

**READING BOROUGH COUNCIL**  
**REPORT BY DIRECTOR OF FINANCE**

**TO: AUDIT & GOVERNANCE COMMITTEE**

**DATE: 25<sup>th</sup> JANUARY 2022**

**TITLE: 2021/22 QUARTER 2 PERFORMANCE AND MONITORING REPORT**

**LEAD COUNCILLOR: COUNCILLOR MCEWAN**

**PORTFOLIO: CORPORATE &  
CONSUMER SERVICES**

**SERVICE: FINANCE**

**WARDS: BOROUGHWIDE**

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**JOB TITLE: FINANCIAL PLANNING & STRATEGY  
MANAGER**

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**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 The 2021/22 Quarter 2 Performance and Monitoring Report was presented to Policy Committee on 13<sup>th</sup> December 2022. This report sets out the projected revenue and capital outturn positions for 2021/22 for both the General Fund and the Housing Revenue Accounts as at the end of September 2021 (Quarter 2). These forecasts include best estimates of the additional pressures arising as a result of Covid-19.
- 1.2 The report also sets out performance against the measures of success published in the Council's Corporate Plan.

**2. RECOMMENDED ACTION**

**That Audit & Governance Committee note:**

- 2.1 The 2021/22 Quarter 2 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 13<sup>th</sup> December 2022.

## REPORT BY DIRECTOR OF FINANCE

**TO: POLICY COMMITTEE**

**DATE: 13<sup>th</sup> DECEMBER 2021**

**TITLE: 2021/22 QUARTER 2 PERFORMANCE AND MONITORING REPORT**

**LEAD COUNCILLOR: COUNCILLOR MCEWAN**

**PORTFOLIO: CORPORATE &  
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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 2021/22 for both the General Fund and the Housing Revenue Accounts as at the end of September 2021 (Quarter 2). These forecasts include best estimates of the additional pressures arising as a result of Covid-19.
- 1.2 The forecast General Fund revenue outturn position as at the end of Quarter 2 is an overspend on service expenditure of £8.176m. This includes a structural overspend of £4.201m on DACHS that will need to be addressed as part of the updating of the Medium-Term Financial Strategy. There is also an overspend on DEGENS of £3.567m, including £4.470m of costs that are attributable to Covid-19.
- 1.3 It is proposed to fund this £8.176m overspend on services through the use of the Covid-19 support grant that is available for 2021/22 but was previously unallocated. It is also proposed to utilise £3.844m of corporate contingencies and to use £1.838m of the £2.776m of earmarked reserves that was agreed in the 2021/22 budget.
- 1.4 The use of this combination of contingencies and one-off resources means that a break-even position is now projected for 2021/22 but such an approach is not sustainable in the medium to longer term and will need to be addressed in future budget planning.
- 1.5 The Housing Revenue Account (HRA) is projecting an underspend of £0.874m as at the end of Quarter 2.
- 1.6 The General Fund Capital Programme is forecast to underspend by £30.176m in 2021/22.
- 1.7 The HRA Capital Programme is forecast to underspend by £9.873m in 2021/22.
- 1.8 £4.145m of savings have been delivered (blue) to date in this financial year, with a further £8.126m of savings on track to be delivered (green) by March 2022. £4.700m of savings are currently categorised as non-deliverable (red) with a further £3.237m categorised as at risk of delivery (amber).

- 1.9 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.10 The detail supporting this report is included in:
- Appendix 1 - Financial Monitoring for Quarter 2
  - Appendix 2 - Corporate Plan Measures for Quarter 2
  - Appendix 3 - Corporate Plan Measures for Quarter 2 (Charts)

## **2 RECOMMENDED ACTION**

### **That Policy Committee notes:**

- 2.2 The forecast General Fund revenue outturn position as at the end of Quarter 2 is a net break-even position after use of Covid-19 support funding, corporate contingencies and use of £1.838m of the £2.776m of earmarked reserves that was agreed in the 2021/22 budget.
- 2.3 The Housing Revenue Account is forecast to underspend by £0.874m as at the end of September 2021;
- 2.4 The General Fund Capital Programme is forecast to underspend by £30.176m;
- 2.5 The HRA Capital Programme is forecast to underspend by £9.873m;
- 2.6 £4.145m of 2021/22 savings have been delivered (blue) with a further £8.126m of savings on track to be delivered (green) by March 2022. £4.700m of savings are currently categorised as non-deliverable (red) with a further £3.237m categorised as at risk of delivery (amber);
- 2.7 The performance achieved against the Corporate Plan success measures as set out in Section 10 of this report and Appendix 2.

### **That Policy Committee approve:**

- 2.8 To fund this £8.176m overspend on services through the use of the Covid-19 support grant that is available for 2021/22 but was previously unallocated. It is also proposed to utilise £3.844m of corporate contingencies and to use £1.838m of the £2.776m of earmarked reserves that was agreed in the 2021/22 budget;
- 2.9 The addition of the Open Spaces Improvement scheme into the Capital Programme as set out in paragraph 9.2.

