

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

<b>TO:</b>	<b>POLICY COMMITTEE</b>		
<b>DATE:</b>	<b>11 MARCH 2019</b>		
<b>TITLE:</b>	<b>QUARTER 3 PERFORMANCE MONITORING REPORT</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLORS BROCK AND LOVELOCK</b>	<b>PORTFOLIO:</b>	<b>CORPORATE &amp; CONSUMER SERVICES</b>
<b>SERVICE:</b>	<b>FINANCE AND CUSTOMER SERVICES</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
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**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report sets out the projected revenue and capital outturn positions for 2018/19 as at the end of December 2018 (Quarter 3).
- 1.2 The report also sets out performance for the first three quarters against the measures of success published in the Council's Corporate Plan.

The Corporate Plan sets out:

- The context for service delivery;
- The Council's contribution to Shaping Readings Future; and
- The measures the Council will use to show the difference it is making.

Hence the Corporate Plan informs the Council's allocation of resources, its Medium Term Financial Strategy and budget setting process.

- 1.3 The detail supporting this report are included in two appendices:
- Appendix 1 - Financial Monitoring for Quarter 3, and
  - Appendix 2 - Performance Monitoring for Quarter 3

## **2. RECOMMENDED ACTION - That the Policy Committee notes:**

- 2.1** The forecast General Fund outturn position as at the end of December 2018 is an overspend of £1.511m excluding the use of contingency.
- 2.2** The forecast outturn position on the Housing Revenue Account as at the end of December 2018 is a projected underspend of £2.069m.
- 2.3** The forecast outturn position on the Capital Programme as at the end of December 2018, is a projected underspend of £6.330m for the General Fund and £5.708m for the Housing Revenue Account.
- 2.4** The performance achieved against the Corporate Plan success measures as set out in paragraphs 7.2-7.6 and Appendix 2 attached and
- 2.5** Approve the re-profiling of the 2018 capital budget, for the 'Purchase of Commercial Property' within the General Fund Capital Programme 2019. Further details are set out in paragraph 6.1.

## **3. POLICY CONTEXT**

- 3.1** Council in June 2018 approved Shaping Reading's Future - Our Corporate Plan 2018-21. The Plan reflects the Council's priorities for Reading and provides direction for staff in delivering services to meet the needs of the communities within the Borough whilst working to a budget and Medium Term Financial Strategy (MTFS) agreed at Council in February 2018.

## **4. Financial Performance**

### **General Fund**

- 4.1** The forecast outturn shows a projected overspend on the General Fund as at the end of period 9 (December) of £1.511m - an increase of £0.036m since that previously reported at the end of Period 8. Weighted risks have increased from £0.324m to £0.648m since the last period. Should all the weighted risks and opportunities materialise then the current projected overspend would increase to £2.159m.
- 4.2** The Environment and Neighbourhood Services projected overspend of £0.203m has increased by £0.029m from the end of period 8. The directorate is also reporting weighted risks of £0.290m.
- 4.3** The forecast for the Resources Directorate is a £0.059m overspend, which is a slight decrease from £0.060m at the end of period 8.
- 4.4** On 1st December 2018 the Council incorporated a Local Authority Company, Brighter Futures for Children, to provide services previously provided directly by the Council. For the purposes of this report, Children's Services have continued to be reported on one line as the Directorate of Childrens, Education & Early Help.

- 4.5 The Childrens, Education and Early Help forecast overspend has risen in month from £1.427m to £1.443m. The majority of the £1.443m projected variance relates to the Children's Social Care Team - £1.160m for LAC placements and £0.330m relating to agency staffing costs. Education and Early Help services are reporting variances that offset each other.
- 4.6 The forecast for the Corporate Items area is a £0.015m overspend, which is unchanged from that reported for period 8.
- 4.7 Gross risks being reported in period 9 have decreased from £1.705m to £1.483m, however potential opportunities have also decreased from £1.019m to £0.310m. Applying a risk-weighting to this net position has seen the weighted risks increase from £0.324m to £0.648m.
- 4.8 Of the £17.278m of planned savings due to be delivered in 2018/19, £13.210m are reported as R-A-G status green, £1.364m as amber with the remainder as red.
- 4.9 In addition to the planned 2018/19 savings, a further £0.897m of savings remained to be delivered in 2017/18 and have thus been brought forward into 2018/19 - of these £0.130m are amber and the remaining £0.767m are red.
- 4.10 Sundry debt as at the end of period 9 is £8.791, a decrease of £0.692m from period 8. £2.478m relates to invoices raised within the last 30 days leaving outstanding debt (30+ days) of £6.313m. The majority of debt over 121 days is Adult Social Care debt and to help address this, the Accounts Receivable Team is working with the department and the Legal Team to review debt monthly. Currently there is a total of £0.115m identified to be written off, payment agreements are in place for £0.186m and a further £0.662m of debt is secured against a property (Deferred Payment Agreements).
- 4.11 Purchase to Pay is showing an average compliance of 72% across services, which has decreased from 76% in the previous period. The Council has 114 agency contracts as at the end of period 9 and has spent £0.864m on overtime since April 2018. Redundancy costs up to the end of period 9 presently amount to £0.827m relating to 29 posts.

