



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

# Agenda

## Cabinet

Date: **Thursday 12 November 2015**

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Time: **2.00 pm**

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Place: **Reception Room**

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For any further information please contact:

**Lyndsey Parnell**

Senior Elections and Members' Services Officer

0115 901 3910

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# 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**

## **Page**

- 1 Apologies for Absence.**
- 2 To approve, as a correct record, the minutes of the meeting held on 22 October 2015.** 5 - 10
- 3 Declaration of Interests.**
- 4 East Midlands Devolution Deal** To Follow  
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Report of the Chief Executive.
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- 8 Prudential Code Indicator Monitoring 2015/16 and Quarterly Treasury Activity Report for Quarter ended 30 September 2015** 59 - 72  
Report of the Corporate Director (Chief Financial Officer).
- 9 Progress Reports from Portfolio Holders.**
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## **MINUTES CABINET**

**Thursday 22 October 2015**

Councillor John Clarke (Chair)

Councillor Peter Barnes  
Councillor David Ellis  
Councillor Kathryn Fox

Councillor Jenny Hollingsworth  
Councillor Henry Wheeler

Observers: Councillor Chris Barnfather

Absent: Councillor Michael Payne

Officers in Attendance: L Parnell, M Kimberley, J Robinson, D Wakelin,  
C Goodall, L Juby, C Newson and F Whyley

### **35 APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillor Payne.

### **36 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 24 SEPTEMBER 2015.**

#### **RESOLVED:**

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

### **37 DECLARATION OF INTERESTS.**

None.

### **38 COMMUNITY ASSET TRANSFER POLICY**

Portfolio Holder, Kathryn Fox, and Corporate Director, David Wakelin, introduced a report, which had been circulated prior to the meeting seeking the adoption of the Council's Community Asset Transfer Policy.

The Portfolio Holder asked that thanks be passed on to those Officers who had worked on the Policy and its related documents.

#### **RESOLVED:**

To adopt the Community Asset Transfer Policy.

**Councillor Henry Wheeler (Housing, Health and Well-being)**

- A decision will shortly be made relating to the Christmas opening hours of the Borough's Leisure Centres. The Richard Herrod Centre's opening hours would be different to other centres to take into account the bar facilities at the venue.
- A festive cinema program is planned for the Bonington Theatre and it is hoped that this will include the new James Bond film.
- The reception screens at the Civic Centre are currently showing various healthy living campaigns, including smoking cessation, the "stay well" campaign and information about flu jabs.
- A cross party, County wide, tobacco group has been relaunched to reduce the impact of smoking.
- New Leaf will no longer be providing smoking cessation services in Nottinghamshire and this will be transferred to a new company.
- The Council's dementia and loneliness plans will be refreshed to broaden their impact to include local business.
- It is now possible to self- refer to DNA Health for all residents ages over 16 with a health condition.
- The Health and Wellbeing Board recently adopted a Young People's Strategy and a new website will be rolled out.
- There has been an increase in homelessness applications, with 13 received in September. Work will be done at looking at managing this increased demand.
- The Council took part in Homeless Watch to identify rough sleepers.
- A Housing Needs Officer with the Council recently represented Great Britain at an international power lifting competition.
- The Severe Weather Policy will be in place shortly ready for the Winter season.

**Councillor Kathryn Fox (Community Development)**

- Gedling CVS closed on the 16<sup>th</sup> of October, following a failed merger with Newark and Sherwood and Rushcliffe CVS'. The transport scheme for Gedling remains and voluntary advice will now be provided by Newark and Sherwood CVS in the North of the Borough and Rushcliffe CVS in the South of the Borough. A discussion is ongoing regarding assessing the impact of the closure and the future for advice provision to Gedling based groups.
- Debz4Coffee, a local group providing help for children with SEN and their families. Work will be carried out to identify support for clients going forward. Gedling Play Forum and the Borough Council will now provide SEN support at Gedling Borough Council's events in the place of Debz4Coffee.

- A Mineral Line feasibility study has been completed by Nottinghamshire County Council. The implications of this are being considered and will be discussed at the Netherfield Steering Group. A report will be seen by the Senior Leadership Team and Cabinet in the new year and a briefing for Members will follow.
- A Halloween Arts and Crafts event will be held on Saturday, 24<sup>th</sup> October at the Civic Centre.

### **Councillor David Ellis (Public Protection)**

- Took part in a South Nottinghamshire Crime Safety Partnership (CSP) Away Day.
- Gedling is currently the best performing Borough in our CSP family of 15 District/Borough areas.
- Crime was down 8% in the first 6 months of 2015 and anti social behaviour, in particular, was down 4%.
- The nature of crime is changing and there is now an emphasis on organised and digital crime. The Police and Crime Commissioner is working on this and the Borough and considering what we can do as partners to combat this.
- Safeguarding training will become mandatory for all taxi drivers licensed by Gedling Borough, giving drivers the skills to identify young people at risk of exploitation.
- Large scale integrated enforcement action has been undertaken in Nottingham and at East Midlands Airport resulting in the revocation of 3 taxi licenses due to inappropriate behaviours.
- The Borough's neighbourhood wardens recently reunited two dogs stolen from Skegness and found stray in the Borough with their owners. The video has now gone viral on the internet.

### **Councillor Jenny Hollingsworth (Growth and Regeneration)**

- The Community Infrastructure Levy charging began on the 16<sup>th</sup> of October.
- Contracts have been exchanged on land north of Papplewick Lane and a large commuted sum has been agreed for the provision of affordable housing.
- Congratulations to the Service Manager, Housing, Alison Bennett, who has now successfully negotiated over £1 million in contributions for social housing in the Borough.
- The employability framework has been rolled out in schools and has been well received.
- A petition was received from Councillor Ellwood regarding 72/74 Westdale Lane. A Section 215 notice was served in March and further action will now be taken to enforce this.
- Housing Zone status has been received for land at Teal Close and the Gedling Colliery site. This will be used to employ a

Planning Officer to speed up the development process of these sites.

- A visit is planned to the Larkhill Extra Care Village in Clifton with a view to looking at the potential for such a development within the Borough.
- The Grove development is now well underway and will hopefully be occupied in the New Year.

#### **Councillor Peter Barnes (Environment)**

- Following a discussion at a recent APSE conference, Members of Mansfield District Council recently visited the Civic Centre to look at the co- location of the Citizens Advice Bureau and Department of Work and Pensions within the building to consider whether a similar arrangement could work in Mansfield.
- The temporary car park at Gedling Country Park is now in place, as is the hardstanding for a snack van. Temporary toilet facilities will be in place shortly.
- There is a hope that the design of the visitors centre will stay in house thanks to links to a Nottingham based PHD student who is looking at issues of eco-design.
- Gedling Country Park has been entered for a Green Flag award.
- A “Keep Gedling Green for the Queen” week will be held during the week of the Queen’s 90<sup>th</sup> birthday.

#### **Councillor John Clarke (Leader of the Council)**

- Business rates will soon be handed over to Local Authorities. More details in relation to this are expected from Central Government on the 25<sup>th</sup> of November, although it is anticipated that this will be fiscally neutral.
- There is a frustration with the situation that is ongoing relating to Carlton and Arnold police stations which Officers will be progressing the Police partners.
- Our devolution, combined authority bid is progressing and will bring potential economic benefits to the Nottinghamshire and Derbyshire area. A full report to Council will follow in due course.

#### **Councillor Michael Payne (Resources and Reputation)**

In his absence, Councillor Payne requested that the Service Manager, Communications updated members of the Cabinet on a new email communication system which is being rolled out called “Keep Me Posted”. The system is designed to drive channel shift and reduce avoidable contact with the Council by proactively providing information to people signed up to the system. The system will be promoted in the upcoming Contacts magazine, the Council’s public website and Social Media. Users currently signed up for updates from partner organisations,



such as Nottinghamshire County Council, will also have the opportunity to sign up for Gedling Borough updates.

**40 MEMBER'S QUESTIONS TO PORTFOLIO HOLDERS.**

None.

**41 ANY OTHER ITEMS THE CHAIR CONSIDERS URGENT.**

None.

