

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

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|-------------------------|--|-------------------|--|
| TO: | POLICY COMMITTEE | | |
| DATE: | 11th JULY 2022 | | |
| TITLE: | QUARTER 4 PERFORMANCE REPORT (2021/22) | | |
| LEAD COUNCILLOR: | COUNCILLOR TERRY | PORTFOLIO: | CORPORATE SERVICES AND RESOURCES |
| SERVICE: | FINANCE | WARDS: | BOROUGHWIDE |
| | CORPORATE IMPROVEMENT AND CUSTOMER SERVICES | | |
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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 2021/22. 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.

General Fund (Revenue)

1.2 The budget for 2021/22 was prepared at the height of the Covid-19 pandemic during a period of extreme uncertainty. It included £20.208m of savings to be delivered and the planned use of £2.776m of earmarked reserves to deliver a balanced budget position. Total service expenditure was budgeted at £124.799m.

1.3 The actual outturn position is positive net variance of £3.177m as set out below, inclusive of £1.138m of net transfers from reserves approved under delegated authority by the Director of Finance.

1.4 The actual outturn position for net service expenditure is £131.132m, inclusive of approved net transfers from reserves of £1.936m, resulting in an adverse net variance of £6.033m. This is an improvement of £1.963m from the projected outturn position reported to Policy Committee in March. The £6.033m adverse variance includes adverse variances of £2.664m within Adult Care and Health Services and of £3.447m within Economic Growth and Neighbourhood Services, which are offset by positive variances of £0.078m on other service budgets. Brighter Futures for Children delivered within the contract sum. Detailed explanations for these variances are contained in sections 4.1 to 4.69 of this report.

1.5 It has previously been agreed that the full overspend on services will be met from a combination of the £4.523m general Covid-19 support grant (contained within Other Corporate Budgets) and £3.844m corporate contingencies. There is no longer a requirement to make the £2.776m call on reserves that was previously approved.

- 1.6 The actual outturn position on Corporate Budgets is a positive net variance of £9.210m, an improvement of £0.940m from the position reported to Policy Committee in March. This position includes £0.798m of approved net transfers to reserves.
- 1.7 It was previously assumed that the positive variance on Corporate Budgets would be required to fund the adverse variance on service expenditure. However, mainly as a result of the adverse variance on service expenditure being lower than anticipated there is now an overall surplus of £3.177m as set out in paragraph 1.3.
- 1.8 Services have submitted one carry forward request totalling £0.050m as set out in paragraph 5.1. If this request is approved this will leave a remaining surplus of £3.127m that will be added to earmarked reserves. It is recommended that this balance is transferred to the Capital Financing Smoothing Reserve per paragraph 5.2 to fund capital projects that are currently on hold in 2022/23 pending the identification of funding.
- 1.9 The original budget for 2021/22 included assumed savings of £20.208m, including £5.125m of savings brought forward from the previous year. A total of £14.319m of ongoing savings were delivered in 2021/22, and £3.844m of savings were removed as part of the 2022/23 budget setting process on the basis that they were no longer deemed deliverable. This leaves a residual balance of £2.045m to be carried forward for delivery in future years
- 1.10 This balance of £2.045m will be added to the £8.179m of savings already included in the 2022/23 budget to give a revised savings target of £10.224m. Savings delivery will continue to be monitored and reported on regularly throughout 2022/23.

Housing Revenue Account

- 1.11 The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £0.387m which results in a net drawdown from HRA reserves of £1.502m, comprised of a drawdown of £1.575m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.

Capital

- 1.12 The provisional General Fund Capital Programme outturn is a £46.039m positive variance against the adjusted budget of £94.738m.
- 1.13 It is recommended that an increase to the Renewable Energy scheme 2022/23 budget within the Capital Programme of £0.852m is approved as set out in paragraph 7.7
- 1.14 The provisional HRA Capital Programme outturn is a £7.352m positive variance against the adjusted budget of £28.092m.

Performance

- 1.15 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.16 Further detail supporting this report is included in the following appendices:
 - Appendix 1 - General Fund Outturn;
 - Appendix 2 - Housing Revenue Account (HRA) Outturn;
 - Appendix 3 - Capital Programme Outturn;
 - Appendix 4 - Savings;
 - Appendix 5 - Delivery Fund;
 - Appendix 6 - Reserves Position as at 31st March 2022;

- Appendix 7 - Corporate Plan Measures for Quarter 4;
- Appendix 8 - Corporate Plan Measures for Quarter 4 (Charts);
- Appendix 9 - Corporate Plan Projects for Quarter 4;
- Appendix 10 - Debt Write-Offs.

2. RECOMMENDED ACTION

That Policy Committee notes:

- 2.1 The provisional General Fund revenue outturn position for 2021/22 is a £3.177m positive net variance;
- 2.2 The provisional Housing Revenue Account outturn position for 2021/22 is a net £1.502m transfer from HRA Reserves;
- 2.3 The provisional General Fund Capital Programme outturn position for 2021/22 is a £46.039m positive net variance;
- 2.4 The provisional HRA Capital Programme outturn position for 2021/22 is a £7.352m positive net variance;
- 2.5 That £14.319m of agreed savings have been delivered in year with £2.045m of non-delivered savings being carried forward into future years;
- 2.6 That £2.421m of Capital Receipts have been used to fund transformation in accordance with the Capitalisation Directive (Appendix 5);
- 2.7 The performance achieved against the Corporate Plan success measures as set out in Section B of this report and Appendices 7-9.

That Policy Committee approves:

- 2.8 The service request to roll-forward funds totalling £0.050m into 2022/23 to complete future programmes of work;
- 2.9 That the remaining balance of £3.127m is transferred to earmarked reserves as set out in Appendix 6;
- 2.10 The net roll-forwards of budget within the General Fund Capital Programme totalling £39.692m; resulting in a revised Capital Programme net budget of £131.765m for 2022/23;
- 2.11 Spend approval and an increase to the Renewable Energy scheme 2022/23 budget within the Capital Programme of £0.852m, specifically relating to the electric vehicle charging infrastructure at Bennet Road, to be funded from the Capital Financing Smoothing Reserve as set out in paragraph 7.7. This would increase the Capital Programme net budget to £132.617m;
- 2.12 The net roll-forwards of budget within the HRA Capital Programme totalling £7.353m; resulting in a revised HRA Capital Programme net budget of £35.555m for 2022/23;
- 2.13 The write-off of debts as set out in Appendix 10 relating to:
 - a) Non-Domestic Rates - £553,105.18;
 - b) Sundry Debt - £427,781.19;
 - c) Housing Benefit Overpayments - £50,690.31.

