

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	26 SEPTEMBER 2019		
TITLE:	QUARTER 1 2019-20 PERFORMANCE MONITORING REPORT		
LEAD COUNCILLOR:	COUNCILLOR	PORTFOLIO:	CORPORATE & CONSUMER SERVICES
SERVICE:	EMBERSON	WARDS:	BOROUGHWIDE
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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 2019/20 for both the General Fund and the Housing Revenue Accounts as at the end of June 2019 (Quarter 1).
- 1.2 The report also sets out performance for the first quarter against the measures of success published in the Council's Corporate Plan.

The Corporate Plan sets out:

- The Council's vision and priorities which provide the context for service delivery;
- How the Council works together with partners and our 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 1, and
 - Appendix 2 - Performance Monitoring for Quarter 1

2. RECOMMENDED ACTION

That the Policy Committee note:

- 2.1 The forecast General Fund revenue outturn position as at the end of June 2019 is a net underspend of £2.154m with weighted risks of £1.990m;
- 2.2 The forecast outturn position on the Housing Revenue Account as at the end of June 2019 is projected to be on budget.

- 2.3 That the forecast outturn on the Capital Programme as at the 30th June 2019 is a projected underspend of £106.4m for the General Fund and a projected underspend of £3.3m for the Housing Revenue Account, and
- 2.4 The performance achieved against the Corporate Plan success measures as set out in paragraphs 7.2-7.6 and Appendix 2 attached.

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 2019. An annual refresh of the Plan was published at Council in June 2019.

4. Financial Performance

General Fund

- 4.1 The forecast outturn shows a projected underspend on General Fund Budgets as at the end of period 3 (June) of (£2.154m). There are also weighted risks of £1.990m. Should all the weighted risks and opportunities materialise then the current projected underspend would decrease to £0.164m. There is further detail set out below.
- 4.2 Economic Growth and Neighbourhood Services (DEGNS) are projecting a net overspend of £1.025m against a budget of £20.824m, which is a decrease of £0.069m since period 2. There are net weighted risks of £0.281m, which have reduced by £0.153m since period 2. The projected overspend is a result of Planning and Regulatory Services forecasting an overspend of £0.145m due mainly to a shortfall in income from HMOs and an ongoing legal case with Great Western Railway. Cultural Services forecasting an overspend of £0.229m due to delays with the Town Hall Intensification project and underachievement of membership fees. Environmental and Commercial Services projecting a £0.505m overspend predominantly due to not achieving income targets in Business Development and Grounds Maintenance. Regeneration and Assets forecasting a £0.479m overspend due to a shortfall in commercial income and the DEGNS Directorate account projecting an overspend of £0.267m due to the new management structure. These costs are offset to some extent by Transportation forecasting an overachievement of parking income (£0.400m) and a (£0.200m) underspend on the Housing General Fund due to receipt of unbudgeted grants to be spent on homeless prevention and support.
- 4.3 The Resources Directorate is forecasting a £0.294m overspend against a budget of £15.114m, which is an increase of £0.094m since period 2. There is also a net weighted opportunity of £0.020m due to potential additional income on the Registrars' Service. The projected overspend is a consequence of Bereavement Services projecting a £0.200m underachievement of income due to the decrease in demand for the Cemeteries and Crematorium service. This is a continuing trend and will need to be addressed through the Medium Term Financial Strategy (MTFS) refresh. A £0.068m income pressure in the Joint

Legal Team due to additional income not being delivered according to plan and capacity requirements in the Elections Team increasing staffing costs above establishment resulting in a £0.026m pressure.

