



Civic Centre,
Arnot Hill Park,
Arnold,
Nottinghamshire,
NG5 6LU

Agenda

Cabinet

Date: **Thursday 25 June 2015**

Time: **12.30 pm**

Place: **Reception Room**

For any further information please contact:

Lyndsey Parnell

Senior Elections and Members' Services Officer

0115 901 3910

Cabinet

Membership

Chair Councillor John Clarke

Vice-Chair Councillor Michael Payne

Councillor Peter Barnes
Councillor David Ellis
Councillor Kathryn Fox
Councillor Jenny Hollingsworth
Councillor Henry Wheeler

Observers: Councillor Chris Barnfather

AGENDA

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Agenda Item 2

MINUTES CABINET

Thursday 23 April 2015

Councillor John Clarke (Chair)

Councillor Michael Payne
Councillor Peter Barnes
Councillor Kathryn Fox

Councillor Darrell Pulk
Councillor Henry Wheeler

Observers: Councillors Chris Barnfather and Paul Hughes

Officers in Attendance: J Robinson, H Barrington, S Bray, M Kimberley,
D Wakelin and L Mellors

221 APOLOGIES FOR ABSENCE.

None.

**222 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE
MEETING HELD ON 25 MARCH 2015.**

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record.

223 DECLARATION OF INTERESTS.

None.

224 DOMESTIC ABUSE REFUGE PROVISION IN NOTTINGHAMSHIRE

The Chief Executive introduced a report to approve an addition to the budget and the establishment of agreements with local housing authorities in Nottinghamshire to distribute grants to strengthen domestic abuse refuge services across Nottinghamshire.

RESOLVED to:

- 1) Approve the addition to the budget as detailed.
- 2) Approve the establishment of agreements between Gedling Borough Council and Nottinghamshire local housing authorities covering both their authorisation to hold and distribute the funding and to enter into Service Level Agreements with the providers.

225

REFRESH ORGANISATIONAL DEVELOPMENT PROGRAMME

The Chief Executive presented a report giving details of the new Refresh Organisational Development Programme.

RESOLVED to:

- 1) Endorse the establishment of a new organisational development programme as outlined in the report;
- 2) Request that the Chief Executive establishes a cross party member reference group to oversee the progress and impact of the programme, the membership of which is to be determined following Annual Council.

226

PROGRESS REPORTS FROM PORTFOLIO HOLDERS.

Councillor Peter Barnes (Environment)

- A successful event marking the opening of Gedling Country Park was recently held. It was planned to add additional car parking and temporary toilet facilities.
- There had been a recent improvement in employee sickness levels.
- The Parks and Street Care Team had recently carried out planting work for a new supermarket opening in Arnold.

Councillor Darrell Pulk (Leisure and Development)

- The challenge to the Aligned Core Strategy had been heard in court. The judgment was in the Council's favour

Councillor Kathryn Fox (Community Development)

- A number of schools and Gedling Homes had been involved in the Aviary Arts Project which is due to be completed shortly.
- A feasibility study had been carried out on the former Mineral railway line and it was expected that a report would be available soon.
- Artwork from the Calverton and Gedling Art Societies was being displayed in the Reception Room and in reception areas.

Councillor Henry Wheeler (Health and Housing)

- Demolition and building work at the former Grove site is ongoing.

- The Health and Wellbeing Group are drawing up a post-election training delivery programme for new members.
- Florence Orchard has been appointed as the permanent Chair of the Youth Council until 2016.

Councillor Michael Payne (Public Protection and Communications)

- A meeting with Nottingham City Council to discuss taxi licensing administration was recently held.

227 MEMBER'S QUESTIONS TO PORTFOLIO HOLDERS.

None.

228 ANY OTHER ITEMS THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 1.10 pm

Signed by Chair:
Date:

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Report to Cabinet

Subject: Adoption of the Gedling Borough Community Infrastructure Levy Charging Schedule

Date: 25 June 2015

Author: Planning Policy Manager

Wards Affected

Borough-wide

Purpose

To request that Council adopt and subsequently implement the Gedling Borough Community Infrastructure Levy Charging Schedule as supported by the findings of the independent examination into the submission of the Revised Draft Charging Schedule.

Key Decision

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more wards of the Borough.

Background

1. The Community Infrastructure Levy is a charge levied on new buildings and extensions to buildings according to their floor area and the money raised from the development helps to pay for the infrastructure to ensure the Borough grows sustainably.
2. In setting the Community Infrastructure Levy rate the Borough Council has aimed to strike an appropriate balance between:-
 - The desirability of funding from Community Infrastructure Levy (in whole or part) the actual and expected estimated total cost of infrastructure required to support the development of its area; and
 - The potential effects of the imposition of Community Infrastructure Levy on the economic viability of development across its area.

Proposal

3. The submission of the Gedling Borough Revised Draft Charging Schedule to the Secretary of State comprised the start of the examination process by the

appointed Planning Inspector. This examination took place on 3rd March 2015. Following this hearing session, the Inspector requested that the Council review the calculation of commercial Community Infrastructure Levy income; update the viability appraisal of the North of Papplewick Lane development site and supply a plan for the Gedling Colliery / Chase Farm development site.

4. These were provided to the Inspector and were consulted on between 9th and 23rd March 2015. One consultation response was received and the Borough Council's own response to this was forwarded to the Inspector.
5. The Inspector issued her report on 14th May 2015 and a copy is attached as **Appendix A**. The report concludes that the "Gedling Borough Council Revised Draft Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the Borough. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk." The Inspector considered that the Borough Council had been realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, whilst ensuring that a range of development remains viable across Gedling Borough. The Inspector concluded that the Gedling Borough Council Revised Draft Community Infrastructure Levy Charging Schedule satisfies the requirements of section 212 of the Planning Act 2008 and meets the criteria for viability in the 2010 Regulations (as amended).
6. The charges and zones of the Gedling Borough Community Infrastructure Levy Charging Schedule as endorsed by the Inspector is attached as **Appendix B**. The charging rates as supported by the Inspector include differential charging rates for residential development, based on three geographical areas: zone 1 at £0 per square metre (sqm), zone 2 at £45 per sqm and zone 3 at £70 per sqm; and a Borough wide charge of £60 per sqm for retail developments. A zero rate will apply to all other uses.
7. The Borough Council has produced a Regulation 123 list which sets out four specific projects that it intends to fund, partly or wholly, through Community Infrastructure Levy receipts. These projects were submitted as part of the submissions for the Community Infrastructure Levy Draft Charging Schedule examination. It was confirmed at the hearing session that these four projects have been prioritised over other infrastructure in the Infrastructure Delivery Plan because of their importance in assisting delivery of two of the strategic sites in the Aligned Core Strategy – Gedling Colliery / Chase Farm and Top Wighay Farm. The list includes the Gedling Access Road, Gedling Colliery Country Park visitor centre, and secondary school contributions for Gedling Colliery /Chase Farm and Top Wighay Farm strategic sites.
8. It is recognised that the Regulation 123 list is not exhaustive and may be subject to further change in the future but serves as a useful guide as to the direction the Borough Council envisages taking in providing for the delivery of infrastructure to support the development plan.

9. The Inspector has recommended that it would be prudent for the Borough to commence a review of the charging schedule within three years of adoption to ensure that the overall approaches taken remain valid, that development remains viable and that an appropriate balance is being struck.
10. It should be noted that minor editing changes may need to be made to the charging schedule, however these changes will not affect the content of the document and will be presentational only.
11. The Community Infrastructure Liability will be confirmed when planning permission is issued. The trigger for payment is the commencement of development, with some payments being made through instalments. The proposed instalment policy formed part of the supporting documentation for the Revised Draft Charging Schedule and is detailed at **Appendix B**.
12. The Borough may also make relief available for exceptional circumstances in its area, see **Appendix C**. The opportunity to do this will be following the adoption of the Charging Schedule. The Regulations on this matter make it clear that relief should only be granted in truly “exceptional circumstances”. The fact that a development might be unviable at the time a planning application is considered is unlikely to constitute an “exceptional circumstance” in relation to Community Infrastructure Levy Regulations.
13. Section 213(2) of the Planning Act 2008 provides that the Council can only approve the Charging Schedule at a meeting of Full Council and by a majority of votes of those Members present.

Next Steps

14. Many diverse factors come into play when considering implementation of the Community Infrastructure Levy and it is viewed that an interdepartmental approach with a cross council working group including representatives from planning, legal, finance and leisure will help facilitate the process.
15. It is the intention to draft a Supplementary Planning Document on Community Infrastructure Levy which will address the complex management and implementation issues of Community Infrastructure Levy. The importance to clearly set out how Community Infrastructure Levy and s106 will work alongside one another is recognised.
16. Careful management, publicity and the need to generally raise awareness of the introduction of charging the levy will be required as part of the implementation of the Community Infrastructure Levy.

Alternative Options

17. The alternative option is not to approve the adoption of the Gedling Borough Community Infrastructure Levy Charging Schedule. This option would mean that the Borough Council would be unable to collect monies from CIL to support infrastructure and growth projects on the Regulation 123 list. This would harm

the Borough Council's ability to deliver on its strategic objectives by delaying the delivery of new homes, holding back economic growth, and stalling regeneration.

Financial Implications

18. The cost of publishing the Gedling Borough Community Infrastructure Levy Charging Schedule in paper and electronic form is contained within the existing Planning Policy budget.
19. It has been identified that there would be a need to appointment a dedicated Community Infrastructure Levy / planning obligations monitoring officer. This officer would help progress Community Infrastructure Levy to implementation; prepare the Supplementary Planning Document on Community Infrastructure Levy and developer contributions; administer, record, collect, monitor and produce an annual report on Community Infrastructure Levy revenue and planning obligations; manage the spending of Community Infrastructure Levy revenue and take action against non-payment.
20. In terms of funding the new post, charging authorities can use funds from the levy to recover costs of administering the levy. The Regulations allow the Borough Council to spend upto 5% of its total levy receipts on administrative receipts.
21. Instalment of software is one further necessary cost which is currently being explored. One supplier has quoted in the region of £20,000 for the software with an annual management and hosting charge of £6000. Again it is anticipated that the annual hosting charge can be recovered from the CIL revenue.

Appendices

Appendix A – Inspector's Report dated 14th May 2015

Appendix B – Gedling Borough Community Infrastructure Levy Charging Schedule

Appendix C – Exceptional Circumstances Relief

Background Papers

None

Recommendation

That Cabinet:

- a) considers and agrees that the Gedling Community Infrastructure Levy Charging Schedule, as attached at **Appendix B** is submitted to Full Council for approval and that it should come into effect on 16 October 2015;
- b) recommends to Council that it delegates authority to the Corporate Director and the Chairman of Planning Committee to make any minor changes (e.g. typing errors, formatting and images) necessary prior to publication (such changes will not alter the content of **Appendix B**): and
- c) subject to Council approval of the Community Infrastructure Levy Charging Schedule, agrees that the Exceptional Circumstances Relief for CIL as attached at Appendix C shall be offered and that the Corporate Director be authorised to determine any applications for such relief

Reasons for Recommendations

The Gedling Community Infrastructure Levy Charging Schedule is a key document that will assist the delivery of the authority's pro-growth agenda.

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The Planning Inspectorate

Report to Gedling Borough Council

by Yvonne Wright BSc (Hons) Dip TP MSc DMS MRTPI

an Examiner appointed by the Council

Date: 14 May 2015

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

**REPORT ON THE EXAMINATION OF THE GEDLING BOROUGH COUNCIL
REVISED DRAFT COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE**

Charging Schedule submitted for examination on 22 December 2014.

Examination hearing held on 3 March 2015

File Ref: PINS/N3020/429/4

Non Technical Summary

This report concludes that the Gedling Borough Council Revised Draft Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the Borough. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

Introduction

1. This report contains my assessment of the Gedling Borough Council Revised Draft Community Infrastructure Levy (CIL) Charging Schedule in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with the Planning Practice Guidance (PPG).
2. To comply with the relevant legislation the local charging authority has to submit a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the district. The basis for the examination, on which a hearing was held on 3 March 2015, is the submitted schedule of December 2014. At the same time the Council published a statement of modifications, which was consulted on between 19 December 2014 and 23 January 2015. The examination is therefore of the December 2014 schedule as amended by the statement of modifications.
3. At the hearing I requested that the Council provide additional information as follows:
 - Update the calculation of retail CIL income;
 - Produce the viability appraisal for the north of Papplewick Lane strategic site;
 - Produce a plan showing the site boundary of the Gedling Colliery/Chase Farm strategic site.
4. These have been provided and were consulted on between 9 and 23 March 2015. One consultation response was received. The Council's own response to this was received on 26 March 2015. I have taken all consultation responses into account in writing this report.

5. The Council proposes to include differential charging rates for residential development, based on three geographical areas: zone 1 at £0 per square metre (sqm), zone 2 at £45 per sqm and zone 3 at £70 per sqm; and a Borough wide charge of £60 per sqm charge for retail developments. A zero rate would apply to all other uses.

Is the charging schedule supported by background documents containing appropriate available evidence?

Infrastructure planning evidence

6. The Greater Nottingham Broxtowe Borough, Gedling Borough, Nottingham City Aligned Core Strategies Part 1 (ACS) was adopted by Gedling Borough Council in September 2014. This sets out the main elements of growth, including the provision for a minimum of 7,250 new homes within the Borough between 2011 and 2028. This development will need to be supported by further infrastructure, including education, transport, open space / green infrastructure, community facilities and health. This is detailed within the Infrastructure Development Plan (IDP), which has been informed by appropriate consultations with service providers, such as Nottinghamshire County Council.
7. Central to the ACS approach of accommodating planned growth is the policy of urban concentration with regeneration, including the delivery of four strategic sites which alone would provide at least 2,730 new homes within the Borough. One of these sites, Teal Close has planning permission and land north of Papplewick Lane has a resolution to grant permission but the s106 agreement has not yet been signed.
8. The IDP broadly identifies the infrastructure that is likely to be required from the growth strategy set out within the ACS and was considered as part of the ACS Examination. The IDP includes an estimate for total infrastructure costs of about £88 million during the plan period up to 2028. The Council has determined the extent to which these projects could be delivered through funding sources other than CIL. The Council's assessment shows that there is a funding gap of at least £23.3 million (m) up to 2028.
9. The Council has produced a Regulation 123 list which sets out four specific projects that it intends to fund, partly or wholly, through CIL receipts. The Council confirmed during the hearing sessions that these four projects have been prioritised over other infrastructure within the IDP because of their importance in assisting delivery of two of the strategic sites – Gedling Colliery/Chase Farm and Top Wighay Farm. The list includes the Gedling Access Road, Gedling Colliery Country Park visitor centre, and secondary school contributions for the Gedling Colliery/Chase Farm and Top Wighay Farm strategic sites. The cost of the infrastructure identified in the list is around

£11.7m.

10. The Council originally estimated that its CIL receipts in the plan period would be around £7.2m. This omitted any receipts from the Top Wighay Farm site. However during the hearing the Council confirmed that the Top Wighay Farm site would now be eligible to pay CIL which would increase the receipts by around £4.3m. The total receipts from CIL would therefore increase from the estimated £7.2m as set out in the submitted document to around £11.5m.
11. The CIL revenue would therefore make a significant contribution towards filling the likely £23.3m funding gap. An element of the CIL revenue would be passed on to Parish Councils as is required under the CIL Regulations. The figures demonstrate the need to levy CIL.
12. It is not the purpose of the CIL examination to challenge the Regulation 123 list. Although a number of representations have sought revisions to the list to add other types of infrastructure projects, given the size of the overall funding gap for infrastructure alone, there are inevitably going to be some difficult decisions around prioritisation. In my view, the Council has clearly identified the key infrastructure required and the list provides transparency and clarity about the use of the CIL receipts. Furthermore, adding further infrastructure requirements would simply increase the already significant funding gap. Consequently, it would not lessen the justification for introducing a levy.

Economic viability evidence and approach to rate setting

13. The Council has produced viability evidence in the form of a CIL Viability Assessment (December 2014), supported by a Land and Value Appraisal Study update (April 2014), Construction Cost Study (March 2014) and Appraisal Results document (June 2014). For simplicity I refer to these documents collectively as the viability assessments (VA).
14. The assessments for both residential and commercial development are based on a residual valuation approach using industry standard assumptions for a range of factors including building costs and profit levels. In summary they seek to establish a residual value by subtracting all costs (except for land purchase) from the value of the completed development (the *gross development value*). The price at which a typical willing landowner would be prepared to sell the land (the *threshold* or *benchmark land value*) is then subtracted from the residual value to arrive at the *overage* or '*theoretical maximum charge*'. This is the sum from which the CIL charge can be taken provided that there is a sufficient viability buffer or margin.

15. The provision of a viability buffer is recommended by the PPG¹ so that the levy rate is not set at the margins of viability and is able to support development when economic circumstances adjust. This can also provide some degree of safeguard in the event that gross development values (GDV) have been over-estimated or costs under-estimated and to allow for variations in costs and values between sites.

Land values

16. The assumptions about land values have been based on various sources including the latest available versions of the Valuation Office Agency property market report 2011, Homes and Communities Agency building land report 2010 and other available information from locally active developers. The threshold land value, which represents the value at which a typical willing landowner is likely to release land for development, is based on the existing use value plus the premium (uplift in value) from obtaining planning permission.
17. This methodology accords with the recommended '*premium over current use values*' approach cited within the Viability Testing Local Plans June 2012 document (the Harman report).
18. Queries have also been raised regarding the proportion of gross to net developable area used in the VA for the Top Wighay Farm strategic site. The VA assumes that 25% of the gross site area would be utilised for major infrastructure including spine roads and strategic open space, leaving 75% of the total area developable. The Council considers that an average density of 28 homes per hectare would be achieved on the net developable site area of 75% and that this would include minor infrastructure such as residential roads. Although some representors have argued that the developable area should be 50-60%, I have no firm evidence to indicate that a significantly lower net developable area for this specific site should be applied. I therefore find that the VA assumptions appear reasonable for this site.

Sales values

19. The Council suggest that for residential development the sales values as set out within the VA are a fair assessment of market value of between £1,830 and £2,261 per square metre (sqm) based on a combination of asking and sales prices as at 2012. Although the evidence shows that there has been a marked increase in market activity and house prices in the East Midlands between 2012 and 2014, the approach taken in the VA helps indicate that sales values have not been over-estimated and that the Council has taken a

¹ Planning Practice Guidance Paragraph 019 - Reference ID: 25-019-20140612

reasonably cautious approach when calculating development values. Commercial valuations are based on rental values and yields, using local evidence collated by heb Chartered Surveyors.

Build costs

20. Build costs for both residential and commercial uses are based on a bespoke construction cost survey provided by Gleeds Cost Consultants. The survey uses information gathered from the company's nationwide database specifically relevant to the Borough with a base date of 2nd quarter 2012. The costs are based on new build on cleared sites and include an allowance for external works, drainage, preliminaries, overheads and profit. Demolition, abnormal costs and off site works are excluded from the VA, as the threshold land values assume sites are ready to develop, with no significant off site secondary infrastructure required. While there may be some sites where there are significant abnormal construction costs, these are unlikely to be typical and this would, in any case, be reflected in a lower threshold land value for a specific site. In addition such costs could, at least to some degree, be covered by the sum allowed for contingencies.
21. Although the Code for Sustainable Homes (CSH) has recently been withdrawn by the Government, I note the intention is to set energy performance requirements out in the Building Regulations from late 2016. Although the VA does not include the CSH Level 4 costs within its assessment, there is no firm evidence that this would significantly increase costs to the extent that viability would be threatened.

Section 106 costs

22. For non-strategic residential sites, an assumption of £1,500 per dwelling has been used to cover Section 106 costs in the VA. However this is lower than the historic average of £2,700 per dwelling received from relevant development between 2006 and 2013. It is therefore possible that contributions might, to some degree, be higher than assumed by the Council because the Regulation 123 list indicates that CIL would only be used to fund four projects for two strategic sites. However, the PPG states that tariff style contributions should not be sought from developments of 10 units or less. In addition, the viability margins are sufficient to accommodate some additional costs without prejudicing development coming forward.
23. For strategic sites the S106 requirements assumed in the VA are much larger and are more bespoke, in recognition of the additional infrastructure needed to develop larger sites. This approach is reasonable.
24. Overall the evidence shows that developments would still be viable even though CIL would exceed past levels of S106 contributions.

Development scenarios

25. The VA provides appraisals for five types of residential development scenarios ranging from single plot development to a 100 unit housing scheme. Each type of development has then been tested for viability according to its location (CIL charging zone 1, 2 or 3) and existing land use (greenfield, brownfield and existing 'market comparable'). Although some representors query the boundaries of the charging zones, the density assumptions and the size of sites used in the VA, the sampling covers a reasonably representative selection of the types and sizes of planned development within the borough.
26. For commercial uses the VA has appraised 11 development types including office, retail, agriculture, hotel etc. There is no indication that rental values and yields might vary significantly across the borough and therefore there is no clear justification for carrying out finer grained sampling.
27. The 'market comparable' base land value development scenario was discussed at the hearing as in all the appraisals the resultant figure was negative. The Council's contention that this land value is based on pre-CIL actual land transactions and is therefore not directly comparable with the other two scenarios, is realistic. This scenario is not based on the threshold land value likely to be achieved when CIL is in place and therefore if used could overestimate costs and underestimate viability.

