



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

Agenda

Cabinet

Date: **Thursday 24 May 2018**

Time: **12.30 pm**

Place: **Chappell Room**

For any further information please contact:

Alec Dubberley

Service Manager Democratic Services

0115 901 3906

Cabinet

Membership

Chair Councillor John Clarke

Vice-Chair Councillor Michael Payne

Councillor Peter Barnes
Councillor David Ellis
Councillor Gary Gregory
Councillor Jenny Hollingsworth
Councillor Henry Wheeler

Observers: Councillor Chris Barnfather

AGENDA

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- 1 Apologies for Absence.**
- 2 To approve, as a correct record, the minutes of the meeting held on 3 May 2018.** 5 - 10
- 3 Declaration of Interests.**
- 4 Annual Treasury Activity Report 2017/18** 11 - 30
Report of the Deputy Chief Executive and Director of Finance.
- 5 Council Plan and Budget Outturn and Budget Carry Forwards 2018/19** 31 - 106
Report of the Senior Leadership Team.
- 6 Any other items the Chair considers urgent.**

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MINUTES CABINET

Thursday 3 May 2018

Councillor John Clarke (Chair)

Councillor Peter Barnes
Councillor David Ellis
Councillor Gary Gregory

Councillor Jenny Hollingsworth
Councillor Henry Wheeler

Observers: Councillor Chris Barnfather

Absent: Councillor Michael Payne

Officers in Attendance: J Robinson, C Allcock, H Barrington, A Dubberley,
M Hill, L Juby and D Wakelin

112 APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillor Payne.

113 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 5 APRIL 2018.

RESOLVED:

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

114 DECLARATION OF INTERESTS.

Councillors Barnes and Clarke declared pecuniary interests in agenda item 6 as a Member, or the spouse of Member, of the Board of Gedling Homes.

115 GEDLING BOROUGH HERITAGE STRATEGY

The Service Manager Community Relations introduced a report, which had been circulated prior to the meeting, presenting the Gedling Borough Heritage Strategy for adoption.

RESOLVED to:

- 1) Adopt the Gedling Borough Heritage Strategy, while recognising its delivery will be determined within the parameters of the Council's Medium Term Financial Plan; and

- 2) Approve Council officers to work alongside and develop the Gedling Heritage Forum as a means of engaging with the wide range of key stakeholders with an interest and involvement in the Borough's heritage.

116

INTRODUCTION OF THE GENERAL DATA PROTECTION REGULATION AND THE FORTHCOMING DATA PROTECTION ACT 2018

Craig Allcock, Legal Advisor, presented a report, which had been circulated prior to the meeting, giving information about the forthcoming General Data Protection Regulation (GDPR) and the steps being taken to ensure compliance.

RESOLVED to:

- 1) Note the contents of the report and the steps taken to ensure the Council complies with the General Data Protection Regulation and forthcoming Data Protection Act;
- 2) Designate the Service Manager - Legal Services as the Data Protection Officer (DPO) from 25 May 2018 and approve the establishment of two Deputy DPO roles as detailed in the report;
- 3) Approve the amendments to the Information Security Incident Management section of the Information Security Policy at Appendix 1 to the report to take effect from 25 May 2018;
- 4) Authorise the Director of Organisational Development & Democratic Services to approve amendments to all of the Council's policies falling within the remit of the Executive which reference the Data Protection Act 1998 to refer to the GDPR and/or Data Protection Act 2018; and
- 5) Delegate authority to the DPO or deputy to exercise all the DPO functions listed in the GDPR and delegates all other functions under the GDPR and DPA 2018, with specific reference to use of exemptions, to the Director of Organisation Development and Democratic Services.

117

REPRESENTATION ON THE BOARD OF GEDLING HOMES

Councillors Barnes and Clarke left the meeting as they had both declared pecuniary interests in the item. Councillor Hollingsworth took the Chair.

The Director of Organisational Development presented a report, which had been circulated prior to the meeting, explaining changes to the

Council's representation on the Board of Gedling Homes as a result of recent legislative changes.