## **5. Housing Revenue Account**

- 5.1 The Housing Revenue Account is forecasting a £2.069m underspend at the end of December 2018 due to rent collection rates being higher than budgeted, expenditure on reactive and planned maintenance being underspent and staff vacancies in the Sheltered Housing Team. This underspend will be moved to the HRA reserve at the end of the year as the account is ring-fenced from the General Fund.

## **6. Capital Programme**

- 6.1 The General Fund Capital Programme is forecast to underspend in 2018/19 by £6.3m, which is predominantly the result of slippage on two larger schemes (ICT Technical Infrastructure - £1.8m and phase three of the Accommodation

Review - £1.9m) from 2018/19 into future years. There is also a reported underspend against the 'General Fund New Build and Acquisition' capital scheme. Following a review of the nature of the expenditure against this scheme, approval has been sought, as part of the Medium Term Financial Strategy, to transfer the approved budget from the General Fund Capital Programme to the Housing Revenue Account Capital Programme. Whilst overall expenditure to date is low, it is anticipated the rate of expenditure will increase towards the latter part of the financial year, which is the usual profile for capital expenditure.

At the time of reporting, the 'Purchase of Commercial Property' capital scheme has an approved budget of £50m for 2018-19. Officers have been actively reviewing a number of opportunities but it now looks increasingly likely that the completion of any purchases will be deferred into the 2019-20 financial year. Therefore, it is recommended that the budget is slipped from 2018-19 into the 2019-20 financial year.

In addition this month two new capital schemes, which are fully funded by external grants, have been included as part of the Capital Programme. The first is to retrofit 96 buses in order to tackle roadside-nitrogen-dioxide exceedances and officers will work in partnership with Reading Transport Limited to implement the scheme totalling £1.5m. The second is a rogue landlord enforcement grant, which includes a capital allocation of £0.075m to adopt an automated application sifting process. These grants are not ring-fenced and can be spent in future years.

- 6.2 The Housing Revenue Account Capital Programme is also currently projected to have slippage of £5.708m to future years. This slippage predominantly relates to New Builds and Acquisitions (£5.267m) due to delays in purchasing suitable stock to meet our one for one commitments and Major Works (£0.500m) due to the delay in appointing a contractor to deliver the Coley water mains scheme with minor variances on other schemes.

## 7. Corporate Plan Performance

- 7.1 Paragraphs 7.2 - 7.6 overleaf provide a summary of performance, as at the end of the third quarter, against the success measures published in the Corporate Plan to monitor progress against the Council's six priorities. The tables below highlight where there have been key shifts in performance and show significant variation from the target set.

The full suite of twenty nine measures and progress against targets as at the end of December 2018 are set out in Appendix 2 attached.

The overall RAG Status of these indicators is as follows:

- 8 measures are Green;
- 3 Measures are Amber;
- 11 measures are Red<sup>1</sup>.

A summary of the overall shifts in performance from the second quarter<sup>2</sup> are as follows:

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<sup>1</sup> For 4 of these measures this is the status reported for Quarter 2 as data has not been updated

<sup>2</sup> 7 measures in the set are reported annually, therefore in year data is not available. For 4 measures relating to Children & Education Services results are outstanding for quarter 3, therefore these measures are excluded from the summary.

- 14 measures have improved;
- 5 measures are static (4 relate to Children's and Education due to no quarter 3 update);
- 3 measures show a dip in performance from the second quarter. However, two are still expected to achieve the targets set (delayed transfers of care and customer satisfaction).

## 7.2 Securing the economic success of Reading

Measure	2017/18 Outturn	2018/19 Q2	2018/19 Q3	2018/19 Target	Performance against target
Improvements					
The percentage of people who are economically active	79.6%	78.7%	79.8%	79.7%	The percentage of economically active people in Reading has marginally increased over the past 3 months. Reading continues to be below the average for the South East region. Latest data covers the period to September 18.

