 2021. This has pushed some expenditure on the later parts of the project into 2021/22, for the Bennet depot safety works and Records and Museum move costs. Of the 2020/21 positive net variance, £0.800m was due to lower costs in the Museum Artefacts and Records move. The costs of this element of the project were difficult to accurately estimate due to the unique nature of moving museum artefacts and became apparent only near the end of 2020/21. In the event contingencies were generally not required for areas of risk such as asbestos work. The build went well, and the delamination of screed problem did not generate extra expenditure. There are uncertainties about costs in the remaining parts of the project to be completed in 2021/22, particularly for the remaining depot safety works and associated effects of the electric vehicle charging project.

7.7 Resources is reporting a positive net variance of £2.850m which is requested to be rolled forward to 2021/22. This primarily relates to the positive variance of £1.721m on the IT Future Operating Model scheme. The shift of spend on this scheme from 2020/21 to 2021/22 reflects the fact that some work that was to be delivered by Northgate has been moved to Agilisys to avoid conflict with transition, and that the Managed Network procurement has identified the need to upgrade some infrastructure elements after the transition. The cost of these latter changes has been offset by savings in transition costs elsewhere.

8. HRA CAPITAL PROGRAMME

8.1 The provisional HRA Capital outturn is a £4.305m positive net variance against the budget of £20.457m. A net £4.419m of budget is requested to be slipped between 2020/21 and 2021/22 per Appendix 4

- 8.2 Variances per scheme are set out in Appendix 4. The overall variance is primarily due to further slippage across the following schemes; £0.976m Major Repairs and £2.864m New Build & Acquisition Phases 1-4 resulting from Covid-19 implications.
- 8.3 Council approved a budget of £1.400m in 2023/24 in respect of the New Build & Acquisitions - Phase 4 capital scheme. This report is requesting that Policy Committee approve that this budget is brought forward from 2023/24 into 2021/22 to facilitate this scheme to commence earlier than previously anticipated.

9. SAVINGS DELIVERY

- 9.1 The Council had a challenging savings target for 2020/21 of £15.344m to meet current and expected funding pressures. This total was made up of £12.805m of in-year savings as per the 2020/21 MTFs and £2.539m of savings rolled forward from 2019/20.
- 9.2 A total of £7.579m of savings were delivered in 2020/21. £2.640m of savings were removed as part of the 2021/22 budget setting process on the basis that they were no longer deemed deliverable and therefore the residual £5.125m will be carried forward for delivery in 2021/22. Further details regarding the delivery of savings is set out in Appendix 5.
- 9.3 Despite £7.765m of savings not being delivered in 2020/21 directly as planned, the Council is reporting a positive net position against the net budget, as set out in Table 2 above, even after excluding the additional Covid grant funding received in year. These savings targets have therefore effectively been mitigated against in-year.
- 9.4 The following table summarises the final savings delivery for 2020/21:

Table 3. General Funds Savings Tracker Summary

Directorate	Savings Target 2020/21	Savings Delivered 2020/21	Non-Delivered Savings 2020/21	Savings Removed at 2021/22 Budget Setting	Savings Carried Forward to 2021/22
	£m	£m	£m	£m	£m
Adult Care & Health Services	(3.100)	(2.051)	(1.049)	0.000	(1.049)
Economic Growth & Neighbourhood Services	(7.219)	(0.871)	(6.348)	2.440	(3.908)
Resources	(0.642)	(0.474)	(0.168)	0.000	(0.168)
Chief Executive	(0.005)	(0.005)	0.000	0.000	0.000
Corporate	(0.250)	(0.050)	(0.200)	0.200	0.000
Total Council Services	(11.216)	(3.451)	(7.765)	2.640	(5.125)
Children's Services (BFfC)	(4.128)	(4.128)	0.000	0.000	0.000
Total	(15.344)	(7.579)	(7.765)	2.640	(5.125)

- 9.5 The successful delivery of agreed savings remains critical to achieving the underlying balanced base budget position agreed as part of the MTFs. Accordingly, all savings have been rigorously monitored throughout 2020/21 and mitigations sought so far as possible for any identified delay in implementation or delivery.
- 9.6 The following table shows the revised savings required over the period 2021/22-2023/24, including the £5.125m of savings brought forward from 2020/21:

Table 4. Savings Targets 2021/22-2023/24

Directorate	Savings Target 2021/22	Savings Target 2022/23	Savings Target 2023/24	Total
	£m	£m	£m	£m
Adult Care & Health Services	(5.537)	(3.059)	(1.503)	(10.099)
Economic Growth & Neighbourhood Services	(7.623)	(4.701)	(1.293)	(13.617)
Resources	(1.065)	(0.756)	(0.614)	(2.435)
Chief Executive	0.000	0.000	0.000	0.000
Corporate	(0.865)	0.000	0.000	(0.865)
Total Council Services	(15.090)	(8.516)	(3.410)	(27.016)
Children's Services (BFfC)	(5.118)	(0.500)	(0.500)	(6.118)
Total	(20.208)	(9.016)	(3.910)	(33.134)

10. DELIVERY FUND

- 10.1 Costs of service transformation and the delivery of future ongoing savings are able to be charged to capital (and financed from new capital receipts) due to the introduction of the Flexible Capital Receipts Regulations. These regulations were due to end as at 31st March 2022, however the Chancellor announced in March 2021 as part of the Budget, a further three-year extension to 31st March 2025.
- 10.2 £3.256m was spent in delivering 2020/21 savings. Including previous years, a total of £10.825m has been invested from the Delivery Fund to assist in delivering identified savings proposals as at 31st March 2021.
- 10.3 Further details on the Delivery Fund are set out in Appendix 6.

11. RESERVES

- 11.1 The impact of the 2020/21 outturn position on the Council's reserves, as proposed in Appendix 7 is set out in the following table:

Table 5. Reserves Summary

	Balance as at 1 April 2020	In-Year Transfers (To)/From Reserves	Proposed Transfers (To)/From Reserves per Outturn	Balance as at 31 March 2021	Projected Balance at 31 March 2021 per 2021/22 Budget Setting	Movement
	£m	£m	£m	£m	£m	£m
General Fund Reserves						
Minimum Balance	(7.500)	0.000	0.000	(7.500)	(7.500)	0.000
Earmarked Reserves	(48.212)	(33.043)	(12.762)	(94.017)	(72.954)	(21.063)
Total General Fund Reserves	(55.712)	(33.043)	(12.762)	(101.517)	(80.454)	(21.063)
Schools Reserves	(0.909)	0.090	0.000	(0.819)	(0.509)	(0.310)
Housing Revenue Account Reserves	(46.758)	(9.089)	0.000	(55.847)	(49.829)	(6.018)
Total Revenue Reserves	(103.379)	(42.042)	(12.762)	(158.183)	(130.792)	(27.391)

- 11.3 The General Fund Reserve balance of £7.500m is in line with the recommendation made in the Chief Finance Officer's Report on the Robustness of the Council's 2021/22 budget that the level of working balance for the General Fund should be in the region of £7.500 million or 5% of net revenue expenditure.
- 11.4 Net transfers totalling £33.043m to earmarked reserves have been processed during 2020/21 to date. This includes previously approved transfers as well as those transfers that are a requirement such as required roll forwards of government grants.
- 11.5 It is proposed that the General Fund positive net variance of £12.762m is transferred to earmarked reserves as set out in Appendix 7 (which includes service roll-forward requests of £0.439m. The total earmarked reserve balance at 31st March 2021 would therefore be £94.017m which is £21.063m higher in total than the estimated £72.954m projected at 2021/22 budget setting due to the higher than previously forecast position on the General Fund and an increased level of grants carried forward. The proposals set out in this report would reimburse £8.355m of the £9.906m that was transferred from reserves in 2020/21 and used to reduce the ongoing Minimum Revenue Provision (MRP) charges to the revenue budget and set aside £3.968m to mitigate against the ongoing financial impact of the Covid-19 pandemic.
- 11.6 Schools reserves are ringfenced for local authority managed schools. There is a net transfer from reserves of £0.090m resulting in a balance of £0.819m as at 31st March 2021.

11.7 The £9.306m surplus on the Housing Revenue Account (HRA) is ringfenced and must be transferred to the HRA reserve. The HRA reserve balance as at 31st March 2021 is therefore £46.154m. The North Whitley PFI reserve balance of £9.693m is also contained within the overall HRA reserves, therefore total HRA reserves as at 31st March 2021 are £55.847m.

