

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

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|-------------------------|--|-------------------|--|
| TO: | AUDIT & GOVERNANCE COMMITTEE | | |
| DATE: | 28th SEPTEMBER 2022 | | |
| TITLE: | 2022/23 QUARTER 1 PERFORMANCE AND MONITORING REPORT | | |
| LEAD COUNCILLOR: | COUNCILLOR TERRY | PORTFOLIO: | CORPORATE SERVICES AND RESOURCES |
| SERVICE: | FINANCE | WARDS: | BOROUGHWIDE |
| | CORPORATE IMPROVEMENT AND CUSTOMER SERVICES | | |
| LEAD OFFICER: | STUART DONNELLY | TEL: | |
| JOB TITLE: | FINANCIAL PLANNING & STRATEGY MANAGER | E-MAIL: | stuart.donnelly@reading.gov.uk |

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The 2022/23 Quarter 1 Performance and Monitoring Report was presented to Policy Committee on 21st September 2022. This report sets out the projected revenue and capital outturn positions for 2022/23 for both the General Fund and the Housing Revenue Accounts as at the end of Quarter 1 (June 2022).
- 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 2022/23 Quarter 1 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 21st September 2022.

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| TO: | POLICY COMMITTEE | | |
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| TITLE: | 2022/23 QUARTER 1 PERFORMANCE AND MONITORING REPORT | | |
| LEAD COUNCILLOR: | COUNCILLOR TERRY | PORTFOLIO: | CORPORATE SERVICES AND RESOURCES |
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| | CORPORATE IMPROVEMENT AND CUSTOMER SERVICES | | |
| LEAD OFFICER: | STUART DONNELLY | TEL: | 01189 373468 |
| JOB TITLE: | FINANCIAL PLANNING & STRATEGY MANAGER | E-MAIL: | stuart.donnelly@reading.gov.uk |

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the projected revenue and capital outturn positions for 2022/23 for both the General Fund and the Housing Revenue Accounts as at the end of Quarter 1 (June 2022).

General Fund (Revenue)

- 1.2 The forecast General Fund (GF) revenue outturn position at the end of Quarter 1 includes a projected adverse net variance on service expenditure of £4.058m. This variance is offset by a projected £4.616m positive net variance on Corporate budgets, of which £3.627m relates to the unallocated Corporate Contingency, resulting in a projected overall positive net variance of £0.558m.
- 1.3 The forecast adverse variance on services includes net pressures totalling £0.564m within Adult Care and Health Services relating to care cost pressures; £1.669m within Economic Growth and Neighbourhood Services, primarily relating to ongoing income shortfalls in Car Parking and Planning as an ongoing impact of Covid-19; £1.761m within Brighter Futures for Children (BFfC), relating to pay, inflation and demand pressures; and a total £0.064m across Resources and Chief Executive Services relating to income pressures. Detailed explanations for these variances are contained in Section 4 of this report.
- 1.4 These pressures are offset by positive net variances within Corporate Budgets, specifically £1.713m on Capital Financing Costs as a result of the 2021/22 Capital Programme outturn position and £3.627m on Corporate Contingencies.
- 1.5 Other Corporate Budgets are forecasting an adverse net variance of £0.724m. This is primarily due to a current forecast pressure of £0.934m relating to the 2022/23 pay award. A pay award of 2% was assumed as part of 2022/23 budget setting with additional contingency retained corporately to fund a pay award up to 4%. The pay offer made in

July 2022 is estimated to cost an additional £1.434m above the amount budgeted (including the contingency) across the Council and BFfC. BFfC had included a forecast pressure of £0.500m in their forecast which was prior to the pay award offer announced in July, therefore the difference of £0.934m is included within the Corporate forecast. This forecast will be reviewed as more up to date information becomes available.

- 1.6 £1.570m (15%) of budgeted savings have been delivered (blue) to date in this financial year, with a further £5.415m (53%) of savings on track to be delivered (green) by March 2023. £2.061m (20%) of savings are currently categorised as non-deliverable (red) and £1.178m (12%) categorised as at risk of delivery (amber). There is therefore a potential impact on the 2023/24 budget should these savings not be deliverable on a recurring basis. These savings will be reviewed as part of the 2023/24 budget setting and 2023/24-2025/26 Medium Term Financial Strategy processes.

Housing Revenue Account

- 1.7 The Housing Revenue Account (HRA) is projecting a positive net variance of £2.505m as at the end of Quarter 1, which results in a forecast contribution to HRA reserves of £0.422m.

Capital

- 1.8 The General Fund Capital Programme is forecast to spend to budget against a revised budget of £115.980m in 2022/23.
- 1.9 The HRA Capital Programme is forecast to spend to budget against a revised budget of £30.502m 2022/23.

Performance

- 1.10 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.11 The detail supporting this report is included in:
- Appendix 1 - Financial Monitoring for Quarter 1
 - Appendix 2 - Capital Programme for Quarter 1
 - Appendix 3 - Corporate Plan Measures for Quarter 1
 - Appendix 4 - Corporate Plan Projects for Quarter 1
 - Appendix 5 - Debt Write-Offs.

2 RECOMMENDED ACTIONS

That Policy Committee notes:

- 2.2 The forecast General Fund revenue outturn position as at the end of Quarter 1 is a positive net variance of £0.558m.
- 2.3 The Housing Revenue Account (HRA) is projecting a positive net variance of £2.505m as at the end of Quarter 1, which results in a forecast contribution to HRA reserves of £0.422m;
- 2.4 £1.570m (15%) of savings have been delivered (blue) to date in this financial year, with a further £5.415m (53%) of savings on track to be delivered (green) by March 2022. £2.061m (20%) of savings are currently categorised as non-deliverable (red) and £1.178m (12%) categorised as at risk of delivery (amber);

- 2.5 There is a total £4.065m Delivery Fund available for 2022/23 (inclusive of 2021/22 approved carry forwards). At Quarter 1, £2.051m of this funding has been allocated out to approved schemes;
- 2.6 The General Fund Capital Programme is forecast to spend to budget against a revised budget of £115.980m;
- 2.7 The HRA Capital Programme is forecast to spend to budget against a revised budget of £30.502m;
- 2.8 The performance achieved against the Corporate Plan success measures as set out in Section 13 of this report and Appendices 3 and 4.