Affordable housing

28. The VA includes the testing of different proportions of affordable housing with zone 1 at 10%, zone 2 at 20% and zone 3 at 30%. In all cases the affordable housing has a tenure split of 30% intermediate housing and 70% rented housing (social and affordable). No land value has been attributed to the plots as the development costs exceed the sales values.
29. The Council's ACS contains a general policy on affordable housing where targets will be sought through negotiation for 10%, 20% or 30% depending on location. Further detail on this is proposed to be set out within the Council's part 2 Local Plan which is being progressed. In the interim the Council is reliant upon the Affordable Housing Supplementary Planning Document 2009 (SPD).
30. However, the VA contains a more up to date and detailed analysis of housing values across the Borough compared to the older SPD, which is a reasonable approach. Although this results in some differences in the geographical spread of the affordable housing percentages used in the VA compared to the SPD, the VA assumes that the affordable housing policy requirements will be met in full. However I also recognise that the ACS policy is flexible and allows the amount of affordable housing to be reduced to assist scheme viability.

31. I therefore find that ahead of the part 2 Local Plan being examined and adopted, the assumptions made by the Council are based on reasonable available evidence.

Developer Profit

32. The VA assumes a developer profit of 20% of GDV for market housing and 6% of GDV for affordable housing. This equates to around 17.5% of overall GDV. The assumptions made seem reasonable and are sufficient to ensure that development would not be prejudiced. The rate of return for commercial development also seems reasonable.

Other costs

33. The viability assessment and appraisal results include 8% of build costs for professional fees, 0.5% for legal fees, 5% contingencies, finance interest at 6% and arrangement fees of 1%. There is a slight variation between residential and commercial for statutory fees and sales/marketing costs. A number of representations criticise these figures as being too low. However the assumptions appear reasonable and I have no firm evidence to indicate that significantly higher percentages should be applied.
34. Whilst suggestions have been made that enabling costs of £7,000 per dwelling should be applied to the Gedling Colliery/Chase Farm and Top Wighay Farm strategic sites, I have no specific evidence before me setting out what this cost would be for. Although I agree that enabling costs should be applied to strategic sites, the VA assumes that sites are ready to be developed and therefore such costs have already been incorporated in to the land value. I find that this approach is reasonable.
35. In addition, other specific enabling infrastructure for these sites is to be provided through S106 contributions or CIL. The S106 contribution of £13,200 per dwelling for the Top Wighay Farm site is a significant sum and provides for health, primary education and transport enabling costs. Secondary education contributions are set out within the Regulation 123 list. The S106 contributions for Gedling Colliery/Chase Farm are lower at £6,783 per dwelling providing for health and primary education only, as the provision of secondary education contributions and the Gedling Access Road are on the Regulation 123 list. No evidence of other enabling costs for either site has been provided.

Conclusion

36. The draft Charging Schedule is supported by detailed evidence of community infrastructure needs and economic viability. On this basis, the evidence which has been used to inform the Charging Schedule is robust, proportionate and

appropriate. I recognise that there are different opinions on individual cost elements and that small variations in some could cumulatively have an impact on viability. However there are no definitive right or wrong figures to be applied and the assumptions made by the Council in their VA, in the main reflect appropriate industry costs and are not set significantly low. The existence of contingency costs and significant viability buffers reinforces the Council's approach and provides reasonable margins for any additional costs.

Is the charging rate informed by and consistent with the evidence?

CIL rates for residential development

37. The VA details that for non-strategic residential development sites within zone 1, little development is proposed to come forward on greenfield sites. As a typical mixed residential scenario on brownfield land would have a maximum charge of £14, a CIL charge could hinder the delivery of such development. The proposed nil rate is therefore consistent with the evidence and is justified.
38. For zone 2 a typical development would be mixed residential on greenfield land which would have a maximum charging rate of £137. Single dwellings on brownfield land would have a maximum charge of £95. The proposed £45 CIL rate would therefore provide a significant buffer for greenfield development and also provide a reasonable buffer for brownfield development in most cases and is therefore justified.
39. For zone 3 an average scenario of mixed residential development on both greenfield and brownfield land produces maximum charging rates of £194 and £115 respectively. The proposed £70 CIL charge rate would therefore provide a significant buffer for development within this zone.
40. The proposed charging zones therefore would provide sufficient margins to address representors concerns about the risks to development of potential increased or additional costs.
41. The VA for the Top Wighay Farm strategic site calculates that a viability margin of around £3.3m would be achieved taking into account all costs, including a CIL payment of around £4.3m. For the north of Papplewick Lane site the viability margin would be around £1.6m taking into account all costs and a CIL payment of around £1.3m. These are substantial buffers and a £70 charge is justified on this basis.

Gedling Colliery/Chase Farm strategic site

42. The Gedling Colliery/Chase Farm strategic site is intended to deliver approximately 1000 dwellings, 700 of which can only be developed following the construction of the Gedling Access Road (GAR). The cost of this road is significant and if met solely by the developer would adversely affect the

viability of the scheme. Consequently, the Council's intention is that the road would be funded by CIL receipts and other sources including the Homes and Communities Agency and the County Council. Accordingly, the road is listed as one of four items of infrastructure in the Regulation 123 list.

43. The cost of the road is estimated to be £32.4m. Assuming the £26.2m funding referred to in the Regulation 123 list is achieved (including the bids), the Council considers that the projected CIL receipts would provide for the £6.2m funding gap. Given that funding for the road would not fall on the developer through planning contributions, the VA shows that the site would have a viability margin of around £1.8m. This takes account of all costs and the CIL payment of around £1.9m. This is a significant viability buffer and a £45 charge is justified.
44. I appreciate that the highways authority has advised that this cost estimate for the road may be out of date and it has been put to me that this could affect the viability of the development because the developer may need to contribute to meeting any additional costs. However, there is no firm evidence before me to confirm that the cost of the road might rise and if so by how much and why? Consequently, there is no firm evidence to justify any different assumptions about cost. Therefore, this in itself would not justify varying the rate for Gedling Colliery/Chase Farm.
45. Furthermore, the PPG makes it clear that where a Regulation 123 list includes project specific infrastructure, as is the case here, the charging authority should not seek any planning obligations in relation to that infrastructure². In addition Regulation 123 (2) states that a planning obligation may not constitute a reason for granting planning permission for the development, to the extent that the obligation provides for the funding or provision of relevant infrastructure (ie that to be wholly or partly funded by CIL).
46. It is clear therefore that such infrastructure should be funded either by CIL or by S106, but not by both. It has been suggested to me that the developer could make contributions towards the road by means other than S106. However, there is no clear evidence as to how this would be achieved or whether any such mechanism exists. Accordingly, even if the cost of the road were to increase, any additional costs would need to be met from CIL receipts or other sources of funding of the kind specified in the Regulation 123 list. On this basis, there is no clear justification for reducing the CIL rate for the Gedling Colliery/Chase Farm site.

² Planning Practice Guidance paragraph 097 Reference ID: 25-097-20140612 and paragraph 100 Reference ID: 25-100-20140612

Commercial rates

47. Concerns have been raised that charging a CIL rate for retail development could affect the delivery of retail policy within the Borough, particularly within the town centres. Arguments have been raised that such development may be marginally viable but I have no specific viability evidence before me that supports this. Indeed the VA identifies that in contrast to all other types of commercial development, food retail and general retail generate positive residual values within the Borough. Although the CIL income from retail development would be modest, this does not mean that this would be insignificant, as has been suggested by some representations. The proposed Borough wide £60 rate for retail development is therefore consistent with the evidence and is justified.
48. The VA shows that viability for all other development, including industrial, office, residential institution, hotel, community use and leisure, is negative without CIL being charged. A £0 CIL rate for all other development is therefore appropriate.

Other matters

49. Representors have raised concerns about the instalments policy, relief in exceptional circumstances and the amount of CIL receipts that will be passed to parish councils. The first issue is a matter for the Council, and the others are controlled by the Regulations and nationally set levels so there is no need for me to comment further on these matters.

Does the evidence demonstrate that the proposed charge rate would not put the overall development of the area at serious risk?

50. The Council's decision to set the rates in the charging schedule is based on reasonable assumptions about development values and likely costs. The evidence suggests that the overall development of the area, as set out in the development plan, will not be put at risk if the proposed charges are applied.
51. In setting the CIL charging rates the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in the Borough of Gedling. The Council has generally been realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, whilst ensuring that a range of development remains viable across Gedling Borough.

Conclusion

52. Overall therefore an appropriate balance has been achieved between the desirability of funding the costs of new infrastructure and the potential effects on the economic viability of development across the charging area. However it

would be prudent for the Council to review the schedule within 3 years of adoption to ensure that the overall approaches taken remain valid, that development remains viable and that an appropriate balance is being struck.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedule complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended)	The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Core Strategy and Infrastructure Delivery Plan and is supported by an adequate financial appraisal.

53. I conclude that the Gedling Borough Council Draft Revised Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the Charging Schedule be approved.

Y Wright

Examiner



Gedling

Borough Council



Community Infrastructure Levy Charging Schedule

June 2015

Introduction

The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new developments in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development – for example, new or safer road schemes, park improvements or schools. The levy applies to most new buildings and charges are based on the size and type of the new development.

CIL is considered to be fairer, faster and more certain and transparent than the current system of planning obligations which are generally negotiated on a ‘case-by case’ basis. Levy rates have been set in consultation with local communities and developers and provide developers with much more certainty ‘up front’ about how much money they will be expected to contribute.

Levy rates must be set a level which does not affect the viability of development in the area taking into account the cost of land, build costs, expected sales price and a return for the developer. Given the differences in land costs and sales prices across the Borough it is proposed to set different CIL rates in different parts of the Borough.

The Charging Authority

The Borough of Gedling is a charging authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy (CIL) in respect of development in the Borough of Gedling. The Council is also the collecting authority for its administrative area.

Date of Approval

The Charging Schedule was approved by the Council on xxxxxx2015

Date of Effect

The Charging Schedule will come into effect within three months of the date of Council approval.

Statutory Compliance

The Charging Schedule has been prepared in accordance with the Community Infrastructure Levy Regulations 2010 (as amended), Part 11 of the Planning Act 2008 and statutory guidance in 'Community Infrastructure Levy: Guidance' (CLG, 2012).

In accordance with Regulation 14, in setting the CIL rate the Council has aimed to strike what it considers to be an appropriate balance between

- the desirability of funding from CIL (in whole or part) the actual and expected estimated total cost of infrastructure required to support the development of

its area, taking into account other actual and expected sources of funding;
and

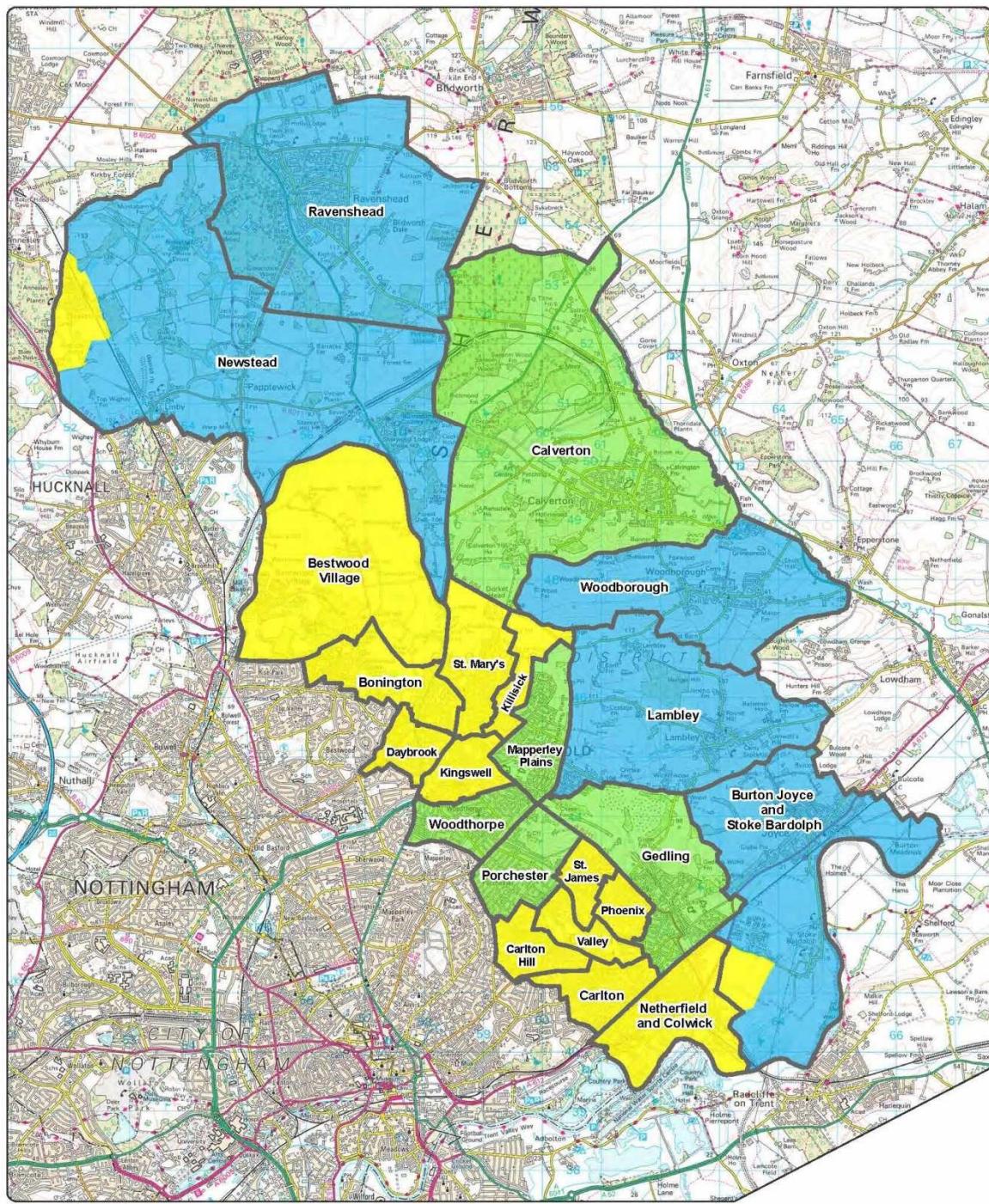
- the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

CIL Rate

The rate at which CIL will be charged shall be:

Development Type			
Residential	Zone 1	Zone 2	Zone 3
	£0/sqm	£45/sqm	£70/sqm
Commercial	Borough wide		
Retail A1, A2, A3, A4, A5	£60/sqm		
All other uses	£0/sqm		

Gedling CIL - Residential Charging Zones



Key

- Wards
- Zone 1
- Zone 2
- Zone 3

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L/GIS/Cartography/00402 - Gedling wards - charging zones/03 gedling wards - residential charging zones revised 04/2014 PLW GIS team 14/05/2014

0 500 Metres Kilometres



Liability to pay CIL

Liability to pay CIL occurs on the grant of the related planning permission that first permits the proposed development, such as the grant of full planning, change of use or approval of the last reserved matter on the grant of outline planning.

CIL payment

GBC will issue a liability notice following the grant of the planning permission for the chargeable development. The notice will be sent to the applicant, the owner and any party who has assumed liability for the CIL.

The Regulations state that CIL becomes payable upon the commencement of development (defined by reference to section 56(4) of the TCPA 1990 and includes works of demolition and construction and preparatory works such as digging foundations and installing services). The Council proposes to introduce an instalments payments policy as set out below:

Chargeable Amount	Timescale
Less than £15,000	Full payment within 90 days of development commencing
Between £15,000 and £50,000	First instalment (25%) within 90 days Second instalment (50%) within 270 days Third instalment (25%) within 360 days
Between £50,000 and £100,000	First instalment (25%) within 90 days Second instalment (50%) within 360 days Third instalment (25%) within 540 days
Over £100,000	First instalment (25%) within 90 days Second instalment (25%) within 270 days Third instalment (25%) within 540 days Fourth instalment (25%) within 720 days

Calculating the Charge

GBC will calculate the amount of CIL payable ("chargeable amount") in respect of a chargeable development in accordance with regulation 40 of the Community Infrastructure Levy Regulations 2010, as amended in 2011, 2012 and 2014.

Under Regulation 40, the CIL rate will be index linked with the Royal Institute of Chartered Surveyors "All In Tender Price Index".

Existing Floorspace on a Development Site

Regulation 40 provides that the total floorspace of any existing buildings on a development site should be subtracted from the floorspace of the chargeable development, where the existing buildings have been in use for at least six months within the period of 36 months ending on the day planning permission first permits the chargeable development.

Exemptions and Reliefs

The following forms of development are exempt from paying CIL:

- buildings into which people do not normally go, or go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery (Regulation 6);
- developments of under 100 sq m that do not result in the creation of 1 or more additional dwellings (Regulation 42); and
- development by a charity where the development will be used wholly or mainly for charitable purposes (Regulation 43).

The following types of development are able to apply for relief from paying CIL:

- social housing (Regulations 48, 49, 50, 51, 52, 53, 54).

In addition, the Council has the option to offer discretionary relief for:

- development by a charity where the profits of the development will be used for charitable purposes (Regulations 44, 45, 46, 47, 48); and
- exceptional circumstances (Regulations 55, 56, 57, 58).

The Council's policy on whether discretionary relief is offered will be set out in a separate policy document, in accordance with the relevant regulations.

Regulation 123 List of Projects to be funded by CIL

Project 1

<u>Project Location:</u>	Gedling Colliery
<u>Project Description:</u>	Gedling Access Road to facilitate development of Gedling Colliery/Chase Farm
<u>Progress:</u>	Full application granted December 2014. Application for first phase 315 dwellings anticipated summer 2015
<u>Estimated Cost:</u>	£32,400,000
<u>Funding:</u>	£26,200,000
<u>Gap</u>	£6,200,000

Project 2

<u>Project Location:</u>	Gedling Colliery Country Park
<u>Project Description:</u>	Visitor Centre
<u>Progress:</u>	Not yet started
<u>Estimated Cost:</u>	£1,000,000
<u>Funding</u>	£ 0
<u>Gap</u>	£1,000,000

Project 3

<u>Project Location:</u>	Gedling Colliery / Chase Farm
<u>Project Description:</u>	Secondary School Contributions
<u>Progress:</u>	Not yet started
<u>Estimated Cost:</u>	£1,689,000
<u>Funding</u>	£0
<u>Gap</u>	£1,689,000

Project 4

<u>Project Location:</u>	Top Wighay Farm
<u>Project Description:</u>	Secondary School Contributions
<u>Progress:</u>	Not yet started
<u>Estimated Cost:</u>	£2,816,000
<u>Funding:</u>	£0
<u>Gap:</u>	£2,816,000

Further Information

Further information on the Community Infrastructure Levy is available on the Borough Council's website www.gedling.gov.uk or contact the Planning Policy team at planningpolicy@gedling.gov.uk or tel (0115) 901 3757.

Appendix C

EXCEPTIONAL CIRCUMSTANCES RELIEF

A charging authority may grant relief for exceptional circumstances from liability to pay the CIL if it appears to the authority that there are exceptional circumstances which justify doing so and that it considers it expedient to do. However it can only grant relief if it has made relief for exceptional circumstances available in its area; a s 106 agreement has been entered into in respect of the planning permission which connects the chargeable development and the charging authority considers that the cost of complying with s 106 is greater than the charge from the CIL payable; requiring payment of the charge would have an unacceptable impact on the economic viability of development; and granting relief would not constitute a notifiable state aid.

A charging authority which wishes to make exceptional circumstances relief available in its area must issue and publish a statement which gives notice that the relief is available and the date on which it will begin accepting claims for the relief.

A claim for relief must be submitted by an owner of material interest on the appropriate form and must be received by the charging authority before commencing the chargeable development. It must be accompanied by the following:

- an independent assessment of the cost of complying with the planning obligation;
- an independent assessment of the economic viability of the chargeable development;
- an explanation of why payment of the chargeable amount would have an unacceptable impact on the economic viability; and
- where there is more than one material interest in the land, an apportionment assessment.

The charging authority must make its decision on the claim as soon as practicable and inform the claimant in writing of its decision on the amount of relief granted.

The chargeable development can cease to be eligible for exceptional circumstances relief if, before the chargeable development is commenced, charitable or social housing relief is granted, an owner of a material interest makes a material disposal of that interest, or the chargeable development is not commenced within 12 months from the date on which the charging authority issues its decision on the claim.

NOTIFIABLE STATE AID

Four criteria must all be satisfied for aid to constitute state aid:

- Criterion 1: It is granted by the state or through state resources. State resources include public funds administered by the Member State through central, regional, local authorities or other public or private bodies designated or controlled by the State. It includes indirect benefits such as tax exemptions that affect the public budget.

- Criterion 2: It favours certain undertakings or production of certain goods. In other words it provides a selective aid to certain entities engaged in an economic activity (an “undertaking”). Economic activity is the putting of goods or services on a given market. It can include voluntary and non profit-making public or private bodies such as charities or universities when they engage in activities on a market. It includes self-employed/sole traders, but generally not employees as long as the aid does not benefit the employers, private individuals or households.
- Criterion 3: It distorts or threatens to distort competition. It potentially or actually strengthens the position of the recipient in relation to competitors. Almost all selective aid will have potential to distort competition - regardless of the scale of potential distortion or market share of the aid recipient.
- Criterion 4: It affects trade between Member States. This includes potential effects. Most products and services are traded between Member States and therefore aid for almost any selected business or economic activity is capable of affecting trade between States. This applies even if the aided business itself does not directly trade with Member States. The only likely exceptions are single businesses. For example, hairdressers or dry cleaners with a purely local market not close to a Member State border. The case law also demonstrates that even very small amounts of aid can affect trade.