## **3 POLICY CONTEXT**

- 3.1 The Council approved the 2021/22 Budget and Medium-Term Financial Strategy 2021/22 - 2023/24 in February 2021.

## **4 GENERAL FUND REVENUE**

- 4.1 The forecast outturn as of Quarter 2 is a balanced budget and is broken down in the following table:

**Table 1. General Fund Forecast 2021/22**

2020/21 Outturn £m		Budget £m	Forecast Outturn £m	Variance £m
38.966	Adult Care and Health Services	37.947	42.148	4.201
29.040	Economic Growth and Neighbourhood Services	18.492	22.059	3.567
14.883	Resources	16.336	16.711	0.375
1.484	Chief Executive	1.549	1.582	0.033
0.710	Children's Services retained by Council	0.724	0.724	0.000
50.064	Children's Services delivered by BFFC	47.392	47.392	0.000
<b>135.147</b>	<b>Total Service Expenditure</b>	<b>122.440</b>	<b>130.616</b>	<b>8.176</b>
14.703	Capital Financing Costs	15.495	15.495	0.000
0.000	Contingency	3.844	0.000	(3.844)
(11.692)	Other Corporate Budgets	4.387	0.055	(4.332)
<b>(23.951)</b>	<b>Total Corporate Budgets</b>	<b>23.726</b>	<b>15.550</b>	<b>(8.176)</b>
<b>(12.762)</b>	<b>Net Budget Requirement</b>	<b>146.166</b>	<b>146.166</b>	<b>0.000</b>
	<b>Financed by:</b>			
(96.014)	Council Tax Income	(99.220)	(99.220)	0.000
(34.357)	NNDR Local Share	(32.095)	(32.095)	0.000
(3.988)	New Homes Bonus	(2.108)	(2.108)	0.000
(3.994)	Section 31 Grant	(3.549)	(3.549)	0.000
(2.030)	Revenue Support Grant	(2.040)	(2.040)	0.000
0.000	Other Government Grants	(6.739)	(6.739)	0.000
(10.537)	One-off Collection Fund Surplus	(0.415)	(0.415)	0.000
<b>(150.920)</b>	<b>Total Funding</b>	<b>(146.166)</b>	<b>(146.166)</b>	<b>0.000</b>
<b>(12.762)</b>	<b>Over / (under) Budget</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</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 2021/22 Outturn Forecast**

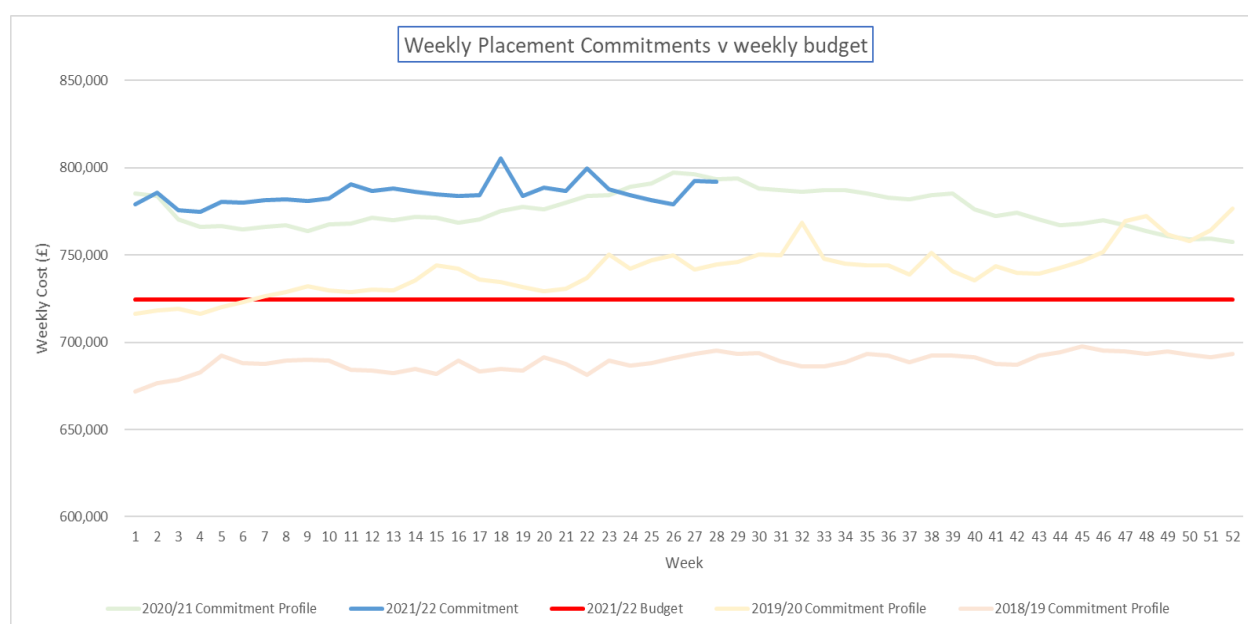
	Covid-19 Pressures £m	Other Net Pressures/ (Savings) £m	Forecast Outturn £m
Adult Care & Health Services	0.000	4.201	4.201
Economic Growth & Neighbourhood Services	4.170	(0.603)	3.567
Resources	0.140	0.235	0.375
Chief Executive	0.000	0.033	0.033
Children's Services retained by Council	0.000	0.000	0.000
Children's Services delivered by BFFC	0.000	0.000	0.000
<b>Total Service Budgets</b>	<b>4.310</b>	<b>3.866</b>	<b>8.176</b>
Capital Financing Costs	0.000	0.000	0.000
Contingency	0.000	(3.844)	(3.844)
Other Corporate Budgets	(4.523)	0.191	(4.332)
<b>Total Corporate Budgets</b>	<b>(4.523)</b>	<b>(3.653)</b>	<b>(8.176)</b>
<b>Over / (under) Budget</b>	<b>(0.213)</b>	<b>0.213</b>	<b>0.000</b>

