

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

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|-------------------------|--|-------------------|--|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 12th APRIL 2022 | | |
| TITLE: | 2021/22 QUARTER 3 PERFORMANCE AND MONITORING REPORT | | |
| LEAD COUNCILLOR: | COUNCILLOR MCEWAN | PORTFOLIO: | CORPORATE & CONSUMER SERVICES |
| SERVICE: | FINANCE | WARDS: | BOROUGHWIDE |
| LEAD OFFICER: | STUART DONNELLY | TEL: | 01889 373468 |
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The 2021/22 Quarter 3 Performance and Monitoring Report was presented to Policy Committee on 7th March 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 December 2021 (Quarter 3). 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 3 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 7th March 2022.

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

| | | | |
|-------------------------|--|-------------------|--|
| TO: | POLICY COMMITTEE | | |
| DATE: | 7th MARCH 2022 | | |
| TITLE: | 2021/22 QUARTER 3 PERFORMANCE AND MONITORING REPORT | | |
| LEAD COUNCILLOR: | COUNCILLOR MCEWAN | PORTFOLIO: | CORPORATE & CONSUMER SERVICES |
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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 December 2021 (Quarter 3). 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 3 is an overspend on service expenditure of £7.996m. This includes net overspends of £3.148m within the Directorate of Adult Care and Health Services and £4.478m within the Directorate of Economic Growth and Neighbourhood Services, which includes £4.223m of costs that are attributable to Covid-19.
- 1.3 It has previously been agreed that the overspend on services is funded through a combination of: Covid-19 support grant that is available for 2021/22 and £3.844m of corporate contingencies.
- 1.4 The use of this combination of contingencies and one-off resources means that an underspend of £0.274m is now projected for 2021/22 but such an approach is not sustainable in the medium to longer term and has been addressed as part of 2022/23 budget setting.
- 1.5 The Housing Revenue Account (HRA) is projecting an underspend of £2.310m as at the end of Quarter 3.
- 1.6 The General Fund Capital Programme is forecast to underspend by £45.457m in 2021/22.
- 1.7 The HRA Capital Programme is forecast to underspend by £16.203m in 2021/22.
- 1.8 £6.096m (30%) of savings have been delivered (blue) to date in this financial year, with a further £4.952m (25%) of savings are on track to be delivered (green) by March 2022. £5.638m (28%) of savings are currently categorised as non-deliverable (red) with a further £3.522m (17%) 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 This report has been prepared with reference to the following documents:
- 2021/22 Budget and Medium-Term Financial Strategy 2021/22-2023/24 Report - Full Council - February 2021
- 1.11 The detail supporting this report is included in:
- Appendix 1 - Financial Monitoring for Quarter 3
 - Appendix 2 - Corporate Plan Measures for Quarter 3
 - Appendix 3 - Corporate Plan Measures for Quarter 3 (Charts)
 - Appendix 4 - Corporate Plan Projects for Quarter 3

2 RECOMMENDED ACTIONS

That Policy Committee notes:

- 2.2 The forecast General Fund revenue outturn position as at the end of Quarter 3 is an underspend of £0.274m.
- 2.3 The Housing Revenue Account is forecast to underspend by £2.310m as at the end of December 2021;
- 2.4 The General Fund Capital Programme is forecast to underspend by £45.457m;
- 2.5 The HRA Capital Programme is forecast to underspend by £16.203m;
- 2.6 £6.096m of 2021/22 savings have been delivered (blue) with a further £4.952m of savings on track to be delivered (green) by March 2022. £5.638m of savings are currently categorised as non-deliverable (red) with a further £3.522m categorised as at risk of delivery (amber);
- 2.7 The performance achieved against the Corporate Plan success measures as set out in Section 9 of this report and Appendices 2, 3 & 4.

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 3 is an underspend of £0.274m 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 | 41.095 | 3.148 |
| 29.040 | Economic Growth and Neighbourhood Services | 20.805 | 25.283 | 4.478 |

| | | | | |
|------------------|---|------------------|------------------|----------------|
| 14.883 | Resources | 16.363 | 16.718 | 0.355 |
| 1.484 | Chief Executive | 1.568 | 1.583 | 0.015 |
| 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 |
| 135.147 | Total Service Expenditure | 124.799 | 132.795 | 7.996 |
| 14.703 | Capital Financing Costs | 13.155 | 13.155 | 0.000 |
| 0.000 | Contingency | 3.844 | 0.000 | (3.844) |
| (11.692) | Other Corporate Budgets | 4.368 | (0.058) | (4.426) |
| (23.951) | Total Corporate Budgets | 21.367 | 13.097 | (8.270) |
| (12.762) | Net Budget Requirement | 146.166 | 145.892 | (0.274) |
| | | | | |
| | Financed by: | | | |
| (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 |
| (150.920) | Total Funding | (146.166) | (146.166) | 0.000 |
| | | | | |
| (12.762) | Over / (under) Budget | 0.000 | (0.274) | (0.274) |