That Policy Committee approves:

- 2.9 The write-off of debts as set out in Section 8 and Appendix 5 relating to:
 - a) Non-Domestic Rates - £58,562.68;
 - b) Housing Benefit Overpayments - £25,944.98.
- 2.10 The amendments to the General Fund Capital Programme (as set out in further detail in Section 12 of this report and Appendix 2) resulting in a revised budget of £124.480m:
- 2.11 The amendments to the HRA Capital Programme (as set out in further detail in Section 12 of this report and Appendix 2) resulting in a revised budget of £30.502m:
- 2.12 Spend approval for the Capital Programme Schemes set out in Table 9 totalling £3.650m.

3 POLICY CONTEXT

- 3.1 The Council approved the 2022/23 Budget and Medium-Term Financial Strategy 2022/23 - 2024/25 in February 2022.

4 GENERAL FUND REVENUE

- 4.1 The forecast outturn as of Quarter 1 is a positive net variance of £0.558m and is broken down by service in the following table:

Table 1. General Fund Forecast 2022/23

| 2021/22 Outturn £m | | Budget £m | Forecast Outturn £m | Variance £m |
|--------------------------|--|------------------|---------------------------|----------------|
| 40.611 | Adult Care and Health Services | 43.391 | 43.955 | 0.564 |
| 24.252 | Economic Growth and Neighbourhood Services | 18.560 | 20.229 | 1.669 |
| 16.343 | Resources | 17.711 | 17.741 | 0.030 |
| 1.550 | Chief Executive Services | 1.540 | 1.574 | 0.034 |
| 0.684 | Children's Services retained by Council | 0.781 | 0.781 | 0.000 |
| 47.392 | Children's Services delivered by BfFC | 48.251 | 50.012 | 1.761 |
| 130.832 | Total Service Expenditure | 130.234 | 134.292 | 4.058 |
| 13.155 | Capital Financing Costs | 16.824 | 15.111 | (1.713) |
| 0.000 | Contingency | 3.627 | 0.000 | (3.627) |
| (1.298) | Other Corporate Budgets | (0.695) | 0.029 | 0.724 |
| 11.857 | Total Corporate Budgets | 19.756 | 15.140 | (4.616) |
| 142.689 | Net Budget Requirement | 149.990 | 149.432 | (0.558) |
| | | | | |
| | Financed by: | | | |
| (99.220) | Council Tax Income | (104.403) | (104.403) | 0.000 |
| (32.095) | NNDR Local Share | (26.510) | (26.510) | 0.000 |
| (2.108) | New Homes Bonus | (2.038) | (2.038) | 0.000 |
| (3.549) | Section 31 Grant | (12.580) | (15.580) | 0.000 |
| (2.040) | Revenue Support Grant | (2.108) | (2.108) | 0.000 |
| (6.739) | Other Government Grants | (2.404) | (2.404) | 0.000 |
| (0.415) | One-off Collection Fund Deficit | 19.981 | 19.981 | 0.000 |
| (0.000) | Section 31 Grants Released from Reserves | (19.928) | (19.928) | 0.000 |
| (146.166) | Total Funding | (149.990) | (149.990) | 0.000 |
| | | | | |
| (3.477) | Over / (under) Budget | 0.000 | (0.558) | (0.558) |

4.2 These variances have been categorised and summarised in the following table, which highlights that the Council is forecasting a total of £6.788m of pressures comprising:

- £1.819m of inflationary pressures, of which £1.434m relate to the latest employer's pay offer for 2022/23;
- £1.247m of demand pressures across adult's and children's social care;
- £2.521m of income pressures, predominantly within Economic Growth and Neighbourhood Services, partially due to the ongoing impacts of Covid-19 e.g. the reduced demand on car parking spaces;
- £1.201m of other expenditure pressures, primarily consisting of staffing and agency staffing pressures totalling £0.884m across Environmental & Commercial Services and Brighter Futures for Children.

4.3 These pressures are offset by a total of £7.346m of the following savings and contingencies:

- £1.225m of expenditure savings across services, mainly within Economic Growth and Neighbourhood Services and in particular Environmental and Commercial Services due to lower waste disposal tonnage levels and staffing vacancies;
- £0.571m of income savings across services, mainly due to £0.400m of additional grant income within BfFC;

- £1.713m of expenditure savings within Capital Financing Costs resulting from the 2021/22 Capital Programme Outturn position;
- £3.627m of unallocated Corporate Contingency;
- £0.210m of expenditure savings within Other Corporate Budgets.

4.4 The £1.434m of forecast pressures relating to the latest employers' pay offer will have an ongoing impact on the Council's Medium Term Financial Strategy as they are recurring pressures. The other pressures and savings will be reviewed to assess whether or not they are recurring and need to be addressed as part of the 2023/24 budget setting and 2023/24-2025/26 Medium Term Financial Strategy processes.