RESOLVED that:

- 1) Councillors Sandra Barnes and Barbara Miller will cease to be a members of the Board of Gedling Homes from 16 May 2018; and
- 2) Councillor John Clarke, Leader of the Council, will continue as a Board Member from that date.

118 RECORDING OF MEETINGS

Councillor Clarke resumed the Chair.

The Service Manager Democratic Services introduced a report, which had been circulated prior to the meeting, reporting recommendations made by the Overview and Scrutiny Committee about recording of meetings.

RESOLVED:

119 REPORT AND RECOMMENDATIONS OF THE EFFECTIVENESS OF SCRUTINY WORKING GROUP

Councillor Paling introduced a report, which had been circulated prior to the meeting, reporting the final recommendations of the Effectiveness of Scrutiny Working Group.

RESOLVED:

To thank the working group for the recommendations made and refer the report to the appropriate Portfolio Holder in order that a response is made to the next Overview and Scrutiny Committee.

120 REPORT AND RECOMMENDATIONS OF THE GEDLING COUNCILLOR STANDARD WORKING GROUP

Councillor Paling introduced a report, which had been circulated prior to the meeting, reporting the final recommendations of the Gedling Councillor Standard Working Group.

RESOLVED:

To thank the working group for the recommendations made and refer the report to the appropriate Portfolio Holder in order that a response is made to the next Overview and Scrutiny Committee.

121 FORWARD PLAN

Consideration was given to a report of the Service Manager Democratic Services, which had been circulated prior to the meeting, detailing the Executive's draft Forward Plan for the next four month period.

Cabinet Members were advised that the next meeting was scheduled for 24 May, the day after the Annual Meeting of Council. The timescale for the adoption of the Local Planning Document was still to be confirmed but this would definitely be by the end of the summer.

RESOLVED:

To note the report.

122

PROGRESS REPORTS FROM PORTFOLIO HOLDERS.

Councillor Peter Barnes (Environment)

- Interviews had been recently held for a new tree team in order to expand the service.
- Good recent feedback about parks and refuse collection services from the public.

Councillor Jenny Hollingsworth (Growth and Regeneration)

- The adoption of the local plan is imminent and should encourage more development applications.
- Work to improve the retaining wall and redesign some properties at Chase Farm will be going for decision to Planning Committee shortly.
- Papplewick Neighbourhood Plan would be going to referendum soon and work on plans for the villages of Linby and Burton Joyce was progressing.
- A Masterplan on development sites in Arnold would be submitted in the next few weeks.
- Papplewick conservation area consultation has closed with a report to Cabinet expected in June.
- The contract to purchase Arnold Market should be signed very soon.

Councillor Gary Gregory (Community Development)

- Thanks to officers for all the work done on the recent Heritage Strategy. It promised to deliver positive outcomes for the future of the Borough's heritage
- Asset Transfer s still progressing slowly and an update meeting is planned for today.
- All Councillors will now be required to wear an identification lanyard whilst in the building to improve security.

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

- Thanks to Leisure Team for excellent recent performance which has resulted in growth to footfall at centres and the theatre and increased take up of swimming lessons.
- Funding has been received to deliver sports sessions for local young people
- Gedling Homes will soon be launching a neighbourhood masterplan for each area that they operate in
- Housing needs services and temporary accommodation remains under pressure.

Councillor David Ellis (Public Protection)

- Attended a recent knife crime conference in Nottingham. There has been a local increase of 11% in knife related crime. Lots of interesting work going on to look at a strategy to improve this.
- Health and Housing Co-ordinator is in post and doing excellent work with vulnerable members of the community
- A recent prosecution for fly tipping has taken place and the offender has been prosecuted and sentenced to 100 hours unpaid work and a fine.

Councillor John Clarke (Leader of the Council)

- Work to address unauthorised traveller encampments has been taking place on a county-wide basis. Local work has taken place to protect Gedling's parks as far as possible.
- Work will commence on recruiting a new Chief Executive has begun
- Land at Teal Close recently sold to a housing developer and has received press coverage.

- There was still widespread concern over issues about the Police's response to concerns raised by the community.