All relief from the levy must be given in accordance with state aid rules. For charitable exemptions, discretionary charitable relief and exceptional circumstances relief this means a collecting or charging authority must determine whether or not giving the exemption or relief constitutes a state aid.

DE MINIMIS BLOCK EXEMPTION

De minimis is a generic term for small amounts of public funding to a single recipient. De minimis funding is exempt from notification requirements because the European Commission considers that such a small amount of aid will have a negligible impact on trade and competition. The current de minimis threshold is set at €200,000 (€100,000 for undertakings active in the road transport sector) over a rolling three fiscal year period. The threshold is gross, applying before the deduction of tax or any other charge. The threshold applies cumulatively to all public assistance received from all sources and not to individual schemes or projects. The block exemption does not apply in certain sectors, including fisheries and coal sector, certain agriculture and transport activities.



Report to Cabinet

Subject: Warm Homes on Prescription Pilot – Revised Private Sector Housing Grants and Assistance Policy 2015

Date: 25th June 2015

Author: Food, Health and Housing Manager

Wards Affected:

Daybrook, Ernehale, Redhill, Cavendish, Carlton, Gedling, and Phoenix.

Purpose

- 1) To outline details of the proposed Warm Homes on Prescription pilot;
- 2) To authorise virement of £50,000 from the Disabled Facilities Grant capital budget to the Housing Assistance capital budget enable the Warm Homes on Prescription pilot to proceed;
- 3) To authorise changes to the Private Sector Housing Grants and Assistance Policy 2015 and adopt the new policy;
- 4) To authorise virement of £29,100 from Fuel Poverty grant income to the contribution of £29,100 to Newark and Sherwood District Council to employ a Project Manager to co-ordinate the Nottinghamshire wide Warm Homes on Prescription scheme.

Key Decision

This is not a key decision.

Background

Cold, damp homes continue to be a key contributor to significant problems in both public health and energy affordability in the UK. Fuel poverty – when a household cannot afford to heat its own home to an adequate standard of warmth – affects millions of UK households.

Daily life for people living in a cold home can be distressing. The UK has one of the highest excess winter death rates in Europe. Many people will become ill as a result of living in cold homes and because of fuel poverty. The costs to the NHS of treating the illnesses caused and aggravated by cold homes are estimated to be about £1.36 billion per year and additional social care costs are likely to increase this further.

In Derbyshire, the District Councils and the County Council are working in partnership with the Clinical Commissioning Groups (CCG) on the 'Derbyshire Public Health and Affordable Warmth Project'. The project is funded by Derbyshire County Council Public Health and aims to share housing and benefits data with health data to target households at risk of fuel poverty to improve the energy efficiency of their housing stock. Funding is drawn in through underspend of a previous fuel poverty project and the Government's Energy Company Obligation to deliver measures such as replacement boilers, insulation, or fuel switching to improve the living conditions for residents. The whole project is being evaluated to provide local evidence to demonstrate whether tackling housing conditions improves the health outcomes for residents. The District Councils in Nottinghamshire are committed to developing similar scheme to the Derbyshire project but Nottinghamshire Public Health have indicated they do not have the funding available. The proposal section below outlines a potential Nottinghamshire scheme.

The Regulatory Reform (Housing Assistance) (England and Wales Order 2002) allows Local Authorities the discretion to provide Housing Assistance grants with their own eligibility criteria and the freedom to set their own maximum grant limits. The Order also enables Local Authorities provision to recover grant funding from recipients.

The current Private Sector Housing Grants and Assistance Policy has remained in place since 2011. The 2011 Policy included a provision to enable discretionary Housing Assistance grants of up to £5,000 for works that were in conjunction with a Disabled Facilities Grant (DFG) but were not eligible works through a DFG. Only two Housing Assistance grants have been awarded in the past four years. The proposal below aims to amend the Housing Assistance section of the policy to enable the pilot to proceed.

Proposals

Warm Homes on Prescription pilot and proposed virement

The Nottinghamshire Local Authorities are developing a pilot scheme which has been named Nottinghamshire 'Warm Homes on Prescription'. The scheme aims work with a small number of GP practices in each district council area to identify patients who are suffering with a medical condition that could be exacerbated by the condition of their home. The scheme will then aim to improve the living conditions and improve the resident's health.

Early discussions have taken place with the Nottingham North and East Clinical Commissioning Group (CCG) who have confirmed an interest to work with Gedling Borough Council on this pilot. The CCG have approached local GP practices and to date Park House Medical Centre (Carlton), and Daybrook

Medical Practice (Daybrook) have expressed an interest in participation, while Westdale Lane Surgery (Carlton) is considering the pilot. The wards affected by this report, listed at the beginning, are believed match the wards covered by these practices, though a precise match is unlikely.

The CCG were presented with a list of medical conditions that are a priority for the NHS and have selected 'acute asthma' as the condition to focus on for the pilot in Gedling Borough. This condition is known to be affected by cold and damp housing.

The pilot would entail the GP writing to the householder and recommend they contact an Environmental Health Officer (EHO) at Gedling Borough Council, who will visit and inspect their home and draw up a schedule works to address any defects linked to the hazards of excessive cold or dampness. If the householder is on a low income as defined by the revised Private Sector Housing Grants and Assistance Policy 2015 then the householder will be eligible to apply for grant assistance of up to £10,000 for an owner-occupier or £5,000 for a private-rented property (with the landlord contributing 50% of the total cost of the works). The grant would be recorded as a local land charge and the money awarded can be recovered when the property is sold in the future. If the householder lives in rented accommodation the EHO also has the option of utilising enforcement powers to ensure the landlord brings the property up to standard.

The CCG have also been approached to assist with; evaluation, and possible future funding if the scheme is a success and reduces costs to the NHS.

To deliver this pilot project it is proposed to vire £50,000 from the Disabled Facilities Grant (DFG). Details are included in the financial implications section below and recommendation (b) of this report.

Authorise changes to Private Sector Housing Grants and Assistance Policy 2015

It is proposed that the Private Sector Housing Grants and Assistance Policy 2011 is amended to enable the Warm Homes on Prescription pilot to proceed. The policy has been revised as the Private Sector Housing Grants and Assistance Policy 2015 . A copy of the revised policy is attached at **Appendix A** – section 11 describes the policy changes to enable the pilot. The pilot is only being delivered in financial year 2015/16 as funding arrangements are only in place for this year. The pilot will be reviewed at the end of the financial year and if considered successful and funding permits a further report will be submitted to extend the scheme, if it is decided to not extend the scheme a report will be produced to seek approval to amend or withdraw the Housing Assistance section of Private Sector Housing Grants and Assistance Policy

The provision remains in section 18.7 of the Policy to allow the Portfolio Holder to authorise grant assistance where there are exceptional or compelling

circumstances and where an application would normally be refused under the policy. It is considered that this provision could be used if the rare circumstances occur that would have previously allowed a Housing Assistance grant under the 2011 policy.

Nottinghamshire-wide project details – to authorise transfer of RIEP funding to Newark and Sherwood District Council to employ Project Manager

Each district Council in Nottinghamshire is currently considering options to provide a local ‘Warm Homes on Prescription’ service and developing links with their CCGs. At the moment Gedling Borough Council are the only Council considering offering Housing Assistance grants as described in this report, but other councils propose to assist individuals to access the finance for home improvements through the Government’s Energy Company Obligation (ECO)¹ and the national Green Deal scheme². Officers from Gedling will also look to access these finance mechanisms to stretch the Housing Assistance fund further via the proposed partnership described in the paragraphs below.

Ashfield District Council have employed dedicated Green Deal assessors who can access Green Deal and ECO funding to improve the energy efficiency of properties. Ashfield have offered to extend this service to all districts in Nottinghamshire as part of this pilot. However it is considered that a Project Manager will be required to liaise with the various partners including utilities companies to ensure finance is accessed and a consistent level of service is provided throughout Nottinghamshire.

In 2011 Gedling Borough Council received Fuel Poverty grant funding from the former Regional Improvement and Efficiency Partnership (RIEP) for expenditure on projects across Nottinghamshire. £29,100 of the money remaining and held in a reserve for application to suitable projects.

It is proposed that the remaining RIEP funding is used to support the Nottinghamshire ‘Warm Homes on Prescription’ project to employ the countywide Project Manager to manage/supervise the project. The Nottinghamshire Authorities who are part of the project - which includes all district councils and

¹ The Energy Company Obligation is the requirement of utilities companies to deliver energy efficiency measures to domestic premises. The Council has previously worked with British Gas and EON to utilise this funding which has specific criteria, but data on performance has not been forthcoming and feedback from customers has sometimes criticised the scheme and the utilities companies

² The Green Deal is a finance mechanism set up by Government to enable householders to pay for energy efficiency improvements to their homes through the savings they make in their energy bill through installing the measure. In effect the Green Deal is a loan attached to the householder’s electricity or gas meter.

Nottinghamshire County Council - have all provided their support to spend the RIEP money on the Project Manager. Newark and Sherwood District Council (NSDC) have agreed to host the Project Manager.

The contribution to NSDC will required approval of the following budget virement in the Public Protection Portfolio:

Contribution to Warms Home Project Management	£29,100
Grant Funding – Fuel Poverty Grant	(£29,100)

The RIEP funding has also recently been identified as match funding to access further finance to deliver the project. A successful bid was submitted (by a partner authority) to the Department of Energy and Climate Change for the Fuel Poverty and Health Booster Fund which has successfully accessed a further £29,000 which will also be used to employ the Project Manager as a full-time position.

Alternative Options

Retain existing Housing Assistance policy as described in Private Sector Housing Grants and Assistance Policy 2011, and do not amend the policy to incorporate the changes described in the proposal section above. This will not enable the pilot to proceed and the likely health benefits to be delivered.

Develop an alternative discretionary Housing Assistance policy - however it is felt it would make sense to draw on and learn from the Derbyshire scheme rather than develop a completely new scheme.

Financial Implications

In 2014/15 the Council spent £490,000 on DFGs. The service is virtually up-to-date processing referrals for DFGs with a small waiting list of clients. The 2015/16 current approved capital budget for DFGs totals £689,000 which is financed by £464,000 of grant from the new Better Care Fund awarded by Government but received via Nottinghamshire County Council, and £225,000 of GBC funding. Approximately £100,000 of the total budget is capitalised for staff salaries to cover the costs of providing the DFG service. Based on the rate of referrals being received it is not anticipated that the expenditure will significantly differ from 2014/15 so therefore an underspend on the DFG budget is projected for 2015/16.

It is proposed that £50,000 of the GBC funded element of the DFG budget is vired to the Housing Assistance budget for the purpose of the 'Warm Homes on Prescription' pilot for expenditure which meets the criteria for capital purposes, as detailed in the Proposal above.

Appendices

Appendix A - Private Sector Housing Grants and Assistance Policy 2015

Appendix B – Equalities Impact Assessment of the Private Sector Housing Grants and Assistance Policy 2015.

Background Papers

Gentoo Boiler on Prescription Report to illustrate similar successful partnership working elsewhere in the Country.

Recommendation(s)

- a) To approve the changes described in the Private Sector Housing Grants and Assistance Policy 2015 and adopt this as the new policy.
- b) To approve the virement of £50,000 from the DFG capital budget into the Housing Assistance capital budget.
- c) To approve the virement of £29,100 from Fuel Poverty grant income to the contribution of £29,100 to Newark and Sherwood District Council to employ a Project Manager to co-ordinate the Nottinghamshire wide ‘Warm Homes on Prescription scheme’.

Reasons for Recommendations

To enable the Council to deliver the pilot ‘Warm Homes on Prescription’ pilot.



GEDLING BOROUGH COUNCIL

PRIVATE SECTOR HOUSING GRANTS AND ASSISTANCE POLICY from 2015

1 Background

- 1.1 This Policy has been adopted by Gedling Borough Council ('the Council') and sets out how it will administer its powers for the provision of grants and/or assistance for improving living conditions in the private sector under the Housing Grants, Construction and Regeneration Act 1996 and/or Article 3 of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.
- 1.2 The Council will consider all applications for grants and/or assistance but, where the assistance is discretionary, it is subject to the Council having sufficient resources.
- 1.3 For Disabled Facilities Grants, please see paragraphs 3 -10; for Housing Assistance, please see paragraphs 11-17; for information about appeals, please see paragraph 18.

2 The Policy

- 2.1 The Council reserves the right to review this Policy and to make any changes it considers necessary should legislation change and/or more resources for grants become available.
- 2.2 No changes to the Policy will be retrospective unless the legislation which governs the change allows for retrospective application.

3 DISABLED FACILITIES GRANT (mandatory)

- 3.1 The Disabled Facilities Grant ('the Grant') is designed to pay for, or help towards, the cost of adaptations which are necessary and appropriate for disabled people in living dwellings, qualifying houseboats and caravans, and the common parts of buildings containing more than 1 flat ('the Property').
- 3.2 The Grant will be administered in accordance with the Housing Grants, Construction and Regeneration Act 1996 ('the Act'), as amended; this Policy is for guidance and does not over rule any of the provisions of the Act.

4 **Who can apply for a Disabled Facilities Grant?**

- 4.1 The Applicant must be either:
 - a) The owner of the Property on which the works are to be carried out; or
 - b) The tenant* or licensee (alone or jointly) of the Property; but
 - c) Where the Property is a Caravan, it must be situated on land within Gedling

Borough at the time the application is made.

*Some tenants are excluded – the Council will provide full information on the types of tenancies included and excluded on request.

- 4.2 The Applicant can be the disabled person but need not be; a Landlord may make the application where the necessary works are to assist a disabled tenant, or an owner occupier may make the application where the works are to assist a disabled family member.

5 What work is covered?

- 5.1 The Grant is mandatory and MUST be approved if the work is necessary and appropriate to give the disabled person better freedom of movement into and around the home and access to essential facilities inside it: this includes works to:-
- a) make it easier to get into and out of the Property by, for example, widening doors or installing ramps;
 - b) ensure the safety of the disabled person and other occupants by, for example, providing a specially adapted room where it would be safe to leave a disabled person unattended, or improved lighting to ensure better visibility;
 - c) make access easier to the living room;
 - d) provide or improve access to the bedroom, and/or kitchen, toilet, wash basin and bath (or shower) facilities; by, for example, installing a stair lift, or providing a ground floor bathroom;
 - e) facilitate the preparation and cooking of food;
 - f) improve or provide a heating system which is suitable for the disabled person;
 - g) adapt heating and/or lighting and/or power controls to make them easier to use;
 - h) improve access and movement around the home to enable the disabled person to care for another person who lives with them, such as a husband or wife, or child, or any other person whom the disabled person cares for;
 - i) improve access to and from the garden, where possible.
- 5.2 Where possible the adaptation must be completed within the existing floor space of the Property.
- 5.3 Approval cannot be given for any works started before the Grant is approved unless the Council is satisfied that there were good reasons for beginning the works before approval.
- 5.4 Approval cannot under any circumstances be given for any work which has been fully completed prior to approval of the application.

6 How is the application made?

- 6.1 Applicants in the first instance should contact the Occupational Therapy Department of Gedling Social Services who will assess the needs of the disabled person and make a referral to the Council setting out what work they consider to be necessary and appropriate to meet the needs of the disabled person.
- 6.2 If the Applicant is not in receipt of one of the passported benefits, the Occupational Therapist will provide the Applicant with a form to be completed for means testing; the completed form should be returned to the Council as soon as possible as the Grant cannot be approved without this.
- 6.3 Once the Council has the referral from the Occupational Therapist, an inspection of the property will be carried out by the Council's Improvement Officer (often accompanied by the Occupational Therapist).
- 6.4 The Council will send to the Applicant a written schedule of works taking into account the recommendations in the referral, the needs of the disabled person, and what is reasonable and practicable given the age and condition of the property; receipt by the Applicant of the Schedule of works does not indicate that the Grant has been approved, but is indicative of the works which would be approved subject to all other aspects of the application being in order.
- 6.5 The applicant must obtain at least two estimates, from different contractors, for the work listed in the schedule; Council Officers can assist the Applicant if necessary.
- 6.6 The Applicant should submit his written application for the Grant, with:
 - a) the estimates for the cost of the works on the schedule; and
 - b) if not already submitted, the financial information form; and
 - c) any necessary forms proving ownership/tenancy and future occupancy; and
 - d) the consent of the owner (if not the Applicant) to carry out the works.

The Council will supply all the necessary forms for completion and, if required, Officers will advise and assist Applicants in completion of the forms.

- 6.7 The Council will carry out an inspection of the Property to ensure that the works proposed in the application and recommended by the Occupational Therapist are necessary and appropriate to meet the needs of the disabled person, and reasonable and practicable given the age and condition of the Property.
- 6.8 Where the application is for, or contains, adaptations which are minor (e.g. the installation of a stair lift) the Occupational Therapist may be able to assist the applicant in obtaining quotes and will submit these with their referral; this will enable the Council (subject to all other necessary paperwork being in order) to fast track that application, or part of it.

7 How will the Grant be calculated?

- 7.1 The maximum grant is £30,000 per application.
- 7.2 The amount of the Grant up to the maximum will be decided by a means test which will look at the income and capital of the disabled person and their spouse or partner.
- 7.3 There is no means test where the disabled person is aged 18 or under.
- 7.4 Applicants who are in receipt of certain income related benefits will not have to undergo a means test; others will have to give information to allow the Council to calculate whether they are eligible for some or all of the costs of the works.

8 Are there any conditions?

- 8.1 The Council will, in accordance with the Act, apply conditions to all Grants approved. Information about the conditions will be provided to all applicants when the Grant is approved, and copies of the standard conditions can be obtained from the Council on request.
- 8.2 All works specified on the schedule prepared by the Council's Improvement Officer must be completed for the Council to meet its contribution to the Grant.

9 Will the Council refuse to pay the Grant, once approved?

- 9.1 In some circumstances the Council may not agree to pay for the cost of the works once the Grant has been approved, where:
 - a) the approved works were started before the Grant was approved and the Council is not satisfied that there was good reason for doing so;
 - b) the information supplied by the Applicant was inaccurate or incomplete;
 - c) the works are not completed to the satisfaction of the Council within the 12 months;
 - d) the works have been carried out by contractors other than those approved by the Council when approving the Grant.

10 Will the Grant have to be repaid?

- 10.1 Where the recipient of the Grant is the owner of the Property the Council may, at its sole discretion, impose a condition for repayment of part of the grant if the owner sells (or transfers) the Property within 10 years of receipt of the Grant, however:
 - a) the first £5000 will not have to be repaid; and/or
 - b) the maximum amount repayable will be £10,000;
- 10.2 In every case where the Council imposes such a condition, this will be registered as a local land charge; the amount of the charge will be applied to all the works recommended under the Occupational Therapist's referral (subject to the limits in paragraph 10.1 above).

10.3 In all cases, before demanding repayment, the Council will consider the reasons for the sale/transfer of the property, and whether and to what extent the payee would suffer financial hardship if the Grant had to be repaid; the Council will not demand repayment unless it is satisfied that it is reasonable in all the circumstances to do so.

11 HOUSING ASSISTANCE (discretionary)

11.1 Housing Assistance ('Assistance') will be administered in accordance with Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 ('the Order'); this Policy is for guidance only and does not over ride the provisions of the Order.

11.2 Under the Order the Council has the power to provide Assistance for the purpose of improving living conditions within the area. The Council has limited finding and has decided that this should be used to target those within the area who suffer from certain medical conditions which are exacerbated by their living conditions. Note that the Council may approve the application for assistance in full or in part, or refuse an application, at its sole discretion.

12 Who can apply for Housing Assistance?

12.1 Applicants must:

- a) provide with their application, written confirmation from their GP that the applicant (or anybody living with the applicant) suffers from a medical condition which is exacerbated by their living conditions; the medical condition and factors which contribute to it must be specified; and
- b) be over 18 and in receipt of one of the following income related benefits:
 - Guaranteed Pension Credit
 - Income Support
 - Council Tax Reduction (sometimes called Council Tax Support)
 - Housing Benefit
 - Income Based Job Seeker's Allowance
 - Income Related Employment Support Allowance
 - Child Tax Credit (maximum level)
 - Universal Credit

13 What work is covered?

13.1 a) Assistance can only be considered for works which are necessary to improve the living conditions of the applicant (or a person living with the applicant) such that their medical condition will thereby improve.

14 How is the application made?

14.1 The requirement for works will be determined by the Council's Environmental Health Officer who will visit the property and assess it in accordance with the Housing Health and Safety Rating System. The Assistance is available where the following hazard profiles are identified:

- A. Hydrothermal conditions
 - Damp and mould growth, category 1 or 2;
 - Excess cold, category 1.
- B. Pollutants (non microbial)
 - Carbon Monoxide and fuel combustion products, category 1
- C. Other category 1 or 2 hazards which have the potential to impact on the health of the applicant (or person living with him)

The Environmental Health Officer will draw up a schedule of work to address some or all of the above.

- 14.2 The Council will require the Applicant to obtain at least two estimates, from different contractors, for the work detailed in the schedule; and submit these to the Council; the Council will write to the Applicant confirming whether some or all of the works are approved.
- 14.3 The Applicant must be:
- a) The owner of the property on which the works are to be carried out; or
 - b) The tenant* or licensee (alone or jointly) of the Property; but
 - c) Where the property is a caravan, it must be situated on or land within Gedling Borough at the time the application is made.

*excluded tenancies are the same as the Grant and full details will be provided on request.