Table 2. General Fund Forecast Variance by Type 2022/23

| | Expenditure Pressures | | | Income Pressures | Total Pressures | Savings | | | Net Variance |
|--|-----------------------|--------------|--------------|------------------|-----------------|----------------|----------------|----------------|----------------|
| | Inflation | Demand | Other | | | Expenditure | Income | Total | |
| | £m | £m | £m | | | £m | £m | £m | |
| Adult Care and Health Services | 0.000 | 0.564 | 0.000 | 0.000 | 0.564 | 0.000 | 0.000 | 0.000 | 0.564 |
| Economic Growth and Neighbourhood Services | 0.185 | 0.000 | 0.720 | 2.152 | 3.057 | (1.217) | (0.171) | (1.388) | 1.669 |
| Resources | 0.000 | 0.000 | 0.007 | 0.031 | 0.038 | (0.008) | 0.000 | 0.000 | 0.030 |
| Chief Executive Services | 0.000 | 0.000 | 0.000 | 0.034 | 0.034 | 0.000 | 0.000 | 0.000 | 0.034 |
| Children's Services retained by Council | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Children's Services delivered by BFFC | 0.700 | 0.683 | 0.474 | 0.304 | 2.161 | 0.000 | (0.400) | 0.000 | 1.761 |
| Total Service Expenditure | 0.885 | 1.247 | 1.201 | 2.521 | 5.854 | (1.225) | (0.571) | (1.796) | 4.058 |
| Capital Financing Costs | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (1.713) | 0.000 | (1.713) | (1.713) |
| Contingency | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | (3.627) | 0.000 | (3.627) | (3.627) |
| Other Corporate Budgets | 0.934 | 0.000 | 0.000 | 0.000 | 0.934 | (0.210) | 0.000 | (0.210) | 0.724 |
| Total Corporate Budgets | 0.934 | 0.000 | 0.000 | 0.000 | 0.934 | (5.550) | 0.000 | (5.550) | (4.616) |
| Total | 1.819 | 1.247 | 1.201 | 2.521 | 6.788 | (6.775) | (0.571) | (7.346) | (0.558) |

Adult Care and Health Services - £0.564m adverse variance

4.5 Adult Care and Health Services is forecasting an adverse net variance of £0.564m at Quarter 1. This pressure relates to the current care cost forecast being £36.256m compared to a budget of £35.692m.

4.6 The forecast overspend includes a number of factors:

- 165 new packages have been raised since April 2022, of which 85 were in Period 1, which links to the end of the hospital discharge scheme funded through the Covid-19 pandemic. Funding was allocated for the start of 2022/23 to fund the final cases, which caused the higher than normal increase in numbers for April. Many of these service users will have now returned home or have a lower package of care. These figures also include the younger adults transitioning from children's social care to adult's social care, for which budgetary provision is included within the Medium Term Financial Strategy;
- The overall services users have increased from 1,552 at the start of 2022/23 to 1,578 at week 16 (21/07/2022), an increase of 26 users. This is the net impact, so although there have been 165 new packages, there has also been 139 service users leaving the care system;
- The forecast includes the assumption that all transformation and recovery savings will be achieved;
- Whilst the transformation & recovery initiatives implemented by the Directorate are delivering against plan, they are currently not mitigating the full impact of the demand. Further analysis of the demand will be undertaken during the next monitoring period to identify key themes.

Economic Growth and Neighbourhood Services - £1.669m adverse variance

4.7 Economic Growth and Neighbourhood Services is forecasting an adverse net variance of £1.669m at Quarter 1 as set out in the following paragraphs. The forecasts include the impact of £2.061m of savings being categorised as non-deliverable and £0.425m of savings being at risk of delivery.

Transportation - £0.593m adverse variance

4.8 This variance arises mostly from an anticipated income shortfall of £0.523m still attributable to the aftermath of Covid-19. Based on year-to-date activity levels in parking and traffic enforcement, income levels as at Quarter 1 are above those in the same period last year and the recovery is gaining momentum, particularly for Off-Street Car Parking - the most material Parking income stream by budget. The table below shows the position since 2019/2020 the baseline year before the impact of the Covid Pandemic.

Table 3. Off Street Car Parking Income Trend

| Financial Year | Budget £m | Actual/Forecast £m | Variance £m |
|----------------|--------------|-----------------------|----------------|
| 2019/20 | (4.244) | (4.333) | (0.088) |
| 2020/21 | (4.734) | (1.183) | 3.551 |
| 2021/22 | (3.668) | (2.933) | 0.734 |
| 2022/23 | (4.126) | (3.564) | 0.562 |
| 2023/24 | (4.776) | | |

4.9 The adverse variance of £0.562m in Off-Street Car Parking is occurring despite a large increase in income compared to 2021/22. The income budget for this area was increased in 2022/23 towards pre-covid levels and whilst there has been increased

income compared to last year, the level of income has not yet returned to the pre-covid levels. Additionally, the ongoing cost of living crisis with high fuel costs has led to less visits to town centre and renting spaces to Royal Berkshire Hospital at Queens Road has not delivered the income anticipated due to the Hospital trialling other arrangements.

- 4.10 There is also a current forecast shortfall in income relating to Residents Parking Permits of £0.132m, however this is being closely monitored and it is hoped that this position will recover. Strategic Transportation is also forecasting further net pressures of £0.070m.
- 4.11 These pressures are partially offset by income overachievements on Bus Lane Enforcement (£0.088m) and On Street Pay & Display Car Parking of £0.083m.