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

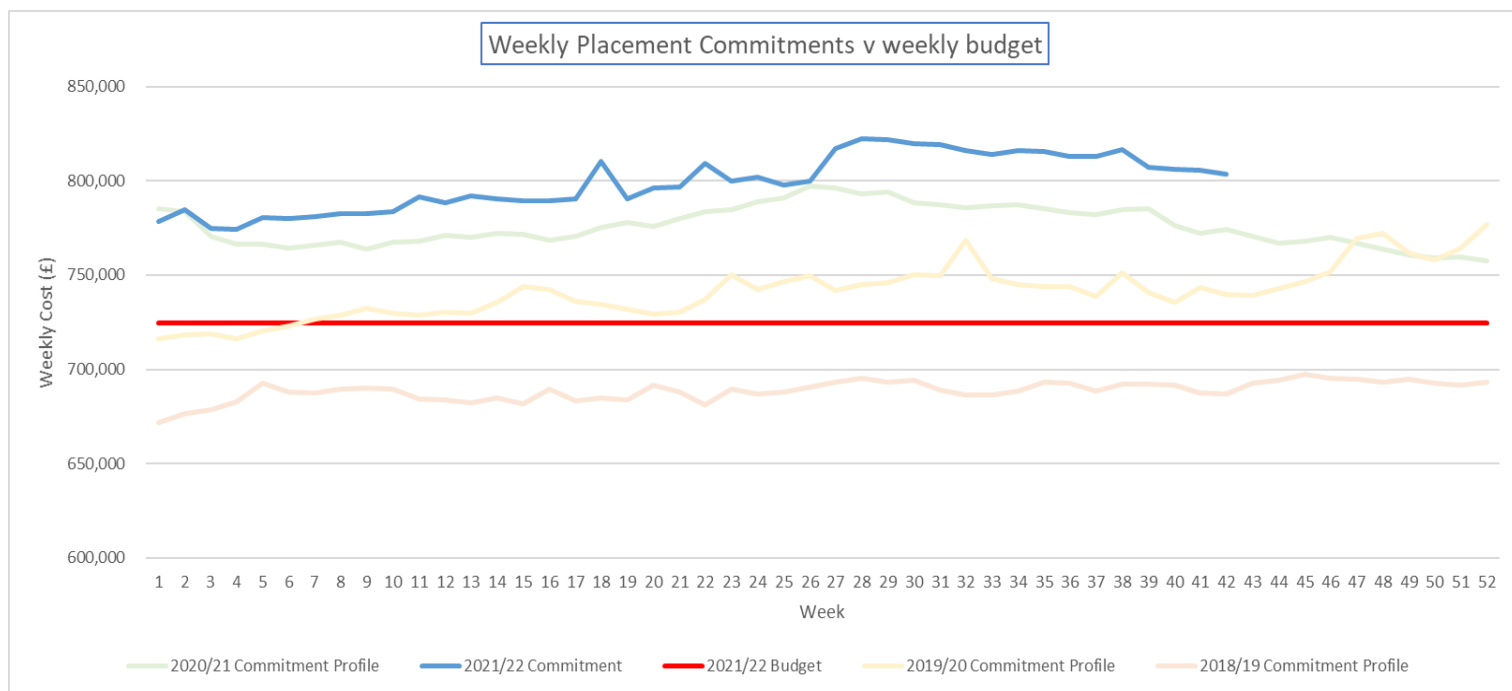
| | Covid-19 Pressures | Other Net Pressures/ (Savings) | Forecast Outturn |
|--|--------------------|--------------------------------|------------------|
| | £m | £m | £m |
| Adult Care & Health Services | 0.000 | 3.148 | 3.148 |
| Economic Growth & Neighbourhood Services | 4.103 | 0.375 | 4.478 |
| Resources | 0.120 | 0.235 | 0.355 |
| Chief Executive | 0.000 | 0.015 | 0.015 |
| Children's Services retained by Council | 0.000 | 0.000 | 0.000 |
| Children's Services delivered by BFFC | 0.000 | 0.000 | 0.000 |
| Total Service Budgets | 4.223 | 3.773 | 7.996 |
| Capital Financing Costs | 0.000 | 0.000 | 0.000 |
| Contingency | 0.000 | (3.844) | (3.844) |
| Other Corporate Budgets | (4.523) | 0.097 | (4.426) |
| Total Corporate Budgets | (4.523) | (3.747) | (8.270) |
| | | | |
| Over / (under) Budget | (0.300) | 0.026 | (0.274) |