## Adult Care and Health Services

4.3 Adult Care and Health Services is forecasting a net overspend of £4.201m at Quarter 2, an increase of £0.510m since Quarter 1. There are no direct additional pressures forecast arising from Covid-19 but it is likely there is a degree of residual impact included within the forecast position.

4.4 The forecast overspend is due to pressures comprising of:

- £3.766m pressures on placement budgets, an increase of £1.075m since Quarter 1. This is due to increases during the quarter in the forecast for Physical Disabilities and Learning Disabilities. The increase in the forecast for Physical Disabilities primarily relates to hospital discharges where the duration of funding from health as part of Hospital Discharge Scheme 2 has increased. This has led to an increase in income but there is also a risk around the cost of long-term placements when funding ends and the placement continues, resulting in a cost pressure. Placement spend and activity continues to be monitored on a weekly basis though remains relatively stable as set out in the graph below:



- £0.132m forecast overachievement of income. This is due to improvements relating to service user charges and a significant increase in recovery from the CCG in respect of the Hospital Discharge Scheme 2.
  - £1.172m of other net non-placement pressures primarily due to the forecast for staff costs, where staff savings will not be delivered in the financial year.
  - £0.605m underspend due to unused funding for PPE equipment.
- 4.5 Savings of £1.769m are forecast to be delivered against the target of £5.537m. The remaining £3.769m of forecast non-deliverable savings is included within the pressures outlined above.
- 4.6 A review is currently being undertaken to identify what mitigating actions can be taken to reduce the forecast overspend within Adult Care and Health

Services. The outcome and impact of this work will be reported in the Quarter 3 Performance and Monitoring Report.

### **Economic Growth and Neighbourhood Services**

- 4.7 The Directorate of Economic Growth and Neighbourhood Services is forecasting a net overspend of £3.567m at Quarter 2, an increase of £0.403m since Quarter 1. The main variances remain due to reduced levels of income in parking, and in planning and regulatory services where the recovery from the pandemic is happening more slowly than it was anticipated when the budget was set. In total the forecast adverse variance arising from the Covid-19 pandemic and its after-effects is £4.470m.

#### **Transportation - £2.006m overspend**

- 4.8 Transportation is forecasting a £2.006m overspend at Quarter 2. The total overspend arises mostly from an anticipated income shortfall of £1.843m in the aftermath of Covid-19. Based on year-to-date activity levels in parking and traffic enforcement, a cautious approach to the forecast is being adopted as the current numbers do not support a quick V-shaped bounce back in the first three quarters of the financial year. While Income levels as at Quarter 2 are above those in the same period last year, the recovery is still very gradual, particularly for Off-Street Car Parking - the most material Parking income stream by budget. It is assumed that normal levels will be reached in Quarter 4. These adverse variances are occurring despite the reduction in income budgets approved by the Council to recognise the impact of Covid-19 on income.
- 4.9 The other main elements of the projected overspend relate to a £0.070m overspend against Fleet Services and Strategic Transport. The former relates to a recent increase in vehicle insurance rates, while the latter relates to an income shortfall arising now that Greenwave Bus Services have transferred from the Council to Reading Buses Ltd, which is being addressed in the Medium Term Financial Strategy.
- 4.10 There are £0.021m of pressures linked to pension liability payments for several ex-RBC employees that transferred to Reading Buses around the start of the financial year.
- 4.11 There are further net pressures totalling £0.072m across the service  
**Planning and Regulatory Services - £1.197m overspend**
- 4.12 The service is forecasting a £1.197m overspend.
- 4.13 There is a forecast income shortfall of £0.938m across building control, license fees, planning applications and planning fees and charges as a result of ongoing Covid-19 recovery uncertainty and recruitment challenges.
- 4.14 There are two significant legal cases and a public enquiry arising within the service which are currently being disputed; the one-off costs of which are estimated at £0.625m for 2021/22 which, if necessary, will be funded from earmarked reserves at year-end.
- 4.15 These pressures are partially mitigated by a staffing underspend due to vacancies within the service of £0.191m and £0.175m from the Contain Outbreak Management Fund (COMF) relief grant.