## 7.3 Ensuring access to decent housing to meet local needs

Measure	2017/18 Outturn	2018/19 Q2	2018/19 Q3	2018/19 Target	Performance against target
Improvements					
Numbers of families in bed & breakfast accommodation (shared facilities)	17	5	0	0 (revised target)	Performance is continuing to improve, at end December there were 2 families in self-contained nightly paid accommodation, but none in shared facilities. Target of 12 has now been revised down to zero.
Total number of cases where positive action was successful in preventing homelessness - cumulative	371	245	341	375	On track to exceed the target set. The annual target will need to be revised in the context of the introduction of new statutory duties in April 2018 under the Homelessness Reduction Act.

#### 7.4 Protecting & enhancing the lives of vulnerable adults and children

Measure	2017/18 Outturn	2018/19 Q2	2018/19 Q3	2018/19 Target	Performance against target
Increased number of service users receiving direct payments	14.1%	17.10%	16.93%	20%	The percentage of clients with direct payments has dipped slightly this quarter. There is a project to focus on promoting independence through the use of Direct Payments
Improvements					
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Older People (65+)	560	296.48	341.71	550 per year per 100,000	Achieving Target. Cumulative total. There have been a number of individuals whose needs have required admission to Residential and Nursing placements. This is being monitored carefully via the Adult Social Care Performance Board.
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Younger people (18-64)	11.3	9.29	10.22	11.5 per 100,000	Analysis of the new admissions evidences the high level of need; temporary placement was made for crisis intervention and safety. From October 2018, all new admissions for under 65's will be signed off by Director.

#### 7.5 Keeping Reading's environment clean, green and safe

Measure	2017/18 Outturn	2018/19 Q2	2018/19 Q3	2018/19 Target	Performance against target
Percentage of household waste sent for re-use, recycling and composting	30.47%	30.25%	30.83%	39%	The low recycling rate corresponds to a reduction in the tonnage of garden waste due to the Winter season and a suspension of the service over Christmas.

## 7.6 Ensuring the Council is fit for the future

Measure	2017/18 Outturn	2018/19 Q2	2018/19 Q3	2018/19 Target	Performance against target
Percentage of Council Tax collected (cumulative)	96.6%	55.37%	82.61%	83.18% (Dec)  97.1%	Cumulative collection up to end December. We did not achieve the target set. <ul style="list-style-type: none"> <li>• Vacancy within recovery team now filled</li> <li>• All backlogs have been addressed and the focus is on plans to improve in-year collection performance</li> <li>• The council tax debit increased by £881k in April 18 through reductions in CTS (25%-35% scheme) which impacts working age claimants on low income, this is equivalent to 0.90% of the total debit, a proportion of this increase will be impacting on our overall collection results.</li> </ul>
Percentage of Business Rates collected (cumulative)	96.28%	53.98%	79.08%	81.40% (Dec)  97.25%	Cumulative collection up to end December. Target not achieved, collection is below the same period last year (81.30%). The internal transfer of RBC business rates was not completed within the period. This equates to approx. 3.3m and would boost collection by approx. 2.38%, not achieving the target is therefore due to RBC accounts not being paid in November. <ul style="list-style-type: none"> <li>• These balances have now been paid and improved collection should be reflected during the fourth quarter.</li> </ul>

## 8. CONTRIBUTION TO STRATEGIC AIMS

8.1 The Council's Corporate Plan priorities take account of our need to ensure that we are financially sustainable so that we can continue to shape and influence the future of Reading and play our part in protecting the most vulnerable and shaping the Town's future by:

- Securing the economic success of Reading;
- Improving access to decent housing to meet local needs;
- Protecting and enhancing the lives of vulnerable adults and children;
- Keeping Reading's environment clean, green and safe;
- Promoting great education, leisure and cultural opportunities for people in Reading; and
- Ensuring the Council is fit for the future.

Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

## **9. COMMUNITY ENGAGEMENT AND INFORMATION**

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

## **10. EQUALITY IMPACT ASSESSMENT**

- 10.1 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.

## **11. LEGAL IMPLICATIONS**

- 11.1 The Local Government Act 2003 requires that the Authority reviews its Budget throughout the year and takes any action it deems necessary to deal with the situation arising from monitoring. Currently monitoring reports are submitted to Policy Committee quarterly throughout the year and therefore comply with this requirement.
- 11.2 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.

## **12. FINANCIAL IMPLICATIONS**

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

## **13. BACKGROUND PAPERS**

- 13.1 Shaping Reading's Future - Our Corporate Plan 2018-21