Adult Care and Health Services

4.3 Adult Care and Health Services is forecasting a net overspend of £3.148m at Quarter 3, which is a decrease of £1.053m from Quarter 2. 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 There is a £5.098m pressure on the placement budgets, an increase of £1.332m since Quarter 2. This is due to revisions to the accuracy of the forecast for savings delivered as new information becomes available. Placement spend and activity continues to be closely monitored on a weekly basis though remains relatively stable underlying spend remains well above budget as set out in the graph below. Total placement numbers have fluctuated between 1530 and 1570 across the year but are lower than in the

previous year. Due to the demographics of Reading there are a greater number of younger adults in receipt of a care package than older adults where the average cost of a younger adult care package is greater than an older adult.



4.5 The pressures on the placement budgets are partially offset by:

- Overachievement of income associated with placements of £0.507m;
- Other non-placement variances totalling £0.443m under budget, where the one-off use of Community Outbreak Management Fund and Workforce Capacity Fund have been used to meet costs consistent with the conditions of the funding streams;
- £0.500m of mitigations included in the forecast relating to a review of staffing, non-pay and income budgets.
- It has also been assumed that a further £0.500m cashable savings will be realised across non-staffing and non-placement budgets by 31st March 2022.

4.6 The above forecast includes:

- £1.800m of mitigating savings to cover the additional placements pressures as part of a recovery plan. This is being monitored on a monthly basis, and as of Quarter 3 this has either been delivered or is on track to be delivered by March 2022.
- £0.577m of savings have been delivered against a target of £5.537m. In addition, a further £0.796m of cost avoidance has been delivered that cannot be counted against the savings target. Successful interventions such as the use of Technology Enabled Care, Sign posting to community services and Reablement reduce future costs have resulted in cost avoidance and without the interventions the current cost of placements would significantly increase and create additional budget pressures. Any growth in placement numbers and cost of those placements is provided for within the current revenue budget through funding for provider inflation, transitions and demographic changes.

Economic Growth and Neighbourhood Services

- 4.7 The Directorate of Economic Growth and Neighbourhood Services is forecasting a net overspend of £4.478m at Quarter 3. This is an increase of £0.911m from Quarter 2. The main variances remain due to pressures on income levels in parking and in planning and regulatory services where the recovery from the pandemic is happening more slowly than was anticipated when the budget was set. In total the forecast adverse variance arising from the Covid-19 pandemic and its after-effects is £4.103m.

Transportation - £2.261m overspend

- 4.8 Transportation is forecasting a £2.261m overspend at Quarter 3, a net increase of £0.255m from Quarter 2.
- 4.9 The total overspend arises mostly from an anticipated income shortfall of £1.838m in the aftermath of Covid-19. While Income levels as at Quarter 3 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 budget. It remains difficult to assess the continual Covid-19 impacts as the speed of recovery gains momentum taking into account the new behavioural change emerging. The assumption made is that by Quarter 4, some form of normality will have emerged. These adverse variances are occurring despite the reduction in income budgets approved by the Council to recognise the impact of Covid-19.
- 4.10 The other main elements of the projected overspend relate to a £0.070m overspend against Fleet Services and £0.070m against Strategic Transport. The former relates to a recent increase in vehicle insurance rates, while the latter to an income shortfall arising now that Greenwave Bus Services have transferred from the Council to Reading Buses Ltd, which is to be addressed in the 2022/23 Budget Build.
- 4.11 There are further net pressures totalling £0.283m across the service, arising from Parking Services contract costs of £0.250m and capital recharges not achievable due to a reduction in rechargeable works of £0.120m, which are partially mitigated by a net underspend of £0.087m on staffing budgets due to vacancies.

Planning and Regulatory Services - £1.059m overspend

- 4.12 The service is forecasting a £1.059m overspend.
- 4.13 There is a forecast income shortfall of £0.863m across Planning and Regulatory Services. This forecast is comprised of projected shortfalls across building control (£0.215m), Premises & taxi license fees (£0.048m), planning applications and planning fees (£0.337m), HMO licences (£0.178m), Consumer Trading (£0.078m) and miscellaneous Fees & Charges (£0.007m) as a result of ongoing Covid-19 recovery uncertainty and recruitment challenges.
- 4.14 There are significant legal cases and public enquiries arising within the service; the one-off costs of which are estimated at £0.955m for 2021/22. These costs, if necessary, could be funded by earmarked reserves at year-end.
- 4.15 These pressures are partially mitigated by a staffing underspend due to additional vacancies arising within the service and lack of Agency staff availability to be brought in as temporary cover of £0.483m, £0.100m underspend on Agency & Consultants Budgets and £0.176m from Contain Outbreak Management Fund (COMF) relief.