- 14.4 The Applicant can be the person with the medical condition but need not be; a Landlord may make the application where the works are for the benefit of a tenant with such a medical condition, or an owner/occupier may make the application for the benefit of a family member.
- 14.5 The Applicant will have to supply confirmation from the owner of the property (if not himself) that the owner consents to the work being carried out.

15 How much Assistance is available?

- 15.1 The cost of eligible works approved by the Council up to a maximum of £10,000 for an owner/occupier, or £5,000 where the property is rented from a private landlord. The Assistance is not available where a property is owned by a social landlord.

16 Are there any conditions?

- 16.1 The Council reserves the right to apply conditions to all approvals for Assistance at its sole discretion.
- 16.2 Before providing any Assistance the Council will:
- a) give to the recipient a statement in writing setting out any conditions which

apply; and

- b) Satisfy itself that the recipient has received appropriate advice and information about the extent and nature of any obligation (financial or otherwise) imposed as a result of the Assistance.

17 Will the Assistance have to be repaid?

- 17.1 The conditions referred to above may include a provision for the repayment of all or part of the Assistance.
- 17.2 Before imposing and before enforcing any condition relating to repayment of the Assistance, the Council will have regard to the ability of the Applicant to make repayment.
- 17.3 The Council may register as a local land charge against the property the amount of Housing Assistance and it may be recovered upon sale of the property.

18 APPEALS

- 18.1 All applications for Grants and/or Assistance will be considered in accordance with the relevant legislation and this Policy.
- 18.2 When refusing to allow a Grant and/or Assistance, the Council will inform the applicant in writing of the decision, and the reasons for the decision.
- 18.3 When making a decision about whether to enforce any conditions relating to the repayment of a Grant and/or Assistance the Council will consider the circumstances of each individual matter and will notify the applicant/recipient in writing of the decision about repayment, and the reasons for it.
- 18.4 Any applicant/ recipient who wishes to appeal a decision of the Council must do so in writing, setting out their grounds for appeal, along with any exceptional circumstances which the Appellant wishes the Council to consider.
- 18.5 The Appeals should be addressed for the attention of the Service Manager, Public Protection and should be received by him within 28 days of the date of the decision letter.
- 18.6 The Service manager, Public Protection will review the decision within 28 days of receipt of the Appeal, taking into account all information on the file and any additional matters raised in the appeal submissions, and will notify the Appellant of the decision, with reasons for it.
- 18.7 All decisions, whether on the original application or on appeal, will be determined in accordance with the relevant legislation and this Policy. However the Portfolio holder may, at his absolute discretion, where he considers that there are exceptional and compelling reasons, authorise the Grant or Assistance where an application would normally be refused under this policy.
- 18.8 The Portfolio holder may only exercise his discretion in the paragraph above where to do so would not contravene the provisions of the Act and/or the Order.

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EQUALITY IMPACT NEEDS ASSESSMENT

Policy/Service/Procedure to be assessed	Gedling Borough Council – Private Sector Housing Grants Assistance Policy from 2015
Assessment completed by:	Samuel Palmer, Food, Health and Housing Manager
Aims/objectives of the Policy/Service/Procedure	
<ul style="list-style-type: none">• To outline the eligibility criteria involved for discretionary Housing Assistance and mandatory Disabled Facilities Grants. The Disabled Facilities Grants section of the policy remains unchanged from the previous policy. The Housing Assistance Policy has been amended to enable the pilot 'Warm Homes on Prescription' scheme to operate.• To provide technical and financial assistance for vulnerable clients to repair and adapt their homes.	
Who are the customers and stakeholders of this service?	
Eligible residents living in the Borough Local contractors Councillors Partner organisations such as Nottinghamshire County Council, Clinical Commissioning Group, GP Practices, Nottinghamshire Fire and Rescue.	

Detail below what information you already have about the impact this policy/service/procedure has on the following groups including results from consultation, complaints, census:	
Black and minority ethnic people	The 2011 Census data states that in Gedling 7.2% of the population identify themselves as Black or Minority Ethnic group, this equates to 7887 people. However we have not specifically recorded the use of the service from BME groups.
Men/women and trans	The State of Gedling Borough Report (2008) identified a balanced population comprising of 51% females and 49% males.
Disabled people	105 Disabled Facilities Grants were awarded in 2014/15, and one Housing Assistance grant was awarded to a Disabled Facilities Grant recipient.
Gay/ Lesbian/bisexual People	No data has been recorded.
People from different faiths	The 2011 Census data shows that 57.1% of the population are Christian, 31.7% of no religious belief and 1.4% are Muslim, with 7.1% following a not stated religion
People of different ages	<p>The State of Gedling Borough Report (2008) identified that during 2001-6 Gedling had a growing population of residents who were 45 years of age or older. The age of the clients in receipt of Disabled Facilities Grants has been recorded and extends over a range of ages, however the majority of clients are aged over 60.</p> <p>The Housing Assistance grant recipients will need to be aged over 18 to apply but households with children who are eligible for the 'Warm Homes on Prescription' scheme will be able to apply, there is no data available as this is a new pilot scheme.</p>

How will this policy/service/procedure impact on the following groups:		
	Positive impact	Negative impact
Different racial groups	Not specifically impacted, ethnicity is not a determining factor for this policy. Clients for DFG will be referred by an Occupational Therapist and from a GP for the Housing Assistance grant if they suffer from acute asthma. Therefore clients covered by this policy will either be disabled or suffer with acute asthma and not defined by their race.	None.
Men/women and trans	Both men and women are service users for this policy, it is not anticipated that access to this service is more available to one gender than the other.	None.
Disabled people	Disabled people have accessed Disabled Facilities Grants for a number of years and referral pathways are well established. GPs will refer clients for the Housing Assistance pilot and disabled clients will be able to meet the eligibility criteria and access the service. It is not envisaged that this group will specifically benefit.	The Disabled Facilities Grant section of the policy remains unchanged. The revision to the Housing Assistance policy has removed the provision to award grant assistance for works associated with a DFG that were not DFG eligible, only two of these grants have been awarded in the past 4 years, and discussions through the Nottinghamshire DFG consistency group indicate these type of measures have been completed through DFGs in other districts. The revised 2015 policy leaves the provision that approval can be sought from the Portfolio Holder to approve grant assistance outside the Housing Assistance policy which now only covers the Warm Homes on Prescription

		Pilot. Therefore there is unlikely to be a negative impact from this policy on disabled people.
Gay/Lesbian/bi-sexual people	Not specifically impacted.	Not specifically impacted.
People from different faiths	Not specifically impacted.	Not specifically impacted.
People of different ages	<p>DFGs are awarded to more service users aged 60 or over than younger service users – this is due to the nature of older people developing disabilities with age and not due to older people being specifically targeted.</p> <p>It is not envisaged the Housing Assistance policy will specifically impact this group.</p>	Not specifically impacted.
<p>This policy change will enable a pilot program to operate which will particularly benefit those on low income, with poor health and living in homes in disrepair, which are likely to exist across a few of the above groups.</p> <p>What changes could be made to the policy/service/procedure to address any negative impacts?</p> <p>It is not envisaged that there will be any negative impacts associated with this policy.</p>		

What monitoring will be carried out to ensure this policy/service/procedure meets diverse needs

No further monitoring is proposed through the DFG element of the policy.

The Housing Assistance element will be monitored and evaluated through the 'Warm Homes on Prescription' pilot, discussions are ongoing with the Clinical Commissioning Group to access support for thorough evaluation which will primarily be focussed on the health benefits but will also cover equalities.

What actions will be included in your service plan arising from this assessment?

Action	Outcome	Date?	Who?

Are you satisfied that all aspects of this policy/service/procedure have been thoroughly assessed for all the strands of diversity and that no further investigation is required? **Y/N**
If no then a fuller impact assessment is required.

Signed...

....(manager) Signed...

..(Corporate Equality Representative)

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Report to Cabinet

Subject: Council Plan and Budget Outturn and Budget Carry Forwards 2014/15

Date: 25 June 2015

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

This report presents the Council Plan and Budget Outturn and Budget Carry Forwards for 2014/15.

Cabinet is asked to note the final outturn position for 2014/15 and:

- a) recommend that Council approve the method of financing the 2014/15 capital expenditure which includes making the Capital Determinations required by the Local Government and Housing Act 1989;
- b) note the carry forward of budgets from 2014/15 as additions to the 2015/16 budgets, in accordance with financial regulations.

Key Decision

This is a not a key decision

Background

- 1.1 The Council's financial regulations allow for the carry forward of capital and revenue budgets to the new financial year where there is an underspend against the approved budget.
 - 1.2 The Chief Financial Officer has delegated authority to approve the carry forward of contractually committed schemes above £50,000 for Capital and £10,000 for Revenue, and all schemes where the underspend does not exceed £50,000 for Capital and £10,000 for Revenue, subject to reporting the source of the underspend and the subsequent use of the carry forward to the Portfolio Holder.
 - 1.3 Approval of full Council is required for schemes, which are not contractually committed, with a value over £50,000 for Capital and £10,000 for Revenue. There are no schemes which meet this criteria for 2014/15.
-

Proposal

2.1 Summary Budget Outturn Position

This report highlights continued good management of the Revenue and Capital budgets and overall Council performance.

Capital budgets are underspent by £357,792 against the current estimate after accounting for carry forwards proposals of £589,100 (see paragraph 3).

Revenue budgets are underspent by £184,597 against the original estimate, including carry forwards from 2013/14, or £182,457 against the current estimate i.e. the latest quarter 3 monitoring projection. After accounting for the approved budget carry forwards of £97,800 the total underspend is £84,657 or 0.6% of the current estimate.

The 2014/15 budget process was set against a backdrop of significant reductions in government grant funding and increasing cost pressures, for example, the living wage implementation, increased pension fund contributions and reduced fees and charges. A significant budget review was undertaken and budget reduction proposals were approved totalling £2.458m to be delivered over the 5 year period of the Medium Term Plan, with £1.31m of that budgeted for delivery during 2014/15 (see paragraph 2.2.3 for further details). This together with the continuing uncertainty for future local government funding means that 2014/15 has been another challenging financial year. The outturn position demonstrates that services have responded well to delivering efficiency savings and that strong financial management throughout the year has ensured that resources have been effectively employed in the delivery of the Council's objectives.

The outturn position will be analysed to identify any further underspends which can be removed from the future budget.

Given the extent of changes this represents a robust outturn position for the Council which increases reserve balances in the face of continuing uncertainty about future funding levels.

2.2 General Fund Revenue Financing and Budget Outturn 2014/15

2.2.1 General Fund Financing 2014/15

2.2.1.1 Revenue Support Grant Settlement (RSG) Funding

During 2014/15 the Government top-sliced part of the RSG for allocation as New Homes Bonus effectively earmarking resources based on an estimate of the funds that would be required for that scheme. The actual resources distributed under that scheme was evidently finalised at an amount under the original estimate and the residual sums have been redistributed across Local Government on the basis of original funding allocations. This has resulted in additional grant funding of £9,149 being allocated to Gedling.

2.2.1.2 Business Rates Retention

Background

The Business Rates Retention Scheme was introduced on 1 April 2013. Business Rates income was previously paid into a national pool which was then reallocated by central government to local authorities on a needs based formula through formula grant as part of the local government finance settlement. The Business Rates Retention scheme has replaced this centralised funding system, with 50% of income now being retained locally whilst the remaining 50% continues to be distributed on the needs based formula system via Revenue Support Grant.

Under the new regime the portion of a local authority's income that comes from retained business rates will change according to movements in its local business rates income (which could move up or down) to provide an incentive for supporting local business growth.

The 2014/15 local government finance settlement provided each local authority with its baseline funding level against which movements in income will be measured. For Gedling this is £2,739,887 with an addition of £31,348 S31 Grant to fund the inflation cap introduced in the Autumn Statement.

Any growth in business rates is subject to a levy, which is a mechanism to limit any disproportionate benefit from business rate income as some local authorities have a lot of business property and would potentially be able to make large gains for relatively small investment in business rates growth. Levies paid are used to fund the safety net. For Gedling the levy rate is 50% of growth above the baseline funding level.

The safety net provides protection against significant decreases in business rates income, and ensures no local authority's income drops below 92.5% of its baseline funding level.

Gedling has entered into a pooling arrangement with the other Nottinghamshire authorities (excluding the City). Under this arrangement each member makes the levy payments, if applicable, into the Pool that would ordinarily have been required to be paid to central government had the Pool not been in operation. The Pool funds are then distributed by Nottinghamshire County Council (as lead authority) to Pool Members on the basis of a Memorandum of Understanding. This ensures no Member is worse off by being in the Pool, by offering an equivalent "safety net mechanism" to that offered by central government for authorities not in a Pool, and then sharing any remaining surplus. The Pool outturn figures for 2014/15 have been finalised with a sum of £50,085 identified for redistribution to Gedling and this has been transferred to earmarked reserves for spend on future projects to be agreed by the Pool. Being the first year of operation the Pool outturn figures for 2013/14 were not available prior to closure of the accounts last year, so the amount identified for redistribution to Gedling for that year of £17,000 has been recognised in 2014/15 and also transferred to the earmarked reserve.

2014/15 Outturn

The initial Baseline Funding Level for Gedling was set at £2,739,887 and the retained growth current estimate set at £345,191 for 2014/15 giving a total Business Rates estimate of £3,085,078.

Business Rates income in 2014/15 is based on the estimates provided to central government in January 2014 in the required statutory returns.

Growth recognised in the accounts for 2014/15 is determined by a complex model in which it is initially recognised as income based on the estimated position, and is then adjusted in the following year, as required by regulation, via the Collection Fund surplus/deficit calculation which is based on actual outturn figures.

The actual growth figure attributable to Gedling for 2014/15 is £63,930, of which £31,965 (equivalent to the 50% levy) is payable to the Nottinghamshire Pool and 10% £6,393 is payable to the preceptors which are part of the Business Rates Retention Scheme i.e. Notts County Council and Notts Fire Authority. This leaves retained growth for Gedling of £25,572 which is £319,619 less than the current estimate of £345,191.

However, as described above, the amount credited to the General Fund balance from the Collection Fund during 2014/15 for growth is based on the estimated figures provided to central government in January 2014, which totals £775,450 minus the pool contribution and preceptor shares growth of £38,358 leaving a contribution to the General Fund Balance of £737,092. This will be offset by the inflation cap grant and an adjustment in the surplus and deficit calculation of £711,520 in 2015/16 to ensure the final amount credited is the actual growth figure i.e. £25,572. This is in line with expectations in the Medium Term Plan 2015/16.

2.2.2 General Fund Budget Outturn 2014/15

- 2.2.2.1 The actual net revenue expenditure for each Portfolio area 2014/15 is detailed in Appendix 1, together with explanations of major variances in expenditure and income.
- 2.2.2.2 The table below summarises the actual net expenditure for each Portfolio in 2014/15 compared to both the original estimate and the current estimate. The current estimate is that approved by Cabinet in February 2015, adjusted by budget virements in the fourth quarter. During the financial year Cabinet approved a number of budget amendments as part of the quarterly monitoring process approving a net reduction of £1,600.
- 2.2.2.3 The table shows an overall General Fund underspend of £182,457, against the current estimate, equating to 1.4%

General Fund Revenue Outturn and Proposed Carry Forwards 2014/15

	Original Estimate (inc Carry Forwards 2013/14)	Current Estimate 2014/15	Actual 2014/15	Variance to Original Estimate	Variance to Current Estimate	Proposed Carry Forward
	£	£	£	£	£	£
Community Development	1,603,600	1,656,500	1,549,950	(53,650)	(106,549)	0
Health & Housing	1,116,100	1,079,100	981,705	(134,395)	(97,395)	0
Public Protection & Communication	1,639,700	1,497,600	1,460,720	(178,980)	(36,880)	7,400
Environment	4,568,400	4,762,900	4,509,958	(58,442)	(252,942)	39,200
Leisure & Development	1,916,500	1,927,900	2,126,938	210,438	199,037	11,900
Finance & Performance	2,244,800	2,163,500	2,275,772	30,972	112,272	39,300
TOTAL	13,089,100	13,087,500	12,905,043	(184,097)	(182,457)	97,800

2.2.2.4 Proposed Revenue Carry Forwards

The revenue carry forward requests total £97,800 and are attached at Appendix 2. These comprise the schemes which the Chief Financial Officer has authorised to carry forward in line with the delegation arrangements, totalling £97,800. There are no carry forward requests which require Council approval.

2.2.2.5 General Fund Balance at 31 March 2015

The General Fund Balance at 31 March 2015 is £6.575m, an increase of £557k against the current estimate of £6.018m. Of this balance £97.8k is required to fund revenue carry forwards and £801k is required for the actual cumulative Business Rates Collection Fund deficit. This level of balances remains above the minimum required in the Council's Medium Term Financial Plan.

Movements on the General Fund Balance can be analysed as follows:

- a) Variations on the Financing estimates create an increased contribution to balances of £375k in 2014/15. However this will be required in 2015/16 to fund the addition to the Business Rates Collection Fund deficit.

- b) The Revenue Budget outturn position enables a contribution to General Fund balances of £182k.

Details of the total reserves held at 31 March 2015 are shown at Appendix 3.

2.2.3 2014/15 Budget Reduction Proposals

As detailed in paragraph 2.1 a significant budget review was undertaken during the 2014/15 budget process and as a result budget reduction proposals were approved totalling £2.458m to be delivered over the 5 year period of the Medium Term Plan, with £1.31m of that budgeted for delivery during 2014/15.

It was recognised that the scale of the work programme would require resources to enable the changes to be managed effectively and to cover any change management costs e.g. redundancy/retirement, and accordingly a Transformation fund of £300,000 was established in 2014/15. During the year £110,400 of the fund has been spent on redundancy costs, consultancy and training, leaving a balance of £189,600 which has been transferred to an earmarked reserve to ensure the implementation of the remainder of the work programme can continue to be supported.

It was also recognised that there are risks in the delivery of the budget proposals as planned in terms of both projects timescales and values and accordingly a Budget Reduction Risk Reserve of £260,000 was established in 2014/15. The work programme has progressed well and of the £1.31m of budget reductions planned for 2014/15, £1.09m have been achieved leaving a shortfall of £219,000, a net improvement on the overall planning assumption.

The shortfall of £219,600 is represented by:

- £39,600 for projects that have been delayed but are still in the programme for delivery; and
- £180,000 for proposals that have not been achievable, either in full or in part, due to service pressures or community impact and these have been added back to the base budget for 2015/16.

The shortfall of £219,600 was funded during 2014/15 as follows:

- £149,500 was accommodated within the base budget from underspending identified during the quarterly budget monitoring process; and
- £70,100 was funded from the Budget Reduction Risk Reserve.

The remaining balance in the Budget Reduction Risk Reserve of £189,900 has been transferred to the balance sheet to manage future risks of the ongoing work programme.

2.3 Summary of Major General Fund Revenue Variances from Current Estimate

2.3.1 After accounting for carry forward requests the net revenue underspend against the current estimate is £84,657 or 0.6%.

Major variances in excess of £10,000 are highlighted in the paragraphs below.

2.3.2 Expenditure Areas – Major Variances in Excess of £10,000

Additional expenditure has arisen in the following services:

- Development Management – additional expenditure of £37,400 has been incurred due to higher than anticipated court costs in relation to the wind turbine and crematoria cases.
- Planning Policy – additional expenditure has been incurred due to additional legal fees of £15,900 and consultancy fees of £7,900 in relation to the Aligned Core Strategy.
- Waste Management - agency staff in waste services has been £21,000 higher than expected mainly due to an additional Bulky Waste Amnesty week, driver training and long term sickness.

Reductions in expenditure include:

- Employee Expenses – During the year salary savings identified through positive vacancy management of £384,100 were recognised and reflected in the budget during quarterly monitoring. These were partly offset by additional staffing requirements in Hackney Carriage Licencing, Planning and Waste Services. The final underspend compared to the current estimate is £53,000 which is over and above the vacancy provision target of £90,000.
- Utilities – Net savings of £97,800 against the original estimate mainly due to: reduced recharges from the Academy at Carlton Forum LC £47,600; savings on gas and metered water due to Arnold Leisure Centre closure £27,500; reduced fuel oil consumption and water refund at Calverton LC £17,100; and other minor changes, partly offset by increased gas and electricity usage at the Civic Centre £11,300. £40,300 of the savings were approved by Cabinet during quarterly monitoring resulting in a final underspend position of £57,500 compared to the current estimate.
- Rent Allowances - The 2014/15 outturn on rent allowances is favourable by £51,500 against the current estimate. This is partly due to volatility in the level of eligible current and previous year overpayments and the associated loss of subsidy, but also to significant volatility in the profile of some types of overpayment recoveries. In addition, the actual contribution to the bad debt provision was lower than anticipated when based on the actual outstanding aged debt at 31 March.

- Council Tax Benefits (CTBs) - The outturn on CTBs in 2014/15 was favourable by £14,700 against the current estimate. CTBs and the associated subsidy arrangements were abolished on 1 April 2013, however where valid backdated claims are made after this date the Council is obliged to pay them and to bear the whole cost. Conversely, where a previous overpayment has been identified, the Council is entitled to recover this and no subsidy is clawed back. "Technical overpayments" arise where a change is made to a relief, exemption or discount for a period prior to 1 April 2013. These have no impact on the claimant but generate an adjustment to benefit previously paid by the General Fund to the Collection Fund. It is this scenario that has generated the majority of the favourable variance. As more time elapses from the abolition of CTB it is envisaged that future adjustments will become less significant.
- Savings on Economic Development consultancy and projects £24,800
- Reduced debtors bad debts provision £20,000

2.3.4 Income Areas - Major Variances in Excess of £10,000

Reductions in income include:

- Planning Income

A reduction in the number of major applications submitted has resulted in a reduction in income of £35,700.