3. POLICY CONTEXT

- 3.1 The Council approved the 2021/22 Budget and Medium-Term Financial Strategy 2021/22 - 2023/24 in February 2021.
- 3.2 This report is structured into three parts. The first (Section A, paragraphs 4 to 12) reports on financial performance, the second (Section B, paragraph 13) reports on performance in delivering against the Corporate Plan, and the third (Section C paragraph 14) seeks the approval to write-off specific debts).

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 £3.177m against the net budget of £146.166m. This includes £1.138m of net transfers from reserves approved under delegated authority by the Director of Finance.

Table 1. General Revenue Fund Summary by Directorate

| | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|---|------------------|------------------|-----------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Adult Care & Health Services | 38.247 | 42.903 | 4.656 | (1.992) | 2.664 |
| Economic Growth and Neighbourhood Services | 20.805 | 22.625 | 1.820 | 1.627 | 3.447 |
| Resources | 16.363 | 17.914 | 1.551 | (1.571) | (0.020) |
| Chief Executive Services | 1.568 | 1.550 | (0.018) | 0.000 | (0.018) |
| Children's Services retained by the Council | 0.724 | 0.684 | (0.040) | 0.000 | (0.040) |
| Children's Services delivered by BfC | 47.392 | 47.392 | 0.000 | 0.000 | 0.000 |
| Total Service Expenditure | 125.099 | 133.068 | 7.969 | (1.936) | 6.033 |
| Capital Financing Costs | 13.155 | 13.155 | 0.000 | 0.000 | 0.000 |
| Contingency | 3.844 | 0.000 | (3.844) | 0.000 | (3.844) |
| Movement to/(from) Reserves | (2.776) | 0.000 | 2.776 | 0.000 | 2.776 |
| Other Corporate Budgets | 6.844 | (2.096) | (8.940) | 0.798 | (8.142) |
| Total Corporate Budgets | 21.067 | 11.059 | (10.008) | 0.798 | (9.210) |
| | | | | | |
| Net Budget Requirement | 146.166 | 144.127 | (2.039) | (1.138) | (3.177) |
| | | | | | |
| Financed by: | | | | | |
| Council Tax Income | (99.220) | (99.220) | 0.000 | 0.000 | 0.000 |
| NNDR Local Share | (32.095) | (32.095) | 0.000 | 0.000 | 0.000 |
| New Homes Bonus | (2.108) | (2.108) | 0.000 | 0.000 | 0.000 |
| Section 31 Grant | (3.549) | (3.549) | 0.000 | 0.000 | 0.000 |
| Revenue Support Grant | (2.040) | (2.040) | 0.000 | 0.000 | 0.000 |
| Other Government Grants | (6.739) | (6.739) | 0.000 | 0.000 | 0.000 |
| One-off Collection Fund (Surplus)/Deficit | (0.415) | (0.415) | 0.000 | 0.000 | 0.000 |
| Total Funding | (146.166) | (146.166) | 0.000 | 0.000 | 0.000 |
| | | | | | |
| (Positive)/Adverse Variance | 0.000 | (2.039) | (2.039) | (1.138) | (3.177) |

Adult Care and Health Services

- 4.2 Adult Care and Health Services' provisional outturn position is an adverse net variance of £2.664m. This is an improvement of £0.484m from the Quarter 3 forecast.
- 4.3 The following table summarises the outturn position for 2021/22.

Table 2. Adult Care and Health Services Outturn 2021/22

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|------------------------------|---------------|---------------|--------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Commissioning & Improvement | 0.877 | 0.712 | (0.165) | 0.000 | (0.165) |
| Adult Social Care Operations | 35.520 | 38.727 | 3.207 | 0.044 | 3.251 |
| Public Health Services | 0.000 | 2.615 | 2.615 | (2.615) | 0.000 |
| Preventative Services | 0.623 | 0.021 | (0.602) | 0.000 | (0.602) |
| Directorate Other | 1.227 | 0.828 | (0.399) | 0.579 | 0.180 |
| Total | 38.247 | 42.903 | 4.656 | (1.992) | 2.664 |

- 4.4 The explanation for these variances is set out below.

Adult Social Care - £2.664m adverse variance

- 4.5 Adult Social Care's (Commissioning & Improvement, Adult Services Operations, Preventative Services and Directorate & Other) provisional outturn is an adverse net variance of £2.664m.

Placements Budget

- 4.6 There is an overall pressure of £3.844m on the placement budgets (inclusive of hospital discharges). This is an improvement of £0.747m from Quarter 3 inclusive of associated income budgets. £0.264m of this is linked to the Care Hotel recharges to CCG, that were not included in the Quarter 3 forecast. The remaining variance is due to the final figures being based on actual recharges, whereas throughout the year it is based on commitments in the Mosaic system. The movement in variance from Quarter 3 is 1.5 % of the budget.
- 4.7 The overall pressure is linked to savings programmes not delivered in 2021/22, that have been addressed in the 2022/23 Budget and 2022/23-2024-25 Medium Term Financial Strategy.

Non-Placements Budget

The pressures on placements budgets are partially offset by the following variances on non-placements budgets:

- £0.605m positive variance on the Personal Protective Equipment (PPE) budget not used within the year;
- £0.267m positive variance on the Equipment Budget through grant maximisation;
- £0.250m positive variance in respect of funding allocated for the '3 year voluntary care service funding scheme'. It was not possible to run the programme as expected due to Covid, and this has been recognised in 2022/23 and the money returned as part of the Medium Term Financial Strategy savings;

- £0.058m of adverse net variances across other service budgets.

4.8 The required roll-forwards of £0.579m of Better Care Funding and £0.044m of unspent Hoarding Grant are included within the above position.

Public Health - balanced budget

4.9 Public Health is reporting a balanced position which includes a drawdown from the Public Health Grant Reserve of £0.066m. The service has also drawn down £2.455m of Track & Trace and Contain Outbreak Management Fund grants and £0.236m of Rough Sleeping Drug & Alcohol Treatment Grant from the Revenue Grant Unapplied Reserve. This position also includes a roll forward of £0.142m of unspent Drug Treat Crime and Hard Reduction Grant to the Revenue Grant Unapplied Reserve.

Economic Growth and Neighbourhood Services

4.10 Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £3.447m. This is an improvement of £1.031m from the Quarter 3 forecast.