## **Housing and Communities - balanced budget**

- 4.16 Housing and Neighbourhood Services is forecast to be on budget.
- 4.17 At the end of September, the number of statutory homeless cases (those that meet the criteria of priority need) in bed and breakfast accommodation was 18, whilst the number of homeless cases that relate to Covid-19 was 25. This is being closely monitored, and forecasts will be updated as required.

## **Culture - £0.027m overspend**

- 4.18 Culture is forecasting a net overspend of £0.027m at Quarter 2.
- 4.19 Many of the buildings, including the four leisure centres, Reading Museum, theatres and the Town Hall, were closed to the public during the pandemic have now reopened. The forecast for Arts and Theatres assumes recovery in the theatres and also Arts Council England funding of £0.487m for the period April to June to support the reopening of The Hexagon, South Street and Reading Museum. The theatres have now resumed full trading.
- 4.20 The forecast variance is comprised of the following pressures:
- £0.066m of pressures relating to the Town Hall and Concert Hall due to forecast income being less than anticipated. Bookings for function rooms are significantly lower than expected, equating to an underachievement in income of £0.066m.
  - £0.154m under-achievement of income relating to Reading Play within Leisure Services which have been operating a limited service supporting SEND and key worker children. The services are now running, however with limited take up.
  - £0.052m of non-delivered savings. Due to the delay in the in-house management restructure of Cultural services, there will be a lag in realising the full savings and £0.052m which has been amber rated.
  - £0.007m of other net pressures across the service.

- 4.21 These pressures are partially offset by a £0.252m saving on the new leisure contract. The impact of the new leisure contract has been assessed and is expected to deliver a forecast underspend of £0.252m, as it started three months later than was assumed when the budget was set.

## **Environmental and Commercial Services - balanced budget**

- 4.22 Environmental and Commercial Services is forecasting a balanced budget position at Quarter 2.
- 4.23 Waste Disposal is currently expected to underspend by £1.100m. This relates to the reduced landfill cost from increasing the food waste collections £0.500m, an increase in the market for recycled materials £0.200m and £0.400m relating to the Waste Re3 contract.

- 4.24 Highways and Drainage are forecast to overspend by £0.260m, predominantly relating to the cost of direct materials. In previous years this budget has tended to be insufficient but has been offset in part by income generation.
- 4.25 Business Development is expected to overspend by £0.165m due to continuing problems in achieving planning permission for new sites for advertising billboards & placeholders, which makes it difficult to achieve the increased income target set for this initiative.
- 4.26 Refuse Collection is forecast to overspend by £0.700m, comprising:
- a £0.400m pressure due to 16 additional staff being agreed to provide extra capacity for increased waste collection due to more people working from home as a result of Covid-19 and to support the delivery of existing savings targets relating to the increased food waste tonnage generated by its diversion from landfill;
  - a £0.200m pressure is linked to the suspension of Green Waste collection services earlier on in the year due to Covid-19;
  - a £0.100m increase in overtime as a result of insufficient staffing due to Covid-19.
- 4.27 Grounds Maintenance is showing an overspend of £0.175m. This is made up of anticipated income shortfall of £0.375m due to trees and landscape work not recovering to pre-Covid levels along with capital projects delays. This is partly offset by underspends on salaries and running costs of £0.200m.
- 4.28 Street Cleansing is forecasting an underspend of £0.200m due to staffing vacancies.

#### **Property & Asset Management - £0.337m overspend**

- 4.29 Property & Asset Management is forecasting an overspend of £0.337m at Quarter 2.
- 4.30 Assets Development, commercial tenants' income is £0.045m lower than budgeted due to approximately 70% under occupancy of the Acre park site. For the remainder of the service there is a drop in expected income from sundry properties of £0.048m due to vacancies.
- 4.31 Savings arising from the closure of Darwin Close, Hamilton Centre and the more efficient use of Bennet Road are partly red rated due to delay and a forecast overspend of £0.150m is included in the financial position. For Non-Housing Projects, there is a forecast overspend of £0.200m due to under recovery of income from recharges for time spent on projects.
- 4.32 In Facilities Management office buildings are operational, and staff have returned to certain sites, however there is a risk there may be an impact on recharges such as printing as there are fixed costs that may not be recovered in recharges, due to lower usage. For the post room there is an estimated under recovery of recharges of £0.094m, which is offset by savings in other services across the Council.



- 4.33 The above pressures are partially offset by a forecast underspend of £0.200m in supplies and services costs within Shops and garages.
- 4.34 In the Corporate Property Service, it is expected that tenants in community properties will be able to return to the buildings now pandemic restrictions have been lifted, however the impact on lettings income will not be known until further on into the financial year.
- 4.35 There is a risk of a service charge liability materialising this year, which dates back over twelve years and relates to the Broad Street Mall. This is treated as a risk in this report and is not included in the forecast while the Assets Development service seek to mitigate the impact as part of the negotiation about a potential capital receipt for the site.