- Leisure Centre Income

Leisure Centre fee and charges original estimate for 2014/15 was set at £2,184,400 with the current estimate revised to £2,064,600, a reduction of £119,800. The main contributory factors were swimming sessions at all sites which have seen a reduction in users, the all-weather pitches which are underutilised due to the condition, and theatre bookings on both productions and private functions were fewer than anticipated. Actual fees and charges collected in 2014/15 were £2,054,000 which was £10,600 under the current estimate which was mainly due to reduced joining fees as a result of a promotion in the last quarter.

- Hackney Carriage Licencing

The original budget for 2014/15 assumed a reduction in demand for taxi licencing arising from the introduction of a knowledge test for drivers. Original income forecasts for 2014/15 were based on the full year effect of the knowledge test introduction and the consequent expected reduction in demand. Delays to the introduction of the knowledge test led to an additional £56,000 for licence income being added to the budget at Quarter 1, plus an additional £20,200 income for vehicle inspections. This was partly offset by a £50,000 revenue contribution to capital for improved customer facilities at the depot.

The knowledge test was implemented in July 2014 and evidence is now showing that the expected reduction in demand from drivers licencing with us has not fallen, but indications are that the huge growth experienced in previous years has slowed. As part of Quarter 2 monitoring we forecast the full year effect of the continuing demand giving additional income of £207,100, and added in additional staffing costs in licencing, customer services and fleet management totalling £69,000, to enable us to cope with the workload it brings. The proposed amendments to the Quarter 2 gave a net additional income of £138,100.

Demand levelled off in quarter 4 at a rate faster than expected, meaning driving licence income fell short of revised budget by £27,900 and vehicle licence income by £17,100.

- Reduced contract income of £20,000 in Building Services due to a delayed third party project which is now expected to go ahead in 2015/16.

Additional income includes:

- Trade Waste - VAT Reclaim

HMRC confirmed in February 2011 that since section 45 of the Environmental Protection Act 1990 created a “special legal regime” for VAT purposes, trade waste collection services operated by local authorities were to be treated as non-business supplies. In conjunction with its advisers the Council submitted a claim for the reimbursement of output tax previously paid. In previous year’s accounts this has been acknowledged as a contingent asset.

Following a lengthy process to assess the large number of claims received, and the potential for “unjust enrichment” (whereby authorities might gain from receiving refunds of VAT that had effectively already been reclaimed by its VAT registered customers) HMRC adopted a “generic” approach to reimbursement and agreed to settle 20% of the Council’s claim. This resulted in net income of £34,100.

- Additional Trade Waste income due to current customers having additional services and new customers £27,000.

2.4 Building Control Fee Earning Trading Account

There is a statutory requirement to break even on the Building Control Fee Earning account to ensure the service is not subsidised by the council tax payer.

Following several difficult years the deficit owed to the General Fund at 31 March 2014 was £118,399. In 2014/15 a surplus of £45,644 has been achieved which is £15,444 higher than estimated. This is mainly due to a reduction in staffing costs which have transferred to the taxpayer funded non-fee earning building control account due to increasing volumes in that area of the service. The deficit on the Building Control fee earning account at 31 March 2015 is £72,755.

The financial position will continue to be closely monitored in 2015/16.

2.5 Reserves and Provisions

Reserves and provision requirements have been reviewed and transactions completed within the portfolio analysis. A full list of Earmarked Reserves is included in Appendix 3 which details the actual position on Earmarked Reserves at 31 March 2015 of £3.722m compared to the estimated position of £2.357m, an increase of £1.365m.

Significant movements in reserves and provisions are summarised below:

- IT Replacement Reserve – usage of the reserve in year lower than anticipated due to fewer replacements and additional contributions for major security and switch work required - fund at year end £199,000 higher than original estimate.
- Transformation Fund – remaining budget earmarked for future change costs of £189,600 (see Para 2.2.3)
- Risk Management Reserve – an additional contribution of £189,900 has been made due to currently unused Budget Reduction Risk Reserve (see para 2.2.3);
- Asset Management Reserve – the receipt of car parking enforcement income from the Nottinghamshire Parking Partnership has enabled a contribution of £55,000 for future car park maintenance;
- Economic Development Fund – remaining economic development monies of £274,000 set aside for committed and future projects;
- CCTV Reserve – an additional contribution of £41,000 has been made for future maintenance liabilities;
- NNDR Pool Reserve – contribution of £67,000 from the share of the surplus on the Nottinghamshire Business Rates Pool earmarked for projects (see para 2.2.1.2)
- The Earmarked Grants reserve contains grants which are received for specific purposes to fund qualifying expenditure in future financial years. Notable grants added during 2014/15 include £140,600 New Burdens grant, £85,800 Severe Weather Recovery grant and £30,200 Domestic Violence Grant.

2.6 Members Pot Outturn 2014/15

In 2014/15 the Members Pot budget was £75,000 of which £75,049 has been spent on grants to third parties as detailed in Appendix 4.

2.7 Support Service Recharges and Capital Financing Variations

Detailed explanations of major variations at individual portfolio holder level are included at Appendix 1. Global changes in respect of the treatment of support services and capital financing can mask the detail of performance in individual areas and these 'non controllable costs' are also highlighted separately (see paragraphs below).

Support Service Recharges

The budgets of all central support, service administration and fleet providers have been monitored and updated as part of the quarterly budget monitoring process. Reallocation of support costs has been undertaken as part of the accounts closedown process based on actual outturn figures and therefore variances between the central support budgets and actual recharges have occurred as a result of this reappraisal. Variances resulting from the reappraisal of central support and service administration have occurred across the board, but the entries themselves do not impact on the budget requirement or the amount to be raised by Council Tax. **Overall, support services have underspent compared to the current estimate by £84,437 in 2014/15.**

Capital Financing Charges

Capital financing charges reflected in the Council's service department budgets include amortisation and depreciation.

Amortisation charges relate to the cost of Capital schemes where no asset is created and the capital expenditure is therefore charged to revenue in the year it occurs. Budget variances may occur because of capital scheme under and overspends and carry forwards/slippage. Depreciation reflects the usage of capital assets within the services and budget variances can occur due to the revaluation of assets.

The entries themselves do not impact on the budget requirement or the amount to be raised by Council Tax. The net cost to the General Fund is nil, as there is a corresponding credit within the Finance and Performance Portfolio.

2.8. Statement of Accounts – Technical Adjustments

- 2.8.1 The Council is required to comply with International Financial Reporting Standards (IFRS) in the production of its Statement of Accounts which requires a number of technical adjustments to be made to portfolio totals. The adjusted totals are then presented in the Comprehensive Income and Expenditure Statement within the Statement of Accounts.
- 2.8.2 Adjustments will be made in respect of Employee Benefits i.e. holiday pay and pensions, and impairments arising from asset revaluations and further details are provided below. The adjustments themselves do not impact on the budget requirement or the amount to be raised by Council Tax and therefore do not affect the General Fund balance. A summary of the adjustments to be made are detailed in Appendix 5. No budgets are set for them and managers do not have direct control of the costs. They are therefore not included within the Outturn Portfolio balances at paragraph 2.2.2.3.

Employee Benefits Holiday Pay

Adjustments are required for untaken employee annual leave at the financial year end. This is to ensure the charge to the revenue account fully reflects the actual work undertaken during the year. The net impact on the Net Cost of Services for 2014/15 is an increase from 2013/14 of £4,371.

Pension Benefits

IFRS reporting standards require recognition in the Accounts of the benefit entitlements earned by employees during the period rather than the actual amount of employer's pension contributions payable upon which charges to council tax are based. Adjustments will be made to the service revenue accounts Net Costs of Services to remove the actual pension contributions payable and replace them with the benefit entitlements earned as provided by the Actuary. For 2014/15 this adjustment adds £263,257 to the Net Cost of Services.

Asset Impairment

A capital asset impairment review is undertaken each year end by the Council's valuer. An assessment is made of whether the asset values currently held in the Council's Balance Sheet reflect both the current physical and market conditions and determine if an adjustment is required. If an asset is impaired i.e. the value is assessed to be lower than that currently held, then the asset value is written down with the accounting loss being charged to the Comprehensive Income and Expenditure Statement.

During 2014/15 there were 2 significant impairments due to changes in market value. Car Parks values have decreased by £950,000 due to the cessation of charging and a plot of Investment Land has decreased by £1.26m following the recognition of a ransom strip value.

3. Capital Outturn 2014/15

- 3.1 A summary of the capital outturn is presented in the table below. The current estimate is that approved by Cabinet in February 2015. Capital outturn totals £2,635,908 compared to an approved budget of £3,582,800 a net under spend of £946,892. After accounting for carry forward requests of £589,100 the final underspend and reduced financing requirement on the capital programme is £357,792.

The underspend of £357,792 is mainly due to a reduced demand for Disabled Facilities Grants (DFGs). The Council spent £489,800 on DFGs against a budget of £764,700, which included carry forwards from 2013/14, giving a total underspend of £274,900. The service is now virtually up-to-date processing referrals for DFGs with a small waiting list of clients so no carry forward has been requested for the remaining budget as it is anticipated that the budget for 2015/16 will be sufficient to meet client needs. The remainder of the capital programme saving is due to efficiencies achieved in vehicle procurement.

The details of the outturn for individual schemes by Portfolio area are included at Appendix 6.

Capital Outturn and Proposed Carry Forwards 2014/15

Portfolio	Current Estimate 2014/15	Actual Expenditure 2014/15	Variation	Proposed Carry Forward
Community Development	£ 18,400	£ 332	£ (18,068)	£ 18,100
Health & Housing	114,000	0	(114,000)	114,000
Public Protection & Communication	773,400	498,436	(274,965)	0
Environment	1,517,200	1,258,584	(258,616)	282,900
Leisure & Development	1,103,500	863,786	(239,714)	132,600
Finance & Performance	56,300	14,770	(41,530)	41,500
TOTAL	3,582,800	2,635,908	(946,892)	589,100

3.2 Proposed Capital Carry Forwards

The capital carry forward requests total £589,100 against a current capital programme of £3,582,800 which represents 16% slippage for 2014/15. The level of funding available to finance the carry forwards is projected to be sufficient.

Attached at Appendix 2 are details of the schemes which the Chief Financial Officer has authorised to carry forward in line with the delegation arrangements, totalling £589,100. There are no carry forward requests which require Council approval.

3.3 Capital Financing 2014/15

The proposed method of financing the £2,635,908 capital expenditure incurred in 2014/15 is summarised below and full details are included in Appendix 7.

	£
Capital Receipts	859,509
Capital Grants and Contributions	1,658,434
General Fund Revenue Contributions	117,965
Total Capital Financing	2,635,908

3.4 Capital Determinations 2014/15

The Local Government and Housing Act 1989 requires each Local Authority to determine how its capital expenditure has been financed together with the amounts set aside from revenue as provision for credit liabilities (repayment of debt).

- (i) Section 42(2)(g) of the Local Government and Housing Act 1989 requires the Authority to determine the amount of expenditure which has been met out of money provided by other persons. This is:

£
Capital grants receivable
1,170,279
Capital contributions
488,155

- (ii) Section 60(2) of the Act requires the Authority to determine the amount of usable capital receipts to be applied to meet expenditure incurred for capital purposes for 2014/2015. This figure is £859,509.
- (iii) Section 63(1) of the Act requires the Authority to determine the amounts set aside from revenue accounts as provision for repayment of debt, known as the minimum revenue provision (MRP). This is calculated in accordance with the MRP policy for 2014/15 as approved by Council on 3 March 2014 and equates to £532,734.

4. Performance Results and Future Targets

The Council's plans for each year are set out in the Gedling Plan. Performance against agreed actions and performance targets is managed through the Covalent Performance Management system, and performance information derived from it is available publicly on line on the Council's website at

<http://www.gedling.gov.uk/aboutus/howwework/prioritiesplansperformance/performance/>

Members are encouraged to access performance information through this link and hard copies of reports are longer included with Cabinet papers. They are available for reference in the Members' Room.

Traffic light symbols continue to be used to show progress for both actions and performance indicators. To be assessed as Green at the end of the fourth quarter (i.e. end of year): -

- An action must be completed, or be on target compared with where it should be if the project straddles more than one financial year, as set out in its Project Plan.
- A performance indicator must be in line with the target for the year.

Progress is assessed against the latest agreed target for both actions and indicators.¹

Overall, progress against Gedling Plan priorities is very positive. Appendix 8 shows a summary of high level progress against priorities and objectives – it shows good progress against the Plan overall and against all five of the priority themes.

Progress against actions is particularly strong. 92% (56 out of 61) are either completed or on target with outcomes secured or on the way to being so, compared with 93% (49 out of 53) in 2013/14 and 83% in 2013/14. The year has seen the launch or completion of a range of significant projects, including opening of Gedling Country Park; opening of the “Men in Sheds” project; progression towards being a dementia – friendly organisation; successful relocation of Arnold Job Centre to the Civic Centre; adoption of the Aligned Core Strategy; and agreeing planning permission for the Gedling Access Road to open up the former Gedling Colliery site for development.

For the few Improvement Actions assessed as Red, work involved has been rolled forward for completion in the 2015/16 Gedling Plan and/or relevant Service Plans and revised targets agreed.

Progress against Performance Indicators overall has improved in the final quarter, with 57% (20 out of 35) with green status at year-end compared with 44% at the end of quarter 3. The Council has continued to set challenging performance targets but this years’ outturn suggests that increased demand for services (with our own and partners’ services) and budget reductions and reduced staffing levels are having an impact. Comparisons with previous years show 78% of measures on green status in 2013/14 and 67% green in 2013/14.

Notwithstanding the above, there is strong and improving performance in a number of areas, including the time taken to process housing benefit claims; creation of new apprenticeships; reduced sickness absence; cleanliness of streets and processing of major planning applications.

As previously, a separate report is produced highlighting key outcomes secured during the quarter, focusing on areas where the Council has made a real difference to people’s lives. This is attached at Appendix 9 and is available on the website and in hard copy in the Members’ Room.

¹ The year-end reports largely follow the format for quarterly reports. The main difference is that performance indicator reports show both q4 results and full year results where appropriate. For indicators measured on an ongoing basis, there is generally a separate figure for the final quarter and for the full year - for those measured on a one-off basis at year end, only a year-end figure is included. In a limited number of cases, performance is measured on a 12 month rolling basis (for example, sickness absence performance) – in these instances the q4 and year-end performance data is the same. These documents contain explanations of variances and proposed target changes as previously, along with trend arrows for performance indicators (note that an upward arrow indicates improved performance, irrespective of whether improvement is represented by a higher or lower value) and progress bars for actions showing progress made against project milestones

Alternative Options

- 5 This report provides a statement of the actual performance against the Council Plan for 2014/15 and as such there are no alternative options. The proposals for budget carry forwards are in accordance with the requirements of Financial Regulations and are submitted for Member consideration.

The approval of the capital financing method and determinations are statutorily required and as resources available for capital financing are severely restricted there are no alternative options available.

Financial Implications

- 6 As detailed in the report.

Appendices

- 7 Appendix 1 General Fund Revenue Outturn 2014/15 Variance Analysis
Appendix 2 Budget Carry Forward Summary 2014/15
Appendix 3 General Fund Balances and Earmarked Reserves 2014/15
Appendix 4 Members Pot 2014/15
Appendix 5 Statement of Accounts Technical Adjustments 2014/15
Appendix 6 Capital Outturn 2014/15
Appendix 7 Capital Financing Summary 2014/15
Appendix 8 High Level Summary of Performance Outcomes 2014/15
Appendix 9 Quarter 4 Performance Outcomes 2014/15

Background Papers

- 8 Council Plan 2014/15 and Quarterly Performance Monitoring Reports

Recommendations

Members are recommended:

- (a) To note the Council Plan Performance and Budget Outturn figures for 2014/15;
- (b) To note the revenue carry forwards approved by the Chief Financial Officer of £97,800 included in Appendix 2, amounts not in excess of £10,000 and committed schemes above £10,000;
- (c) To note the capital carry forwards approved by the Chief Financial Officer of £589,100 included in Appendix 2, being amounts not in excess of

£50,000 and committed schemes above £50,000;

(d) To refer to Council for approval:

- i) The overall method of financing of the 2014/15 capital expenditure as set out in Appendix 7 of the report;**
- ii) The capital determinations in Section 3.4.**

Reasons for Recommendations

- 10 To ensure Members are informed of the performance against the Council Plan for 2014/15 and to comply with statutory requirements for capital financing.

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	Original Budget 2014/15	Current (Revised) Budget 2014/15		Actual Expenditure £	Variation to Revised £	Analysis of variance	
		£	£			Controllable variance £	Non Controllable Variance £
General Fund							
Community Development	1,603,600	1,656,500	1,549,950	(106,550)	(16,672)	(89,877)	
Health & Housing	1,116,100	1,079,100	981,705	(97,395)	(63,158)	(34,237)	
Public Protection & Communication	1,639,700	1,497,600	1,460,720	(36,880)	36,081	(72,961)	
Environment	4,568,400	4,762,900	4,509,958	(252,942)	(74,351)	(178,591)	
Leisure & Development	1,916,500	1,927,900	2,126,938	199,038	67,421	131,616	
Finance & Performance	2,244,800	2,163,500	2,275,772	112,272	(131,778)	244,051	
General Fund	13,089,100	13,087,500	12,905,043	(182,457)	(182,457)		0

Portfolio. Outturn Summary 2014/15

	Current Approved Estimate 2014/15	Actual Expenditure	Variation to Estimate	Analysis of Variance	
				Controllable Variance	Non Controllable Variance
Community Development					
Democratic Mgt & Representation	688,500	685,974	(2,526)	(8,445)	5,919
Committee Services	(4,700)	0	4,700	(2,603)	7,303
Localities	137,200	148,245	11,045	9	11,036
Community Grants	194,700	191,618	(3,082)	(6,337)	3,255
Disabled Grants	6,100	5,125	(975)	(1,771)	796
The Arts & Tourism	106,600	83,197	(23,403)	973	(24,376)
Sports Development	59,200	37,084	(22,116)	(98)	(22,018)
Community Centres	273,700	238,964	(34,736)	966	(35,702)
Events & Play	195,200	159,410	(35,790)	633	(36,422)
Parish Aid	0	333	333	0	333
Community Development	1,656,500	1,549,950	(106,550)	(16,672)	(89,877)

Total Controllable Variance for Community Development Portfolio of (£17K) underspend

Democratic Mgt & Representation - £8.4K underspend

Variance mainly due to an underspend on mayoral related expenditure.

Committee Services - £2.6K underspend

Variance mainly due to an underspend on training expenses, stationery and projects and activities.

Localities - no variance

No major variances

Community Grants - £6.3K underspend

Variance mainly due to a reduced payment of the OAP Concessionary Use grant resulting from the cancellation of Age Uk community centre bookings and a saving on employee expenses due to recruitment delays.

Disabled Grants - £1.7K underspend

No major variance.

The Arts & Tourism - £1K overspend

No major variances

Sports Development - £0.1k underspend

No major variances

Community Centres - £1K overspend

No major variance.

Events & Play - £0.6K overspend

No major variances.

Parish Aid - no variance

No major variance.

Portfolio. Outturn Summary 2014/15

	Current Approved Estimate 2014/15	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Variance £	Non Controllable Variance £
Health & Housing					
Housing Needs	364,500	397,029	32,529	13,777	18,753
Housing Strategy	96,600	68,733	(27,867)	(16,747)	(11,120)
Council Tax Benefits	(66,000)	(80,696)	(14,696)	(14,696)	0
Rent Allowances	91,200	39,716	(51,484)	(51,484)	0
Housing Benefit Administration	592,600	553,334	(39,266)	2,604	(41,870)
Rent Rebates	200	3,588	3,388	3,388	0
Health & Housing	1,079,100	981,705	(97,395)	(63,158)	(34,237)

Total Controllable Variance for Health & Housing Portfolio of (£63K) underspend

Housing Needs - £13.8K overspend

There has been a delay in the delivery of planned efficiency savings from joint working opportunities with other local authorities, which has been offset by savings in projects and activities. The variance is due to additional spend on maternity cover, higher than expected demand for South Notts Sanctuary Scheme and increased Bed & Breakfast costs.

Housing Strategy - £16.8K underspend

Variance mainly due to vacant Housing Strategy and Development Officer post.

Council Tax Benefits - £14.7K underspend

Following abolition of the CTB subsidy arrangements in April 2013, where a valid backdated CTB claim is received, the Council is obliged to pay it and bear the full cost. Conversely, where an overpayment of CTB is identified, the Council can recover it and it is not required to pay back any subsidy previously claimed. In addition, "technical overpayments" arise where a change is made to a relief, exemption or discount for a period prior to 1 April 2013. Whilst there is no impact on the claimant, an adjustment to benefit previously paid by the General Fund to the Collection Fund is created, resulting in additional income to the General Fund.

Rent Allowances - £51.5K underspend

Variance is largely due to the subsidy implications of higher than anticipated overpayments for previous and current years, more than offset by favourable movements in pending recoveries and bad debt provisions.

Housing Benefit Administration - £2.6K overspend

Variance mainly due to an additional Contribution to Reserves, offset by an underspend on Salaries due to vacancies held because of uncertainties over legislative changes.

Rent Rebates - £3.4K overspend

Subsidy implication of a previous year overpayment.