4.11 The following table summarises the outturn position for 2021/22.

Table 3. Economic Growth and Neighbourhood Services Outturn 2021/22

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|-------------------------------------|---------------|---------------|--------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Transportation | 0.777 | 2.308 | 1.531 | 0.965 | 2.496 |
| Planning & Regulatory Services | 2.401 | 3.228 | 0.827 | 0.000 | 0.827 |
| Housing & Communities | 1.457 | 0.691 | (0.766) | 0.537 | (0.229) |
| Culture | 5.082 | 4.802 | (0.280) | 0.125 | (0.155) |
| Environmental & Commercial Services | 13.564 | 14.078 | 0.514 | 0.000 | 0.514 |
| Property & Asset Management | (3.199) | (3.296) | (0.097) | 0.000 | (0.097) |
| Management & Sustainability | 0.723 | 0.814 | 0.091 | 0.000 | 0.091 |
| Total | 20.805 | 22.625 | 1.820 | 1.627 | 3.447 |

4.12 The explanation for these variances is set out below.

Transportation - £2.496m adverse variance

4.13 Transportation is reporting an adverse variance of £2.496m.

4.14 The total overspend arises mostly from an income shortfall of £1.501m in the aftermath of Covid-19.

4.15 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 has been addressed in the 2022/23 Budget Build.

4.16 There are further net pressures totalling £0.370m 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.

- 4.17 These pressures are partially offset by £0.485m of other positive net variances across the service.
- 4.18 The outturn position includes revenue contributions to capital totalling £0.935m, and a net transfer of £0.965m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

Planning & Regulatory Services - £0.827m adverse variance

- 4.19 Planning & Regulatory Services is reporting an adverse variance of £0.827m.
- 4.20 There is a net income shortfall of £0.251m across Planning and Regulatory Services.
- 4.21 Income shortfalls have materialised across building control (£0.197m), planning applications and planning fees (£0.219m), HMO licences (£0.151m), Consumer Trading (£0.056m).
- 4.22 These pressures are offset by overachievement of income across Premises & taxi license fees (£0.081m), Coroners (£0.283m) and miscellaneous Fees & Charges (£0.008m).
- 4.23 There are significant legal cases and public enquiries arising within the service; the one-off costs of which are £1.315m for 2021/22.
- 4.24 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 £0.412m, £0.100m underspend on Agency & Consultants Budgets and £0.176m from Contain Outbreak Management Fund (COMF) relief, and further positive net variances across other service budgets.

Housing & Communities - £0.229m positive variance

- 4.25 Housing & Communities is reporting a £0.229m positive variance for the year.
- 4.26 The main variance is a positive variance of £0.327m on the Rent Guarantee Scheme Budget. This is partially offset by other adverse net variances of £0.098m across other service budgets.
- 4.27 The outturn position includes revenue contributions to capital totalling £0.240m, and transfers of £0.537m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

Culture - £0.155m positive variance

- 4.28 Culture is reporting a positive variance of £0.155m for the year.
- 4.29 The variance is comprised of:
- £0.047m of pressures relating to ticket sales in the Hexagon, due to Covid restrictions affecting ticket sales and some schools pulling out of Christmas shows;
 - £0.160m of income pressures relating to the Town Hall and South Street due to forecast income being less than anticipated. Bookings for function rooms and performances are significantly lower than expected equating to an underachievement in income of £0.056m in the Town Hall and £0.104 in South

Street due to low ticket sales, lower customer confidence and low numbers of performances.

- £0.084m 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;
- £0.062m pressures on running costs within the Parks service;
- £0.004m of other net pressures across the service.

4.30 The outturn position includes a net transfer of £0.125m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

4.31 These pressures are offset by:

- a £0.175m positive variance on staffing and supplies and services budgets within the Town Hall Operations and the Museum;
- a £0.145m saving on the new leisure contract. as it started three months later than was assumed when the budget was set;
- a £0.122m positive variance within the Archives service;
- a £0.036m positive variance within the Libraries service;
- a £0.034m positive variance within New Directions.

Environmental & Commercial Services - £0.514m adverse variance

4.32 Environmental & Commercial Services is reporting an adverse variance of £0.514m for the year.

4.33 Civil Engineering, Highways and Drainage are reporting a net pressure at outturn totalling £0.242m, predominantly relating to the cost of direct materials and disposal of waste material, this was partially mitigated by additional income of £0.100m.

4.34 Business Development is reporting an adverse variance of £0.157m due to continuing problems in achieving planning permission for new sites for advertising billboards & placeholders.

4.35 Refuse Collection is reporting an adverse variance of £1.010m, comprising:

- £0.550m 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 is linked to the suspension of Green Waste collection services during 2021/22;
- a £0.160m expenditure pressure due to the purchase of new replacement bins.

4.36 Grounds Maintenance is predicting an income shortfall of £0.319m due to a reduction in demand for commercial work including trees, landscaping and maintenance and is yet to

recover to pre Covid levels. Vacancies have been held within the team, and this is partly offsetting the impact of the income shortfall.

- 4.37 Waste Disposal is reporting a positive variance of £0.679m. This relates to the reduced landfill cost from increasing the food waste collections and an increase in the market for recycled materials.
- 4.38 Street Cleansing is reporting a positive variance of £0.535m due to staffing vacancies as well as additional income from the Contain Outbreak Management Fund for town-centre cleansing.

Property & Asset Management - £0.097m positive variance

- 4.39 Property & Asset Management is reporting a positive variance of £0.097m.
- 4.40 Commercial tenants' income is £0.086m lower than budgeted due to under occupancy of the Acre Park site.
- 4.41 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 an in-year adverse variance of £0.150m. The sale of Darwin Close completed in October 2021, therefore the full year saving will be realised from 2022/23.
- 4.42 For Non-Housing Projects, there is an adverse variance of £0.269m due to under recovery of income from recharges for time spent on capital projects.
- 4.43 Shops and garages are reporting a positive variance of £0.261m within supplies and services budgets and a £0.071m over-achievement of income.
- 4.44 The service also received £0.300m of Contain Outbreak Management Fund grant income that was not previously expected, to cover eligible expenditure.
- 4.45 There are other positive net variances totalling £0.056m across the service.
- 4.46 The outturn position includes revenue contributions to capital totalling £0.834m.

Management & Sustainability - £0.091m adverse variance

- 4.47 Management & Sustainability is reporting an adverse variance of £0.091m.
- 4.48 This variance is mainly due to £0.135m relating to costs associated with developing the Town Centre Strategy that cannot be charged to capital. This pressure is partially offset by £0.044m of other positive net variances across the service.

Resources

- 4.49 The Directorate of Resources' provisional outturn position is a positive net variance of £0.020m. This is an improvement of £0.375m from the Quarter 3 forecast.
- 4.50 The following table summarises the outturn position for 2021/22.