The meeting finished at 1.55 pm

Signed by Chair:  
Date:

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## **Report to Cabinet**

**Subject:** Growth and Infrastructure Board

**Date:** 12 November 2015

**Author:** John Robinson, Chief Executive

### **Wards Affected**

All

### **Purpose**

To establish a cross party Growth and Infrastructure Advisory Board to oversee the development and progress of key initiatives and areas of work that underpin the economic and housing growth of Gedling.

### **Key Decision**

This is not a key decision.

### **Background**

- 1.1 Driving forward economic and housing growth is a top priority for the Council and for the wider community.
- 1.2 A number of significant schemes are already underway or at various stages of development, including: -
  - Re-development of Gedling Colliery and creation of the Gedling Access Road
  - Development of Top Wighay and Teal Close
  - Feasibility study for a Fourth Trent Crossing
  - Outline plans for re-development of Carlton Square and Arnold Town Centre
- 1.3 Progress updates are currently provided to members in a variety of formats and varying intervals but it is considered appropriate to establish a more formal mechanism going forward.

## **Proposal**

2.1 It is proposed to establish a Growth and Infrastructure Advisory Board as follows:-

### Role and Responsibilities

- To oversee the development and implementation of priority economic and housing growth initiatives
- To ensure a continuous pipeline of projects is in place, ready for sourcing external funding
- To receive and respond to regular performance reports relevant to economic and housing growth, including housing starts and completions and processing of planning applications
- To provide a forum for feeding back on progress of the East Midlands Devolution Deal and Combined Authority and for ensuring that Gedling is maximising its influence
- To advise on economic and housing growth proposals and make recommendations, as and when required, to the Executive

### Membership

- Leader, Deputy Leader and Portfolio Holder for Growth and Regeneration (or their representatives/nominees)
- Leader and Deputy Leader of the Conservative Group (or their representative/nominee)

### Frequency of meetings

- Bi-monthly

## **Alternative Options**

Cabinet could choose not to support the creation of a Growth and Infrastructure Board.

## **Financial Implications**

None

## **Recommendation (s)**

Cabinet is recommended to approve the arrangements for establishing a Growth

and Infrastructure Board as set out in section 2.1 above

**Background papers**

None

**Reason for Recommendation**

To establish a forum to ensure that members are kept updated on matters relating to economic and housing growth in the Borough.

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## **Report to Cabinet**

**Subject:** Refresh Organisational Development Programme

**Date:** 12 November 2015

**Author:** John Robinson, Chief Executive

### **Wards Affected**

All

### **Purpose**

This report provides an update on the progress of the Refresh organisational development programme and seeks Cabinet's comments on a revised Council vision and set of values and priorities. Cabinet is also asked to endorse revised Gedling Employee, Manager and Leader Standards.

### **Key Decision**

This is not a key decision.

### **Background, Update and Proposals**

- 1.1 At its meeting held on 23 April 2015, Cabinet approved the establishment of a new organisational development programme under the name Refresh.
- 1.2 Whilst recognising that the Council had undergone significant change in recent years and made considerable progress, the Refresh programme was intended to kick-start further organisational development and improvement.
- 1.3 Refresh is organised around the following themes and Appendix 1 contains a review of progress to date.
  - Leadership and management
  - Employee recognition and reward
  - Customer engagement, insight and responsiveness
  - Employee engagement, health and wellbeing
  - Digitalisation
  - Workforce planning and development

- 1.4 In addition to the information set out at Appendix 1, particular attention is drawn to the following:

(i) Vision, Values and Priorities

- 1.5 In preparation for the forthcoming service and financial planning exercise, Cabinet members were invited to revisit the Council's current vision, values and priorities.
- 1.6 While the current ones were considered to remain broadly fit for purpose, a new form of words has been drafted that is felt to better reflect the ethos of the Council and be more user friendly for sharing within and outside the organisation. Cabinet is asked to comment on the documents, as set out at Appendix 2, noting that the final wording will form part of the Gedling Plan to be approved by Cabinet and Full Council.

(ii) Employee, Manager and Leader Standards

- 1.7 Drawing on the 'refreshed' vision, values and priorities, it is also proposed to implement a new set of Gedling Employee, Manager and Leader Standards.
- 1.8 These are important documents that are used in recruitment and selection and for appraising performance and development needs. In these ways, they provide a practical means for ensuring that staff are not only aware of the Council's vision, values and priorities but are actively living them out/working towards them.
- 1.9 Cabinet is asked to endorse the new standards set out at Appendix 3, prior to consultation with JCSC.
- 1.10 To date, cross party member involvement in the Refresh programme has been through the JCSC, given the nature of the programme and its strong emphasis on employment matters. Rather than establishing a separate member reference group, as originally envisaged and agreed, it is the intention to continue to report on progress to Cabinet and JCSC.

### **Alternative Options**

Cabinet could decide that the revised documents are not fit for purpose and not endorse them

### **Financial Implications**

- 2.1 Any costs arising from the Refresh programme are being met from the Transformation Fund set up for this purpose.

### **Appendices**



Appendix 1 – Review of Refresh progress to date

Appendix 2 – Vision, values and priorities

Appendix 3 – Revised Gedling Employee, Manager and Leader Standards

### **Background Papers**

None

### **Recommendation (s)**

It is recommended that Cabinet:-

- (i) note the progress on the Refresh organisational development programme at Appendix 1;
- (ii) comments on the vision, values and priorities set out at Appendix 2, noting that these would form part of the Gedling Plan to be approved at a later date by Cabinet and Full Council;
- (iii) endorse the Gedling Employee, Manager and Leader Standards set out at Appendix 3.

### **Reasons for Recommendations**

To ensure the continued progress of the Refresh programme.



**Refresh Programme – Update as at November 2015**

<b>Refresh Theme:</b>	<b>Actions:</b>	<b>Lead:</b>	<b>Progress to date:</b>
<b>1) Leadership and management</b>	1.1 Revise current employee, manager and leader standards	Chief Executive	A final draft of the standards is currently out for consultation and will be finalised after the Joint Safety and Consultative Committee on 19 November 2015. The final version will be issued to all staff and widely promoted through the intranet and staff briefings.
	1.2 Redesign PDR's to reflect changes in employee, manager and leader standards	David Archer	
	1.3 Put in place ongoing and structured 'Back to the Floor' programme	Chief Executive	To be in place by March 2016
	1.4 Design and implement revised senior management structure	Chief Executive	Draft proposals are currently out for consultation which ends on 19 November 2015. Subject to consideration of the feedback received, the Appointments and Conditions of Service Committee is scheduled to agree final proposals and a timetable for implementation on 24 November.

	1.5 “Dip test” PDR quality (through employee survey)	David Archer	This has been completed via the Staff Survey and action plans have been drawn up to address the findings. In teams that show a perception that PDRs are still of a low quality, additional training will be offered to managers and supervisors. Focus Groups are to be run in service areas where staff have shown concern over a range of different question themes and where teams have indicated concerns about PDRs then this will form part of the focus group discussion.
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<b>Refresh Theme:</b>	<b>Actions:</b>	<b>Lead:</b>	<b>Progress to date:</b>
<b>2) Employee recognition and reward</b>	2.1 Undertake a review of pay and rewards and develop options arising from the review	Mark Kimberley	The Hay Group have been commissioned to undertake a pay benchmarking exercise and have completed their background work and analysis. Their final draft report is expected to be received by 6 November
	2.2 Review/improve annual Stars of Gedling/training awards	David Archer/STEPS	An online submission system has been introduced to make it easier for staff to participate and at this year’s event, staff loyalty/long service is also to be

			recognised with awards for 10, 15, 20 and 25 years' service.
	2.3 Conduct employee satisfaction survey	David Archer	Staff Survey complete, action plans drawn up to address findings.
	2.4 Develop and implement employee benefits scheme	David Archer	Review of options available has been completed and initial consideration given by SLT. Discussions with preferred supplier are in progress.