Portfolio. Outturn Summary 2014/15

	Current Approved Estimate 2014/15	Actual Expenditure	Variation to Estimate	Analysis of Variance	
				Controllable Variance	Non Controllable Variance
£	£	£	£	£	£
Public Protection & Communication					
Licencing & Hackney Carriages	(24,400)	135,657	160,057	27,527	132,530
Central Print Room	7,500	0	(7,500)	(4,279)	(3,221)
Environmental Protection	298,700	299,387	687	2,516	(1,829)
Food, Health & Safety	229,600	235,152	5,552	378	5,174
Comm Protection & Dog Control	568,200	582,721	14,521	924	13,596
Information Technology	92,500	0	(92,500)	1,346	(93,846)
Communications & Publicity	(11,000)	0	11,000	4,387	6,613
Renovation Grants	339,400	207,803	(131,597)	2,864	(134,461)
Customer Services	(2,900)	0	2,900	418	2,482
Public Protection & Communication	1,497,600	1,460,720	(36,880)	36,081	(72,961)

Total Controllable Variance for Public Protection & Communication Portfolio of £36K overspend

Licencing & Hackney Carriages - £27.5K overspend

Variance mainly due to taxi licencing income tailing off faster in quarter 4 than forecast at quarter 3, partly offset by salary savings and reduced CRB payments.

Central Print Room - £4.3K underspend

Variance mainly due to an underspend on Printing and Stationery.

Environmental Protection - £2.5K overspend

Variance due to additional agency staff used to cover sickness absence on a specialist post.

Food Health & Safety - £0.4K overspend

No major variances.

Community Protection & Dog Control - £0.9K overspend

Variance mainly due to an additional contribution to the CCTV replacement reserve, partly funded by savings on the CCTV contract. A carry forward has been requested for litter signs.

Information Technology - £1.3K overspend

Variance due to delayed software installations and upgrades, lower hardware support costs, lower connectivity costs and new arrangements in respect of support of the core telephony system. These have been offset by an increased Contribution to Reserves. A carry forward has been requested for the Bartec Software Licence.

Communications & Publicity - £4.4K overspend

Variance mainly due to additional expenditure on the "Pride of Gedling " awards and minor staffing variances.

Renovation Grants - £2.9K overspend

No major variances.

Customer Services - no variance

No major variance.

Portfolio. Outturn Summary 2014/15

	Current Approved Estimate 2014/15	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Variance £	Non Controllable Variance £
Environment					
Sustainability	24,400	21,266	(3,134)	(118)	(3,016)
Estates & Valuation	27,600	0	(27,600)	(8,251)	(19,349)
Public Land & Buildings	5,800	(8,756)	(14,556)	(12,700)	(1,856)
Business Units	(19,900)	(17,029)	2,871	(2,320)	5,191
Waste Management	1,956,400	1,940,819	(15,581)	26,484	(42,065)
Trade Waste	(35,000)	(92,410)	(57,410)	(62,555)	5,144
Street Care	817,500	720,947	(96,553)	9,178	(105,731)
Public Conveniences	40,500	47,943	7,443	3,760	3,683
Technical Services	0	0	0	(6,720)	6,720
Building Services	5,300	0	(5,300)	20,168	(25,468)
Programmed Maintenance	86,700	70,454	(16,246)	(6,901)	(9,345)
Car Parks	233,100	221,351	(11,749)	(9,483)	(2,266)
Fleet Management	(0)	0	0	54,683	(54,683)
Public Offices	74,300	8,898	(65,402)	(47,020)	(18,381)
Assets & Sustainability	500	0	(500)	0	(500)
Allotments	21,700	26,047	4,347	901	3,446
Parks	1,589,800	1,635,151	45,351	(28,247)	73,598
Cemeteries	(65,800)	(64,723)	1,077	(5,210)	6,287
Environment	4,762,900	4,509,958	(252,942)	(74,351)	(178,591)

Total Controllable Variance for Environment Portfolio of (£74K) underspend

Sustainability - £0.1K underspend

No major variances.

Estates & Valuation - £8.3K underspend

Variance mainly due to an underspend on consultancy fees which are partially subject to a carry forward request and offset by minor overspends.

Public Land & Buildings - £12.7K underspend

Variance due to additional income from the sale of land and underspends on repairs and maintenance, partly offset by insurance liability claim.

Business Units - £2.3K underspend

Variance mainly due to lower Partnership payments as a result of empty units and a back dated NNDR refund.

Waste Management - £26.4K overspend

Variance mainly due to an overspend on Agency staff as a result of long term sickness, mandatory driver CPC training and the extension of the bulky waste amnesty. A carry forward has been requested for the improvement of the bin area at Bourne Mews.

Trade Waste - £62.5K underspend

Variance due to the successful Trade Waste VAT claim and an increase in income from additional customers.

Public Conveniences - £3.7K overspend

Variance mainly to an increased NNDR charge.

Street Care - £9.2K overspend

Variance mainly due to an underspend on the Environmental Projects Fund, partly offset by the cost of unbudgeted insurance claims.

Technical Services - £6.7K underspend

Variance mainly due to an underspend on consultancy fees and mileage.

Building Services - £20.2K overspend

Variance mainly due to a delay in undertaking rechargeable works for external bodies, so income not achieved.

Programmed Maintenance - £6.9K underspend

Variance mainly due to an underspend on routine maintenance due to a delay in Civic Centre alterations, a carry forward has been requested.

Car Parks - £9.5K underspend

Variance mainly due to a saving on cash collection charges and an increase in permit income, partly offset by increased routine maintenance on repairs and white lining.

Fleet Management - £54.7K overspend

Variance mainly due the transfer of vehicle sales over £10k to capital and overspends on tyres and parts, offset partly by a fuel saving due to reduced prices.

Public Offices - £47K underspend

Variance mainly due to underspends on NNDR, premises rent and water charges, and increased rental and telephone mast income, partly offset by an overspend on gas and electricity. A carry forward has been requested due to a delay in works at the Civic Centre.

Allotments - £0.9K overspend

No major variance.

Parks - £28.2K underspend

Variance mainly due to an underspend on salaries, for which a carry forward has been requested, and additional income from 3rd parties for works carried out.

Cemeteries - £5.2K underspend

Variance mainly due to an underspend on external contractor works and no costs for assisted burials.

Portfolio. Outturn Summary 2014/15

	Current Approved Estimate 2014/15	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Variance £	Non Controllable Variance £
Leisure & Development					
Development Service Support	0	0	0	(1,814)	1,814
Development Management	281,200	344,812	63,612	70,014	(6,402)
Planning Policy	309,600	346,550	36,950	22,440	14,510
Building Control Account	61,200	87,206	26,006	9,862	16,145
Building Control Fee Earning Account	(30,200)	(45,644)	(15,444)	(8,713)	(6,731)
Land Charges	(44,700)	(52,685)	(7,985)	6,696	(14,681)
Leisure Services Division	(2,800)	53,829	56,629	(3,741)	60,370
Leisure Misc Expenses/Contbn	0	6,500	6,500	6,500	0
Calverton Leisure Centre	229,300	210,897	(18,403)	(25,337)	6,935
Carlton Forum Leisure Centre	188,500	207,091	18,591	5,471	13,120
Redhill Leisure Centre	93,600	137,330	43,730	11,175	32,555
Arnold Theatre	60,000	61,830	1,830	(12,854)	14,685
Arnold Leisure Centre	512,200	478,424	(33,776)	(1,098)	(32,678)
Richard Herrod Centre	270,000	290,796	20,796	(11,179)	31,975
Leisure & Development	1,927,900	2,126,938	199,038	67,421	131,616

Total Controllable Variance for Leisure & Development Portfolio of £67K overspend

Development Service Support - £1.8K underspend

No major variances.

Development Management - £70K overspend

Variance mainly due to higher than anticipated court fees re the wind turbine and crematorium legal challenges and reduced planning application income.

Planning Policy - £22.4K overspend

Variance is due to legal fees incurred defending the challenge to the Aligned Core Strategy, additional consultancy spend relating to the Aligned Core Strategy and holiday leave buy back.

Building Control Non Fee Earning Account - £9.9K overspend

This variance is due to an increase in staffing costs which have transferred from the fee earning service, due to the increased volume of work and changes in the way time has been split across fee earning and non-fee earning accounts.

Building Control Fee Earning Account - £8.7K underspend

This variance is offset by the overspend on the Building Control Non Fee Earning Account (see above) and is due to changes in the way time has been split across fee earning and non-fee earning accounts.

Land Charges - £6.7K overspend

Variance due to changes in the way searches are requested, with a trend towards electronic communication incurring a lower fee.

Leisure Services Division - £3.7K underspend

Variance due to vacancies and temporary staffing arrangements.

Leisure Misc Expenses/Contbn - £6.5K overspend

Variance due to outstanding project costs from the refurbishment of Arnold Leisure Centre and Theatre.

Calverton Leisure Centre - £25.3K underspend

Variance mainly due to a significant increase in party booking due to promotion, an increase in number of people transferring from pay and play to memberships and a small saving on fuel oil due to less usage as milder winter.

Carlton Forum Leisure Centre - £5.5K overspend

Variance mainly due to a reduction in swimming numbers and income, the retention of DNA members has dropped at this site and costs relating to casual holiday entitlement have increased due to using casual staff while awaiting recruitment. This is partly offset by lower utility charges from the Academy.

Redhill Leisure Centre - £11.2K overspend

Variance mainly due to a reduction in income from fitness joining fees, fitness room, all weather pitch bookings and refreshment income as a result of fewer bookings.

Arnold Theatre - £12.9K underspend

Underspend is offset by carry forward requests to refurbish theatre toilets. Additional income achieved from additional productions.

Arnold Leisure Centre - £1.1K underspend

Variance mainly due to lower utility charges, this is partially offset by reduced income from recharges to library for this service. Vacancies on leisure attendants has led to increased cost on instructors to deliver swim lessons.

Richard Herrod Centre - £11.2K underspend

Variance is due to income from the Solar Panels being back dated to 2012 when they were installed and an increase in income from additional bookings in the Millennium Suite.

Portfolio. Outturn Summary 2014/15

	Current Approved Estimate 2014/15	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Variance £	Non Controllable Variance £
Finance & Performance					
Organisational Development	40,400	0	(40,400)	(11,732)	(28,668)
Audit, Risk Management, Health & Safety	9,700	0	(9,700)	792	(10,492)
Corporate Management	967,500	964,767	(2,733)	21,819	(24,552)
Emergency Planning	12,300	14,810	2,510	(646)	3,156
Legal Services	3,100	0	(3,100)	(13,019)	9,919
Postages	15,200	0	(15,200)	(12,807)	(2,393)
Economic Development	652,200	647,055	(5,145)	(35,617)	30,472
Registration Of Electors	187,300	162,526	(24,774)	(8,604)	(16,171)
Elections	64,400	57,405	(6,995)	(1,663)	(5,332)
Procurement	12,500	0	(12,500)	326	(12,826)
Corporate Administration	1,000	0	(1,000)	(1,573)	573
Financial Services	0	0	0	(50,276)	50,276
Insurance Premiums	27,500	0	(27,500)	3,187	(30,687)
Revenues-Local Taxation	475,300	422,814	(52,486)	(15,175)	(37,311)
Central Provisions Account	484,200	463,721	(20,479)	(20,479)	0
Non Distributed Costs	134,400	156,463	22,063	22,063	0
Corporate Income & Expenditure	277,000	231,319	(45,681)	410,028	(455,708)
Movement in Reserves (MiRs)	(1,200,500)	(845,107)	355,393	(418,402)	773,795
Finance & Performance	2,163,500	2,275,772	112,272	(131,778)	244,051

Total Controllable Variance for Finance & Performance Portfolio of (£132K) underspend

Organisational Development - £11.7K underspend

Variance mainly due to underspends on consultancy fees, the Workplace Health scheme, the Employee Conference and from increased external training income, partly offset by increased training costs and an increased number of Long Service Awards.

Audit, Risk Management, Health & Safety - £0.8K overspend

No Major Variance.

Corporate Management - £22.3K overspend

Variance mainly due to redundancy costs following the Senior Leadership Restructure, partly offset by corresponding salary savings and an underspend on audit fees.

Legal Services - £13K underspend

Variance mainly due to underspends on professional fees, technical publications and bailiffs fees.

Emergency Planning - £0.6K underspend

No Major Variance.

Postages - £12.8K underspend

Variance mainly due to reduced costs of central postages.

Economic Development - £35.6K underspend

Variance mainly due to an underspend on consultancy fees and a vacant post.

Registration of Electors - £8.6K underspend

Variance due to an underspend on regular registration expenditure due to a focus on Individual Electoral Registration funded by government grants.

Elections - £1.7K underspend

Variance due to receipt of the finalised central government contribution for the European election.

Procurement - £0.3K overspend

No major variances.

Corporate Administration - £1.6K underspend

No major variances.

Financial Services - £50.3K underspend.

Variance mainly due to vacancies and an underspend on consultancy which is subject to a carry forward request.

Insurance Premiums - £3.2K overspend

Variance due to a contribution to the insurance reserve.

Revenues-Local Taxation - £15.2K underspend

Variance mainly due to underspends on Consultancy Work for the Business Rates review, which is in progress, and on Staffing because of vacancies held because of uncertainties over legislative changes. These are partly offset by lower than budgeted Council Tax Summons Costs income. A carry forward has been requested for the Capacity Grid Business Rates review.

Central Provisions Account - £20.5K underspend

Variance due to a reduction in the Bad Debt provision for GBC and Civica Debtors.

Non Distributed Costs - £22.1K overspend

Variance due to increased pension strain costs.

Corporate Income & Expenditure - £410K overspend

Variance due to NNDR Deficit entries - offset in MIRS (see below).

Movement in Reserves (MIRS) - £418k underspend

Variance due to NNDR deficit entries - offset in CIES (see above).

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ALL COMMITTED REVENUE CARRY FORWARD REQUESTS, PLUS UNCOMMITTED REVENUE REQUESTS UNDER £10,000

This schedule will need to be approved by the Chief Financial Officer

								Ref's	
Department:				Reason for Carry Forward					
Porfolio	Service Area	Description of Scheme/ Request	Approved Budget	Actual Exp 2014/15	Reserved Creditors 2014/15	Total 2014/15 Actual	Carry Forward Requested	Ref A/B	Details
			£	£	£	£	£		
Public Protection & Communications	Community Protection	Order for litter signs	38,200.00	20,724.77	0.00	20,724.77	1,400.00	A	Order for litter signs, not delivered.
	Information Technology	Grounds Maintenance support system	6,000.00	0.00	0.00	0.00	6,000.00	A	Supporting PASC use of Bartec.
P Environment 70	Estates	Core Asset Review - Consultancy Fees	34,000.00	24,085.00	0.00	24,085.00	5,500.00	B	Core Asset Review not yet completed.
	Street Care	Muirfield Rd Recreation Ground	24,200.00	11,657.00	0.00	11,657.00	11,800.00	A	New footpath - works currently underway.
	Kerbside Recycling	Bins for Bourne Mews	55,300.00	38,465.60	0.00	38,465.60	5,800.00	A	Delay in works scheduled to improve the bin area in Bourne Mews.
	Public Offices	Planned maintenance	26,300.00	24,235.52	0.00	24,235.52	2,100.00	A	Works delayed on Civic Centre
	Grounds Maintenance	BARTEC - population of software.	7,000.00	0.00	0.00	0.00	7,000.00	A	Admin support required for BARTEC database inputting.
	Grounds Maintenance	Temporary staff	7,000.00	0.00	0.00	0.00	7,000.00	A	Admin support for S106 applications, cemeteries and other databases.
Leisure & Development	Arnold Theatre	Refurbishment of Theatre toilets	14,000.00	7,473.79	0.00	7,473.79	6,600.00	A	Delay in scheme starting due to bookings in the Theatre.
	Arnold Theatre	Equipment for toilets	5,300.00	0.00	0.00	0.00	5,300.00	A	Delay in scheme starting due to bookings in the Theatre. Fixtures have been ordered and made to our specification.
Finance	Financial Services	Payline Review	30,000.00	1,544.00	0.00	1,544.00	28,000.00	A	Consultancy fees for the Payline review.
	Revenues - Local Tax	Capacity Grid Business Rates Review	11,300.00	0.00	0.00	0.00	11,300.00	A	Review currently underway.
		TOTAL	258,600.00	128,185.68	0.00	128,185.68	97,800.00		

Prepared By:

Authorised By:

Chief Financial Officer _____

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GENERAL FUND BALANCES AND TOTAL RESERVES 2014/15

	Current Estimate 2014/15 £000's	Actual Outturn 2014/15 £000's	Variance 2014/15 £000's
General Fund Balance at 1 April 2014	6,194	6,194	0
<u>Plus:</u>			
GBC Council Tax Requirement from Collection Fund	5,344	5,344	0
GBC share of declared previous year Collection Fund surplus	56	56	0
Parish Levy	519	519	0
GBC Share of Business Rates, tariff, levy & S31 SBR relief	2,813	3,188	375
New Homes Bonus	1,564	1,564	0
RSG & Other grants	3,134	3,134	0
<u>Less:</u>			
Committee Expenditure	(13,087)	(12,905)	182
Parish Precepts	(519)	(519)	0
General Fund Balance at 31 March 2015	6,018	6,575	557
Earmarked Reserves:			
Joint Use & Base Maintenance Reserve	100	105	5
Community & Crime Reserves	76	88	12
IT Replacement Reserve	218	417	199
Disabled Adaptations Reserve	20	22	2
Risk Management Reserve	156	344	188
S106 Revenue Reserve	111	96	(15)
Housing & Housing Benefits Reserve	427	450	23
Insurance Reserve	260	273	13
Efficiency & Innovation Reserve	125	144	19
Asset Management Reserve	65	145	80
Local Development Framework Reserve	89	118	29
Earmarked Grants Reserve	319	541	222
CCTV Reserve	173	214	41
LA Mortgage Scheme Reserve (LAMS)	63	66	3
Rural Broadband Reserve	90	90	0
Apprentice Reserve	40	54	14
Land Charges	25	25	0
NNDR Pool Reserve	0	67	67
Transformation Fund Reserve	0	189	189
Economic Development Fund Reserve	0	274	274
Total Earmarked Reserves at 31 March 2015	2,357	3,722	1,365
Total Reserves at 31 March 2015	8,375	10,297	1,922

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MEMBERS POT**OUTTURN SUMMARY
Members Pot Expenditure 2014-2015**

	£		
Budget 2014/15	75,000	No. of Councillors:	50
Less Total Expenditure	<u>75,049</u>	Spending their full allocation	50
Balance Unspent	<u>-49</u>	Part spending their allocation	0
		Not spending their allocation	0

Breakdown of Grants/Contributions

Name	£ Amount	Name	£ Amount
1st Burton Joyce Scout Group	100.00	Gedling Leadership Academy	320.00
1st Gedling Scout & Guide Group	275.00	Gedling Play Forum	5425.00
1st Larch Farm Scout Group	250.00	Gedling Southbank Football Club	803.81
1st A Porchester Brownies	485.00	Gedling Village Christmas Tree project	1500.00
1st Porchester Guides	75.00	Gedling Village Preservation Society	325.00
1st Porchester Scout Group	75.00	Gedling Women's Institute	50.00
1st Woodborough Scout Group	250.00	Honeywood Gardens Estate Action Team	200.00
1st Woodthorpe Guide Company	750.00	Infused Learning	300.00
2nd Arnold (St Marys) Scout Group	400.00	Jubilee Park improvements/GBC Parks and Rec.	1400.00
2nd Woodthorpe RBG	200.00	Killisick Parents Action Group	200.00
3rd Woodthorpe Scout Group	750.00	Kingswell Rangers Football Club	475.00
4th Nottingham Girls Brigade	75.00	Lepool Allotments	800.00
A W Lymms	50.00	Lambley Parish Council	1500.00
Age Concern Carlton & District	900.00	Larch Farm Brownies	250.00
All Hallows Church	264.18	Linby Parish Council	400.00
Arnbrook Parents Forum	200.00	Make it Happen International Womens Day event	550.00
Arnold Art Society	1030.00	Mapperley and Porchester District RBL	200.00
Arnold Association of Neighbourhood Watch Schemes	1385.00		
Arnold Food Bank	180.00		
Arnold Golden Eagles	200.00		
Arnold Hill Academy	600.00		
Arnold Local History Group/Club	400.00		
Arnold Swimming Club	710.00		
Arnold United Reform Church	250.00		
Arnold View Primary School	350.00		
Brick Yard Youth Club	470.00		
Bestwood Black Diamonds Band	100.00		
Bestwood Male Voice Choir	100.00		
Bestwood St Albans Parish Council	600.00		
Bestwood Village Christmas Tree Appeal	100.00		
Bestwood Village Vision	100.00		
Bestwood Village Women's Institute	100.00		
Bestwood Village Ladies Club	100.00		
Bonington Players	200.00		
Bonington Theatre Youth Project	200.00		
Burton Joyce Primary School	130.00		
Burton Joyce Cricket Club	670.00		
Burton Joyce Rainbows	165.00		
Burton Joyce Parish Council	300.00		
Burton Joyce and Bulcote Village Hall	200.00		
Calverton Baptist Church	150.00		
Calverton Colliery Memorial Trust	700.00		
Calverton Miners Welfare Colts FC	250.00		
Calverton Parents Forum	300.00		
Calverton Parish Council	100.00		
Calverton Play Day Committee	500.00		
Calverton Brownies	50.00		
Calverton Cricket Club	350.00		
Calverton Cubs	261.00		
Calverton Preservation Society	550.00		
Carlton Brass Training Band	200.00		
Carlton Central Infants School	100.00		
Carlton Central PTA	250.00		
Carlton Forum Swimming Club	350.00		
Carlton House Community Centre Club	430.00		
Carlton Life Saving Club	75.00		
Carlton Pentacostal Church	450.00		
Carlton Pentacostal Toddler Group	200.00		
Carlton Senior Bowls Club	100.00		
Carlton Town FC	1250.00		
Central Youth Club	400.00		
Chernobil Childrens' Lifeline	400.00		
Colonel Frank Seeley School	250.00		
Colwick Parish Church	100.00		
Colwick Parish Council	700.00		
Connecting Communities LTD	100.00		
Coppice Road Primary School	350.00		
Cornwater Club	750.00		
Cornwater Junior Badminton Club	120.00		
Carlton christmas lights switch on	345.00		
Daybrook Baptist Church	200.00		
Debz4Coffee	625.00		
Duke of Edinburgh Award Scheme Gedling Branch	276.00		
Emmanuel Church	300.00		
Friends of Manor Park	115.00		
Four Seasons Group	200.00		
Foxhill Court Residents Fund	200.00		
Framework Nottinghamshire	1025.00		
Friends of Hobucks	281.00		
Friends of Willow Farm	375.00		
Gedling Asian Elders Association	1500.00		
Gedling Borough Council - Calverton LC hire/boxing session	124.00		
Gedling Borough Council - Netherfield and Colwick bins	350.00		
Gedling Borough Council - Superkitchens	235.00	Clir J Parr - offset virement from 13/14	-500
Gedling Borough Council - Youth Council	200.00		
Gedling Church Council	50.00		
Gedling Church Choir Fund	100.00		
Gedling Conservation Trust	350.00		
Gedling CVS	992.50		