#### **Management & Sustainability - balanced budget**

- 4.36 Management & Sustainability is currently forecasting to deliver on budget. There are pressures arising from a red Digitisation saving carried forward from 2020/21 of £0.064m and Senior Management recharges to Capital and the HRA totalling £0.168m which are forecast not to be achieved due to unfilled posts prior to the Work Force Review being implemented. These pressures are mitigated by a staffing underspend due to vacancies within service of £0.232m.

#### **Resources**

- 4.37 The Directorate of Resources is currently reporting a net overspend of £0.375m at Quarter 2, an increase of £0.203m from Quarter 1. This relates to identified pressures within Corporate Improvement & Customer Services and Human Resources & Organisational Development.
- 4.38 All other services are currently forecasting to deliver on budget.

#### **Corporate Improvement & Customer Services - £0.169m overspend**

- 4.39 Corporate Improvement & Customer Services are forecasting an overspend of £0.169m due to the non-deliverability of the majority of Customer Experience savings in the current year, though this is due to be reprofiled as part of the 2022/23 budget setting process.

#### **Human Resources & Organisational Development - £0.206m overspend**

- 4.40 A pressure of £0.150m relates to Kennet Day Nursery of which £0.140m is due to the ongoing impact of Covid-19, specifically £0.110m due to loss of income and £0.030m due to additional staffing requirements. There is an additional pressure of £0.010m due to increased catering costs based on a new contract.
- 4.41 There is a further pressure of £0.056m arising from non-deliverable savings relating to executive recruitment; the turnover at senior level has not warranted the level of support that was anticipated

#### **Chief Executive**

- 4.42 Chief Executive is currently forecasting to deliver on budget.

## **Communications - £0.033m overspend**

- 4.43 Communications is currently reporting a net overspend of £0.033m consisting of expenditure pressures of £0.018m and £0.015m of income pressures.

## **Children's Services Retained by the Council**

- 4.44 Children's Services retained by the Council are forecast to be on budget for 2021/22.

## **Children's Services Delivered by BFfC**

- 4.45 BFfC currently expect to deliver services within the contract sum as at the end of September 2021. The significant risks to BFfC are the pressures in social care which includes demand led services totalling £1.015m. A number of mitigating actions are being taken by BFfC including a savings tracker to monitor progress, grant maximisation and management vacancy.
- 4.46 As at the end of Quarter 2, BFfC are reporting that £2.239m of savings have been delivered and are on track to deliver a further £2.266m by the end of the financial year.

## **Corporate Budgets**

- 4.47 Corporate Budgets are forecasting a net underspend of £8.176m as at the end of Quarter 2. A key component of this variance relates to the unallocated corporate contingency of £3.844m.
- 4.48 Other Corporate Budgets is forecast to underspend by £4.332m. This variance consists of:
- a £4.523m underspend arising from the 2021/22 un-ringfenced Covid-19 support grant that has not been allocated across services;
  - a £0.938m overspend due to the current forecast only requiring use of £1.838m of the budgeted £2.776m transfer from earmarked reserves in order to balance the budget;
  - £0.747m of other net pressures across corporate budgets.

## **5 SAVINGS PROGRAMME**

- 5.1 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 2021. Detailed monitoring of agreed savings is tracked on a monthly basis.
- 5.2 The projected financial impact of any non-delivery of savings have been included in the projected outturn position reported above.
- 5.3 The following table summarises the current forecast savings delivery for 2021/22 (a further detailed breakdown by saving is provided in Appendix 1):

**Table 4. Delivery of 2021/22 Savings Programme**

Service	Savings At Risk £000	Savings Delayed or at Risk £000	Savings on Track £000	Savings Achieved £000	Directorate Total £000
Adult Care and Health Services	2,971	1,595	971	0	5,537
Economic Growth and Neighbourhood Services	565	1,642	3,972	1,444	7,623
Resources	225	0	840	0	1,065
Corporate	326	0	77	462	865
Children's Services delivered by BFFC	613	0	2,266	2,239	5,118
<b>Total</b>	<b>4,700</b>	<b>3,237</b>	<b>8,126</b>	<b>4,145</b>	<b>20,208</b>
<b>Increase/(Decrease) from Quarter 1</b>	<b>403</b>	<b>(306)</b>	<b>(2,805)</b>	<b>2,708</b>	<b>0</b>

5.4 £4.145m of savings have been delivered (blue) to date in this financial year, with a further £8.126m of savings on track to be delivered (green) by March 2022. £4.700m of savings are currently categorised as non-deliverable (red) with a further £3.237m categorised as at risk of delivery (amber).