<b>Refresh Theme:</b>	<b>Actions:</b>	<b>Lead:</b>	<b>Progress to date:</b>
<b>3) Customer engagement, insight and responsiveness</b>	3.1 Ensure every service area has a systematic way of gathering, sharing and using customer feedback, including review and challenge current customer satisfaction measures and levels.	Caroline Newson	
	3.2 Improve Civic Centre face to face reception arrangements	Mark Lane/ Partners (DWP)/ Corporate/ Building Services/	In partnership with the DWP, a number of options have been reviewed which include making the existing reception larger, more welcoming and modern. Final scheme of works scheduled to be approved by March 2016, with implementation commencing April

			2016 and completed by June 2016.
	3.3 Update current Customer Services standards and charter and embed in organisation	Mark Lane/ Corporate	Revised draft standards have been completed and are scheduled to be considered at a joint meeting with SLT and Service Managers on 13 November 2015.
	3.4 Undertake residents' satisfaction survey and Gedling Conversation	Caroline Newson	Satisfaction survey and Gedling Conversation have been completed. Feedback is currently being analysed with a view to the results feeding into the forthcoming service and financial planning process.
	3.5 Identify options for a customer contact point in Carlton/the surrounding area.	Mark Lane/ Corporate/ Estates	A number of potential location options have been reviewed in partnership with the Police. They include St George's Centre at Netherfield, various vacant 'shop front' premises in Netherfield and Carlton and options for the strategic placing of a 'modular' unit in Netherfield or Carlton. Report to Cabinet to agree preferred option scheduled for February 2016.
	3.6 Ensure smooth and seamless transition of customer contact/handovers between 'one stop' and service areas.	Mark Lane/ Corporate	This is an ongoing action, though a meeting is scheduled between Customer Services and the relevant service areas for 1st December.

	3.7 Put in place measures to ensure consistent quality and responsiveness to customer contact (letters, emails, leaflets etc.)	Caroline Newson	
	3.8 Develop use of email newsletters using "Govdelivery" system and build up subscribers list	Caroline Newson	This was featured as an update item to the October Cabinet. System is in place with a full launch planned for November 2015.

<b>Refresh Theme:</b>	<b>Actions:</b>	<b>Lead:</b>	<b>Progress to date:</b>
<b>4) Employee engagement, health and well-being</b>	4.1 Review current employee engagement and improve/modify where necessary	Caroline Newson	
	4.2 Develop new depot welfare facilities	Steve Wiseman	Currently in progress. Works expected to be completed by the end of March 2016
	4.3 Undertake more face to face communications events, especially at non Civic Centre sites	Caroline Newson	
	4.4 Embed 'Serving People, Improving Lives' through branding on letters, logo, intranet, website, video based methods	Caroline Newson	A series of posters have been created and displayed around office areas. In addition, Serving People, Improving Lives is set up as a screensaver and

			was the theme of this year's Staff Conference.
	4.5 Review content of induction linked to 'Serving People, Improving Lives'.	David Archer	
	4.6 Raise profile of employee opportunities to undertake volunteering	Lance Juby	A graduate from the National Graduate Development programme will be working with the Community Relations Service Area to set up a sustainable volunteering scheme with external organisations such as Age UK.
	4.7 Raise profile/increase support to Sports and Social Club	Tracey Crawford/ Caroline Newson	Discussions have taken place with the Sports and Social Club to see how we can raise their profile and increase support. Next stage is a survey of existing members.
	4.8 Widen/maximise participation in annual Health Fair. 2016 Health Fair is scheduled for 24/02/16	Vince Rimmington	
	4.9 Review workplace environment and its impact on employee morale	John Robinson/ Steve Wiseman	



Refresh Theme:	Actions:	Lead:	Progress to date:
<b>5) Digitalisation</b>	5.1 Put in place measures to encourage customers to access information and services online	Mark Lane	As part of the proposed management changes that are currently out for consultation, it is proposed to create a dedicated post to lead on digitalisation. In preparation for that, a joint SLT/Service Managers workshop is being arranged to share best practice within and outside the organisation and to take forward this agenda.
	5.2 Carry out transaction based re-design of the website and overhaul content and navigation	Caroline Newson	
	5.3 Continue to develop use of the current and emerging social media	Caroline Newson	
	5.4 Investigate value of introducing a Council 'app' for customers to access service through tablets and smartphones	Caroline Newson	
	5.5 Increase the number of services that can be paid online or electronically.	Mark Lane/ Corporate	

Refresh Theme:	Actions:	Lead:	Progress to date:
<b>6) Workforce planning and development</b>	6.1 Continue to invest in joint Masters in Public Administration Programme; identify new cohorts	David Archer	Completed. A second cohort of staff have started the programme. The original cohort have successfully completed year 1 and have started year 2.
	6.2 Review then implement appropriate programmes of leadership and management development	David Archer	The current programmes of management and leadership at all levels continue to go from strength to strength and programmes have a healthy mix of internal candidates and fee-paying external candidates. Although programmes need to be sensitive to the mix of candidates in terms of how material is presented, the revised Gedling Standards will be built in to future training cycles to reflect our business culture. New programmes identified as being of corporate value are also being designed for example Project Management (for delivery early 2016).

	<b>6.3 Define the Council's customer care ethos and standards/ develop programme of training/ deliver training in appropriate formats across the Council</b>	<b>Mark Lane/ Caroline Newson/ David Archer</b>	
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## **Our Purpose**

### **What we're here for**

Serving People, Improving Lives

## **Our Vision**

### **What we're aiming to create**

We aspire to be regarded as a great Council by the people and businesses we serve and by the staff we employ – by making a positive difference to people's lives and creating opportunities for everyone to achieve their full potential

## **Our Values**

### **What we stand for and the way we go about our business**

**A competent Council**, that delivers on its promises, acts professionally and can be trusted to provide good quality

**A co-operative Council**, that listens to and involves its citizens, partners and employees in playing an active part in creating a prosperous future

**A commercial Council** that is innovative in its use of resources and focused on achieving value for money

**A compassionate Council**, that reaches out to the lonely and marginalised and encourages others to do the same

**A considerate Council**, that recognises and respects difference and is sensitive to the impact of its actions on others

## Our Priorities and Objectives

<b>People</b>	<p>Reduce anti-social behaviour, crime and the fear of crime</p> <p>Reduce hardship and provide support to the most vulnerable</p> <p>Improve health and wellbeing</p> <p>Promote and encourage pride, good citizenship and participation in the local area</p>
<b>Place</b>	<p>Create more jobs and better access to them</p> <p>Ensure local people are well prepared and able to compete for jobs</p> <p>Provide more homes</p> <p>Provide an attractive and sustainable local environment that local people can enjoy and appreciate</p>
<b>Performance</b>	<p>Improve the customer experience of dealing with the Council</p> <p>Create a stronger commercial and entrepreneurial culture</p> <p>Maintain a positive and productive working environment and strong staff morale</p>

## **The Gedling Employee**

### **Capable**

I am proficient in what I do, demonstrating technical knowledge and professionalism and producing good quality work that meets customers' expectations

### **Caring and Considerate**

I recognise the importance of how we make people feel in our contact with them and in the way we provide services. This is particularly important in relation to those who are vulnerable or experiencing hardship

### **Can do**

I am responsive and have a positive, enthusiastic attitude. While the Council can't please everyone all of the time, I look for reasons to say "yes" not "no" and look for solutions not problems

### **Conscientious**

I work hard, am reliable and strive to do a great job. I am committed to my own development and to being an effective team player

### **Confident**

I am clear that my work is valued and valuable and I demonstrate ambition for the Council and the wider community

## **The Gedling Manager**

### **Drives performance and value for money**

- I plan, communicate and deliver on objectives and targets
- I display energy, enthusiasm and ambition
- I see where change is needed and make it happen
- I am customer focused - on quality and cost
- I am innovative, entrepreneurial and commercial

### **Motivates, supports and develops people**

- I listen to, talk to and involve teams and individuals
- I am visible, open, approachable and responsive
- I lead from the front in demonstrating commitment to personal development
- I am empowering and decisive; I make difficult decisions
- I show praise and appreciation and tackle poor performance

### **Protects and enhances the Council's reputation**

- I express and display pride in the Council and the community
- I am reliable, consistent and demonstrate integrity
- I anticipate and manage risk; I show political understanding and a strong public sector ethos
- I am a corporate and team player - always working in the best interests of the Council's vision and values

## **The Gedling Leader**

### **Provides Direction**

- I understand the bigger picture and its implications for Gedling
- I identify and respond to new and emerging opportunities and challenges
- I create and communicate clarity out of complexity
- I set clear priorities and expectations of others

### **Creates Collaboration**

- I actively seek out and develop partnerships
- I build trust and cooperation
- I am politically astute and aware
- I see, encourage and facilitate connections
- I am great at building consensus and managing conflict

### **Generates Confidence and Commitment**

- I am high profile and visible – within and outside the organisation
- I demonstrate integrity, sincerity and genuine empathy towards others
- I promote, live out and embed the Council's values
- I deliver personally and motivate others to deliver
- I create conditions for success and celebrate success



## Report to Cabinet

**Subject:** Quarterly Budget Monitoring, Performance Digest & Virement Report

**Date:** 12<sup>th</sup> November 2015

**Author:** Senior Leadership Team

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## Wards Affected

Borough-wide

## Purpose

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2015/2016 financial year. The budgets include all carried forward amounts from the 2014/2015 financial year.
- To seek Cabinet approval for budget and performance indicator changes outlined in this report.