12. IMPACT ON 2021/22 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY

12.1 The provisional outturn figures, as set out above, will have the following impact in 2021/22 and future years:

- overall General Fund Reserve balances of £80.454m was assumed as part of 2021/22 budget setting. Based on the provisional outturn there is therefore an overall net improvement of £21.063m;
- £5.125m of non-delivered 2020/21 savings have been rolled forward into 2021/22. These savings were assumed as delivered in the 2021/22 base budget setting and require delivering.

B. CORPORATE PLAN PERFORMANCE

13. CORPORATE PLAN PERFORMANCE

13.1 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.

13.2 A new one-year Corporate Plan for 2021/22 was published in March, and a revised set of performance measures have been developed for monitoring from April 2021.

13.3 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 8. 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 quarter four 2020/21

13.4 The table below provides 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 8.

Table 6. Performance Summary

Measure	2019/20 Outturn	2020/21 Outturn	2020/21 Target	Performance against target
Ensuring access to decent housing to meet local needs				
Performing Well				
Numbers of families in	0	0	0	

bed & breakfast accommodation (shared facilities) - snapshot				
Licensed HMOs	55%	40%	35%	
Preventing and relieving homelessness	60	65	37	
Protecting & enhancing the lives of vulnerable adults and children				
Performing Well				
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for people 18-64	2.77	0.94	1.08	<p>The situation has impacted on younger people accessing the service in crisis during COVID.</p> <p>This number continues to be stable, even though the target is ambitious which evidences the consistent approach across the service.</p> <p>The Review team will focus on alternatives to Residential and Nursing care using a strength-based approach, TECH and community services.</p>
Areas for Improvement				
Direct Payments	19.68	21.75	25.00	<p>Direct Payments continue to increase, although this is still below the target set. Targets for the rest of the financial year for each team to improve the number further.</p> <p>Work is underway to look at increases in the transfer from Reablement to support the transition to direct payments.</p>
Promoting Health, Education, Culture & Wellbeing				
Significant Covid Impact				
Increased participation at Council Cultural Venues (Town Hall & Museum, Hexagon,	340,394	20,161	355,000	Limited opportunity for attendance due to covid lockdown

South Street)				
Areas for Improvement				
Levels of physical activity	68.0%	61.7%	66.5%	
Ensuring the Council is fit for the future				
Performing Well				
Take up of online services - people signed up for an online account	95,338	122,653	86,488	
Customer satisfaction with front of house	86%	91%	86%	
Areas for Improvement				
Council agency spend	£4,928,740	£4,048,365	£3,900,000	RBC spend came in at £4m, reduced from £4.9m the previous year, the lowest it's been since 2014/15. A late year increase in spending, largely associated to Covid response, has meant that the target hasn't quite been met.

14. CONTRIBUTION TO STRATEGIC AIMS

- 14.1 The Council's Corporate Plan (2018-2021) priorities take account of our need to ensure that we are financially sustainable so that we can continue to shape and influence the future of Reading and play our part in protecting the most vulnerable and shaping the Town's future by:
- 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 great education, leisure and cultural opportunities for people in Reading; and
 - Ensuring the Council is fit for the future.
- 14.2 The Council's new corporate plan 'Investing in Reading's Future: Reading Borough Council Corporate Plan 2021-22' was approved by Council on 23rd March 2021.

15. ENVIRONMENTAL & CLIMATE IMPLICATIONS

- 15.1 The Council declared a Climate Emergency at its meeting on 26 February 2019. The Corporate Plan monitors our progress in reducing our carbon footprint (Appendix 8). There

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

16. COMMUNITY ENGAGEMENT AND INFORMATION

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

17. EQUALITY IMPACT ASSESSMENT

17.1 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.

18. FINANCIAL IMPLICATIONS

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

19. LEGAL IMPLICATIONS

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

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

20. BACKGROUND PAPERS

- Shaping Reading's Future - Our Corporate Plan 2018-21
- 2020/21 Budget & Medium-Term Financial Strategy 2020/21-2022/23 Report - Full Council - February 2020
- Quarter 3 Performance and Monitoring Report 2020/21 - Policy Committee, March 2021
- 2021/22 Budget & Medium-Term Financial Strategy 2021/22-2023/24 Report - Full Council - February 2021