Table 4. Resources Services Outturn 2021/22

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|--|---------------|---------------|--------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Corporate Improvement & Customer Services | 1.664 | 1.846 | 0.182 | (0.201) | (0.019) |
| Human Resources & Organisational Development | 1.674 | 1.629 | (0.045) | 0.031 | (0.014) |
| Procurement & Contracts | 0.559 | 0.491 | (0.068) | 0.000 | (0.068) |
| Finance | 4.278 | 4.033 | (0.245) | 0.000 | (0.245) |
| Legal & Democratic Services | 2.426 | 2.752 | 0.326 | 0.000 | 0.326 |
| IT & Digital | 5.762 | 7.163 | 1.401 | (1.401) | 0.000 |
| Total | 16.363 | 17.914 | 1.551 | (1.571) | (0.020) |

4.51 The outturn position includes drawdowns from the Capital Financing Smoothing Reserve of £0.201m and £1.401m into Corporate Improvement & Customer Services and IT & Digital respectively to fund expenditure that was previously assumed to be Capital. The resulting future year revenue savings on the Capital Financing budget in respect of Minimum Revenue Provision will be factored in to the 2023/24 Budget and 2023/24-2025/26 Medium Term Financial Strategy process.

4.52 The outturn position also includes a grant roll forward of £0.031m within Human Resources & Organisational Development relating to the Mass Fatalities grant within Emergency Planning.

4.53 The explanations for the material variances are set out below.

Procurement & Contracts - £0.068m positive variance

4.54 Procurement & Contracts is reporting a positive variance of £0.068m which primarily relates to the service not being able to utilise the one-off in-year budget of £0.050m for training to support the new Hub and Spoke Operating Model as a direct result of setting up the One Reading Community Hub in response to Covid-19.

4.55 The service has requested that the positive variance delivered in respect of the training budget is rolled forward in order to fund this training in 2022/23.

Finance - £0.245m positive variance

4.56 Finance is reporting a positive variance of £0.245m.

4.57 This variance consists of:

- a net pressure of £0.593m on staffing budgets within Accountancy and Accounts Payable, which is comprised of a positive variance on staffing budgets of £0.467m, offset by an adverse variance on interim staff of £1.060m;
- a net saving of £0.107m on Revenues & Benefits staffing budgets due to vacancies;
- £0.492m of additional new burdens grant income relating to Housing Benefits and Covid Grant administration;
- An overachievement of court costs recovery income of £0.147m;

- £0.092m of other positive net variances across the service.

Legal & Democratic Services - £0.326m adverse variance

4.58 Legal & Democratic Services are reporting an adverse variance of £0.326m. This is due to increased temporary staff pending a service restructure, and additional planning support required.

Chief Executive Services

4.59 Chief Executive Services provisional outturn position is a positive variance of £0.018m. This is an improvement of £0.033m from the Quarter 3 forecast.

4.60 The following table summarises the outturn position for 2021/22.

Table 5. Chief Executive Services Outturn 2021/22

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|---------------------------|--------------|--------------|----------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Corporate Management Team | 0.853 | 0.841 | (0.012) | 0.000 | (0.012) |
| Communications | 0.715 | 0.709 | (0.006) | 0.000 | (0.006) |
| Total | 1.568 | 1.550 | (0.018) | 0.000 | (0.018) |

Children's Services retained by the Council

4.61 Children's Services retained by the Council's provisional outturn position is a positive variance of £0.040m. This is an improvement of £0.040m from the Quarter 3 forecast.

Children's Services delivered by BFfC

4.62 Brighter Futures for Children's (BFfC) have delivered within the contract sum for 2021/22.

Corporate Budgets

4.63 Corporate Budgets are reporting a provisional positive net variance of £9.210m. this is an improvement of £0.940m from the Quarter 3 forecast.

4.64 The following table summarises the outturn position for 2021/22.

Table 6. Corporate Budgets Outturn 2021/22

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|-----------------------------|---------------|---------------|-----------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Capital Financing | 13.155 | 13.155 | 0.000 | 0.000 | 0.000 |
| Contingency | 3.844 | 0.000 | (3.844) | 0.000 | (3.844) |
| Movement to/(from) Reserves | (2.776) | 0.000 | 2.776 | 0.000 | 2.776 |
| Other Corporate Budgets | 6.844 | (2.096) | (8.940) | 0.798 | (8.142) |
| Total | 21.067 | 11.059 | (10.008) | 0.798 | (9.210) |

4.65 The explanation for these variances is set out below.

- 4.66 The Contingency budget of £3.844m to mitigate against non-delivered in-year savings has not been allocated out to services; it was previously agreed to be retained corporately to fund the forecast adverse variance on service budgets.
- 4.67 The previously assumed drawdown from earmarked reserves of £2.776m in order to balance the 2021/22 budget within the Movement to/(from) Reserves budget has not been required.
- 4.68 The variance on Other Corporate Budgets consists of:
- a £4.523m positive variance arising from the 2021/22 un-ringfenced Covid-19 support grant that has not been allocated across services; it was previously agreed to be retained corporately to fund the forecast adverse variance on service budgets;
 - a £2.514m positive variance arising against the budget of £3.133m relating to revenue funding of the Delivery Fund, reflecting the updated Delivery Fund funding that was approved as part of the 2022/23 Budget and 2022/23-2024/25 Medium Term Financial Strategy. The updated funding only required a £0.619m revenue contribution in 2021/22;
 - £1.105m of positive net variances against other corporate budgets and contingencies.

5. REQUESTED ROLL FORWARDS

- 5.1 It is recommended that the following roll-forward request as set out in paragraph 4.55 above, totalling £0.050m, is agreed in order to enable planned programmes of work to go ahead as planned:

Table 7. Requested Roll Forwards

| Directorate | Service | Reason | Amount |
|--------------|-------------|----------------------|--------------|
| | | | £m |
| Resources | Procurement | Procurement Training | 0.050 |
| Total | | | 0.050 |

- 5.2 It is recommended that the remaining surplus of £3.127m is transferred to the Capital Financing Smoothing Reserve in order to fund capital projects that are currently on hold in 2022/23 pending the identification of funding.