## Key Decision

This is a Key Decision

## 1. Background

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.
- 1.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have been brought together and are now embedded in the way the Council works.
- 1.3 In addition, performance reports now focus more directly on the Council's priorities and offer an "early warning" system of instance where targets may not be secured.

## **Proposal**

### **2. Quarterly Progress Report**

#### **2.1 Performance Information**

##### **2.1.1 Purpose**

To inform Cabinet in summary of the position against Improvement Actions and Performance Indicators in the 2015/2016 Gedling Plan and to identify a request to make a change to two existing targets.

##### **2.2 Background**

2.2.1 A full overview summary of our performance is shown on our website which can be accessed via the following link:

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

Members are recommended to view this document which provides valuable background detail to this summary paper. The document provides a more in-depth review of indicators, actions and outcomes for quarter 2.

2.2.2 A full set of papers that appear on the website have been printed and these reports are available in the Members' Room.

2.2.3 These reports contain explanations of variances from expected performance together 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.






2.2.4 The assessment criteria used for actions and indicators is based on red, amber and green traffic light symbols. To be assessed as green, performance indicators must be in line with the expected performance at this stage of the year whilst actions must be on target against the "completed" or "assigned; in progress" milestones determined within Covalent.

In cases where Cabinet has agreed to amend a target during a year, progress is assessed against that amended target rather than the original target.

## 2.3 Performance

### Indicators

2.3.1 At this point in the year, 5 of the 29 performance indicators are expected to miss their annual target. These are detailed in the table below and further information will be provided at Cabinet.

Title	Quarter status 2	Managed By	Portfolio
LI027Number of visits to leisure centres	 Red	Andy Hardy	Housing, Health and Wellbeing
NI 154Net additional homes provided	 Red	Peter Baguley	Housing, Health and Wellbeing
NI 155 Number of affordable homes delivered (gross)	 Red	Alison Bennett	Housing, Health and Wellbeing
NI 191Residual household waste per household in Kg – target change requested	 Red	Caroline McKenzie	Environment
NI 192 Percentage of household waste sent for reuse, recycling and composting – target change requested	 Amber	Caroline McKenzie	Environment

2.3.2 A target change is requested for the following two indicators.

Portfolio area	Indicator	Original target	Proposed target	Reason for change
Environment	NI 192 Percentage of household waste sent for reuse, recycling and composting	41%	39%	In common with local and national trends recycling performance has plateaued, with the exception of garden waste stream which continues to increase.
Environment	NI 191 Residual household waste per household in Kg	515kg	545kg	Performance is linked to the plateau seen in recycling residual waste and is showing an increase which is unlikely to decrease by year end

## Actions

2.4 Of the 63 actions, two are completed and the remaining 61 are in progress.

Further information on the subject of this report is available from David Archer (Service Manager - Organisational Development) on 0115 9013937

## 3. Financial Information

3.1 Appendices 1 and 2 set out details of the current financial position on the Council's General Fund Revenue Budget and the Capital Programme 2015/16.

### 3.2 General Fund Revenue Budget

Appendix 1 outlines how the General Fund Revenue budget is divided between the Portfolio areas of the Council and includes a detailed variance analysis identifying the current proposed changes for the year against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

Included in Appendix 3 is a list of all the virements carried out in Quarter 2 following approval from Portfolio holders.

Included in Appendix 4 is a list of all transfers to/from Earmarked Reserves and Revenue Budget Funds following approval from Chief Financial Officer and Corporate Director.

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 30 September 2015. The overall resource implication for the Council's General Fund is a predicted under-spend of £98,700.

#### **General Fund Revenue Budget 2015/2016 – Change Analysis**

	£
The original 2015/16 budget approved by Council on 3 March 2015	<b>12,877,800</b>
Revenue Carry Forwards from 2014/15 approved under delegation arrangements by the Chief Financial Officer	97,800
<b>The current total approved budget for 2015/2016 and Cabinet's Maximum Budget is:</b>	<b>12,975,600</b>
Up to the end of September 2015 expenditure less income totalled	5,264,880
In the remaining 6 months of year we expect net expenditure less income to be	7,612,020
<b>Total net revenue spend for the year is currently expected to be</b>	<b>12,876,900</b>
<b>Projected Revenue Underspend 2015/16</b>	<b>(98,700)</b>

It should also be noted that the Council has received an additional New Burdens grant from CLG of £85,431, for the funding of Land Charges fee reclaims. This will increase the balance on the General Fund improving the Council's financial position, but is not recognised through Revenue monitoring being classed as part of external resourcing as a non-ring fenced general Government grant.

### **3.3 Capital Programme**

Appendix 2 details the current projected position on the Capital Programme and its' financing for 2015/16, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

## **Capital Budget 2015/2016 - Change Analysis**

	£
Original 2015/16 budget approved by Council on 3 March 2015	<b>3,227,400</b>
Capital Carry Forwards from 2014/15 approved under delegation arrangements by the Chief Finance Officer	589,100
Additional Budget for Repair and Renewal Flood Grant Scheme funded by DCLG Grant (Portfolio Holder approval 19/05/15 and 17/08/15)	70,000
Amendments at Quarter 1	(15,000)
<b>The current total approved budget for 2015/16</b>	<b>3,871,500</b>
<b><u>Proposed Quarter 2 Amendments to the 2015/16 Programme:</u></b>	
<b><u>(a) Schemes identified for deferral</u></b>	
Exhaust fans, deferred until April 2017 due to extended useful life	(20,000)
Ford Transit Connect, deferred until April 2019 due to extended useful life	(42,000)
Shopmobility deferred until 2016/17 due to planning issues.	(150,000)
<b><u>(b) Identified savings on schemes</u></b>	
VW Caddy, alternative cheaper vehicle purchased.	(17,500)
<b><u>(c) Additional scheme for approval</u></b>	
Gedling Country Park remedial works funded by Anesco contribution.	24,000
<b>Total Proposed Amendments To Capital Programme</b>	<b>(205,500)</b>
<b>Proposed Revised Capital Programme 2015/16</b>	<b>3,666,000</b>
Actual Expenditure to Quarter 2 2015/16	840,177
Estimated Expenditure Quarter 3-4 2015/16	2,825,823
<b>Projected Outturn 2015/16</b>	<b>3,666,000</b>
<b>Projected Capital Programme Variance 2015/16</b>	<b>0</b>

#### **4. Alternative Options**

Option – Not to amend the original Council approved budgets during the year to reflect the latest projected outturn position.

Advantages:

- The final outturn position of the Council can be easily compared to its original intentions when the budget was set and areas of budget risk identified.

Disadvantages:

- Budgets not aligned to current budget pressures resulting in increased likelihood of budget overspend and emerging Council priorities not being addressed.
- Restrict the effectiveness of medium term planning process and preparation of the forward budget if pressures and areas of efficiency are not readily identifiable during budget preparation.
- Budget not reflective of latest performance information.

Reason for rejection – Not likely to result in the best outcomes in financial management or support delivery of priorities.

#### **5. Financial Implications**

The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed.

#### **6. Appendices**

Appendix 1 – General Fund Revenue Budget 2015/16 – Budgetary Control Report

Appendix 2 - Capital Programme 2015/16 – Budgetary Control Report

Appendix 3 – Virements approved by Portfolio Holders

Appendix 4 – Transfers to/from Earmarked Reserves and Revenue Budget Funds.