Planning and Regulatory Services - £0.666m adverse variance

- 4.12 There is a forecast income shortfall of £0.638m across building control (£0.250m), premises license fees - Reading Festival variation (£0.066m), planning applications and planning fees (£0.127m), Houses of Multiple Occupancy (HMO) licences (£0.177m), and miscellaneous Fees & Charges (£0.018m). These income shortfalls are primarily arising from the ongoing Covid recovery as well as non-fee earning work on the Homes for Ukraine scheme which diverts officer time away from fee earning activities. Houses of Multiple Occupancy has a requirement to inspect homes under the Homes for Ukraine scheme, so this decision to undertake this work has a direct impact on the ability to generate income in this area. The Council receives income under the Homes for Ukraine scheme and it is being investigated as to whether this could be applied to cover the staffing costs of inspecting the properties.
- 4.13 The Building Control shortfall directly relates to the lack of staffing and a lack of availability of suitable agency staff to undertake the fee earning work. The £0.066m was built into the budget for Reading festival but that is entirely based on Festival Republic's need for a license variation which has not materialised in 2022/23, the need in future years is under discussion.
- 4.14 Planning applications and planning fees are market driven so it is difficult to control the level of fees particularly as the level of fee is statutorily set. Following on from the Covid recovery the supply chain issues around costs and availability of construction materials, plus skills shortages in the construction and design industry, is holding up the planning application process. Therefore, the ongoing uncertainty following on from the Covid pandemic and the ongoing Inflation and risk of recession is having a direct impact on fee generation that is likely to be an ongoing issue.
- 4.15 There are also forecast pressures relating to ongoing public enquiries arising within Planning, forecast at £0.150m for 2022/23. There are some residual costs from a previous prosecution with sentencing of the Plaintiff due to be heard in October 2022. One public enquiry has been withdrawn with one further public enquiry to be heard by April 2023 with spend likely to be incurred until Summer 2023.
- 4.16 These pressures are partially mitigated by a staffing underspend due to vacancies arising within the service and lack of suitable Agency staff - £0.122m.

Housing and Communities - balanced budget

- 4.17 An area of ongoing concern is the potential impact of the cost of living crisis on Homelessness budgets. Evictions have been steadily rising following on from the Covid restrictions being released. It is not yet clear the impact or the timing this will have but it is being closely monitored.

Culture - balanced budget

4.18 Culture is forecast to be on budget at Quarter 1. This is mainly due to pressures relating to contract inflation and the lower take up of services in the Reading Play Services being offset by underspends in the Archives service.

4.19 The forecast variance is comprised of the following elements:

- £0.035m pressures due to higher than anticipated contractual inflation within the GLL Leisure contract as this contract is based on CPI inflation as at March 2022;
- £0.060m of pressures in the Reading Play Services due to income delays, due to works still progressing at Palmer Park. The Service is also expecting a risk of staff costs rising due to the need for interims covering permanent posts;
- £0.015m positive variance due to salaries savings in Libraries and the Town Hall due to delays in recruitment;
- £0.080m positive variance for 2022/2023 on Reading's contribution to the joint arrangement for the Archives service.

Environmental and Commercial Services - £0.300m adverse variance

4.20 Streetscene is forecasting an overall net pressure of £0.250m. There is a forecast shortfall in income of £0.500m due to staffing shortages in the Arboricultural Team resulting in commercial work not being possible. There are also reductions in income from reduced grounds maintenance/commercial opportunities on industrial sites and New Build Housing developments, as the market continues to recover slowly to post covid levels. Vacancy levels are expected to create a £0.250m positive variance within this area, which will partially offset the shortfall of income.

4.21 Refuse Collection is presently forecasting pressures of £0.500m. This relates to employee costs as the service is continuing to employ over-establishment to ensure full-service delivery post pandemic. A mitigation plan has been drawn up to attempt to reduce these pressures in 2022/23, however with current sickness and absence levels combined with increased levels of agency staff and overtime, there is a high risk that this pressure will continue throughout the year.

4.22 Highways and Drainage is forecasting an adverse variance of £0.150m, due to the inflationary pressures leading to increased cost of direct materials, paying for waste disposal arising from our work programme and paying increased subcontractor rates.

4.23 Network Management is forecasting an adverse variance of £0.150m primarily due to a reduction in the income from the Pan Berkshire Urban Traffic Control joint arrangement which arose due to National Highways having pulled out of the scheme. There is a mitigation plan in place for 2023/24 onwards to offset this loss of income.

4.24 Within Waste Disposal overall tonnages are 5% down on expected levels, potentially linked to the economic downturn and residents returning to work, which has generated a forecast £0.750m positive variance expected to come from reduced waste disposal costs, as a result of less residual waste per household being presented for disposal.

Management & Sustainability - £0.110m adverse variance

4.25 The Business Development service is forecasting a pressure of £0.110m primarily due to the Covid impact on Advertising Income schemes. There have been delays in the planning agreements for some advertising sites, as well as contractual and developer

delays linked to reduced demand for use of advertising screens as an ongoing impact of the Covid-19 pandemic. Further planning consents are required before the income can be received, with further updates on progress due in September 2022, which could have an impact on the pressure in this budget extending into 2023/24. This service has recently transferred from Environmental and Commercial Services and was previously included as a pressure within that overall service forecast.

Resources

- 4.26 The Directorate of Resources is forecasting an adverse net variance of £0.030m at Quarter 1. This solely relates to pressures within Human Resources & Organisational Development which is forecasting an adverse net variance of £0.030m at Quarter 1, relating to Kennet Day Nursery income.

Chief Executive Services - £0.034m adverse variance

- 4.27 Chief Executive Services is forecasting an adverse net variance of £0.034m at Quarter 1. This solely relates to underachievement of advertising income within Communications.

Children's Services Delivered by Brighter Futures for Children (BFfC) - £1.761m adverse variance

- 4.28 BFfC are currently forecasting net budget pressures totalling of £1.761m.
- 4.29 There are total pressures of £2.161m consisting of:
- £0.500m due to forecast pay inflation being higher than the budgeted 2%;
 - £0.490m pressure on transport related budgets due to rising inflation of £0.200m and increasing SEN pupil numbers totalling £0.290m;
 - £0.384m due to agency staff within Children's Social Care. This pressure has arisen due to the additional cost of employing agency workers who are all covering vacant posts;
 - £0.393m due to demand for Children's Social Care. Most of this budget pressure relates to a single high cost placement;
 - £0.304m pressure on Children's Home income generation;
 - £0.090m pressure on interest charges.
- 4.30 These pressures are partially offset by additional Unaccompanied Asylum Seeking Children Grant from Central Government of £0.400m.
- 4.31 As at the end of Quarter 1, against a target of £1.175m, BFfC are reporting that £0.550m of savings have been delivered and are on track to deliver a further £0.625m by the end of the financial year.