6. HOUSING REVENUE ACCOUNT (HRA)

- 6.1 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £1.889m. The provisional outturn position for the HRA requires an actual drawdown from HRA reserves of £1.502m. The HRA is therefore reporting a positive net variance compared to budget of £0.387m. The net drawdown from HRA reserves of £1.502m is comprised of a drawdown of £1.575m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.
- 6.2 The outturn position was due to:

Expenditure

- Positive variances within Housing Management and Special Services of £0.903m and £0.427m respectively due to staff vacancies and reduced support services costs;

- An adverse variance within Revenue Repairs of £2.881m mainly due to a higher proportion of in-year expenditure being revenue repairs works, rather than major/improvement works which are capital. There was a corresponding positive variance on the Major Repairs - Existing Homes Renewal which has been re-profiled into future years;
- A positive variance relating to PFI costs of £0.340m relating to lower than originally anticipated inflation. This budget was updated as part of 2022/23 budget setting;
- A positive variance on the Bad Debt Provision of £0.838m which reflects a good performance on rent collection this year;
- An adverse variance on Depreciation of £1.725m which reflects the latest external HRA stock valuations;
- A positive variance on Interest charges on borrowing ('debt costs') which were £1.867m lower compared with the budget;
- A positive variance on Other Expenditure of £0.025m.

Income

- A positive variance on Interest receivable on balances of £0.897m against budget due to an increased average interest rate an increase in the balances on which the interest is calculated;
- An adverse variance on Dwelling Rents of £0.191m. The Rent Collection rate was 97.75% for 2021/22;
- An adverse variance on Service Charges of £0.017m;
- An adverse variance on Other Income of £0.096m.

7. GENERAL FUND CAPITAL PROGRAMME

- 7.1 The provisional General Fund Capital outturn is a £46.039m positive net variance against the adjusted budget of £94.738m. A net £39.692m of budget is requested to be slipped between 2021/22 and 2022/23 per Appendix 3.
- 7.2 Variances per scheme are set out in Appendix 3. Key variances per Directorate are set out below.

Corporate

- 7.3 Corporate schemes are reporting an overall positive net variance of £8.810m, comprising:
- £5.000m slippage 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.
 - £2.000m slippage on Minster Quarter which is no longer expected to be utilised in year;
 - £1.866m slippage on the Delivery Fund;

- £0.057m overspend on Oracle Shopping Centre Capital works.

Adult Care & Health Services

7.4 Adult Care & Health Services schemes are reporting an overall positive net variance of £1.132m, which is requested to be slipped to 2022/23.

Economic Growth and Neighbourhood Services (Education Schemes)

7.5 Economic Growth and Neighbourhood Services (Education Schemes) are reporting an overall positive net variance of £6.989m. The majority of these schemes are grant funded and the full £6.989m is requested to be slipped into 2022/23.

Economic Growth and Neighbourhood Services

7.6 Economic Growth and Neighbourhood Services schemes are reporting an overall positive net variance of £21.747m, with £21.764m requested to be slipped into 2022/23. The key variances are:

- £1.423m positive variance on Accommodation Review - Phase 2C (19 Bennet Road) is reporting a positive variance of £1.423m as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £1.144m adverse variance on Annual Bridges and Carriage Way Works Programme & Highway Infrastructure Works as works have been brought forward ahead of schedule. It is requested to draw back allocated funding from 2022/23 to cover this;
- £0.502m positive variance on CIL Local Funds - Community as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £0.669m positive variance on CIL Local Funds - Leisure and Play as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £1.184m positive variance on Invest in Corporate Buildings Health & Safety Works as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £1.171m positive variance on Invest to Save Energy Savings - Street Lighting due to delays linked to Covid as well as a change in supplier. This is requested to be slipped in full into 2022/23;
- £5.184m positive variance on the Leisure Centre Procurement due to delays in signing the contract and associated delays in the start of construction works. This is requested to be slipped in full into 2022/23;
- £1.534m positive variance 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. This is requested to be slipped in full into 2022/23;
- £2.406m positive variance 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. This is requested to be slipped in full into 2022/23;

- £2.031m positive variance on South Reading MRT (All Phases) due to external funding yet to be secured. This is requested to be slipped in full into 2022/23;
- £6.787m of positive net variances across other schemes. A net £6.804m is requested to be slipped into 2022/23.

7.7 The project to upgrade the electrical supply network to allow the installation of Electric Vehicle (EV) charging facilities at the Bennet Road depot site has moved to procurement phase. The works require significant up-front investment to allow the capacity for High Voltage (HV) supply to provide for the installation of future rounds of fleet replacements to EV. The price of the supply using our existing electrical contractor is £1.254m. The current approved budget for this element of the scheme is £0.402m. Therefore, an additional £0.852m is required in order to complete this scheme. It is recommended that this increase in budget is approved, and spend approval given, with the increase funded from the Capital Financing Smoothing Reserve.

Resources

7.8 Resources schemes are reporting an overall positive net variance of £7.361m, with £0.940m requested to be slipped into 2022/23. £6.421m of this variance relates to the Customer Digital Experience, Universal Digital Systems and IT Future Operating Model schemes which have been funded from revenue resources in 2021/22 and will continue to be funded from revenue in future years.

8. HRA CAPITAL PROGRAMME

8.1 The provisional HRA Capital outturn is a £7.352m positive net variance against the adjusted budget of £28.092m. A net £7.353m of budget is requested to be slipped between 2021/22 and 2022/23 per Appendix 3.

8.2 Variances per scheme are set out in Appendix 3. The variance has arisen due to:

- £0.809m positive variance on Green Homes Project due as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £0.522m positive variance on Major Repairs - Existing Homes Renewal due to works being delayed by a combination of Covid-19 and contractual issues. This is requested to be slipped in full into 2022/23;
- £5.415m positive variance on New Build & Acquisitions (All Phases) due to planning permission and associated contractual issues. A net £5.416m is requested to be slipped in full into 2022/23;
- £0.606m of positive net variances across other schemes. This is requested to be slipped in full into 2022/23.

9. SAVINGS DELIVERY

9.1 The Council had a challenging savings target for 2021/22 of £20.208m to meet current and expected funding pressures. This total was made up of £15.083m of in-year savings as per the 2021/22 MTFs and £5.125m of savings rolled forward from 2020/21.