#### **7. Background Papers**

Detailed Quarterly Budgetary Control Exception Reports

## **8. Recommendation**

Members are **recommended**:

- a) To approve the changes to the Indicator Action targets as detailed in paragraph 2.3.2 of the report as an amendment to the agreed Gedling Plan;
- b) To approve the General Fund Revenue Budget virements included within Appendix 1;
- c) To approve the changes to the Capital Programme included in paragraph 2.2.3;
- d) To note the virements and transfers to/from reserves and funds during the last quarter as detailed in appendices 3 and 4.
- e) To include details of budget and performance monitoring in a quarterly performance digest, to be published on the Council's website and Intranet in line with the recommendations of Performance Review Scrutiny Committee.

## **9. Reasons for Recommendations**

To align the budgets to the current pressures and priorities and ensure the delivery of Council objectives is supported.



**Grand Summary**

Revenue Quarterly Budgetary Control Report Period 201506

September 2015

	Current Approved Budget	Profiled Budget	Actual to date	Variance	%	Projected Outturn	Projected Annual Variance
	£	£	£	£		£	£
Community Development	1,467,200	706,783	623,179	-83,604	-12	1,442,200	-25,000
Housing, Health & Wellbeing	2,485,800	640,900	575,978	-64,922	-10	2,458,400	-27,400
Public Protection	1,512,700	334,700	320,573	-14,127	-4	1,512,700	0
Environment	4,543,600	1,690,423	1,242,567	-447,856	-26	4,561,600	18,000
Growth & Regeneration	1,237,700	609,150	-48,995	-658,145	-108	1,227,000	-10,700
Resources & Reputation	1,724,200	3,262,140	2,551,578	-710,562	-22	1,675,000	-49,200
<b>Total General Fund</b>	<b>12,971,200</b>	<b>7,244,096</b>	<b>5,264,880</b>	<b>-1,979,216</b>	<b>-27</b>	<b>12,876,900</b>	<b>-94,300</b>
<b>Cabinets General Fund Maximum Budget</b>	<b>12,975,600</b>					<b>12,876,900</b>	<b>-98,700</b>

**COMMUNITY DEVELOPMENT PORTFOLIO**

**BUDGETARY CONTROL REPORT - SEPTEMBER 2015**

**REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
<b><u>Civic Expenses</u></b>	£'000	£'000			
Supplies and Services	309.3	307.8	1.5		Saving due to renegotiation of Chauffeur contract
<b><u>Community Grants</u></b>					
Supplies and Services	212.9	189.4	23.5		Grant saving due to closure of CVS.
<b><u>All other budget heads</u></b>	945.0	945.0			
Including items previously reported					
<b>PORTFOLIO TOTAL</b>	<b>1,467.2</b>	<b>1,442.2</b>	<b>25.0</b>	<b>-</b>	<b>Net Portfolio Total £25K Favourable</b>

**HOUSING, HEALTH & WELLBEING PORTFOLIO****BUDGETARY CONTROL REPORT - SEPTEMBER 2015****REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
<b><u>Housing Needs</u></b>	£'000	£'000			
Supplies and Services	54.6	64.6		10.0	Increased use of Bed & Breakfast accomodation.
<b><u>Calverton Leisure Centre</u></b>					
Premises Related Expenses	125.6	118.0	7.6		Water usage reduced due to leak being repaired resulting in saving.
Revenue Income	(340.4)	(337.4)		3.0	A reduction in swimming due to a national decline, partially offset by additional income from increased bookings in the Main Hall and Swimming Lessons.
<b><u>Carlton Forum Leisure Centre</u></b>					
Premises Related Expenses	256.8	237.8	19.0		Saving due to a reduction in gas and electricity recharges from Carlton Academy due to lower contract price.

<b><u>Carlton Forum Leisure Centre cont'</u></b>					
Supplies and Services	196.3	235.8		39.5	Changing room refurbishment to be funded by the Joint Use reserve.
Revenue Income	(1,134.3)	(1,142.6)	39.5	31.2	
					Reduction in income due to a national decline in swimming generally, fewer users on the All Weather Pitch and transfer of users from Aerobics and Fitness Room over to DNA Memberships partly offset by an increased income due to more bookings and users in the Activity Room and Swimming Lessons.
<b><u>Redhill Leisure Centre</u></b>					
Premises Related Expenses	107.1	105.1	2.0		Reduction in charges on the electricity contract.
Supplies and Services	77.7	89.5		11.8	Flooring maintenance and removal of lighting columns to be funded by the Joint Use reserve.
Revenue Income	(514.9)	(484.6)	11.8	42.1	
					Removal of lighting columns on All Weather pitch for health & safety reasons mean bookings can no longer be taken in the evenings resulting in a loss of income. There is a reduction also due to Aerobics and Fitness Room users moving over to DNA Memberships.
<b><u>Arnold Leisure Centre</u></b>					
Premises Related Expenses	190.8	183.8	7.0		Reduction in charges on the electricity and gas contract.
Revenue Income	(307.2)	(297.6)		9.6	Reduced income due to a national decline in public swimming. This is partly offset by an increase in swimming lessons.

<b><u>Richard Herrod Centre</u></b>					
Premises Related Expenses	144.2	138.7	5.5		Reduction in charges on the electricity and gas contracts.
Revenue Income	(352.1)	(351.3)		0.8	Reduced bar income partly offset by an increase in Millennium Suite and Snooker bookings.
<b><u>DNA Memberships (all Sites)</u></b>					
Supplies and Services	150.3	159.8		9.5	DNA income has increased across all sites. This is partly been offset by reduced pay and play income targets (see above). Due to the growth in DNA the contract management costs have increased as we have now exceeded our set membership levels. The net position on lesiure centre income is a favourable increase of £6.6k.
Revenue Income	0.0	(92.5)	92.5		
<b><u>Housing Benefit Admin</u></b>					
Supplies and Services	74.0	110.0		36.0	Government grant received to support the implementation of Universal Credit.
Revenue Income	(577.0)	(613.0)	36.0		
<b><u>All other budget heads</u></b>	4,334.3	4,334.3			
Including items previously reported					
<b>PORTFOLIO TOTAL</b>	<b>2,485.8</b>	<b>2,458.4</b>	<b>220.9</b>	<b>193.5</b>	<b>Net Portfolio Total £27.4K Favourable</b>

**PUBLIC PROTECTION PORTFOLIO**

**BUDGETARY CONTROL REPORT - SEPTEMBER 2015**

**REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
<b>All other budget heads</b> Including items previously reported  <b>PORTFOLIO TOTAL</b>	£'000	£'000			<b>Net Portfolio Total Favourable/Adverse</b>
	1,512.7	1,512.7			
	<b>1,512.7</b>	<b>1,512.7</b>	-	-	

# ENVIRONMENT PORTFOLIO

Appendix 1

## BUDGETARY CONTROL REPORT - SEPTEMBER 2015

### REVENUE ITEMS TO BE REPORTED

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
<b><u>Car Parks</u></b>	£'000	£'000			
Premises Related Expenses	106.8	108.8		2.0	NNDR costs for High Street Car Park.
Supplies and Services	3.0	16.6		13.6	Stamp duty in relation to the purchase of Druids car park and increased ticket costs due to a higher uptake of the 2 hours free parking.
<b><u>Waste Management</u></b>					
Employee Expenses	1,357.5	1,373.9		16.4	Additional agency cover for long term sick and additional overtime for the delivery of the bin calender.
<b><u>Street Care</u></b>					
Supplies and Services	105.0	125.0		20.0	Additional environmental projects.
<b><u>Parks</u></b>					
Supplies and Services	224.2	217.2	7.0		Reduced waste disposal costs.
<b><u>Fleet Management</u></b>					
Transport Related Expenses	550.7	523.7	27.0		Saving due to a reduction in the price of fuel.
<b><u>All other budget heads</u></b> (including items previously reported)	2,196.4	2,196.4			

**ENVIRONMENT PORTFOLIO**

Appendix 1

**BUDGETARY CONTROL REPORT - SEPTEMBER 2015**

**REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable	Adverse	
PORTFOLIO TOTAL	£'000	£'000	£'000	£'000	Net Portfolio Total £18K Adverse
	4,543.6	4,561.6	34.0	52.0	