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Statement of Accounts - Technical Adjustments 2014/15

Portfolio	Actual Outturn	Employee Holiday Pay	Employee Pension Benefit	Capital Adjustments	Adjusted Totals
Community Development	£000 1,550	£000 1	£000 13	£000	£000 1,564
Health & Housing	982	2	22		1,006
Public Protection & Environment	1,460 4,510	0 1	43 74	954	1,503 5,539
Leisure & Development	2,127	2	58		2,187
Finance & Performance	2,276	(2)	53	1,256	3,583
Total	12,905	4	263	2,210	15,382
Reversal of Entries Via Finance and Performance Portfolio		(4)	(263)	(2,210)	(2,477)
Impact on Council Tax	12,905	0	0	0	12,905

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CAPITAL OUTTURN 2014/15

PORTFOLIO	SCHEME	2014/15 APPROVED BUDGET £	2014/15 FINAL OUTTURN £	VARIANCE £	PROPOSED CARRY FORWARDS £
COMMUNITY DEVELOPMENT	Aid to Parishes	18,400	332	(18,068)	18,100
		18,400	332	(18,068)	18,100
HEALTH AND HOUSING	Affordable Housing	114,000	0	(114,000)	114,000
		114,000	0	(114,000)	114,000
PUBLIC PROTECTION & COMMUNICATION	Self Service Kiosk	8,700	8,644	(56)	0
	Disabled Facilities Grants	677,400	414,374	(263,026)	0
	DFG Staff Salaries	87,300	75,417	(11,883)	0
		773,400	498,435	(274,965)	0
ENVIRONMENT	Civic Centre Alterations	220,500	208,652	(11,848)	10,100
	Depot Customer Facility Improvement	50,000	12,136	(37,864)	35,000
	Replace Seddon Atkinson Rigid FJ55KAO	1,600	1,558	(42)	0
	Replace Seddon Atkinson Rigid FJ55KAK	1,600	1,558	(42)	0
	Replace Hayter 5 Gang Mower FJ08 HJN	28,000	29,500	1,500	0
	Replace Mercedes Econic FN07 BVF	170,000	167,671	(2,329)	0
	Replace Mercedes Econic FN07 BVB	158,000	154,606	(3,394)	0
	Replace Ford Transit FM54 XZL	0	275	275	0
	Replace Ford Transit/Tipper YT57 FBK	32,000	0	(32,000)	26,300
	Replace Ford Transit/Tipper Crew Cab YT57ZXN	32,000	25,885	(6,115)	0
	Replace VW Transporter Van FL07ZBN	22,000	17,984	(4,016)	0
	Replacement Trailers	12,000	0	(12,000)	12,000
	Replace Mercedes Econic FN07 BVC	170,000	161,255	(8,745)	0
	Replace Mercedes Econic FN07 BVG	170,000	157,968	(12,033)	9,000
	Replace Mercedes Econic FN07 BVH	170,000	155,968	(14,033)	0
	Replace Ford Transit/Tipper FH57 DYD	27,000	24,295	(2,705)	0
	Replace Ford Transit/Tipper Crew Cab FH56 YYT	27,000	24,295	(2,705)	0
	Replace Ford transit Cub YT57 FUH	27,000	19,138	(7,862)	0
	Graffiti Remover	38,000	21,409	(16,591)	0
	Waste Management System	12,100	0	(12,100)	12,100
	Reinstate KG5 Arnold	77,000	74,432	(2,568)	0
	Salop Street Youth Facility	65,000	0	(65,000)	65,000
	Burton Road Play Area S106	6,400	0	(6,400)	6,400
		1,517,200	1,258,584	(258,616)	175,900
LEISURE & DEVELOPMENT	Gedling Country Park	555,100	448,051	(107,049)	107,000
	Calverton LC Replacement Gym Equipment 2013	33,000	31,991	(1,009)	0
	Redhill Replace Gym Equipment 2014	95,000	0	(95,000)	95,000
	ALC Refurbishment 2013	340,400	302,797	(37,603)	37,600
	Leisure Flex System Replacement	80,000	80,946	946	0
		1,103,500	863,785	(239,715)	239,600
FINANCE & PERFORMANCE	Asset Management Fund AMF - Wall at Newstead BU	41,500	0	(41,500)	41,500
		14,800	14,770	(30)	0
		56,300	14,770	(41,530)	41,500
TOTAL		3,582,800	2,635,907	(946,893)	589,100

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CAPITAL FINANCING SUMMARY 2014/15

	£	£	£
<u>CAPITAL EXPENDITURE 2014/15 REQUIRING FINANCING</u>			<u>2,635,908</u>
<u>RESOURCES APPLIED</u>			
<u>Money Provided by Other Persons</u>			
Capital Grants Receivable:			
Disabled Facility Grant	370,964		
WREN Grants King George V	48,500		
Sport England - Arnold LC	104,140		
Travellers Grant	646,675	<u>1,170,279</u>	
Contributions:			
S106 King George V	20,103		
DWP Civic Centre Alterations	20,000		
S106 Gedling Country Park	448,051	<u>488,155</u>	
Total Money Provided by Other Persons			1,658,434
Revenue Contributions:			
Revenue Contribution	117,965		117,965
Total Usable Capital Receipts Applied			859,509
Total Prudential Borrowing Applied			0
<u>TOTAL RESOURCES APPLIED 2014/15</u>			<u>2,635,908</u>

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Appendix 8

<u>Gedling Plan 2014/15 Overall Status</u>		
	Homes	
	Improve the quality of existing private rented accommodation	
	Provide more homes of the right type and in the right places	
	Jobs	
	Create more jobs through inward investment and business support	
	Ensure local people are well prepared and able to compete for jobs	
	Improve access to jobs through improved transport connectivity	
	People	
	Improve health and well-being	
	Reduce anti-social behaviour, crime and the fear of crime	
	Reduce poverty and disadvantage	
	Performance	
	Improve the customer experience of dealing with the Council	
	Maintain a positive and productive working environment	
	Mitigate the impact of budget reductions by maximising efficiency and effectiveness	
	Place	
	Generate less waste; recycle more waste	
	Promote and encourage pride and participation in the local area	
	Provide an attractive local environment that local people can enjoy and appreciate	
	Reduce the Council's and the Borough's energy usage	

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Examples of Outcomes achieved

During

Quarter 4 2014/15

PLACE

Provide an attractive local environment that people can enjoy and appreciate

New Art Work in Arnot Hill Park - Two new art works have been developed and will be installed later in the spring in Arnot Hill Park. The Youth Shelter is being repainted following sessions at Derrymount School with years 9-11 to create a design for the shelter. Artists Urban Canvas have translated the groups ideas and are painting the design alongside the young people. A number of groups have been involved in creating a mural for the former aviary in the parks' Rose Garden, supported by local artist Jess Kemp. Arnold Hill Academy designed the murals and have also been involved in painting them along with Arno Vale Junior School, Gedling Homes tenants and the Debz4coffee group who support families with children with special educational needs and disabilities. The completed mural will not only enhance the Rose Garden but will also allow the building to be secured whilst its future use is established.

Effectively supporting planning applications - The Borough Council determined the Arnold Hill School planning application against demanding funding timetables. As a result of this, the project has since been able to secure funding and start on site.

Promote and encourage pride and participation in the local area

Chinese New Year 2015 - The annual Chinese New Year event took place in the Council's Civic Centre supported by Gedling Play Forum. Around 150 children and their parents/carers attended an afternoon of Chinese themed activities including arts and crafts and storytelling. Traditional Chinese music was provided by artist Ling Peng and a lion dance took place outside the Civic Centre, attracting crowds from across the park. The event is part of a partnership with Lakeside Arts Centre and Broxtowe and Rushcliffe Borough Councils who also run Chinese New Year activities across the County over the same weekend.

Pride of Gedling Awards - The first ever Pride of Gedling Awards was held in February to recognise the outstanding achievements of our residents and local businesses in the borough. The event organised with Nottingham Post highlighted the inspiring stories of the people who live in our borough. The event was deemed a success with over thirty nominations for five awards and will be held again in 2016 following positive feedback from attendees.

Tea Tales - The Council has supported a number of groups across the borough involved in the tea tales project which has been funded by Nottinghamshire County Council Arts Fund. Two local artists have worked closely with groups from Gedling Homes, Killisick Children's Centre, Newstead WI and Newstead Youth Club on sessions incorporating a wide range of arts and crafts activities. Sessions have also included baking, sharing recipes and reminiscence focussing on parties and community celebrations. Activities have been tailored depending on the needs and interests of each group. The work of each group is being compiled into a community resource booklet; a collection of stories, memories, recipes, pictures and activity guides for use beyond the initial project. A social media page has also been created.

Appendix 9

The project has sought to enable quality participation in the arts and provided positive social engagement for some isolated and hard to reach groups.

Yarn Bombing - A series of traditional craft sessions have been delivered to Gedling Homes tenants at assisted living schemes across the borough. The aim of these sessions has been to bring tenants together in a supportive environment to take part in activities which have allowed participants to re-discover or learn traditional skills such as knitting, crochet and other woollen crafts. The workshops have allowed for 'yarn bombing' to take place at the schemes and at the launch of Gedling Country Park.

£87,500 of Community Grants Allocated in Gedling - Individual elected members have allocated £75,000 between them to a wide range of local community groups and organisations in the Borough during 2014/15. In addition Group Leaders allocated £12,500 in borough wide grants to local community projects.

Community Involvement in Planning - The Planning Policy section ran a series of Local Planning Document policy workshops which were well received by statutory consultees, Parish Councils and local residents. These workshops, which encouraged members of the public to express what they liked about their communities, what could be improved, and where development may be best located, generated significant interest and comment.

Reduce the Council's and the Borough's energy usage

Improving fuel economy - Three new Euro VI refuse freighters with electric bin lifts arrived January 2015 bringing the total of refuse freighters with electric bin lifts to seven - five of which are Euro VI. This along with the arrival of more fuel efficient new vans that have stop start technology , acceleration control and speed limiters on them to aid fuel saving has enabled us to achieve an improved Eco Stars rating to four stars. The company who carry out the Eco Stars fleet review and rating The Transport and Travel Research Group have said that a four star rating for a Council Fleet is very good and Gedling Borough Council are in a select few.

PEOPLE

Improve health and wellbeing

February Half term activities in Netherfield and Killisick - 20 children attended the Gedling Sports Partnership week of activities for children in Killisick. Over 50 children and young people attended a similar week in Netherfield run by Koala Klubs. Koala Klubs also coordinated a trip to Wembley stadium for 40 Netherfield children. All activities were free for participants and funded by Gedling Borough Council.

£60,000 for Killisick Health and Wellbeing Programme - The Council has supported the independent community organisation Gedling Sports Partnership in attracting £60,000 from the People's Health Lottery to extend the delivery of a community health and wellbeing programme at Killisick Junior School.

Green light for Gedling parkruns

The Council has committed funding for both an adult and junior parkrun in the Borough. The Borough's first parkrun will be established at Gedling Country Park in the summer. This will be followed by the junior run at a suitable location in the Borough later in the year. parkrun is an all-inclusive community run organised and run by volunteers on a weekly basis and a great social way to get involved in physical activity.

Men in Sheds - A new project aimed at supporting older men has opened its workshop doors in the former storage unit at Jubilee House. The Men in Sheds project offers men over 65 a chance to learn new wood working skills in a fully equipped workshop. The council are providing the workshop to Age UK rent free. For more information visit www.ageuk.org.uk/notts

Reducing smoking - For national no smoking day, we installed no smoking signs on all our children play areas and ran a competition with school children in Carlton to design no smoking posters.

Supporting breast feeding - A Breast Feeding Friendly day was supported with an event in Arnold, making the Civic Centre Breast Feeding Friendly and committing the Council to ensuring that its other facilities are breast feeding friendly

Reduce antisocial behaviour, crime and fear of crime

Working to reduce crime – The South Nottinghamshire Community Safety Partnership Performed better than its 'family group' of Community Safety Partnerships' average against 9 of the main crime groups over the last 3 month rolling period, and performed best against recorded figures for All Crime.

Reducing Dog Fouling - A few heads were turned on Mapperley Top recently at the sight of our Dog Poo Tree. We tried a little experiment to highlight the issue of dog fouling by tying dozens of bags onto a tree - but it wasn't real, the bags were filled with soil and represented the number of incidents of dog fouling taking place around the borough on a weekly basis.

HOMES

Provide more homes of the right type and in the right places

Progress on delivering more homes - The planning application for the first phase of development at Top Wighay Farm has been approved and the section 106 agreement signed off. This will enable the development of 38 homes on the Strata Homes site. To promote this and to ensure that the site relates to the wider development site, the Borough Council has also started working with the County Council, the landowner, to refresh the Development brief.

Gedling Colliery/Chase Farm development partner - The Council has worked closely with the Homes and Community Agency (HCA) to secure the appointment of the Gedling Colliery/Chase Farm development partner. Keepmoat Homes have been appointed and are already working the Council and HCA to undertake a design review to inform the planning application for the development site, which is due to be submitted in July 2015.

JOBS

Improve access to jobs through improved transport connectivity

Ensure local people are well prepared and able to compete for jobs

Successful pre-employment work experience - Over the last year Gedling Borough Council has offered 9 work experience placements to unemployed young people to help them gain experience and skills to better place them to compete for employment. Through the partnership we have with the Department for Work and Pensions 8 of these individuals went on to secure jobs after their placement. The DWP wrote to the council to say that this was a direct result of the work experience that the young people had received from us. The DWP is keen that the Council continue to offer this opportunity.

Successful Apprenticeship - The Apprentice HGV Mechanic within the Transport Section has just completed his second year both at Gedling Borough Council and Stephenson's College and his reviews are excellent.

Local Employment Agreements – Work has continued to be applied on new development in the borough to apply conditions on applications which are used to try and secure as many local employment opportunities as possible. In the 14/15 financial year one of these agreements was placed on the Lidl development on Mansfield road and in partnership with the job centre and Lidl in December 2014 19 Job Centre claimants attended the pre-employment training with 18 being offered and interview and 6 being offered employment. The store opened on the 26th March 2015 and 5 of the 6 who were offered employment started work. Lidl have said that unless an agreement had been part of the application they would not have worked with Gedling Borough Council (and as a result the JCP) for their recruitment of staff but gone down their usual recruitment channels.

LEADER – In February 2015 it was confirmed by The Department for Environment, Food and Rural Affairs (DEFRA) that the South Notts LEADER Bid had been successful in securing 1.5 million pounds of LEADER funding to support Economic Growth. The money will help deliver projects in rural areas of South Nottinghamshire, which covers Rushcliffe, Gedling and some small areas of the Ashfield districts. The bid was developed by input from a range of partners in both the public, private and third sector as well as input from all 3 district councils.

PERFORMANCE

Improve the customer experience of dealing with the Council

Mitigate the impact of budget reductions by maximising efficiency and effectiveness

Performance indicators exceeding targets – the following twenty indicators performed above target during 2014/15.

PI Code & Name	Managed By	2014/15 Value	2014/15 Target
LI 118 Number of long term empty homes in the Borough returned to use as a result of Gedling Borough Council intervention	Andy Callingham	5	4
NI 157a Percentage of Major planning applications processed within 13 weeks	Peter Baguley	77.78%	77.00%
LI 183 Number of pre apprenticeships (or similar) work experience placements created in Gedling Borough Council	David Archer	9	8
LI 245 Number of apprenticeships created within the Borough	Stephen Bray	165	120
LI047 Percentage of invoices paid within 10 days - local suppliers	Alison Ball	96.84%	95%
LI 281 Housing Benefit Caseload	Duncan Adamson	9,204	9,542
LI074 Average time to process new Housing Benefit claims (in calendar days)	Duncan Adamson	11 days	13 days
LI085 Average number of DNA members (12 month rolling period)	Andy Hardy	3364	2980
LI086 Average length of time spent in temporary accommodation (in weeks)	Alison Bennett	9.3 wks	11 wks
NI 181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (in calendar days)	Duncan Adamson	4.3 days	6.0 days
LI017 Percentage of Business Rates Collected	Duncan Adamson	98.99%	98.80%

Appendix 9

PI Code & Name	Managed By	2014/15 Value	2014/15 Target
LI006 Working Days Lost Due to Sickness Absence (rolling 12 month total)	David Archer	8.90 days	9.50 days
LI 166 Number of Open Gedling registered users	Duncan Adamson	3,924	2,500
LI 252 Percentage of customers that are satisfied with overall customer service	Mark Lane	90.64%	85%
LI 249 Reduce carbon emissions from Council estate	Vince Rimmington	-2.8%	-2.5%
NI 195a Percentage of streets with unacceptable levels of litter	Melvyn Cryer	2.3%	3%
NI 195b Percentage of streets with unacceptable levels of detritus	Melvyn Cryer	5%	11%
NI 195c Percentage of streets with unacceptable levels of graffiti	Melvyn Cryer	0%	1%

Maintain a positive and productive working environment

Reduced Sickness Absence Levels – In March 2015 the level of sickness absence (per full time equivalent employee (FTE)) within Gedling Borough Council has fallen to 8.9 days (per FTE employee) - the lowest level seen in many years. This is a 15% improvement compared to 2013/14 when it stood at 11.22 FTE days.

This reflects a significant amount of effort and energy put into supporting employees to attend work more regularly and employees being conscious of the need to maximise attendance, managers using our policies more effectively and consistently, interest being shown at the highest levels (Service Managers, Corporate Directors and the Chief Executive). The work of other support teams has also contributed, including staff in Organisational Development (the Personnel Officer in terms of supporting managers dealing with conduct and welfare cases, and Performance and Projects Officers raising the profile of attendance through poster and Intranet campaigns).



Report to Cabinet

Subject: Annual Treasury Activity Report 2014/15

Date: 25 June 2015

Author: Corporate Director (Chief Financial Officer)

Wards Affected

All

Purpose

To inform members of the outturn in respect of the 2014/15 Prudential Code Indicators, and to advise members of the outturn on treasury activity, both as required by the Treasury Management Strategy.

Key Decision

This is not a key decision.

Background

- 1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury review of its activities, and the actual prudential and treasury indicators for 2014/15. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.2 For 2014/15 the minimum reporting requirements were that the Full Council should receive the following reports:
 - An annual treasury strategy in advance of the year (the TMSS).
 - A mid-year treasury update report (members will note that, as in previous years and in accordance with best practice, quarterly monitoring reports for treasury activity have been provided, and that this exceeds the minimum requirements).
 - An annual review following the end of the year describing the activity compared to the strategy (this report).

- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities during the year, and highlights compliance with the Council's policies, previously approved by members.
- 1.4 The Council has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by submitting them to Cabinet before they are reported to Full Council.
- 1.5 Member training on treasury management issues is undertaken by the Chief Financial Officer as it is needed in order to support members' scrutiny role.

Proposal

- 2.1 The economy and interest rates in 2014/15
 - 2.1.1 The financial year 2014/15 continued the challenging investment environment of previous years, with rates remaining low. The original expectation was for the first increase in Bank Rate to occur in Q1 of 2015, as unemployment had fallen faster than expected through the Bank of England's (BOE) forward guidance target of 7%. In May 2014 however, the BOE revised this guidance. A combination of weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded. Expectations for the first rise in Bank Rate therefore receded, as growth was still heavily dependent on buoyant consumer demand.
 - 2.1.2 During the second half of 2014 the financial markets were caught out by a halving of the oil price. Fears increased that the European Central Bank (ECB) would do too little, too late, to ward off the threat of deflation and recession in the Eurozone. By the end of 2014 it was clear that inflation in the UK was heading towards zero and could turn negative. In turn, this made it clear that the Monetary Policy Committee (MPC) would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero, and market expectations for the first rise receded to around Q3 of 2016.
 - 2.1.3 Gilt yields were on a falling trend for much of 2014/15 but were pulled in different directions by increasing fears following the success of the anti-austerity parties in Greece, and the potential for Greece to exit the euro. Whilst the direct effects of this would be manageable by the European Union (EU) and the ECB, the potential knock-on effect on other countries within the Eurozone are harder to quantify. A further downward pressure on gilt yields was the announcement that the ECB would start a major programme of quantitative easing in March 2015.
 - 2.1.4 Strong growth in the US caused an increase in confidence that it was

heading towards a full recovery from the financial crash, and would be the first country to start increasing its central rate, probably by the end of 2015. The UK had strong growth over 2013 and 2014 and prospects for 2015 and beyond remain good.