Housing and Communities - balanced budget

- 4.16 Housing and Communities is forecast to be on budget.

Culture - £0.145m overspend

- 4.17 Cultural Services is forecasting a net underspend of £0.145m at Quarter 3. This is primarily due to income lost due to Covid-19 and the impact in the response to the risks of the Omicron variant.
- 4.18 Many of the buildings, including the four leisure centres, Reading Museum, theatres and the Town Hall, that were closed to the public during the pandemic have now reopened. The forecast for Arts and Theatres assumes recovery in the theatres and also further 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. Where possible services are minimising expenditure trying to mitigate falls in income levels and utilising the Contain Outbreak Management Fund to cover some cost associated with Covid.
- 4.19 The forecast variance is comprised of the following pressures:
- £0.046m of pressures relating to ticket sales in the Hexagon, due to Covid restrictions affecting ticket sales and some schools pulling out of Christmas shows;
 - £0.140m 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 £0.080m in the Town Hall and £0.060 in the Concert Hall due to low ticket sales, lower customer confidence and low numbers of performances.
 - £0.164m 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;
 - £0.005m of other net savings across the service.
- 4.20 These pressures are partially offset by a £0.252m saving on the new leisure contract. as it started three months later than was assumed when the budget was set.

Environmental and Commercial Services - £0.520m overspend

- 4.21 Environmental and Commercial Services is forecasting an overspend of £0.520m at Quarter 3. At the end of Quarter 2 the service was predicting a balanced budget.
- 4.22 Civil Engineering, Highways and Drainage are forecast to overspend by £0.220m, predominantly relating to the cost of direct materials and disposal of waste material, this is being mitigated by additional income of £0.100m.
- 4.23 Business Development is expected to overspend by £0.140m due to continuing problems in achieving planning permission for new sites for advertising billboards & placeholders.
- 4.24 Refuse Collection is forecast to overspend by £0.800m, comprising:
- £0.500m due to 15 additional temporary staff being employed and an increase in agency staff usage and overtime to provide extra capacity due to more people working from home as a result of Covid-19 and to maintain the service during a period of high sickness absence;
 - a £0.300m income pressure due to the partial suspension of Green Waste collection services during 2021/22.

- 4.25 Grounds Maintenance is predicting an income shortfall of £0.360m due to a reduction in demand for commercial work including trees, landscaping and maintenance and is yet to recover to pre Covid levels. The forecast assumes that this will improve over the remainder of the financial year. This pressure is partially offset by a £0.190m underspend on staffing budgets due to vacancies, and other running costs.
- 4.26 Waste Disposal is currently expected to underspend by £0.340m. This relates to the reduced landfill cost from increasing the food waste collections and an increase in the market for recycled materials.
- 4.27 Street Cleansing is forecasting an underspend of £0.370m due to staffing vacancies as well as additional income from the COMF for town-centre cleansing

Property & Asset Management - £0.493m overspend

- 4.28 Property & Asset Management is forecasting an overspend of £0.493m at Quarter 3.
- 4.29 Commercial tenants' income is £0.044m 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.
- 4.30 Shops and garages are forecast to underspend by £0.200m in supplies and services costs.
- 4.31 Within Facilities Management, Community buildings letting income is forecasted to be lower than budgeted due to reduced bookings due to Covid related restrictions of £0.082m. The remaining pressures of £0.069m comes from higher than budgeted utilities, business rates and cleaning costs.
- 4.32 Delays to the closure of Darwin Close, Hamilton Centre and the more efficient use of Bennet Road have resulted in deliverable savings relating to running costs of £0.080m against the target of £0.230m, resulting in a forecast in-year overspend of £0.150m. The sale of Darwin Close completed in October 2021, therefore the full year saving will be realised from 2022/23.
- 4.33 For Non-Housing Projects, there is a forecast overspend of £0.300m due to under recovery of income from recharges for time spent on capital projects. A review is planned to take place ahead of 2021/22 outturn and future year budget setting to ensure future full cost recovery.
- 4.34 There is a risk of a service charge liability of £2.600m 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. Further updates will be provided in due course.

Management & Sustainability - balanced budget

Management & Sustainability is currently forecasting to deliver on budget.

Resources

- 4.35 The Directorate of Resources is currently reporting a net overspend of £0.355m at Quarter 3. This relates to previously identified pressures within Corporate Improvement & Customer Services and Human Resources & Organisational Development.
- 4.36 All other services are currently forecasting to deliver on budget.