5.5 Any savings not delivered in 2021/22 will cause an immediate pressure on 2022/23 unless mitigated with alternative ongoing savings. The most recent savings review meetings took place in the week commencing 27<sup>th</sup> September 2021 to scrutinise savings delivery in more detail and to establish what mitigating actions can be taken to facilitate savings delivery. Delivery of existing savings within the Medium-Term Financial Strategy are also currently being reviewed as part of the 2022/23 Budget and 2022/23-2024/25 Medium-Term Financial Strategy processes.

## 6 SUNDRY DEBT

6.1 Total General Fund sundry debt, over 30 days old, as at the end of Quarter 2 is £9.391m, compared to £10.245m as at the end of Quarter 1. The following table shows the outstanding debt over 30 days old as at the end of September 2021:

Table 5. Outstanding Debt 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
Adult Care & Health Services	205	222	586	825	1,157	2,616	5,611
Economic Growth and Neighbourhood Services	98	973	173	261	257	681	2,443
Resources	34	17	126	33	11	122	343
Former Children's Services	-	736	1	109	16	27	889
Corporate	-	-	-	-	-	105	105
<b>Total General Fund</b>	<b>337</b>	<b>1,948</b>	<b>886</b>	<b>1,228</b>	<b>1,441</b>	<b>3,551</b>	<b>9,391</b>
Housing Revenue Account	2	9	2	-	-	18	31

Intercompany Debt	-	6	11	3	33	1,310	1,362
<b>Total Including HRA and Intercompany</b>	<b>339</b>	<b>1,963</b>	<b>899</b>	<b>1,231</b>	<b>1,474</b>	<b>4,879</b>	<b>10,784</b>

- 6.2 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.

## 7 STAFFING

- 7.1 The Council currently has 96 agency contracts across the directorates. £0.191m has been spent on overtime during Quarter 2 in 2021/22, compared to £0.144m spent on overtime in Quarter 1. The total for the year is £0.335m
- 7.2 There have been three redundancies to date during 2021/22 at a total cost of £0.026m, there have also been additional severance costs incurred to date of £0.101m. Redundancy expenditure will either be funded through the capitalisation directive if the redundancy relates to transformation or through use of the redundancy revenue reserve.

## 8 HOUSING REVENUE ACCOUNT (HRA)

- 8.1 At Quarter 2 the forecast revenue outturn position on the HRA is an underspend to budget of £0.874m, an increased underspend of £0.541m since Quarter 1. Therefore, the transfer from the HRA Reserve is forecast to be £1.015m. The breakdown of the net variance is set out in the following table and explained below.

**Table 8. Housing Revenue Account Forecast 2021/22**

	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£m</b>	<b>Outturn</b>	<b>£m</b>
		<b>£m</b>	
Management & Supervision	8.650	8.562	(0.088)
Special Services	3.090	3.073	(0.017)
Provision for Bad Debts	0.929	0.929	0.000
Responsive Repairs	2.413	2.241	(0.172)
Planned Maintenance	3.049	2.909	(0.140)
Major Repairs/Depreciation	10.710	10.710	0.000
Debt Costs	7.488	7.488	0.000
PFI Costs	7.318	6.861	(0.457)
HRA Income	(41.758)	(41.758)	0.000
<b>Over/(Under) Budget</b>	<b>1.889</b>	<b>1.015</b>	<b>(0.874)</b>
Movement to/(from) HRA Reserve	(1.889)	(1.015)	0.874

- 8.2 There is an £0.088m underspend on Management & Supervision due to staff vacancies.
- 8.3 There is a £0.017m underspend on Special Services due to a part year vacancy in the Sheltered Housing Team.

- 8.4 Responsive Repairs is forecasting an underspend of £0.172m which relates to major voids works.
- 8.5 Planned Maintenance is forecasting an underspend of £0.140m relating to planned external decoration works that could not be carried out due to lack of resources.
- 8.6 The forecast at Quarter 2 includes an underspend on the projection for the PFI costs of £0.457m. This will need to be realigned to the HRA business plan.
- 8.7 HRA total income is forecast to be on budget, HRA collection rates over the last few of months have been the best since April 2020:
- September 97.80%
  - August 97.91%
  - July 97.62%

## 9 CAPITAL PROGRAMME

- 9.1 The General Fund Capital Programme is currently forecast to underspend by a net £30.176m set out in the table below.
- 9.2 The Capital Programme includes an additional scheme totalling £0.153m, which is fully funded by s106 monies, in respect of Open Space Improvements. This scheme was agreed via Decision Book (Issue 625), and Policy Committee is requested, via this report, to formally provide scheme approval for inclusion into the Capital Programme.