**GROWTH & REGENERATION PORTFOLIO**  
**BUDGETARY CONTROL REPORT - SEPTEMBER 2015**

**REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
<b><u>Development Service Support</u></b>	£'000	£'000			
Employee Expenses	67.1	64.8	2.3		Delayed implementation of pre-application charging, resulting in a salary saving and associated loss of income. The budget anticipates a 1 February 2016 start.
<b><u>Development Control</u></b>					
Employee Expenses	345.2	341.1	4.1		
Revenue Income	(354.0)	(346.7)		7.3	
Supplies and Services	58.8	73.6		14.8	Legal fees re Crematoria Judicial Review.
<b><u>Planning Policy</u></b>					
Employee Expenses	259.4	244.0	15.4		Saving due to vacant CIL Officer post.
<b><u>Housing Strategy</u></b>					
Premises Related Expenses	11.4	0.4	11.0		Saving on NNDR and Council Tax on The Grove, sold during 2014-15.
<b><u>All other budget heads</u></b> (including items previously reported)	849.8	849.8			

**GROWTH & REGENERATION PORTFOLIO****BUDGETARY CONTROL REPORT - SEPTEMBER 2015****REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
PORTFOLIO TOTAL	£'000	£'000	Favourable £'000	Adverse £'000	Net Portfolio Total £10.7K Favourable
	1,237.7	1,227.0	32.8	22.1	

**RESOURCES & REPUTATION PORTFOLIO****BUDGETARY CONTROL REPORT - JUNE 2015****REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
<b><u>Revenues - Local Taxation</u></b>	£'000	£'000			
Supplies and Services	180.0	194.0		14.0	Additional cost of joint working on Single Occupier Review - to be met from contributions from Other Local Authorities.
Revenue Income	(431.4)	(445.4)	14.0		
<b><u>Central Print Room</u></b>					
Supplies and Services	53.1	46.6	6.5		Procurement efficiency savings on printing and stationery.
<b><u>Public Offices</u></b>					
Premises Related Expenses	365.0	342.3	22.7		Reduced NNDR costs at Civic Centre due to partnership working.
Revenue Income	(186.6)	(206.6)	20.0		Rent increase at Civic Centre for the PCT in accordance with the lease agreement.
<b><u>All other budget heads</u></b> (including items previously reported)	1,744.1	1,744.1			
<b>PORTFOLIO TOTAL</b>	<b>1,724.2</b>	<b>1,675.0</b>	<b>63.2</b>	<b>14.0</b>	<b>Net Portfolio Total</b>

**RESOURCES & REPUTATION PORTFOLIO****BUDGETARY CONTROL REPORT - JUNE 2015****REVENUE ITEMS TO BE REPORTED**

Budget Head	Current Approved Budget	Latest Projected Outturn	Net Budget Variance		Reason for Variance (New Items Only)
			Favourable £'000	Adverse £'000	
	£'000	£'000			£49.2K Favourable

FINANCIAL MANAGEMENT REPORT - CAPITAL BUDGET MONITORING										
	Original Capital Programme	Carry Forwards	Quarter 1 Cabinet	Virements/ Supplements	Revised Cap Prog inc c/f & supp	Quarter 2 Proposals to Cabinet	Revised Cap Prog inc Qtr 2 Proposals	Actual To Date	Estimate for Qtr 3-4	Latest Projected Outturn
EXPENDITURE	£000's	£000's	£000's		£000's	£000's	£000's	£000's	£000's	£000's
Community Development	0.0	18.1	0.0	0.0	18.1		18.1	0.0	18.1	18.1
Growth & Regeneration	0.0	114.0	0.0	0.0	114.0		114.0	0.0	114.0	114.0
Public Protection	762.9	0.0	0.0	-8.9	754.0		754.0	258.6	495.4	754.0
Environment	1389.4	237.8	-15.0	0.0	1612.2	-55.5	1556.7	280.2	1276.5	1556.7
Health, Housing and Wellbeing	219.3	132.6	0.0	0.0	351.9		351.9	59.1	292.8	351.9
Resources & Reputation	855.8	86.6	0.0	78.9	1021.3	-150.0	871.3	242.2	629.1	871.3
<b>TOTAL EXPENDITURE</b>	<b>3227.4</b>	<b>589.1</b>	<b>-15.0</b>	<b>70.0</b>	<b>3871.5</b>	<b>-205.5</b>	<b>3666.0</b>	<b>840.2</b>	<b>2825.8</b>	<b>3666.0</b>
RESOURCES										
Specific Capital Grant - Disabled Facilities Grant	464.0				464.0		464.0	464.0	0.0	464.0
Borrowing		224.5	-70		154.5		154.5		154.5	154.5
* Capital Receipts	1815.0	72.8			1887.8	-129.5	1758.3	200.0	1558.3	1758.3
Revenue Contribution	500.0	45.9			545.9		545.9		545.9	545.9
Performance Reward Grant	100.0				100.0	-100.0	0.0		0.0	0.0
NIP funding Waste Mgmt System		8.1			8.1		8.1		8.1	8.1
S106 Funding - GCP	150.0	107.0			257.0		257.0		257.0	257.0
S106 - Burton Road		6.4			6.4		6.4		6.4	6.4
S106 Commuted Sum		114.0			114.0		114.0		114.0	114.0
S106 Calverton Parish Council	109.4				109.4		109.4		109.4	109.4
S106 Bestood Parish Council Skate Park			55.0		55.0		55.0		55.0	55.0
Lottery Funding		10.4			10.4		10.4		10.4	10.4
Contribution from Reserve for CCTV	50.0				50.0		50.0		50.0	50.0
DCLG Grant Flood				70.0	70.0		70.0		70.0	70.0
Anesco Contribution					0.0	24.0	24.0		24.0	24.0
Rushcliffe Borough Council	39.0				39.0		39.0		39.0	39.0
<b>TOTAL RESOURCES</b>	<b>3227.4</b>	<b>589.1</b>	<b>-15.0</b>	<b>70.0</b>	<b>3871.5</b>	<b>-205.5</b>	<b>3666.0</b>	<b>664.0</b>	<b>3002.0</b>	<b>3666.0</b>
<b>UNDER/(OVER RESOURCED)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			<b>0.0</b>

**NOTES :-**

1. All budgets are grossed up with any contribution from outside bodies shown as income in the Resources section.

\* The current capital receipt estimate assumes the sale of land at Teal Close during 2015/16. Whilst the terms of sale are expected to be agreed during 2015/16 it is now likely that the sale proceeds will be received across the medium term rather than in 1 year but the overall impact of capital financing on the revenue budget is expected to be neutral. Capital financing will be reviewed during the budget process and the impact in 2015/16 reported in quarter 3.

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## Virements Approved by Portfolio Holders

**Quarter Ended September 2015**

Revenue		
		£
<b>1.</b>	<b>Growth &amp; Regeneration: Economic Development</b>	
	YouNG intern contribution to Rushcliffe Borough Council	19,900
	Economic Development Fund	(19,900)
	<b>General Fund Total</b>	<b>£0</b>

Capital		
		£
<b>1.</b>	<b>Resources and Reputation – Audit &amp; Asset Management</b>	
	Additional Flood Grant Claims	20,000
	Contribution from Central Government for Flood Scheme	(20,000)
	<b>General Fund Total</b>	<b>£0</b>

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## Transfers to/from Earmarked Reserves and Revenue Budget Funds

### Quarter Ended September 2015

As approved by Chief Financial Officer and Corporate Director in Accordance with the delegations outlined in the Financial Regulations.