Corporate Improvement & Customer Services - £0.169m overspend

- 4.37 Corporate Improvement & Customer Services are forecasting an overspend of £0.169m due to the partial delay in delivery of the Customer Experience savings.

Human Resources & Organisational Development - £0.186m overspend

- 4.38 A pressure of £0.130m relates to Kennet Day Nursery of which £0.120m is due to the ongoing impact of Covid-19, specifically £0.100m due to loss of income and £0.020m due to additional staffing requirements. There is an additional pressure of £0.010m due to increased catering costs based on a new contract.
- 4.39 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. This saving has been removed as part of the 2022/23 budget setting process.

Chief Executive

Communications - £0.015m overspend

- 4.40 Communications is currently reporting a net overspend of £0.015m due to income pressures.

Children's Services Retained by the Council

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

Children's Services Delivered by Brighter Futures for Children (BFfC)

- 4.42 BFfC currently expect to deliver services within the contract sum as at the end of December 2021. The significant risks to BFfC are the pressures in social care which includes demand led services totalling £0.592m. A number of mitigating actions are being taken by BFfC which are being monitored, they include grant maximisation and vacancy management.
- 4.43 As at the end of Quarter 3, BFfC are reporting that £3.486m of savings have been delivered against the target of £5.118m.

Corporate Budgets

- 4.44 Corporate Budgets are forecasting a net underspend of £8.270m as at the end of Quarter 3. A key component of this variance relates to the unallocated corporate contingency of £3.844m.
- 4.45 Other Corporate Budgets are forecast to underspend by £4.426m. 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;
 - £0.097m of other net overspends across corporate budgets.
- 4.46 It is currently forecast that there will be no requirement to drawdown on the £2.776m of earmarked reserves assumed in the 2021/22 budget.

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 | 4,460 | 500 | 0 | 577 | 5,537 |
| Economic Growth and Neighbourhood Services | 573 | 1,390 | 4,089 | 1,571 | 7,623 |
| Resources | 279 | 0 | 786 | 0 | 1,065 |
| Corporate | 326 | 0 | 77 | 462 | 865 |
| Children's Services delivered by BFFC | 0 | 1,632 | 0 | 3,486 | 5,118 |
| Total | 5,638 | 3,522 | 4,952 | 6,096 | 20,208 |
| Increase/(Decrease) from Quarter 2 | 938 | 285 | (3,174) | 1,951 | 0 |

- 5.4 Any savings not delivered in 2021/22, that are not proposed to be removed as part of 2022/23 budget setting, will cause an immediate pressure on 2022/23 unless mitigated with alternative ongoing savings.

6 SUNDRY DEBT

- 6.1 Total General Fund sundry debt, over 30 days old, as at the end of Quarter 3 is £10.033m, compared to £9.391m as at the end of Quarter 2. The following table shows the outstanding debt over 30 days old as at the end of November 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 | 180 | 159 | 441 | 949 | 1,074 | 2,743 | 5,546 |
| Economic Growth and Neighbourhood Services | 426 | 287 | 419 | 254 | 298 | 696 | 2,380 |
| Resources | 51 | 12 | 882 | 124 | 9 | 123 | 1,201 |
| Former Children's Services | 0 | 317 | 332 | 1 | 125 | 27 | 802 |
| Corporate | 0 | 0 | 0 | 0 | 0 | 104 | 104 |
| Total General Fund | 657 | 775 | 2,074 | 1,328 | 1,506 | 3,693 | 10,033 |
| Housing Revenue Account | 2 | 4 | 7 | 2 | 0 | 18 | 33 |
| Intercompany Debt | 0 | 1 | 0 | 4 | 1 | 1,310 | 1,316 |
| Total Including HRA and | 659 | 780 | 2,081 | 1,334 | 1,507 | 5,021 | 11,382 |

- 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 will be undertaken during 2022.
- 6.3 The Council has several wholly-owned active subsidiaries. The outstanding intercompany debt related to these subsidiaries, including loans, is shown in the following table:

Table 7. Outstanding Intercompany Debtors

| Debtor | Outstanding Debt £ |
|---|---------------------|
| Reading Transport Ltd | 1,260.83 |
| Homes for Reading Ltd | 1,309,527.71 |
| Brighter Futures for Children | 5,257.87 |
| Total Outstanding Debt from Intercompany Debtors | 1,316,046.41 |

- 6.4 Discussions are ongoing with Homes for Reading Ltd (HfR) regarding their repayment plan

7 STAFFING

- 7.1 The Council currently has 106 agency contracts across the Council.
- 7.2 £0.154m has been spent on overtime during Quarter 3, bringing the total for the year to £0.488m.
- 7.3 There have been four redundancies to date during 2021/22 at a total cost of £0.028m, 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.
- 7.4 Further details, including an analysis by Directorate is included within Appendix 1.