Corporate Budgets - £4.616m positive variance

- 4.32 Capital Financing Costs are forecasting a positive net variance £1.713m taking into account the impact of the slippage on the Capital Programme reported in the 2021/22 Outturn Report.

- 4.33 The Corporate Contingency budget of £3.627m is currently not forecast to be used and therefore contributes a further positive variance.
- 4.34 Other Corporate Budgets are forecasting an adverse net variance of £0.724m. This is primarily due to a current forecast pressure of £0.934m relating to the 2022/23 pay award. A pay award of 2% was assumed as part of 2022/23 budget setting with additional provision made corporately to fund a pay award up to 4%. The pay offer made in July 2022 is estimated to cost an additional £1.434m above the amount budgeted (including the contingency) across the Council and BFfC. BFfC had included a forecast pressure of £0.500m in their forecast therefore the difference of £0.934m is included within the Corporate forecast. This forecast will be reviewed as more up to date information become available.
- 4.35 This pressure is partially offset by positive net variances of £0.210m within Other Corporate Budgets.

5 SAVINGS DELIVERY

- 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 2022. 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 2022/23 (a further detailed breakdown by saving is provided in Appendix 1):

Table 4. General Fund Savings Tracker Summary

| 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 | 0 | 676 | 39 | 1,020 | 1,735 |
| Economic Growth and Neighbourhood Services | 2,061 | 425 | 4,093 | 0 | 6,579 |
| Resources | 0 | 0 | 658 | 0 | 658 |
| Corporate | 0 | 77 | 0 | 0 | 77 |
| Children's Services delivered by BFfC | 0 | 0 | 625 | 550 | 1,175 |
| Total | 2,061 | 1,178 | 5,415 | 1,570 | 10,224 |

- 5.4 Any savings not delivered in 2022/23 will cause an immediate pressure on 2023/24 unless mitigated with alternative ongoing savings. Delivery of existing savings within the Medium-Term Financial Strategy will also be reviewed as part of the 2023/24 Budget setting and 2023/24-2025/26 Medium-Term Financial Strategy processes over the upcoming months.

6 DELIVERY FUND

- 6.1 There is a total £4.065m Delivery Fund available for 2022/23 (inclusive of 2021/22 approved carry forwards). At Quarter 1, £2.051m of this funding has been allocated out to approved schemes, leaving £2.014m available to be allocated.

7 SUNDRY DEBT

- 7.1 Total General Fund sundry debt, over 30 days old, as at the end of Quarter 1 is £9.075m, compared to £8.005m as at the end of 2021/22. The following table shows the outstanding debt over 30 days old as at the end of June 2022:

Table 5. Outstanding Debt Over 30 Days Old

| | Under 1 month £000 | 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 Overdue Debt £000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-------------------------|-------------------------|----------------------------------|
| Adult Care & Health Services | 275 | 166 | 168 | 672 | 533 | 1,347 | 2,722 | 5,883 |
| Economic Growth & Neighbourhood Services | 344 | 256 | 315 | 132 | 170 | 391 | 787 | 2,395 |
| Resources | 43 | 238 | 24 | 6 | 31 | 2 | 129 | 473 |
| Chief Executive | - | - | - | 1 | - | - | - | 1 |
| Former Children's Services | - | - | - | - | 81 | 111 | 27 | 219 |
| Corporate | - | - | - | - | - | - | 104 | 104 |
| Total General Fund | 662 | 660 | 507 | 811 | 815 | 1,851 | 3,769 | 9,075 |
| Housing Revenue Account | 4 | - | 2 | 2 | 7 | 2 | 18 | 31 |
| Intercompany Debt | - | - | - | - | - | - | 1,435 | 1,435 |
| Total Including HRA and Intercompany | 666 | 660 | 509 | 813 | 822 | 1,853 | 5,222 | 10,541 |

- 7.2 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 6. Outstanding Intercompany Debtors

| Debtor | Outstanding Debt £ |
|---|-----------------------|
| Reading Transport Ltd | 0 |
| Homes for Reading Ltd | 1,435,264 |
| Brighter Futures for Children | 0 |
| Total Outstanding Debt from Intercompany Debtors | 1,435,264 |

- 7.3 The outstanding debt relating to Homes for Reading Ltd (HfR) is due to the company's cashflow pressures. A repayment profile had been proposed and the first payment was made in 2021/2022. Formal ratification of the repayment schedule is being taken to the next Homes for Reading board meeting in October 2022.

8 DEBT WRITE-OFF

- 8.1 Having complied with the requirements of the Council's Debt Management Strategy, all recovery activity has been exhausted and the Director of Finance recommends that the total amounts submitted to the Committee for write-off for cases above £20,000 are:
- Non-Domestic Rates - £58,562.68;
 - Housing Benefit Overpayments - £25,944.98.
- 8.2 The list of specific debts requested to be written-off are set out in Appendix 5. It is considered that information contained within Appendix 5 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.
- 8.3 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.
- 8.4 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%).
- 8.5 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.
- 8.6 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.

9 STAFFING

- 9.1 The Council currently has 92 agency contracts across the directorates. £0.151m has been spent on overtime during Quarter 1.
- 9.2 There has been one redundancy to date during 2022/23 at a total cost of £0.053m, there have also been additional severance costs incurred to date of £0.009m. Redundancy expenditure will be funded through the redundancy revenue reserve.