- 4.4 Adult Care and Health Services (DACHS) are forecasting an underspend of (£0.003m) against a budget of £35.880m. However, there are weighted risks of £0.069m relating to the digitisation saving which is at risk of non-delivery.
- 4.5 Brighter Futures for Children have reported a forecast underspend of (£0.040m) which is attributable to vacant posts (£0.074m) offset by an overspend of £0.034m relating to Facilities Management and property lease reviews. There are weighted risks of £1.660m of which £1.525m relate to Children's Social Services.
- 4.6 Corporate budgets are currently forecast to underspend by (£3.431m). Significant budget variations include management review £0.592m and Christmas leave savings £0.100m currently being shown as pressures (the latter based on 2018/19 take up). There is an estimated additional payment due to the Local Enterprise Partnership (LEP) of £0.971m offset by an upside on the S31 grant due to Business Rates Pooling (£2.824m). The current forecast is that contingency budgets (£2.343m) will not be used.
- 4.7 Gross risks being reported in period 3 have increased from £1.943m in period 2 to £3.591m, and potential opportunities have increased from none identified in period 2 to (£0.710m) in period 3. Applying a risk-weighting to this net position has seen the weighted risks increase from £1.176m to £1.990m.
- 4.8 Of the £9.559m of planned savings due to be delivered in 2019/20, £1.048m are reported as R-A-G-B status blue (delivered), £5.058m as green (on track), £1.496m as amber with the remainder £1.957m as red.
- 4.9 In addition to the planned 2019/20 savings, a further £2.104m of savings remained to be delivered from previous years and have been brought forward into 2019/20 - of these £0.126m are green, £0.520m are amber and the remaining £1.458m are red.
- 4.10 Sundry debt as at the end of period 3 is £16.879m, of which £9.520m relates to invoices raised within the last 30 days leaving outstanding debt (30+ days) of £7.359m. 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 £0.473m of debt secured against properties (Deferred Payment Agreements).
- 4.11 The Council has 76 agency contracts as at the end of period 3 and has spent £0.221m on overtime since April 2019. Redundancy costs presently amount to £0.266m relating to 11 posts.

5. Housing Revenue Account

- 5.1 The Housing Revenue Account is forecasting a breakeven position at the end of June 2019. Due to a change in treasury management policy on MRP, the HRA no longer needs the budgeted £3.8m for MRP. Instead this amount will be spent on improving the stock following the condition surveys.

6. Capital Programme

- 6.1 Policy Committee approved the roll forward (and back) of 2018/19 capital underspends on 15th July. They are incorporated into this report. As a consequence General Fund capital expenditure budgets have increased by £10.381m and HRA capital expenditure budgets by £3.677m.
- 6.2 Variations on a project-by-project level are set out in Appendix 2 to this report, with key variances set out below:

Discretionary General Fund Capital Programme

- Homes for Reading - the revised business model for the operation of the company anticipates no further acquisitions in year, and accordingly the originally budgeted expenditure of £15.370m for additional share capital and £16.350m capital loan is not forecast to be incurred in the current year. However, in re-basing the company's operating model, £7.000m of additional loans were approved in order to finance the redemption of previously issued shares. The additional loan counts as capital expenditure whilst the redemption of share capital is treated in accounting terms as a capital receipt.
- The budget for acquisition of commercial investment property was increased in late 2018/19 after which one purchase failed to progress following full due diligence, a second finally completed in early April 2019. The current projection assumes c£37m of additional acquisitions yet to be identified but it is unlikely the remaining c£80m of approved spend will be required. Forecasts will be updated in light of further opportunities materialising.

General Fund Capital Programme

- The approved £14.699m expenditure for the Green Park Station scheme is forecast to slip by £10.949m into future years. Works have been delayed primarily due to challenges with the design. Officers are working with the contractor and designer to mitigate further delays.
- The estimated cost for fleet vehicle replacement is expected to be £1.140m lower than the latest approved budget.
- £1.132m of slippage (to both capital expenditure and corresponding funding sources) is forecast against the South Reading MRT project due to delays with phase 3 construction and phase 4 procurement.
- Other net variances (underspends) against General Fund capital expenditure budgets of £0.611m are reported across a number of other schemes as set out in Appendix 2.
- Capital expenditure across the HRA is forecast to underspend in year by (£7.963m)- the most significant variances being £5.808m in year (against a budget of £8.864m) for the New Build and Acquisitions Scheme due to the withdrawal of the Swallowfield Lane development from the programme due to the tight timescales required by Homes England linked to the grant bid; and £1.799m (against a budget of £3.924m) relating to Fire Safety Works which

reflects a more realistic reprofiling of the necessary fire safety work over a four year period.

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 thirty nine¹ measures and progress against targets as at the end of June 2019 are set out in Appendix 2 attached.