8 HOUSING REVENUE ACCOUNT (HRA)

- 8.1 At Quarter 3 the forecast revenue outturn position on the HRA is an underspend to budget of £2.310m. Therefore, a transfer to the HRA Reserve of £0.421m is now forecast rather than the originally budgeted £1.889m draw down from the reserve. The breakdown of the net variance is set out in the following table and explained below.

Table 8. Housing Revenue Account Forecast 2021/22

| | Budget £m | Forecast Outturn £m | Variance £m |
|---------------------------------|--------------|------------------------|----------------|
| Management & Supervision | 8.650 | 8.275 | (0.375) |
| Special Services | 3.090 | 3.043 | (0.047) |
| Provision for Bad Debts | 0.929 | 0.929 | 0.000 |
| Responsive Repairs | 2.413 | 2.261 | (0.152) |
| Planned Maintenance | 3.049 | 2.629 | (0.420) |
| Major Repairs/Depreciation | 10.710 | 11.759 | 1.049 |
| Debt Costs | 7.488 | 6.413 | (1.075) |
| PFI Costs | 7.318 | 6.861 | (0.457) |
| HRA Income | (41.758) | (42.591) | (0.833) |
| Over/(Under) Budget | 1.889 | (0.421) | (2.310) |
| Movement to/ (from) HRA Reserve | (1.889) | 0.421 | 2.310 |

- 8.2 There is an £0.375m underspend on Management & Supervision due to staff vacancies.
- 8.3 There is a £0.047m underspend on Special Services due to a part year vacancy in the Sheltered Housing Team.
- 8.4 Responsive Repairs is forecasting an underspend of £0.152m. The Majority of this related to an underspend of £0.490m in Minor Voids which is counterbalanced by an overspend in day to day repairs and plumbing totalling £0.338m.
- 8.5 Planned Maintenance is forecasting an underspend of £0.420m. These underspends comprise Communal Decorations and External Decorations due to under delivery by contractors.
- 8.6 The Depreciation overspend of £1.049m is due to the increase in HRA dwelling values. A transfer of this balance is made to the Major Repairs Reserve and is therefore available to fund HRA capital expenditure or repay HRA debt. This is reflected in the HRA 30 Year Business Plan.
- 8.7 The debt costs underspend of £1.075m is due to the revised HRA capital expenditure forecast and associated borrowing being lower than budgeted. This is reflected in the HRA 30 Year Business Plan.
- 8.8 The forecast at Quarter 3 includes an underspend on the projection for the PFI costs of £0.457m. This budget is proposed to be realigned to reflect the updated 30-year business plan as part of 2022/23 budget setting.
- 8.9 HRA total income is forecast to be overachieved by £0.833m:
- £0.130m overachievement on dwelling rent due to voids rate at 1.92% against 2.5% budgeted
 - £0.832m overachievement on interest on balances due to investment rate 1.85% against 0.30% budgeted
 - These are offset by an underachievement of income of £0.129m on service charges and other income.
- 8.10 HRA collection rates over the last few months have been the highest since April 2020:
- December 97.71%
 - November 97.82%

9 CAPITAL PROGRAMME

- 9.1 The General Fund Capital Programme is currently forecast to underspend by a net £45.457m set out in the following table:

Table 9. Capital Programme Forecast 2021/22

| | Budget £m | Forecast Spend £m | Forecast Variance £m |
|--|----------------|-------------------------|----------------------------|
| Adult Care and Health Services | 1.272 | 0.982 | (0.290) |
| Economic Growth and Neighbourhood Services | 75.261 | 48.900 | (26.361) |
| Resources | 7.409 | 7.482 | 0.073 |
| Children's Services | 24.969 | 15.055 | (9.914) |
| Corporate | 12.708 | 3.743 | (8.965) |
| Total General Fund | 121.619 | 76.162 | (45.457) |
| Total HRA | 45.494 | 29.291 | (16.203) |

9.2 Economic Growth and Neighbourhood Services schemes are currently forecasting to underspend by a net £26.361m, comprising:

- £1.103m overspend on the Construction of Green Park Station that is forecast due to issues arising in the course of construction. An agreement on additional external funding has now been agreed and this will fully fund the forecast in-year variance. A further £2.162m of additional funding has also been agreed for 2022/23 which takes the overall forecast spend to £11.462m.
- £7.644m underspend on the Leisure Centre Procurement due to delays in signing the contract and associated delays in the start of construction works. A business case for 2022/23 has been submitted to reprofile this scheme to reflect the latest progress and approve the additional funding agreed in June 2021. This moves £7.644m of budget from 2021/22 into 2022/23.
- £2.493m underspend on Reading West Station due to the Project Manager anticipating a carry forward of the GWR element into next year. There is a delay in GWR element of Project linked to Covid and Planning delays meaning GWR spend will now happen in 2022/23.
- £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 to SRLC which is currently delayed as the s106 monies to fund the scheme have not yet been received;
- £1.035m on Active Travel - Tranche 2 due to anticipating £0.100m will be spent by the end of this financial year due to lags in delivery.
- £0.970m underspend on Central Library Reconfiguration/Refurbishment due to delayed commencement of the works;
- £0.495m underspend on Green Homes Scheme - GF Element as The Council was unable to take advantage of Green Homes Grant phase 1A due to an over-estimation of the eligibility of RBC properties (the average EPC rating for RBC housing is 'C', whilst the funding was targeted at housing rated 'D' and below) and the inability to generate sufficient interest in projects in the private sector;
- £8.015m of net underspends across other schemes.

9.3 Children's Services schemes are currently forecasting to underspend by £9.914m, 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;
 - £1.130m 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;
 - £4.014m of other net underspends across multiple capital schemes.
- 9.4 Corporate schemes are currently forecasting to underspend by a net £8.965m, comprising:
- £5.000m underspend on Loan to RTL (Bus replacement programme) as no proposals from RTL have been received for further borrowing due to a focus on extending the current life of existing assets.
 - £3.000m underspend on Minster Quarter which is no longer expected to be utilised in year.
 - Net underspends of £0.965m across other schemes.
- 9.5 The HRA Capital Programme is currently forecast to underspend by £16.203m. This is due to a £12.862m underspend in New Build & Acquisitions Schemes, a £1.769m underspend in Major Repairs, a £1.101m underspend in Local authority new build programme for Older people and vulnerable adults and £0.471m net underspends across other schemes. The budgets for these schemes will be re-profiled to ensure they align to current delivery plans.

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 were developed for monitoring from April 21, along with a set of 71 key projects and initiatives which are helping to deliver the Council's mission and priorities. There are also a number of annual measures.
- 10.2 The number of performance measures has reduced from 35 to 31 from Quarter 2 as part of the development of the new 2022/23 Corporate Plan measures.
- 10.3 These measures and projects were 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.
- 10.4 The performance measures and projects are set against each of themes of the Corporate Plan for 2021/22:
- Healthy environment;
 - Thriving communities;
 - Inclusive economy.
- 10.5 As well as these themes, performance information is also structured according to 'Foundations' and 'Covid response and recovery'.
- 10.6 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.

- 10.7 This report includes performance for monthly and quarterly measures only; annual measures will be reported on at the end of the year.
- 10.8 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.
- 10.9 The full set of Q3 data for all measures is attached at Appendix 2. Appendix 3 shows charts for measures where there has been a significant shift in performance between Q2 and Q3, either an increase or decrease.
- 10.10 For the Corporate Plan projects, a summary of the RAG status is provided below. The full list of projects is available at Appendix 4.

Corporate Plan Measures

- 10.11 The table and chart below display an overview of the shifts in performance for the Corporate Plan measures between Q2 and Q3 this year, as well as performance against the target (red/amber/green) for all 3 quarters this year.
 - Green = target achieved;
 - Amber = up to 10% below target;
 - Red = more than 10% below target.

Table 10. Summary of Direction of Travel

| | Q1-Q2 | Q2-Q3 | |
|----------------|--------------|-----------|--------------|
| | % | No. | % |
| Getting better | 28.6 | 13 | 41.9 |
| Getting worse | 42.9 | 10 | 32.2 |
| Unchanged | 17.1 | 6 | 19.4 |
| N/A | 11.4 | 2 | 6.5 |
| Total | 100.0 | 31 | 100.0 |