10 COLLECTION FUND

The following table shows the Council's collection rate to date of the total annual debit for Council Tax and Non-Domestic (Business) Rates as at the end of Quarter 1 and are still behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20).

Table 7. Collection Fund Collection Rates

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Comparison to 2021/22 | Comparison to 2019/20 |
|--------------------|---------|---------|---------|---------|-----------------------|-----------------------|
| | % | % | % | % | % | % |
| Council Tax | 37.81 | 37.26 | 37.19 | 37.01 | (0.18) | (0.80) |
| Non-Domestic Rates | 36.67 | 32.82 | 29.86 | 36.44 | 6.58 | (0.23) |

11 HOUSING REVENUE ACCOUNT (HRA)

- 11.1 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.083m. At Quarter 1 the forecast revenue outturn position on the HRA is a positive net variance to budget of £2.505m. Therefore, a transfer to the HRA Reserve is forecast of £0.422m rather than the originally budgeted £2.083m draw down from reserves. The breakdown of the net variance is set out in the following table and explained below.

Table 8. Housing Revenue Account Forecast 2022/23

| | Budget £m | Forecast Outturn £m | Variance £m |
|---------------------------------|--------------|------------------------|----------------|
| Management & Supervision | 9.840 | 8.595 | (1.245) |
| Special Services | 3.454 | 3.203 | (0.251) |
| Provision for Bad Debts | 0.753 | 0.753 | 0.000 |
| Responsive Repairs | 3.429 | 3.429 | 0.000 |
| Planned Maintenance | 2.403 | 2.403 | 0.000 |
| Major Repairs/Depreciation | 11.616 | 11.616 | 0.000 |
| Debt Costs | 6.741 | 5.622 | (1.119) |
| PFI Costs | 7.197 | 7.197 | 0.000 |
| Revenue Contribution to Capital | 0.600 | 0.600 | 0.000 |
| HRA Income | (43.950) | (43.840) | 0.110 |
| Over/(Under) Budget | 2.083 | (0.422) | (2.505) |
| Movement to/(from) HRA Reserve | (2.083) | 0.422 | 2.505 |

- 11.2 Within Management and Supervision and Special Services there are a large number of vacant posts leading to a current projected positive variance of £0.681m. Additionally, the expected charge to the HRA for the central support costs is currently expected to be around £0.815m less than the maximum budget for these charges available within the HRA. A review of the HRA contribution towards General Fund capital schemes is programmed for Autumn 2022 and any changes will be factored into the updated HRA Business Plan and future year budgets.
- 11.3 Debt costs are forecast to be lower than budgeted by £1.119m due to less borrowing currently being required within the HRA to meet its capital expenditure as planned expenditure has been re-programmed into future years.
- 11.4 HRA Income is forecast to be under budget by £0.110m. This is due to;
- Dwelling Rents and Service Charges are currently projected to be slightly under budget by a total of £0.344m. It is likely that income in this area could pick up during the year as more new flats and houses come onstream and the rents for these properties become collectable. This underachievement is slightly offset by a £0.019m overachievement forecast on Other Income.

- Interest income is forecast to be overachieved by £0.215m as the HRA has a higher level of reserve balances than anticipated so it takes a higher share of the interest income on those balances. The recent increases in the Bank of England interest rate have helped push the income up slightly too.

12 CAPITAL PROGRAMME

General Fund

- 12.1 The General Fund Capital Programme for 2022/23 has an approved budget of £131.766m. The following amendments to the Capital Programme are requested to be formally approved which would result in a revised Capital Programme budget of £115.980m. These amendments are set out on an individual scheme basis in Appendix 2.

Table 9. General Fund Capital Programme Amendments

| Approved Budget | Budget Movements Between Schemes | Additional Budgets added to the Programme - Funded by Grants & Contributions | Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing | Reduced Budgets - Completed Schemes & Other carry forward budget adjustments | Budgets reprogrammed (to)/from Future Years | Revised Budget Quarter 1 2022/23 |
|-----------------|----------------------------------|--|--|--|---|----------------------------------|
| £m | £m | £m | £m | £m | £m | £m |
| 131.766 | 0.000 | 4.101 | 0.384 | (3.963) | (16.308) | 115.980 |

- 12.2 A total of £4.101m of additional budgets that are fully funded by grants and contributions are requested to be formally added into the Capital Programme. These additions include:

- £1.200m for Reading West Station to reflect the additional funding granted to cover the shortfall in the project delivery. The additional sums are from Great Western Railway of £1.000m plus an additional £0.200m from the Council's Integrated Transport Grant;
- £1.969m for Construction of Green Park Station reflecting the additional funding received from Network Rail and Great Western Railways to complete the scheme at Green Park Station;
- £0.664m for s106 Individual Schemes List to reflect the spend approvals given as part of the Allocation of s106 Funding for Transport & Highways Schemes 2022/23 approved at Strategic Environment, Planning & Transport Committee in July 2022;
- £0.062m for Tilehurst Library Works to reflect the additional Arts Council England (ACE) Grant allocation as approved by Housing Neighbourhoods & Leisure Committee in June 2022;
- £0.206m for Annual Bridges and Carriage Way Works Programme & Highway Infrastructure Works to reflect additional s106 funding relating to Station Hill.