- 9.2 A total of £14.319m of savings were delivered in 2021/22. £3.844m of savings were removed as part of the 2022/23 budget setting process on the basis that they were no longer deemed deliverable and therefore the residual £2.045m will be carried forward for delivery in 2022/23. Further details regarding the delivery of savings are set out in Appendix 5.
- 9.3 Despite £5.889m of savings not being delivered in 2021/22 directly as planned, the Council is reporting a positive net position against the net budget, as set out in Table 1 above; these savings targets have therefore effectively been mitigated against in-year.
- 9.4 The following table summarises the final savings delivery for 2021/22:

Table 8. General Funds Savings Tracker Summary

| Directorate | Savings Target 2021/22 | Savings Delivered 2021/22 | Non-Delivered Savings 2021/22 | Savings Removed at 2022/23 Budget Setting | Savings Carried Forward to 2022/23 |
|--|------------------------|---------------------------|-------------------------------|---|------------------------------------|
| | £m | £m | £m | £m | £m |
| Adult Care & Health Services | (5.537) | (1.801) | (3.736) | 3.436 | (0.300) |
| Economic Growth & Neighbourhood Services | (7.623) | (6.188) | (1.435) | 0.026 | (1.409) |
| Resources | (1.065) | (0.750) | (0.315) | 0.056 | (0.259) |
| Chief Executive | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate | (0.865) | (0.462) | (0.403) | 0.326 | (0.077) |
| Total Council Services | (15.090) | (9.201) | (5.889) | 3.844 | (2.045) |
| Children's Services (BFfC) | (5.118) | (5.118) | 0.000 | 0.000 | 0.000 |
| Total | (20.208) | (14.319) | (5.889) | 3.844 | (2.045) |

- 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 2021/22 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 2022/23-2024/25, including the £2.045m of savings brought forward from 2021/22:

Table 9. Savings Targets 2022/23-2024/25

| Directorate | Savings Target 2022/23 | Savings Target 2023/24 | Savings Target 2024/25 | Total |
|--|------------------------|------------------------|------------------------|-----------------|
| | £m | £m | £m | £m |
| Adult Care & Health Services | (1.735) | (1.416) | (1.450) | (4.601) |
| Economic Growth & Neighbourhood Services | (6.579) | (3.038) | (1.260) | (10.877) |
| Resources | (0.658) | (0.631) | (0.313) | (1.602) |
| Chief Executive | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate | (0.077) | (0.250) | 0.000 | (0.327) |
| Total Council Services | (9.049) | (5.335) | (3.023) | (17.407) |
| Children's Services (BFfC) | (1.175) | (1.702) | (1.727) | (4.604) |
| Total | (10.224) | (7.037) | (4.750) | (22.011) |

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 £3.040m was spent in delivering 2021/22 savings. Including previous years, a total of £14.083m has been invested from the Delivery Fund to assist in delivering identified savings proposals as at 31st March 2022.
- 10.3 Further details on the Delivery Fund are set out in Appendix 5.

11. RESERVES

- 11.1 The impact of the 2021/22 outturn position on the Council's reserves, as proposed in Appendix 6 is set out in the following table:

Table 10. Reserves Summary

| | Balance as at 1 April 2021 | In-Year Transfers (To)/From Reserves | Proposed Transfers (To)/From Reserves (Service Requests) | Proposed Transfers (To)/From Reserves (Outturn) | Balance as at 31 March 2022 | Projected Balance at 31 March 2022 per 2022/23 Budget Setting | Movement |
|------------------------------------|----------------------------|--------------------------------------|--|---|-----------------------------|---|--------------|
| | £m | £m | £m | (To)/From | £m | £m | £m |
| General Fund Reserves | | | | | | | |
| Minimum Balance | (7.500) | 0.000 | 0.000 | 0.000 | (7.500) | (7.500) | 0.000 |
| Earmarked Reserves | (100.155) | 17.720 | (0.050) | (3.127) | (85.612) | (85.976) | 0.364 |
| Total General Fund Reserves | (107.655) | 17.720 | (0.050) | (3.127) | (93.112) | (93.476) | 0.364 |
| Schools' Reserves | (1.929) | 0.266 | 0.000 | 0.000 | (1.663) | 0.549 | (2.212) |
| Housing Revenue Account Reserves | (51.590) | 1.502 | 0.000 | 0.000 | (50.088) | (55.068) | 4.980 |
| Total Revenue Reserves | (161.174) | 19.488 | (0.050) | (3.127) | (144.863) | (147.995) | 3.132 |

- 11.2 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 2022/23 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.

- 11.3 Net transfers totalling £17.720m from earmarked reserves have been processed during 2021/22 to date. This includes previously approved transfers as well as those transfers that are a requirement such as required roll forwards of government grants.
- 11.4 Service roll forward requests totalling £0.050m have been received as set out in paragraph 5.1.
- 11.5 It is proposed that the remaining General Fund positive net variance of £3.177m is transferred to earmarked reserves as set out in Appendix 6 (which includes the service roll-forward requests of £0.050m. The total earmarked reserve balance as at 31st March 2022 would therefore be £85.612m which is £0.364m lower in total than the estimated £85.976m projected at 2022/23 budget setting.
- 11.6 Schools' reserves are ringfenced for local authority managed schools. There is a net transfer from reserves of £0.266m resulting in a balance of £1.663m as at 31st March 2022.
- 11.7 The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £0.386m which results in a net drawdown from HRA reserves of £1.502m, comprised of a drawdown of £1.575m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.
- 11.8 The HRA reserve balance as at 31st March 2022 is therefore £39.941m. The North Whitley PFI reserve balance of £10.147m is also contained within the overall HRA reserves, therefore total HRA revenue reserves as at 31st March 2022 are £50.088m. The total HRA revenue balances are £4.980m lower than forecast at 2022/23 budget setting but this partially offset by an increase in HRA capital reserves of £4.097m due to increased depreciation and a reduced level of capital expenditure.

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 2022/23 and future years:
- overall General Fund Reserve balances of £93.476m was assumed as part of 2022/23 budget setting. Based on the provisional outturn there is therefore an overall net decrease of £0.364m;
 - the use of revenue to fund capital schemes that were previously being funded through borrowing will deliver ongoing revenue savings from 2022/23 and will be built into the Medium Term Financial Strategy update but these are yet to be quantified;
 - £2.045m of non-delivered 2021/22 savings have been rolled forward into 2022/23. These savings were assumed as delivered in the 2022/23 base budget setting and require delivering.

B. CORPORATE PLAN PERFORMANCE

13. CORPORATE PLAN PERFORMANCE

- 13.1 A new one-year Corporate Plan for 2021/22 was published in March 2021, and a revised set of 58 performance measures were developed for monitoring from April 2021, along with a set of 66 key projects and initiatives which are helping to deliver the Council's mission and priorities¹; 26 are annual measures that have not been reported on previously in 2021/22.
- 13.2 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.
- 13.3 The performance measures and projects are set against each of themes of the Corporate Plan for 2021/22:
- Healthy environment;
 - Thriving communities;
 - Inclusive economy.
- 13.4 As well as these themes, performance information is also structured according to 'Foundations' and 'Covid response and recovery'.
- 13.5 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.
- 13.6 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.
- 13.7 The full set of Q4/annual data for all measures is attached at Appendix 7. Appendix 8 shows charts for measures where there has been a significant shift in performance between Q3 and Q4, either an increase or decrease.
- 13.8 For the Corporate Plan Projects, a summary of the RAG status is provided below. The full list of projects is provided at Appendix 9.