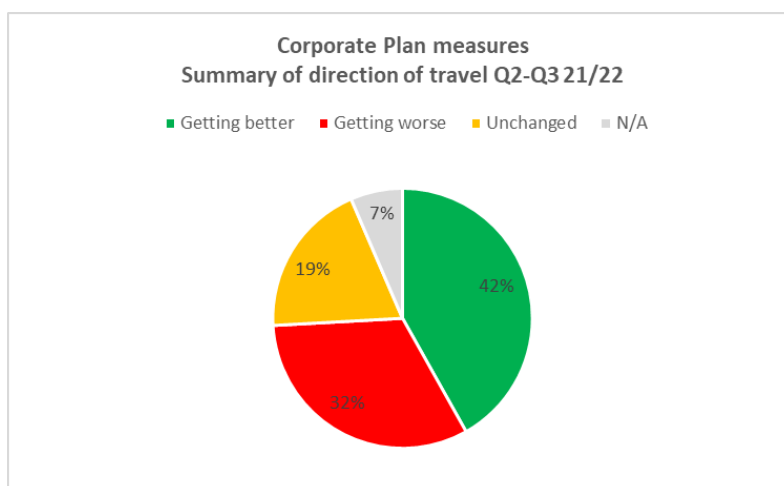
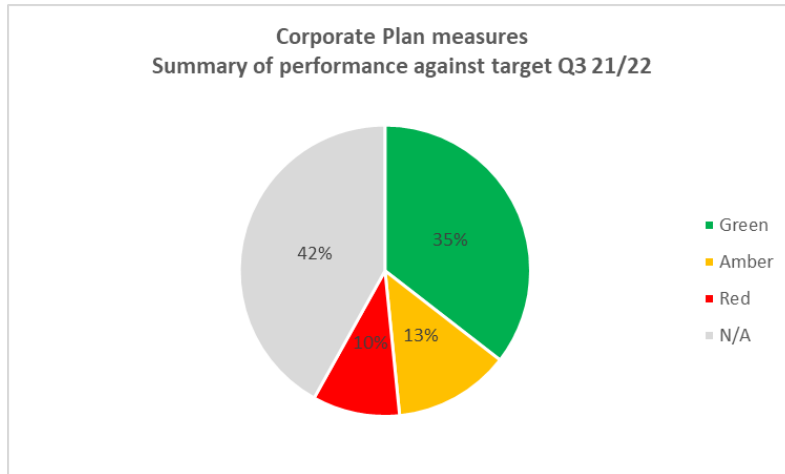


Table 11. Summary of Performance Against Target¹

¹ Green = target achieved; Amber = up to 10% below target; Red = more than 10% below target

| | Q1 | | Q2 | | Q3 | |
|------------------|-----------|--------------|-----------|--------------|-----------|--------------|
| | No. | % | No. | % | No. | % |
| Green | 15 | 42.9 | 12 | 34.3 | 11 | 35.5 |
| Amber | 4 | 11.4 | 5 | 14.3 | 4 | 12.9 |
| Red | 2 | 5.7 | 3 | 8.6 | 3 | 9.7 |
| N/A ² | 14 | 40.0 | 15 | 42.8 | 13 | 41.9 |
| Total | 35 | 100.0 | 35 | 100.0 | 31 | 100.0 |



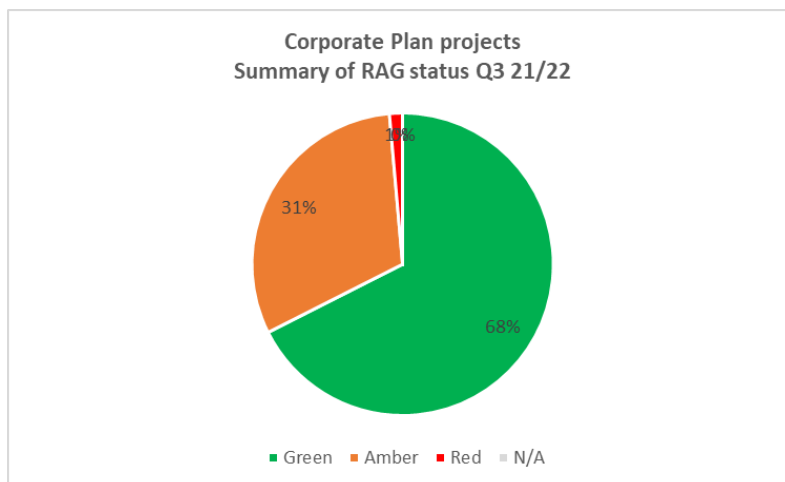
Corporate Plan Projects

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

Table 12. Summary of RAG Status

| | Q1 | Q2 | Q3 | |
|------------------|--------------|--------------|-----------|--------------|
| | % | % | No. | % |
| Green | 68.8 | 46.7 | 48 | 67.6 |
| Amber | 24.7 | 17.3 | 22 | 31.0 |
| Red | 6.5 | 1.3 | 1 | 1.4 |
| N/A ¹ | 0.0 | 34.7 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 71 | 100.0 |

¹ Quarterly targets have not been set for all measures



11 CONTRIBUTION TO STRATEGIC AIMS

² Quarterly targets have not been set for all measures

- 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.
- 11.3 Full details of the Council's [Corporate Plan](#) are available on the website

12 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 12.1 The Council declared a Climate Emergency at its meeting on 26th 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

- 17.1 None.