Usage of Earmarked Reserves		
		£
<b>1.</b>	<b>Community Development: Community Centres</b>	
	Boiler repairs and upgrade at Ponds Hill Community Centre	4,000
	Contribution from Asset Management Reserve	(4,000)
<b>2.</b>	<b>Resources and Reputation: Financial Services</b>	
	Consultancy for Financial Management System upgrade	30,000
	Contribution from Efficiency and Innovation Reserve	(30,000)
<b>3.</b>	<b>Environment: Grounds Maintenance Parks</b>	
	Consultancy for Playing Pitch Strategy	20,000
	Contribution from Asset Management Reserve	(20,000)
<b>4.</b>	<b>Resources and Reputation: Estates &amp; Valuation</b>	
	Consultancy for development of fields on Killisick Lane	10,900
	Contribution from Efficiency and Innovation Reserve	(10,900)
	<b>Resources and Reputation: Estates &amp; Valuation</b>	
	Landscape survey of fields on Killisick Lane	3,200
	Contribution from Efficiency and Innovation Reserve	(3,200)
<b>5.</b>	<b>Community Development: Localities</b>	
	Rural broadband	59,300
	Contribution from Earmarked Grant Reserve	(59,300)
<b>6.</b>	<b>Public Protection: Community Protection</b>	
	Men in Sheds contribution	11,700
	Contribution from Earmarked Grant Reserve	(11,700)
<b>7.</b>	<b>Community Development: Community Grants/Arts &amp; Tourism</b>	
	Grants for Gedling Youth Council and Ley Street choir	2,200
	Contribution from Earmarked Grant Reserve	(2,200)
<b>8.</b>	<b>Community Development: Sports Development</b>	
	Sports development projects	17,300
	Contribution from Earmarked Grant Reserve	(17,300)

<b>9.</b>	<b>Resources &amp; Reputation: One Stop Shop</b>	
	Extension of Thursday CAB service at Civic Centre until March 2016	6,300
	Contribution from Housing Benefits Reserve	(6,300)
<b>11.</b>	<b>Resources and Reputation: Estates &amp; Valuation</b>	
	Land clearance at Garage site	7,000
	Contribution from Asset Management Reserve	(7,000)
	<b>General Fund Total</b>	<b>£0</b>

Usage of Revenue Budget Funds		
		£
<b>1.</b>	<b>Resources and Reputation – Organisational Development</b>	
	National Graduate Development Programme Cohort contribution	12,000
	Transfer from Transformation Fund	(12,000)
	<b>General Fund Total</b>	<b>£0</b>



## **Report to Cabinet**

**Subject:** Prudential Code Indicator Monitoring 2015/16 and Quarterly Treasury Activity Report for Quarter ended 30 September 2015

**Date:** 12 November 2015

**Author:** Corporate Director (Chief Financial Officer)

### **Wards Affected**

All

### **Purpose**

To inform members of the performance monitoring of the 2015/16 Prudential Code Indicators, and to advise members of the quarterly treasury activity 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 report on its Prudential Code indicators and treasury activity. 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 2015/16 the minimum reporting requirements are that the Full Council should receive the following reports:
  - An annual treasury strategy in advance of the year (the TMSS, considered by Cabinet on 19 February 2015 and subsequently approved by Full Council on 3 March 2015).
  - A mid-year treasury update report (this report)
  - An annual review following the end of the year describing the activity compared to the strategy.

In accordance with best practice, quarterly monitoring reports for treasury activity are provided to members, and this exceeds the minimum requirements. This report, in respect of quarter 2, represents the mid-year treasury review.

- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of the position at 30 September 2015 and highlights compliance with the Council's policies.

## **Proposal**

### **2.1 Economic update**

UK GDP growth was strong in 2013 and 2014, at 2.2% and 2.9% respectively, indeed growth for 2014 was the strongest since 2006. Growth is expected to weaken in Q3 of 2015 as exporters face challenges resulting from the strength of the pound against the euro. In addition, weaker growth is expected in the EU, China and emerging markets, and the dampening effect of the Government's austerity programme is likely to continue, albeit the pace of reduction was eased in the budget. Overall, growth is currently expected to remain around 2.4% to 2.8% over the next three years, driven mainly by consumer demand as the squeeze on disposable incomes eases. The Bank of England (BOE) inflation report was subdued, with inflation forecast to barely return to the 2% target within the next 2 to 3 years, and this was followed by a fresh downturn in the price of oil. There are thus considerable risks around whether inflation will rise as strongly as expected in the near future, and this will make it more difficult for the central banks of both the UK and US to raise rates as soon as was forecast.

The US economy made a strong comeback after weak growth in Q1 of 2015. Whilst there had been a confident expectation that the central bank would start increasing rates in September 2015, recent downbeat news around growth in China and Japan meant that this was not the case, and the current expectation is for no rise until 2016.

In the Eurozone, the European Central Bank (ECB) began a 1.1 trillion euro programme of quantitative easing (QE) in March 2015 and this is expected to run until September 2016. The programme appears to have had a positive effect in helping the recovery of consumer and business confidence, and starting to improve economic growth. However, the recent downbeat news from China and Japan may mean the ECB needs to boost its QE programme if it is to significantly improve Eurozone growth and to get inflation up from the current level of around zero to its target of 2%.

## 2.2 Interest rate forecasts

Capita Asset Services (CAS) undertook a review of its interest rate forecast on 11 August, shortly after the BOE quarterly inflation report. Later in August, fears around the slowdown in China and Japan caused major volatility and a flight from equities (shares) into safe havens such as gilts, which caused PWLB rates to fall. Volatility continued in September with news in respect of Volkswagen and this has compounded the downward pressure on equity prices.

Despite turbulence since August causing a sharp downturn in PWLB rates, the overall trend for gilt yields and PWLB rates is still expected to rise due to the high issuance of bonds in the UK and other western countries. Increasing investor confidence in an eventual world recovery is expected to compound this effect, as recovery will encourage investors to switch from bonds to equities.

The overall balance of risk to economic recovery in the UK is currently evenly balanced and it remains exposed to vulnerabilities in a number of key areas including geopolitical risk in Eastern Europe, the Middle East and Asia, a resurgence of the Eurozone sovereign debt crisis, and uncertainty around the risk of a UK exit from the EU.

CAS has provided the following forecast, indicating that a first rise in Bank Rate is now expected to be in Q2 of 2016.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
10yr PWLB rate	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
50yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%

## 2.3 Investment strategy

The Treasury Management Strategy Statement (TMSS) for 2015/16 was approved by Council on 3 March 2015.

The Council's investment priorities remain the security of capital and good liquidity. Whilst the Council will always seek to obtain the optimum return (yield) on its investments, this will at all times be commensurate with proper levels of security and liquidity. In the current economic climate and with

heightened credit concerns, it is considered appropriate either to keep investments short term to cover cash flow needs, or to extend the period up to one year with selected government backed counterparties.

During the period from 1 April to 30 September 2015, significant use has been made of a Money Market Fund currently achieving around 0.44%. This fund is an AAA rated investment vehicle which allows the pooling of many billions of pounds worth of funds into a highly diversified fund. Whilst the rate of return remains quite low, it is still well in excess of overnight treasury deposit rates.

The Treasury Activity Report for the quarter ended 30 September 2015 is attached at Appendix 1, in accordance with the Treasury Management Strategy. For reference, definitions of LIBOR and LIBID are given at Appendix 2.

Members will note that investment interest of £49,264 was generated during the period from 1 April to 30 September 2015. This represents an equated rate of 0.75% and outperforms the benchmark 7 day LIBID rate, which averaged 0.35% for the same period. In cash terms this represents additional income to the General Fund of around £26,300 and was achieved by positive investment management. Performance in respect of the longer 3 month LIBID rate, which averaged 0.43%, still represents additional income of £21,000.

Rates in the market remain very low and as loans mature it is challenging to replace them, since security and liquidity will always be the overriding factors in the Council's treasury management. Interest rates are not expected to start rising until at least Q2 of 2016, and then only gradually, and not significantly. It is currently anticipated that the outturn for investment interest will be broadly in line with the original estimate of £92,400.

Credit ratings advice continues to be taken from CAS and the Chief Financial Officer has adopted the CAS credit rating methodology for the selection of investment counterparties. This employs a sophisticated modelling approach utilising credit ratings from all three of the main rating agencies to give a suggested maximum duration for investments. Accordingly it does not give undue preponderance to one agency's ratings.

The methodology subsequently 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 of investments. 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 CAS modelling approach combines all 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

All credit ratings are monitored weekly and the Council is also alerted to interim changes via its use of the CAS creditworthiness service, however ratings under the methodology will not necessarily be the sole determinant of the quality of an institution. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The ultimate decision on what is prudent and manageable for the Council will be taken by the Chief Financial Officer under the approved scheme of delegation.

## 2.4 New borrowing

No new long-term borrowing was undertaken during the quarter ended 30 September 2015.

The Council's Capital Financing Requirement (CFR) represents its "underlying" need to borrow to finance capital investment. Due to favourable interest rates, borrowing in advance of need is sometimes desirable, with the result that the CFR can differ to the actual borrowing planned in the year.