- 12.3 A total of £0.384m of additional budget relating to the Education Management System scheme is requested to be formally added into the Capital Programme to reflect the spend approval given by Policy Committee in April 2022.
- 12.4 A total of £3.963m of budget reductions are requested to be formally approved as set out in Appendix 2 due to a number of schemes having finished and remaining funding brought forward into 2022/23 not being required.
- 12.5 A total of £16.308m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme in line with the latest delivery forecasts. This includes:
- £1.050m for Central Library - Reconfiguration/Refurbishment Feasibility. This budget has been submitted as match funding in the Council's Levelling up Fund (LUF) bid for the Culture projects for the new theatre at the Hexagon and the Library moving to the Civic Centre. Announcements on funding are due in Autumn 2022 and if granted then this full amount would be required for the LUF project with scheme delivery due to commence in 2023 and into 2024. To reflect this scheme timeline, the full amount of £1.050m is requested to be reprofiled into 2023/24;
 - £2.031m for Replacement Vehicles. The programme of replacement of vehicles has a long lead in time due to the complexity of many of the vehicles required, the reprogramming of £2.031m from 2022/23 to 2023/24 reflects the expected delivery of a number of vehicles in September 2023. The remaining budget within 2022/23 is sufficient to meet the expected delivery of vehicles in this financial year including 5 new Electric Refuse vehicles;
 - £2.600m for Regeneration Projects. This budget relates to schemes within the Regeneration of Reading which includes the Minster Quarter programme which are well progressed, with the Prior Information Notice (PIN) for this scheme being issued in August 2022 inviting tenders from developers to become delivery partners. The reprofiling of £2.600m of budget from 2022/23 into 2023/24 reflects that expenditure works for schemes within the Minster Quarter as well as wider works in Reading will not be required until 2023/24 or later as schemes develop further;
 - £2.436m across Education Schemes to reflect the re-programming of fully grant funded schemes;
 - £7.500m for Loan to RTL (Bus Replacement Programme) to reflect the updated Bus Replacement Programme delivery schedule as advised by RTL;
 - £0.691m across other schemes.
- 12.6 It was approved as part of the 2021/22 Outturn Report that £3.127m of the 2021/22 positive net variance would be transferred to the Capital Financing Smoothing Reserve to fund capital projects that were on hold in 2022/23 pending identification of funding.
- 12.7 It is requested that the following schemes are now given spend approval as they will be funded from the Capital Financing Smoothing Reserve (£3.127m from the 2021/22 roll-forward and £0.523m from the existing reserve balance:

Table 10. Capital Programme Spend Approval Requests

| Scheme | Budget £m |
|--|----------------------|
| 1 Dunsfold fit out for family contact centre | 0.350 |

| | |
|--|--------------|
| Katesgrove Community & YOS Refurbishment | 0.750 |
| Town Hall Equipment | 0.205 |
| Berkshire Record Office | 0.232 |
| Digitised TROs | 0.150 |
| Replacement Vehicles | 0.513 |
| Bennet Road EV Chargers | 1.280 |
| Hexagon Lighting | 0.150 |
| Prospect Park | 0.020 |
| Total | 3.650 |

Housing Revenue Account (HRA)

- 12.8 The HRA Capital Programme for 2022/23 has an approved budget of £42.796m. The following amendments to the Capital Programme are requested to be formally approved which would result in a revised Capital Programme budget of £30.502m. These amendments are set out on an individual scheme basis in Appendix 2.

Table 11. Housing Revenue Account (HRA) Capital Programme Amendments

| Approved Budget | Budget Movements Between Schemes | Additional Budgets added to the Programme - Funded by Grants & Contributions | Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing | Reduced Budgets - Completed Schemes & Other carry forward budget adjustments | Budgets reprogrammed (to)/from Future Years | Revised Budget Quarter 1 2022/23 |
|-----------------|----------------------------------|--|--|--|---|----------------------------------|
| £m | £m | £m | £m | £m | £m | £m |
| 42.796 | 0.000 | 0.000 | 0.000 | 0.000 | (12.294) | 30.502 |

- 12.9 A total of £12.294m of budgets are requested to be reprogrammed from 2022/23 into future years of the HRA Capital Programme in line with the latest delivery forecasts. This includes:

- £0.748m for Major Repairs - Existing Homes Renewal due to a lack of staffing resources and procurement issues;
- £5.999m for Major Repairs - Zero Carbon Retrofit Works due to a lack of staffing resources and procurement issues;
- £0.131m for Local Authority New Build Programme for Older People and Vulnerable Adults;
- £5.416m for New Build & Acquisitions to reflect the updated planned programme of works.

13 CORPORATE PLAN PERFORMANCE

- 13.1 A new three-year Corporate Plan for 2022/23-2024/25 was published in March 2022, and a revised set of 58 performance measures were developed for monitoring from April 2022, along with a set of 52 key projects and initiatives which are helping to deliver the Council's mission and priorities. 31 of the performance measures are annual measures that will not be reported on until after March 2023.