Corporate Plan Measures

- 13.9 The table and chart below display an overview of the shifts in performance for the Corporate Plan measures between Q3 and Q4 this year (between March 2021 and March 2022 for the annual measures), as well as performance against the target (red/amber/green) for all 4 quarters this year (except for the annual measures).

¹ The total number of measures and projects is slightly different at year end due to changes made within the year.

Table 11. Summary of Direction of Travel

| | Q1-Q2 | Q2-Q3 | Q3-4 | |
|----------------------------|--------------|--------------|-----------|--------------------|
| | % | % | No. | % |
| Getting better | 28.6 | 38.7 | 18 | 31.0% |
| Getting worse | 42.9 | 19.4 | 6 | 10.3% |
| Unchanged | 17.1 | 25.8 | 11 | 19.0% |
| N/A - No Target/Comparison | 11.4 | 16.1 | 23 | 39.7% ² |
| Total | 100.0 | 100.0 | 58 | 100.0 |

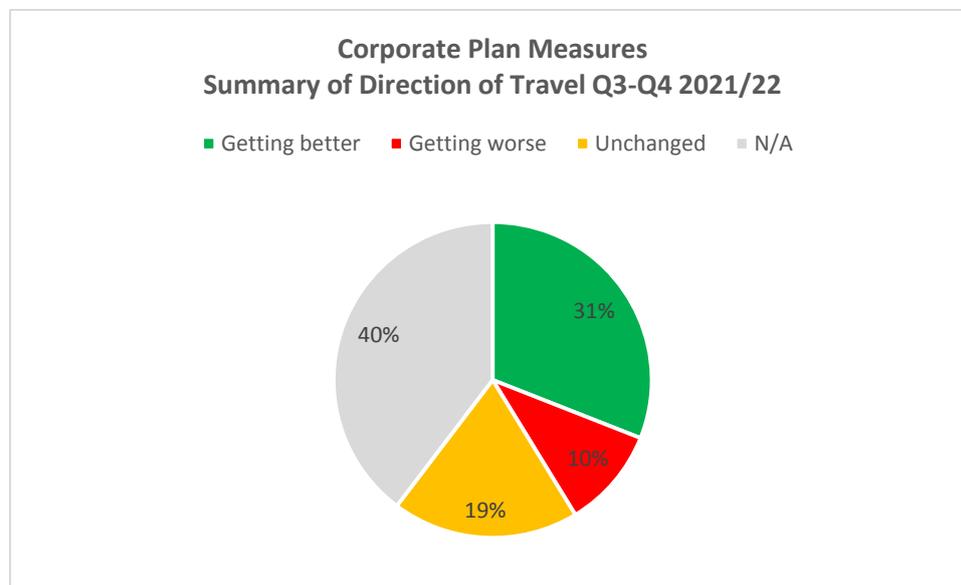
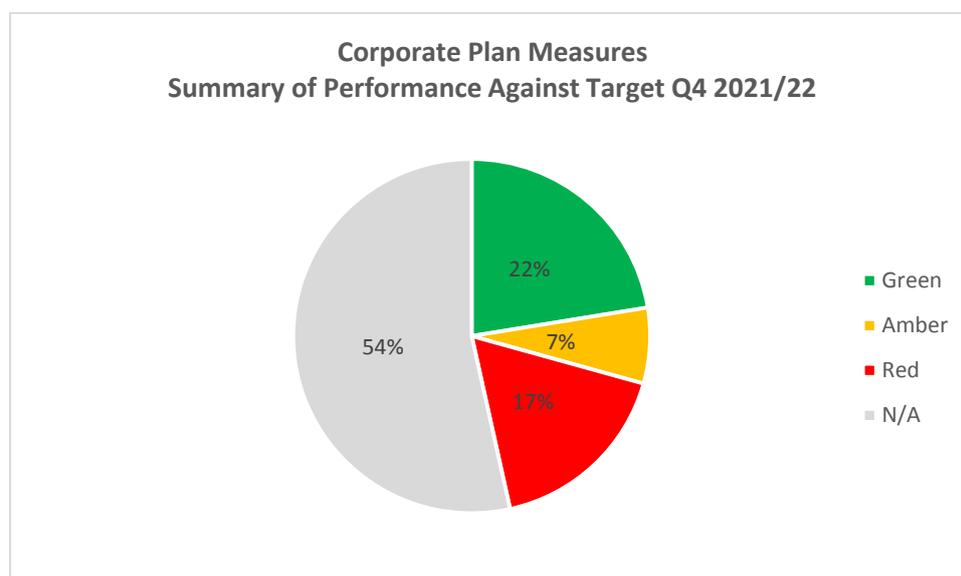


Table 12. Summary of Performance Against Target³

| | Q1 | | Q2 | | Q3 | | Q4 | |
|----------------------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|
| | No. | % | No. | % | No. | % | No. | % |
| Green | 15 | 42.9 | 12 | 34.3 | 10 | 32.2 | 13 | 22.4 |
| Amber | 4 | 11.4 | 5 | 14.3 | 4 | 12.9 | 4 | 6.9 |
| Red | 2 | 5.7 | 3 | 8.6 | 3 | 9.7 | 10 | 17.2 |
| N/A - No Target/Comparison | 14 | 40.0 | 15 | 42.8 | 14 | 45.2 | 31 | 53.5 |
| Total | 35 | 100.0 | 35 | 100.0 | 31 | 100.0 | 58 | 100.0 |



² Figure is high due to data for a number of annual measures not yet available

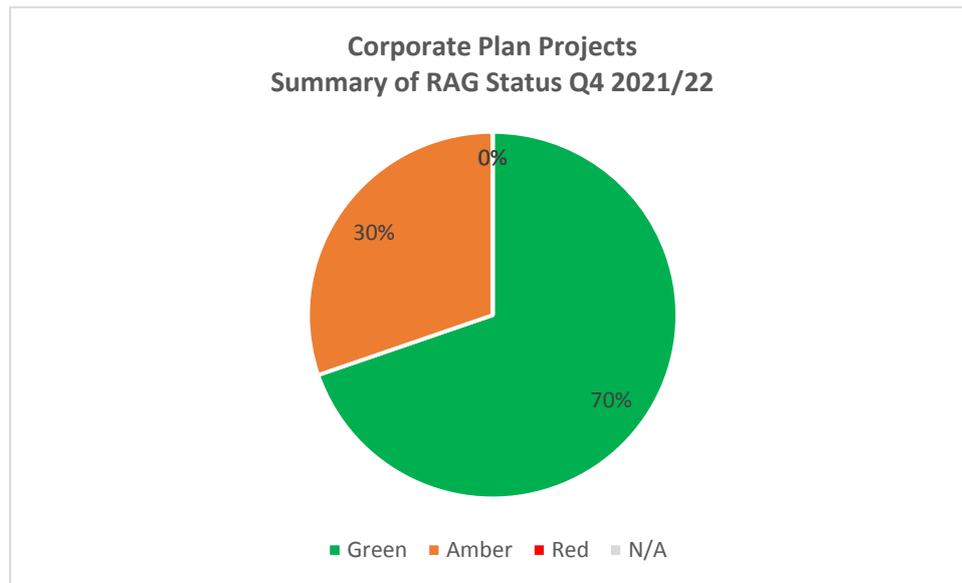
³ Green = target achieved; Amber = up to 10% below target; Red = more than 10% below target