**Table 9. Capital Programme Forecast 2021/22**

	Budget £m	Forecast Spend £m	Forecast Variance £m
Adult Care and Health Services	1.272	1.272	0.000
Economic Growth and Neighbourhood Services	76.268	63.073	(13.195)
Resources	7.409	7.482	0.073
Children's Services	24.969	15.280	(9.689)
Corporate	15.006	7.641	(7.365)
<b>Total General Fund</b>	<b>124.924</b>	<b>94.748</b>	<b>(30.176)</b>
<b>Total HRA</b>	<b>45.494</b>	<b>35.621</b>	<b>(9.873)</b>

- 9.3 Economic Growth and Neighbourhood Services schemes are currently forecasting to underspend by a net £11.654m, comprising:
- £2.803m overspend on the Construction of Green Park Station that is forecast due to issues arising from the course of construction. Officers are working closely with the Department for Transport, Great Western Rail and Northern Rail Industry Leaders to mitigate the overspend and are currently awaiting formal responses.
  - £2.000m underspend on South Reading MRT (Phases 5 & 6) due to external funding yet to be secured.

- £1.667m underspend on Renewable Energy as a result of delays in recruiting/establishing project management resource, realigning the programme in light of feasibility studies commissioned and more detailed and accurate mapping of the Project pipeline around planning approval & operational constraints. This particularly affects Smallmead Solar Farm and The Hexagon with the main spend now anticipated in 2022/23;
  - £1.611m underspend on Replacement Vehicles due to the programme being on hold whilst being re-visited to include assessment of different fuel type options e.g. electric alternatives;
  - £1.534m underspend on Reading Football Club Social Inclusion Unit which is currently delayed as the s106 monies to fund the scheme have not yet been received;
  - £1.250m underspend on Reading West Station due to a 50% carry forward of the GWR element into the next year;
  - £0.950m underspend on Central Library Reconfiguration/Refurbishment due to delayed commencement of the works;
  - £5.445m of net underspends across other schemes.
- 9.4 Corporate schemes are currently forecasting to underspend by a net £7.365m. This is primarily due to the £5.000m budget relating to Minster Quarter no longer being expected to be utilised in year.
- 9.5 Children's Services schemes are currently forecasting to underspend by £9.689m, comprising:
- £3.552m underspend on Dee Park Regeneration, the scheme is progressing, and a planning application is being submitted but the main expenditure is now not expected to be incurred until 2022/23;
  - £1.218m underspend on Additional School Places - Contingency, places are being delivered but current low demand on this budget;
  - £1.127m underspend on SEN Provision - Avenue Centre, Policy Committee approved that the Council could tender and enter into contracts for the refurbishment and new building works in July. The majority of the expenditure is now expected to be incurred in 2022/23;
  - £3.792m of other net underspends across multiple capital schemes.
- 9.6 The HRA Capital Programme is currently forecast to underspend by £9.873m. This is due to a £6.156m underspend in New Build & Acquisitions - Phase 2, a £2.950m underspend in Major Repairs and £0.767m net underspends across other schemes.

## 10 CORPORATE PLAN PERFORMANCE

- 10.1 A new one-year Corporate Plan for 2021/22 was published in March 2021, and a revised set of 35 (monthly/quarterly) performance measures have been

developed for monitoring from April 2021, along with a set of 75 key projects and initiatives which will help to deliver the Council’s mission and priorities.

- 10.2 These measures and projects have been identified by directorates as those that best demonstrate progress in achieving key outcomes. This report is therefore intended to provide an overview of the contribution that the Council makes across all its activities to improving Reading as a place to live, work and visit.
- 10.3 The performance measures and projects are set against each of themes of the Corporate Plan for 2021/22:
- Healthy environment;
  - Thriving communities;
  - Inclusive economy.
- 10.4 As well as these themes, performance information is also structured according to ‘Foundations’ and ‘Covid response and recovery’.
- 10.5 The Council’s performance management software system (InPhase) is used as the source for recording and monitoring progress against our performance objectives. 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.
- 10.6 This report includes performance for monthly and quarterly measures only; annual measures will be reported on at the end of the year.
- 10.7 The tables below present a summary of the direction of travel for the Corporate Plan measures, along with a summary of performance against the target (red/amber/ green), where this has been provided. The full set of Quarter 2 data for all measures is attached at Appendix 2.
- 10.8 Appendix 3 shows charts for measures where there has been a significant shift in performance between Quarter 1 and Quarter 2, either an increase or decrease. CMT is asked to consider whether this information is useful and should form part for the report to go on to Policy Committee.
- 10.9 For the Corporate Plan projects, a summary of the RAG status is provided below. The full list of projects is also available.