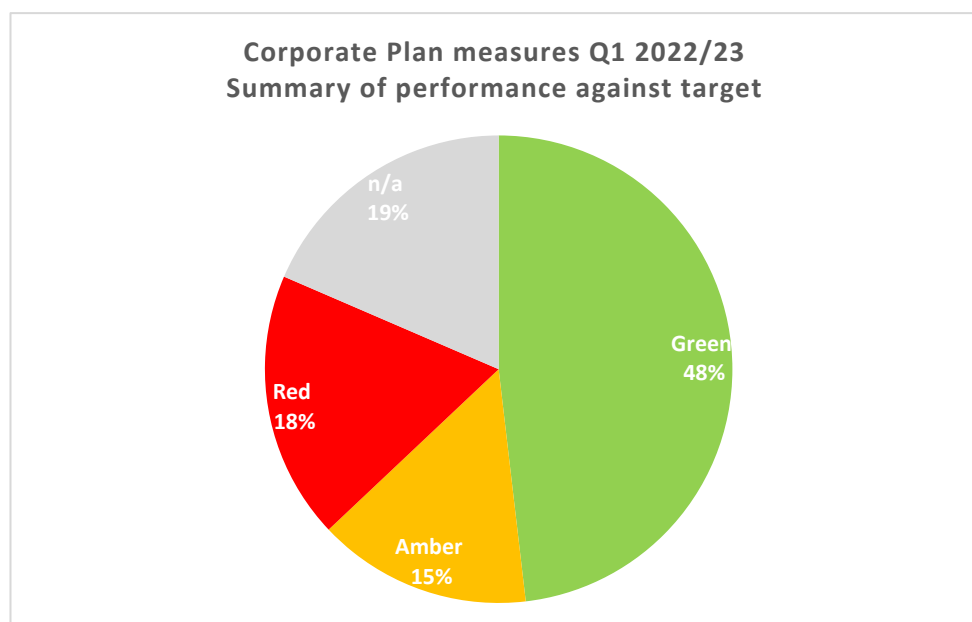
- 13.2 These measures and projects were identified by directorates as those that best demonstrate progress in achieving key outcomes. This report is therefore intended to provide an overview of the contribution that the Council makes across all its activities to improving Reading as a place to live, work and visit.
- 13.3 The performance measures and projects are set against each of themes of the Corporate Plan for 2022/23-2024/25:
- Healthy environment
 - Thriving communities
 - Inclusive economy
- 13.4 The tables below present a summary of performance for Quarter 1 against the target for each of the measures. Direction of travel will be reported next quarter.
- 13.5 The set of monthly/quarterly measures is attached at Appendix 3. For the Corporate Plan projects, a summary of the RAG status is provided below. The full list of projects is provided at Appendix 4.

Corporate Plan Measures

- 13.6 The RAG status for the Corporate Plan measures is shown below. Future reports will show the change in RAG status from the previous period.

Table 12. Summary of Performance Against target¹

| | Number of Measures | Q1 % |
|----------------------------|--------------------|------------|
| Green | 13 | 48 |
| Amber | 4 | 15 |
| Red | 5 | 18 |
| N/A - No Target/Comparison | 5 | 19 |
| Total | 27 | 100 |



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

13.7 The five Corporate Plan measures recorded with a Red status against 2022/23 targets are listed below. Explanatory commentary is included where appropriate in Appendix 3.

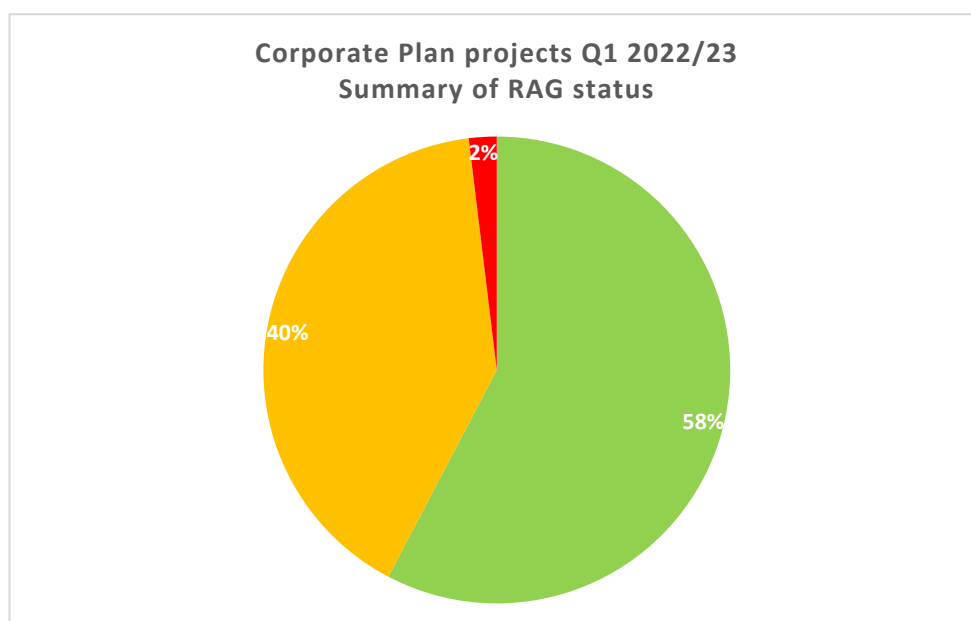
- Food waste recycled (percentage of household waste)
- Percentage of children in care living more than 20 miles from Reading
- Number of carers supported to maintain their caring role
- Customer satisfaction in the Customer Fulfilment Centre
- Number of self- service transactions via My Account self- service

Corporate Plan Projects

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

Table 13. Summary of RAG Status

| | Number of Projects | Q1 % |
|----------------------------|--------------------|------------|
| Green | 30 | 58 |
| Amber | 21 | 40 |
| Red | 1 | 2 |
| N/A - No Target/Comparison | 0 | 0 |
| Total | 52 | 100 |



13.9 The Corporate Plan project recorded with a Red status this quarter is “Create a workforce that is fully representative of the population we serve”. Explanatory commentary is included where appropriate in Appendix 4.

14 CONTRIBUTION TO STRATEGIC AIMS

14.1 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.
- 14.2 Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.
- 14.3 Full details of the Council's [Corporate Plan](#) are available on the website.

15 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 15.1 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 3).
- 15.2 There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

16 COMMUNITY ENGAGEMENT AND INFORMATION

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

17 EQUALITY IMPACT ASSESSMENT

- 17.1 The equality duty is relevant to the development of the Budget and Corporate Plan. The specific savings and income proposals included in the budget are subject to consultation and equality impact assessments where required and these are being progressed as appropriate.

18 LEGAL IMPLICATIONS

- 18.1 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.
- 18.2 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.

19 FINANCIAL IMPLICATIONS

- 19.1 The financial implications are set out in the body of this report.
- 19.2 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.

20 BACKGROUND PAPERS

20.1 None.