The overall RAG Status of these indicators is as follows:

- 16 measures are Green;
- 11 Measures are Amber;
- 10 measures are Red

¹ 2 survey measures, which take place every two years, have no trend information so no status assigned

7.2 Securing the economic success of Reading

Measure	2018/19 Q1	2018/19 Result	2019/20 Q1	2019/20 Target	Performance against target
The percentage of people who are economically active	80.1%	80.7%	80.8%	80.9%	The percentage of economically active people in Reading has marginally increased over the past 3 months. Reading continues to be marginally below the average for the South East region. Latest data covers the period to April 18 - March 19.

7.3 Ensuring access to decent housing to meet local needs

Measure	2018/19 Q1	2018/19 Result	2019/20 Q1	2019/20 Target	Performance against target
Total number of cases where positive action was successful in preventing homelessness - cumulative	95	421	77	440	In addition a further 66 households had their circumstances resolved having become homeless. Number of preventions depends on many factors beyond our, including applicants individual circumstances and decisions made by landlords in the borough. Targeted work to reduce the use of temporary accommodation will contribute towards meeting this target.
Numbers of families in bed & breakfast accommodation (shared facilities)	19	0	0	0	Excellent Performance is maintained. Due to a successful homeless prevention work and the offer of suitable alternatives the number remains at 0.

7.4 Protecting & enhancing the lives of vulnerable adults and children

Measure	2018/19 Q1	2018/19 Result	2019/20 Q1	2019/20 Target	Performance against target
Increased number of service users (Adults) receiving direct payments (DP)	16%	17.9%	17.43%	22%	The percentage of people with a direct payment has remained static, with 12 new people getting a DP and 4 people where the DP was closed. There maintains a drive to increase Direct Payments with all new cases and at point of review for existing cases. This will be tracked and performance managed through the year.
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Older People (65+)	146	432	73.89	432	Progress against this target remains good and supports the RBC Adult Social Care ethos of helping people to return home first or utilising extra care facilities to maintain and promote independence and wellbeing.
Decrease the permanent new admissions to Residential or Nursing care per 100,000 population for Younger people (18-64)	11.3 (17/18)	13	0.92	13	Progress against this measure is very good with people assisted to live in their own homes wherever possible.

7.5 Keeping Reading's environment clean, green and safe

Measure	2018/19 Q1	2018/19 Result	2019/20 Q1	2019/20 Target	Performance against target
Percentage of household waste sent for re-use, recycling and composting	34%	32%	36%	35%	The recycling rate has increased, largely due to the new wood recycling contract in place.

7.6 Ensuring the Council is fit for the future

Measure	2018/19 Q1	2018/19 Result	2019/20 Q1	2019/20 Target	Performance against target
Percentage of Council Tax collected (cumulative)	28.7%	96.41%	28.65%	97% (29.28% June target)	0.63% under target, the result is also marginally behind last year (28.70%). We have identified 1 housing association with balances in excess of £100k outstanding as a result of an un-notified change in billing address. Once paid, this will improve collection by approx. 0.1% which should bring us ahead of collection last year but improvement needed to achieve annual target. We have seen the overall debit increase by £1.4m as a result of student exemptions expiring and awaiting information of new student occupants
Percentage of Business Rates collected (cumulative)	28.55%	97.89%	28.07%	97.25% (27.20% June target)	Ahead of target. Behind in comparison to last year (28.55%), however we have seen a greater increase in the total debit, an increase of £650k from the initial debit raised in April, compared to an increase of £348k in the same period last year.
Improve Customer Satisfaction with our front of house	86%	85%	93%	85%	Satisfaction with customer services, those rating the service excellent or good, has improved by 8% this quarter and is exceeding the target set.

8. CONTRIBUTION TO STRATEGIC AIMS

8.1 Our vision as Reading Borough Council is: to ensure that Reading realises its potential - and to ensure that everyone who lives and works here can share the benefits of its success. We have six priorities which contribute to delivering this vision. The priorities are set out below:

- 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 health, education, culture and wellbeing; 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

10.1 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.

10.3 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.

11. FINANCIAL IMPLICATIONS

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

12. BACKGROUND PAPERS

12.1 Shaping Reading's Future - Our Corporate Plan 2018-21, Annual refresh - spring 2019

12.2 2019/20 Budget and Medium Term Financial Strategy