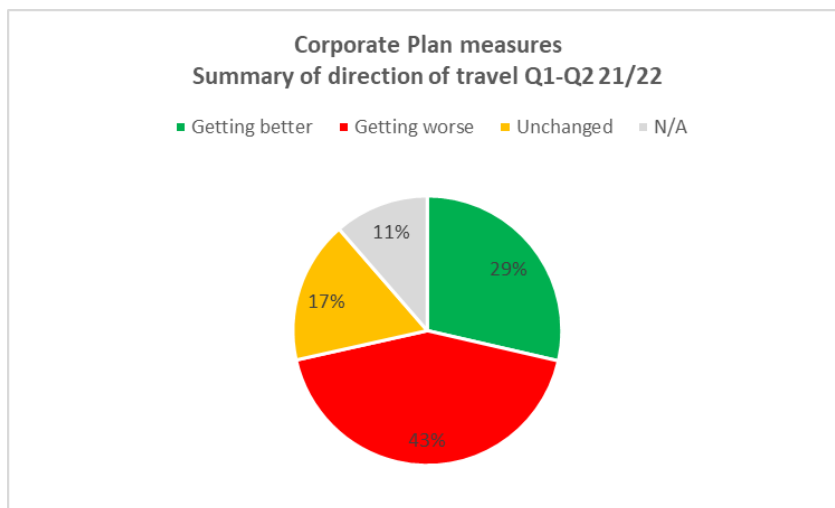
### **Corporate Plan Measures**

- 10.10 The tables and charts below display an overview of the shifts in performance for the Corporate Plan measures between Quarter 1 and Quarter 2 this year, as well as performance against the target (red/amber/green).
- Green = target achieved;
  - Amber = up to 10% below target;
  - Red = more than 10% below target.

**Table 10. Summary of Direction of Travel**

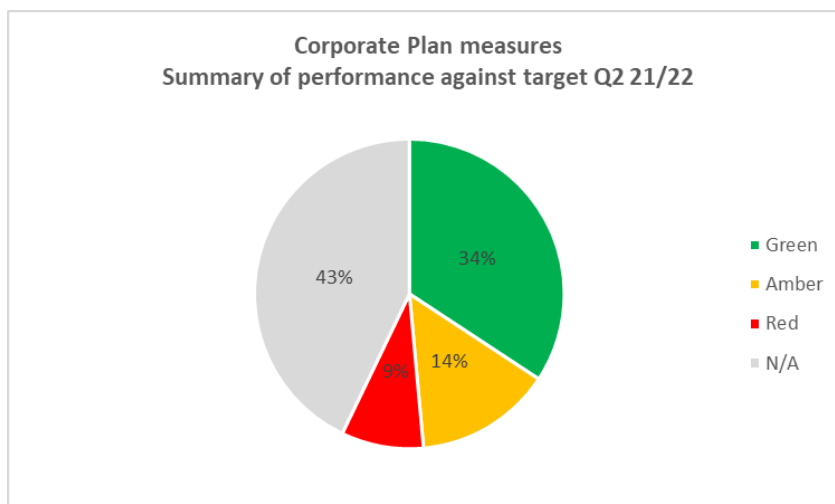
	<b>No. Measures</b>	<b>%</b>
Getting better	10	28.6%
Getting worse	15	42.9%

Unchanged	6	17.1%
N/A	4	11.4%
<b>Total</b>	<b>35</b>	<b>100.0</b>



**Table 11. Summary of Performance Against Target**

	Quarter 1		Quarter 2	
	No. Measures	%	No. Measures	%
Green	15	42.9%	12	34.3%
Amber	4	11.4%	5	14.3%
Red	2	5.7%	3	8.6%
N/A	14	40.0%	15	42.8%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>



### Corporate Plan Projects

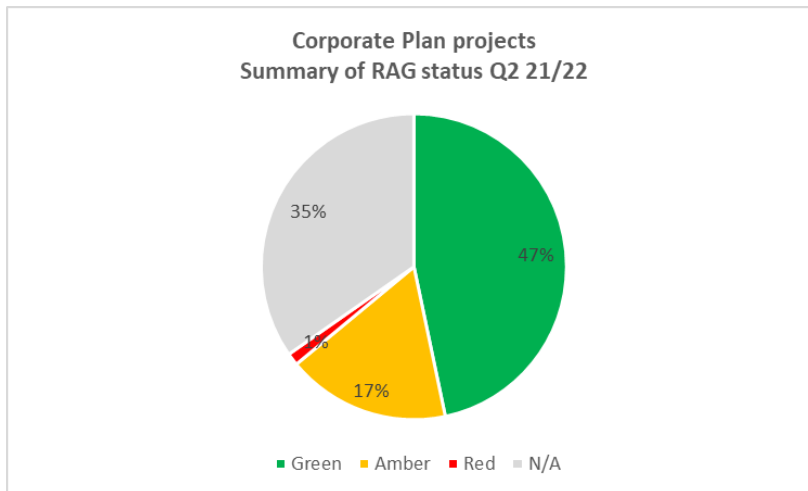
10.11 The RAG status for the Corporate Plan projects is shown below:

**Table 12. Summary of RAG Status**

RAG Status	No. Measures	%
Green	35	46.7%
Amber	13	17.3%
Red	1	1.3%
N/A	26	34.7%



<b>Total</b>	<b>75</b>	<b>100.0</b>
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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 three inter-connected themes which contribute to delivering this vision. The themes are:
- Healthy environment;
  - Thriving communities;
  - Inclusive economy.
- 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.

## **16 FINANCIAL IMPLICATIONS**

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

## **17 BACKGROUND PAPERS**

- 2021/22 Budget and Medium-Term Financial Strategy 2021/22-2023/24 Report - Full Council - February 2021