2.2 The borrowing requirement

The Council's underlying need to borrow to finance its capital expenditure is termed the capital financing requirement (CFR).

	1 April 2014 (Actual) £000s	31 March 2015 (Orig. Est) £000s	31 March 2015 (Actual) £000s
Capital Financing Requirement	12,384	12,546	11,850

The variance is mainly due to amendments to the capital programme during 2014/15, including slippage of schemes to 2015/16.

2.3 The overall treasury position 31 March 2015

The Council's debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security of investment, and to manage risks within all treasury management activities. At the beginning and end of 2014/15, the treasury position was as follows:

	1 April 2014 £000s	31 March 2015 £000s
Total external debt	10,812	9,812
Capital Financing Requirement (CFR)	12,384	11,850
Over/(Under) borrowing to CFR	(1,572)	(2,038)
Total external debt	10,812	9,812
Total investments	(8,950)	(8,850)
Net debt	1,862	962

2.4 The treasury strategy for 2014/15

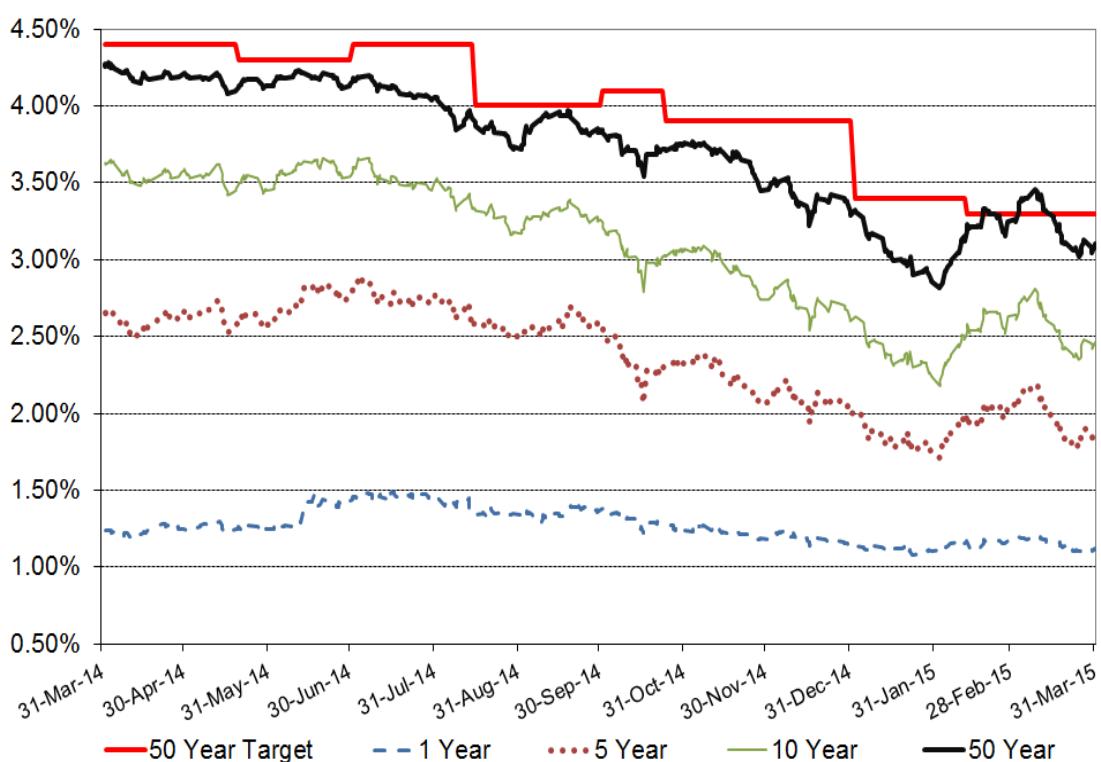
2.4.1 The expectation for interest rates within the strategy for 2014/15 anticipated Bank Rate to be low, but rising gradually from Q1 of 2015. Medium and longer term fixed rates were also expected to rise gradually, with variable or short term borrowing expected to be the cheaper option over the period. Continued uncertainty in the aftermath of the financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates. Given this scenario, the treasury strategy

was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

2.4.2 The actual movement in gilt yields meant that PWLB rates saw little overall change during the early part of the year, but there was then a downward trend for the rest of the year, with a partial reversal during February.

2.5 Borrowing rates in 2014/15

The graph below, provided by the Council's treasury advisers, illustrates that PWLB certainty rates have fallen to historically low levels during the year.



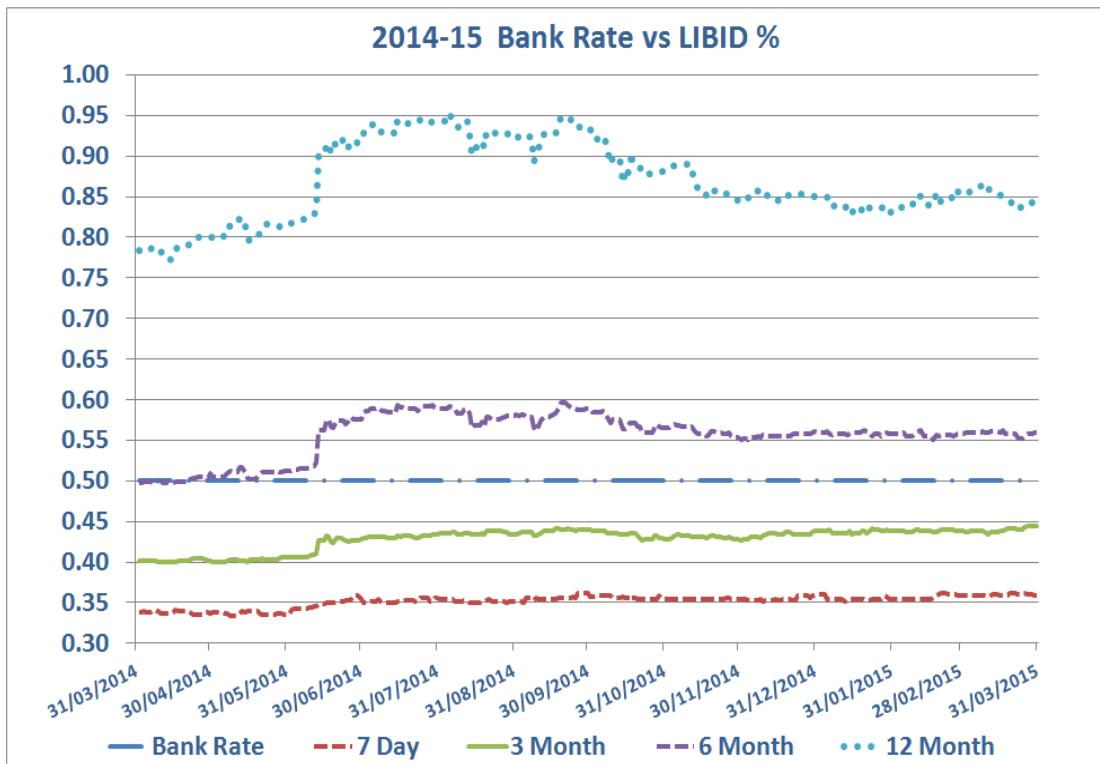
2.6 The borrowing outturn for 2014/15

2.6.1 There was no new long term debt taken during 2014/15. Two temporary loans were arranged during the year for cashflow purposes, but the maximum duration of these was only seven days, and the rate paid 0.30%.

2.6.2 There was no rescheduling of PWLB debt undertaken during the year, as the average 1% differential between PWLB new borrowing rates and premature repayment rates made such action unviable.

2.7 Investment rates in 2014/15

Bank Rate remained at its historic low of 0.5% throughout the year and has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at Q1 of 2015 but then moved back to around Q3 2016 by the end of the year. Deposit rates remained depressed throughout the year, primarily due to the effects of the Funding for Lending Scheme.



2.8 Investment outturn for 2014/15

- 2.8.1 The Council's investment policy is governed by CLG guidance implemented by the annual investment strategy, which formed part of the TMSS approved on 3 March 2014. This policy sets out the approach for selecting investment counterparties, and for 2014/15 was based on credit ratings provided by the three main credit agencies, supplemented by additional market data such as rating outlooks, credit default swaps, and bank share prices. Whilst credit ratings advice is taken from the Council's treasury advisers, the ultimate decision on what is prudent and manageable for the Council is taken by the Chief Financial Officer under the approved scheme of delegation.
- 2.8.2 The Council's investment priorities in 2014/15 remained the security of capital and good liquidity. Whilst the Council always seeks to obtain the optimum return (yield) on its investments, this is at all times

commensurate with proper levels of security and liquidity. In the current economic climate it has remained appropriate either to keep investments short-term to cover cashflow needs, or to take advantage of fixed period up to one year with selected government-backed counterparties.

- 2.8.3 During 2014/15, significant use was made of a money market fund achieving around 0.40%. This fund is an AAA rated investment vehicle which allows the pooling of many billions of pounds worth of assets into a highly diversified fund, thus reducing risk.
- 2.8.4 Investment interest or £96,749 was generated in the year, representing an equated rate of 0.76%. This outperforms the benchmark 7 day LIBID rate, which ended the year at 0.35%, and in cash terms represents additional income to the General Fund of £52,200. This was achieved as result of positive investment management. Performance in respect of the longer 3 month LIBID rate still represents additional income of £42,000.
- 2.8.5 Investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.
- 2.8.6 The Treasury Activity Report for the year ended 31 March 2015 is attached at Appendix 1 in accordance with the TMSS. For reference, definitions of LIBOR and LIBID are given at Appendix 2.

2.9 Compliance with Prudential and treasury indicators

- 2.9.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limit. The Council's approved Prudential and Treasury Indicators (affordability limits) are included in the Treasury Management Strategy Statement (TMSS) approved by Council on 3 March 2014.
 - 2.9.2 During the financial year 2014/15 the Council has at all times operated within the treasury limits and Prudential Indicators set out in the council's TMSS, and in compliance with the Council's Treasury Management Practices. A summary of the outturn in respect of the 2014/15 Prudential and Treasury Indicators is shown at Appendix 3.
- a) Prudential Indicators:
 - i) Capital Expenditure

Capital expenditure for 2014/15 totalled £2,635,908.

ii) Capital Financing Requirement (CFR)

The CFR represents the Council's underlying need to borrow and totalled £11,850,453 at 31 March 2015. This is lower than the approved indicator of £12,546,300 due to amendments to the capital programme during the year, including slippage to 2015/16 and additional capital receipts generated.

iii) Ratio of Financing Costs to Net Revenue Stream

The outturn of 7.26% represents an increase from the approved indicator of 6.44%. This is due to the inclusion of revenue contributions to capital expenditure totalling £155,829 in 2014/15, together with a reduction in investment interest, partially offset by a reduction in MRP as a result of slippage on the capital programme in 2013/14.

iv) Maximum gross debt

The Council must ensure that its gross debt does not, except in the short term, exceed the opening capital financing requirement, plus estimates of any additional CFR for 2014/15 and the following two financial years. This allows flexibility for early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. Gross debt at 31 March 2015 was £9.812m which was well within the approved indicator.

Treasury Management Indicators:

These indicators are based on limits, beyond which activities should not pass without management action, and the Council has operated within these limits at all times during 2014/15. They include two key indicators of affordability and four key indicators of prudence.

Affordability

- i) Operational boundary for external debt.
- ii) Authorised limit for external debt.

Prudence

- iii) Upper limit for fixed interest exposure – represented by the maximum permitted net outstanding principal sum borrowed at fixed rates. Please note that a negative indicator represents a position of net investment.
- iv) Upper limit for variable interest rate exposure – represented by the maximum permitted net outstanding principal sum borrowed at variable rates. Please note that a negative indicator represents a position of net investment.

- v) Maximum new principal sums to be invested during 2014/15 for periods in excess of 364 days - such investments are classified as a “non-specified”. This indicator is subject to the overall limit for non-specified investments set in the TMSS.
- vi) Upper limits for the maturity structure of borrowing - set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing.

2.10 Other Issues

2.10.1 Change of creditworthiness methodology

Through much of the financial crisis the main rating agencies (Fitch, Moodys and Standard & Poors) provided some institutions with a rating “uplift” due to implied levels of sovereign support. In response to the evolving regulatory regime, agencies have begun to remove these uplifts, making their “support”, “financial strength” and “viability” ratings redundant.

The Council currently sets the following criteria for the selection of its investment counterparties, based on Fitch ratings:

- Short term F1
- Long Term A
- Viability BBB – being removed
- Support 1 – being removed

In addition to this, Capita Asset Services (CAS) provide the Council with a creditworthiness methodology based on “colours” to suggest a maximum duration for investments made with individual counterparties. These vary from “no colour” for do not use, to yellow for 60 months.

It has previously been the Council’s practice to try to “combine” these two approaches, however this has become increasingly problematic. For example an institution may fail on the first approach for not achieving a long term A rating and/or an F1 short term rating from Fitch, yet the CAS approach, which incorporates all the available information, suggests that it is an acceptable counterparty for a short, 3 month, investment. Now, with the removal of two key elements of the agencies’ rating information, the combined approach is simply no longer viable.

The CAS methodology employs a sophisticated modelling approach utilising credit ratings from all three of the main rating agencies, rather than just one, to give a suggested maximum duration for investments. Accordingly, this method does not give undue preponderance to one agency’s ratings.

The CAS methodology also applies an “overlay” to take account of positive and negative credit watches and/or credit outlook information, which may increase or decrease the suggested duration. It then applies a second overlay based on the credit default swap spreads for institutions, the monitoring of which has been shown to give an early warning of likely changes in credit ratings. It also incorporates sovereign ratings to ensure selection of counterparties from only the most creditworthy countries.

The modelling approach combines the various factors in a weighted scoring system and results in a series of colour coded bands which indicate the creditworthiness of counterparties. The colour bandings are as follows:

- Yellow 60 months (AAA rated Government debt or its equivalent)
- Purple 24 months
- Blue 12 months (nationalised or semi nationalised UK banks)
- Orange 12 months
- Red 6 months
- Green 100 days
- No colour not to be used

Following discussions with CAS at a recent treasury strategy meeting the Chief Financial Officer has now adopted the CAS creditworthiness methodology as the basis of the Council's counterparty selection, and is taking this opportunity to advise members at the earliest opportunity in accordance with the Treasury Strategy. All credit ratings will be monitored weekly, however the Council is alerted to changes via its use of the CAS creditworthiness service.

2.10.2 No other significant treasury matters arose during the year 2014/15.

Alternative Options

There are no alternative options, this report being a requirement of the Council's Treasury Management Strategy Statement (TMSS).

Financial Implications

No specific financial implications are attributable to this report.

Appendices

1. Annual Treasury Activity Report 2014/15.
2. Definitions of LIBOR and LIBID
3. Outturn Prudential and Treasury Indicators for 2014/15.

Background Papers

None identified.

Recommendation

That:

Members note the Annual Treasury Activity Report 2014/15, together with the appendices, and refer it to Council for approval.

Reasons for Recommendations

To comply with the requirements of the Council's Treasury Management Strategy Statement.

For more information, please contact:

Alison Ball, Financial Services Manager, on 0115 901 3980

Appendix 1

TREASURY ACTIVITY REPORT 2014/15

Year ended 31 March 2015

	<u>Position @ 1 April 2014</u> £	<u>Loans Made During 1415</u> £	<u>Loans Repaid During 1415</u> £	<u>Position @ 31 March 2015</u> £
<u>Long Term Borrowing</u>				
PWLB	10,811,577	0	(1,000,000)	9,811,577
Total Long Term Borrowing	10,811,577	0	(1,000,000)	9,811,577
<u>Temporary Borrowing</u>				
Local Authorities	0	2,000,000	(2,000,000)	0
Public Corporations	0	0	0	0
Central Government	0	0	0	0
Banks & Other Institutions	0	0	0	0
Total Temporary Borrowing	0	2,000,000	(2,000,000)	0
TOTAL BORROWING	10,811,577	2,000,000	(3,000,000)	9,811,577
<u>Temporary Investment</u>				
Bank of Scotland	(6,500,000)	(6,500,000)	6,500,000	(6,500,000)
Barclays	0	0	0	0
HSBC Treasury	0	(28,915,000)	28,915,000	0
Ignis Money Market Fund	0	(59,365,000)	58,015,000	(1,350,000)
Royal Bank of Scotland	(2,450,000)	(12,645,000)	15,095,000	0
Santander	0	0	0	0
Total Banks	(8,950,000)	(107,425,000)	108,525,000	(7,850,000)
Building Societies	0	(8,000,000)	7,000,000	(1,000,000)
Debt Management Office	0	0	0	0
Local Authorities & Other	0	0	0	0
TOTAL INVESTMENT (See below)	(8,950,000)	(115,425,000)	115,525,000	(8,850,000)
NET BORROWING / (INVESTMENT)	1,861,577	(113,425,000)	112,525,000	961,577

Temporary Borrowing & Investment Statistics at 31 March 2015

Investment:

Fixed Rate Investment	(6,500,000)	(43,415,000)	42,415,000	(7,500,000)
Variable Rate Investment	(2,450,000)	(72,010,000)	73,110,000	(1,350,000)
TOTAL INVESTMENT	(8,950,000)	(115,425,000)	115,525,000	(8,850,000)

Proportion of Fixed Rate Investment	84.75%
Proportion of Variable Rate Investment	15.25%
Temporary Investment Interest Receivable	£ 96,749
Equated Temporary Investment	£ 12,801,977
Weighted Average Interest Rate Received (Interest Receivable / Equated Investment)	0.76%
7 Day LIBID (Benchmark)	0.35%
3 Month LIBID	0.43%

Borrowing:

Temporary Borrowing Interest Payable	£ 90
Equated Temporary Borrowing	£ 30,137
Weighted Average Interest Rate Paid (Interest Payable / Equated Borrowing)	0.30%
7 Day LIBOR (Benchmark)	0.48%

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LIBOR - the London Interbank Offered Rate

LIBOR is the interest rate at which the London banks are willing to offer funds in the inter-bank market. It is the average of rates which five major London banks are willing to lend £10 million for a period of three or six months, and is the benchmark rate for setting interest rates for adjustable-rate loans and financial instruments.

ie. the London banks are LENDING to each other, which affects the rate at which the banks will lend to other parties eg. local authorities, ie. Gedling are BORROWING money

LIBID - the Interbank BID (LIBID) rate

LIBID is the interest rate at which London banks are willing to borrow from one another in the inter-bank market. It is the average of rates which five major London banks willing to bid for a £10 million deposit for a period of three or six months.

ie. the London banks are BORROWING from each other, which affects the rates at which they will borrow from other parties eg. local authorities, ie. Gedling are LENDING money.

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Prudential Indicators for 2014/15

1 April 2014 to 31 March 2015

Appendix 3

	2014/15 Estimate	2014/15 Outturn
1. Prudential Indicators	(Council 3/3/14)	
Affordability:		
a) Capital Expenditure	£ 2,902,100	£ 2,635,908
b) Capital Financing Requirement	£ 12,546,300	£ 11,850,453
c) Ratio of Financing Costs to Net Revenue Stream	6.44%	7.26%
d) Incremental Impact of new 2013/14 Capital Investment Decisions:	£0.07	Not Applicable
e) Maximum Gross Debt	£ 13,135,400	£ 9,811,577
2. Treasury Management Indicators		
a) Operational Boundary for External Debt:		
Borrowing	£ 14,100,000	£ 9,811,577
Other Long Term Liabilities	£ 1,500,000	£ -
Total Operational Boundary	£ 15,600,000	£ 9,811,577
b) Authorised Limit for External Debt:		
Borrowing	£ 15,100,000	£ 9,811,577
Other Long Term Liabilities	£ 1,500,000	£ -
Total Authorised Limit	£ 16,600,000	£ 9,811,577
c) Upper limit for fixed interest rate exposure: (Maximum outstanding net BORROWING)		
Additional Local Indicator - Investment Only	100.00%	84.75%
Additional Local Indicator - Borrowing Only	100.00%	100.00%
d) Upper limit for variable interest rate exposure: (Maximum outstanding net BORROWING)		
Additional Local Indicator - Investment Only	100.00%	15.25%
Additional Local Indicator - Borrowing Only	50.00%	0.00%
e) Upper & Lower limits for the maturity structure of outstanding Borrowing during 2014/15:		
Under 1 Year	U 20%, L 0%	20%
1 Year to 2 Years	U 40%, L 0%	10%
2 Years to 5 Years	U 50%, L 0%	0%
5 Years to 10 Years	U 50%, L 0%	0%
Over 10 Years	U 100%, L 0%	70%
f) Investment Treasury Indicator and limit:		
Max. NEW principal sums invested in-year for periods OVER 364 days (ie. non-specified), subject to maximum non specified per counterparty of £3m AND to the prevailing overall counterparty limit AND to the the TOTAL non specified limit of £5m.	£ 3,000,000	£ -

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