Corporate Plan Projects

13.10 The RAG status for the Corporate Plan projects is shown below.

Table 13. Summary of RAG Status

| RAG Status | Q1 | Q2 | Q3 | Q4 | |
|---|--------------|--------------|--------------|-----------|--------------|
| | % | % | % | No. | % |
| Green | 68.8 | 46.7 | 50.7% | 46 | 69.7 |
| Amber | 24.7 | 17.3 | 16.9% | 20 | 30.3 |
| Red | 6.5 | 1.3 | 0% | 0 | 0.0 |
| N/A - No Target/Comparison ⁴ | 0.0 | 34.7 | 32.4% | 0 | 0.0 |
| Total | 100.0 | 100.0 | 100.0 | 66 | 100.0 |



⁴ Targets have not been set for all measures

C. DEBT-WRITE-OFF

14. DEBT WRITE-OFF

- 14.1 Current approved procedures allow for the write-off of Non-Domestic Rates, Sundry Debt (including Adult Social Care) and Housing Benefit Overpayments once all attempts to recover such debts have been exhausted.
- 14.2 The reasons for having to write off debts vary, however many of them such as the cessation of a business or the death of an individual are generally outside of the council's control and whilst taking reasonable steps to recover the monies due, it is necessary and appropriate to consider whether a debt should continue to be pursued.
- 14.3 Whilst the council takes all practical steps to recover monies owing, it is necessary to recognise when continued action is unlikely to achieve any further recovery and become a cost to the council.
- 14.4 The need for appropriate and measured debt management practices is important and an integral part of sound financial management. It also means that it is prudent and appropriate accounting practice to recognise that there will be some to write off debts when all reasonable actions have been taken, a provision for doubtful debts is made to meet this cost.
- 14.5 The Council's policies and processes where possible provide automated recovery procedures for the collection of the debts, followed where applicable, by court action. Additionally, whilst a debt may be written off; if circumstances change, such as a dividend being paid from the winding up of a business, measures can be taken to reinstate debt to account for any additional income being received.
- 14.6 The report identifies those debts that officers recommend for write off against the provision for doubtful debts.
- 14.7 This report accords with the council's Corporate Debt Policy and Financial Regulations and supports the development of an effective and efficient council.
- 14.8 As part of the council's debt management process, a report is produced to write off irrecoverable debts once all reasonable recovery procedures have been exhausted. The council's financial policies ensure that an appropriate level of doubtful debt provision is maintained to finance these write offs.
- 14.9 The scheme of delegation gives delegated authority to Directors/Assistant Director delegated authority to write off debts, for a particular debtor, for sums up to £1,000 at their own discretion; and for sums of up to £20,000 with the consent of the Finance Director. In both cases they must keep a written record of the debt and the reasons for writing it off. The Finance Director will report to the Policy Committee on the writing-off of individual debts of over £20,000.

Proposal

- 14.10 The total amounts submitted to the Committee for write-off for cases above £20,000 are:
 - Non-Domestic Rates - £553,105.18;
 - Sundry Debt (including Adult Social Care) - £427,781.19;

- Housing Benefit Overpayments - £50,690.31.

- 14.11 The list of specific debts requested to be written-off are set out in Appendix 10. It is considered that information contained within Appendix 10 contains exempt information under the meaning of sections 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, as amended, and therefore cannot be made public.
- 14.12 The write-offs will be contained within the existing respective bad debt provisions. These bad debt provisions are reviewed annually to take account of the likely levels of bad debt write-offs and the potential for any recovery of debt that has been previously written off.
- 14.13 The cost of non-domestic rates write-offs is shared between the Council (49%), Royal Berkshire Fire and Rescue Service (1%) and Central Government (50%).
- 14.14 Statutory Benefit Subsidy Orders specify that Housing Benefit Overpayments, subsequently not recovered, have to be mostly paid for by the Council through loss in Central Government subsidy. Most Housing Benefit paid out under the General Fund is claimed back from the DWP through the annual subsidy claims. The subsidy rules are designed to act as an incentive for authorities to minimise error and overpayments and to maximise recovery of recoverable overpayments. It is therefore financially prudent for Local Authorities both to minimise the incidence of overpayments and to seek to maximise recovery of overpayments.
- 14.15 The standard rate of reimbursement for Housing Benefit paid is up to 100%, reducing to 40% for identified overpayments caused by claimant error and either 100%, 40% or down to 0% for those caused by Authority error if certain thresholds are exceeded. Overpayments caused by fraud are reimbursed at 40% and given the cause of such overpayments, there is an expectation that the overwhelming majority of cases should be considered recoverable from the persons who have either committed or significantly contributed to the fraud. The Council is entitled to keep 100% of the income collected from overpayments recovery in addition to any subsidy claimed.
- 14.16 For context, there have been no high value write offs submitted to Policy Committee in at least the past 2 financial years. The value of non-domestic rates write-offs submitted represents less than 0.4% of the annual debit raised in a normal FY of approximately £143m. The value of Sundry Debt write-offs submitted represents less than 0.7% of the annual invoices raised in a normal FY of approximately £61.7m. The value of Housing Benefit Overpayment write-offs submitted represents less than 1.8% of the annual invoices raised in a normal FY of approximately £2.95m.

15. CONTRIBUTION TO STRATEGIC AIMS

- 15.1 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.
- 15.2 Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.
- 15.3 Full details of the Council's [Corporate Plan](#) are available on the website

16. ENVIRONMENTAL & CLIMATE IMPLICATIONS

- 16.1 The Council declared a Climate Emergency at its meeting on 26th February 2019. The Corporate Plan monitors our progress in reducing our carbon footprint (Appendix 7).
- 16.2 There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

17. COMMUNITY ENGAGEMENT AND INFORMATION

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

18. EQUALITY IMPACT ASSESSMENT

- 18.1 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.

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.
- 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. FINANCIAL IMPLICATIONS

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

21. BACKGROUND PAPERS

- 21.1 None.