It is not currently anticipated that any new borrowing will be undertaken during 2015/16.

Interest rates remain low, and the PWLB certainty rate, available to all authorities providing relevant information to CLG, allows the Council to take advantage of a discount of 20 basis points. Advice will be taken from CAS with regard to the amount and timing of any additional borrowing, and should conditions become advantageous, some borrowing in advance of

need will also be considered by the Chief Financial Officer.

## 2.5 Debt rescheduling

Debt rescheduling opportunities are limited in the current economic climate, and due to the structure of interest rates. Advice in this regard will continue to be taken from CAS. No debt rescheduling has been undertaken during the period from 1 April to 30 September 2015.

## 2.6 Compliance with Prudential and treasury indicators

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 2015.

During the financial year to date 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. The Prudential and Treasury Indicators as at 30 September 2015 are shown at Appendix 3.

These indicators are based on estimates of expected outcomes, and are key indicators of "affordability". They are monitored on a quarterly basis, and Appendix 3 compares the approved indicators with the projected outturn for 2015/16, and shows variances on some of the indicators, as described below:

### a) Prudential Indicators:

#### i) Capital Expenditure

The latest projected outturn shows that capital expenditure is expected to be £3,666,000. This differs to the original estimate of £3,227,400 due to the inclusion of approved carry-forward requests from 2014/15 and to approved variations to the capital programme during 2015/16.

#### ii) Capital Financing Requirement (CFR)

The projected closing CFR for 2015/16 is £11,481,800. This is lower than the approved indicator of £11,894,200, mainly due to slippage in the capital programme, and to savings on the 2014/15 capital programme that reduced the borrowing requirement.



### iii) Ratio of Financing Costs to Net Revenue Stream

The projected outturn of 10.05% shows a reduction from the approved indicator of 10.39%. This is due to reductions in MRP as a result of slippage and savings on the capital programme in 2014/15.

### 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 2015/16 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. Following the maturity of a £1m PWLB loan during the quarter 1 July to 30 September, the Council's gross debt at 30 September 2015 was £8.812m 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. 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 2015/16 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.

Appendix 3 shows the actual position as at 30 September 2015, and demonstrates that all activities are contained within the currently approved limits.

### **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. Treasury Activity Report 2015/16 for quarter ended 30 September 2015.
2. Definitions of LIBOR and LIBID
3. Prudential and Treasury Indicators for 2015/16 as at 30 September 2015.

### **Background Papers**

None identified.

### **Recommendation**

That:

Members note the report, together with the Treasury Activity Report for Quarter 2 at Appendix 1, and the Prudential and Treasury Indicator Monitoring for Quarter 2 at Appendix 3.

### **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

**TREASURY ACTIVITY REPORT 2015/16****Quarter ended 30 September 2015**

	<b>Position @ 1 July 2015 £</b>	<b>Loans Made During Q2 £</b>	<b>Loans Repaid During Q2 £</b>	<b>Position @ 30 Sept 2015 £</b>
<b><u>Long Term Borrowing</u></b>				
PWLB	9,811,577	0	(1,000,000)	8,811,577
<b>Total Long Term Borrowing</b>	<b>9,811,577</b>	<b>0</b>	<b>(1,000,000)</b>	<b>8,811,577</b>
<b><u>Temporary Borrowing</u></b>				
Local Authorities	0	1,000,000	(1,000,000)	0
Public Corporations	0	0	0	0
Central Government	0	0	0	0
Banks & Other Institutions	0	0	0	0
<b>Total Temporary Borrowing</b>	<b>0</b>	<b>1,000,000</b>	<b>(1,000,000)</b>	<b>0</b>
<b>TOTAL BORROWING</b>	<b>9,811,577</b>	<b>1,000,000</b>	<b>(2,000,000)</b>	<b>8,811,577</b>
<b><u>Temporary Investment</u></b>				
Bank of Scotland	(6,500,000)	(3,000,000)	3,000,000	(6,500,000)
Barclays	(1,000,000)	(3,000,000)	0	(4,000,000)
HSBC Treasury	0	(9,270,000)	9,270,000	0
Ignis Money Market Fund	(5,200,000)	(22,680,000)	25,805,000	(2,075,000)
Royal Bank of Scotland	0	0	0	0
Santander	0	0	0	0
<b>Total Banks</b>	<b>(12,700,000)</b>	<b>(37,950,000)</b>	<b>38,075,000</b>	<b>(12,575,000)</b>
Building Societies	(3,000,000)	0	1,000,000	(2,000,000)
Debt Management Office	0	0	0	0
Local Authorities & Other	0	0	0	0
<b>TOTAL INVESTMENT (See below)</b>	<b>(15,700,000)</b>	<b>(37,950,000)</b>	<b>39,075,000</b>	<b>(14,575,000)</b>
<b>NET BORROWING / (INVESTMENT)</b>	<b>(5,888,423)</b>	<b>(36,950,000)</b>	<b>37,075,000</b>	<b>(5,763,423)</b>

**Temporary Borrowing & Investment Statistics at 30 September 2015****Investment:**

Fixed Rate Investment	(10,500,000)	(15,270,000)	13,270,000	(12,500,000)
Variable Rate Investment	(5,200,000)	(22,680,000)	25,805,000	(2,075,000)
<b>TOTAL INVESTMENT</b>	<b>(15,700,000)</b>	<b>(37,950,000)</b>	<b>39,075,000</b>	<b>(14,575,000)</b>

Proportion of Fixed Rate Investment	85.76%
Proportion of Variable Rate Investment	14.24%
Temporary Investment Interest Receivable	£ 49,264
Equated Temporary Investment	£ 6,600,592
Weighted Average Interest Rate Received (Interest Receivable / Equated Investment)	0.75%
7 Day LIBID (Benchmark)	0.35%
3 Month LIBID	0.43%

**Borrowing:**

Temporary Borrowing Interest Payable	£ 76
Equated Temporary Borrowing	£ 24,658
Weighted Average Interest Rate Paid (Interest Payable / Equated Borrowing)	0.31%
7 Day LIBOR (Benchmark)	0.49%

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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 2015/16**  
**1 April to 30 September 2015**

**Appendix 3**

**1. Prudential Indicators**

Affordability:

- a) Capital Expenditure
- b) Capital Financing Requirement
- c) Ratio of Financing Costs to Net Revenue Stream
- d) Incremental Impact of new 2015/16 Capital Investment Decisions:

- e) Maximum Gross Debt

**2. Treasury Management Indicators**

- a) Operational Boundary for External Debt:

Borrowing  
Other Long Term Liabilities  
Total Operational Boundary

- b) Authorised Limit for External Debt:

Borrowing  
Other Long Term Liabilities  
Total Authorised Limit

- c) Upper limit for fixed interest rate exposure:

(Maximum outstanding net BORROWING)  
Additional Local Indicator - Investment Only  
Additional Local Indicator - Borrowing Only

- d) Upper limit for variable interest rate exposure:

(Maximum outstanding net BORROWING)  
Additional Local Indicator - Investment Only  
Additional Local Indicator - Borrowing Only

- e) Upper & Lower limits for the maturity structure of outstanding Borrowing during 2015/16:

Under 1 Year  
1 Year to 2 Years  
2 Years to 5 Years  
5 Years to 10 Years  
Over 10 Years

- 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 TOTAL non specified limit of £5m.

	2015/16 Original Estimate	2015/16 Position at 30-Sep-15
(Council 3/3/15)		
£	3,227,400	£ 3,666,000
£	11,894,200	£ 11,481,800
	10.39%	10.05%
	£16.43	Not Applicable
£	12,457,100	£ 8,811,577
£	13,500,000	£ 8,811,577
£	1,500,000	£ -
£	15,000,000	£ 8,811,577
£	14,500,000	£ 8,811,577
£	1,500,000	£ -
£	16,000,000	£ 8,811,577
£	12,500,000	-£ 3,688,423
	100.00%	85.76%
	100.00%	100.00%
£	2,000,000	-£ 2,075,000
	100.00%	14.24%
	50.00%	0.00%
U	40%, L 0%	23%
U	40%, L 0%	0%
U	50%, L 0%	0%
U	50%, L 0%	0%
U	100%, L 0%	77%
£	3,000,000	£ 1,500,000

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