123 MEMBER'S QUESTIONS TO PORTFOLIO HOLDERS.

None.

124 ANY OTHER ITEMS THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 3.05 pm

Signed by Chair:
Date:



Report to Cabinet

Subject: Annual Treasury Activity Report 2017/18
Date: 24 May 2018
Author: Deputy Chief Executive and Director of Finance

Wards Affected

All

Purpose

To inform Members of the outturn in respect of the 2017/18 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 2017/18. 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 2017/18 the minimum reporting requirements were that the Full Council should receive the following reports:
 - An Annual Treasury Management Strategy Statement (TMSS) in advance of the year. This was considered by Cabinet on 16 February 2017 and subsequently approved by Full Council on 1 March 2017.
 - A Mid-Year Treasury Update report (In accordance with best practice, 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. The Annual Treasury Activity Report 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. In addition, the Council's treasury advisers, Link Asset Services (LAS) periodically deliver more detailed training sessions for Members.

Proposal

2.1 The economy and interest rates in 2017/18

- 2.1.1 During 2017 there was a major shift in expectations in financial markets of how soon Bank Rate would start to rise. After the UK economy surprised with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year, meaning that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the UK economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, which accounts for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure.
- 2.1.2 Growth picked up modestly in the second half of 2017 and market expectations grew significantly during the autumn that Bank Rate may rise imminently. The minutes of the September Monetary Policy Committee (MPC) meeting indicated that this might soon be the case, and the November meeting duly delivered a rise of 0.25% to 0.5%, reversing the emergency cut after the Brexit vote. The February MPC minutes revealed another hardening of more imminent and faster paced increases in Bank Rate than had previously been expected.
- 2.1.3 As late as February 2018, financial markets were viewing a May Bank Rate increase as a certainty, however a sharp downturn in data since February led the MPC to leave it unchanged. The Council's treasury

advisors, Link Asset Services (LAS), are now predicting the next rise to be in November 2018. It is considered unlikely that a further rise would come in February 2019 as this would be just ahead of the March deadline for leaving the EU, and LAS therefore currently predict a further rise in September 2019, followed by two more in June and November of 2020.

- 2.1.4 The landmark UK event of 2017 was the inconclusive result of the general election on 8 June, however this had relatively little impact on the financial markets.

2.2 The overall treasury position 31 March 2018

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 2017/18, the treasury position was as follows:

	1 April 2017 £000s	31 March 2018 £000s
Total external debt	6,812	6,812
Capital Financing Requirement (CFR)	11,777	11,262
Over/(under) borrowing to CFR	(4,965)	(4,450)
Total external debt	6,812	6,812
Total investments	(8,790)	(8,290)
Net debt/(investment)	(1,978)	(1,478)

2.3 The treasury strategy for 2017/18

- 2.3.1 The expectation for interest rates within the strategy for 2017/18 (the TMSS) was that the Monetary Policy Committee (MPC) would be unlikely to raise rates during the Brexit negotiation period, and accordingly that a first rise would come in Q2 of 2019 - unless strong domestically generated inflation was to emerge. There was even an acknowledgement that a further cut was possible should economic growth dip. Medium and longer term fixed rates were expected to rise gradually during the year and variable or short term rates were expected to be the cheaper form of borrowing 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. In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments, and to reduce counterparty risk.

2.3.2 In the event, growth in 2017 was 1.8% and CPI inflation peaked at 3.1% in November 2017, therefore it was unsurprising that in November the MPC reversed the emergency cut in Bank Rate following the Brexit vote in June 2016, and increased it to end the year at 0.5%.

2.3.3 During 2017/18 there was considerable volatility in longer term PWLB rates with little consistent trend. Shorter term rates were on a rising trend through the second half of the year.

2.4 The Council's Borrowing Requirement

The Council's underlying need to borrow for capital expenditure is termed the capital financing requirement (CFR), and is a gauge of the Council's indebtedness.

The CFR results from the Council's capital activity, and the resources it uses to pay for that capital spending, and represents unfinanced expenditure that has not yet been paid for from revenue or other resources.

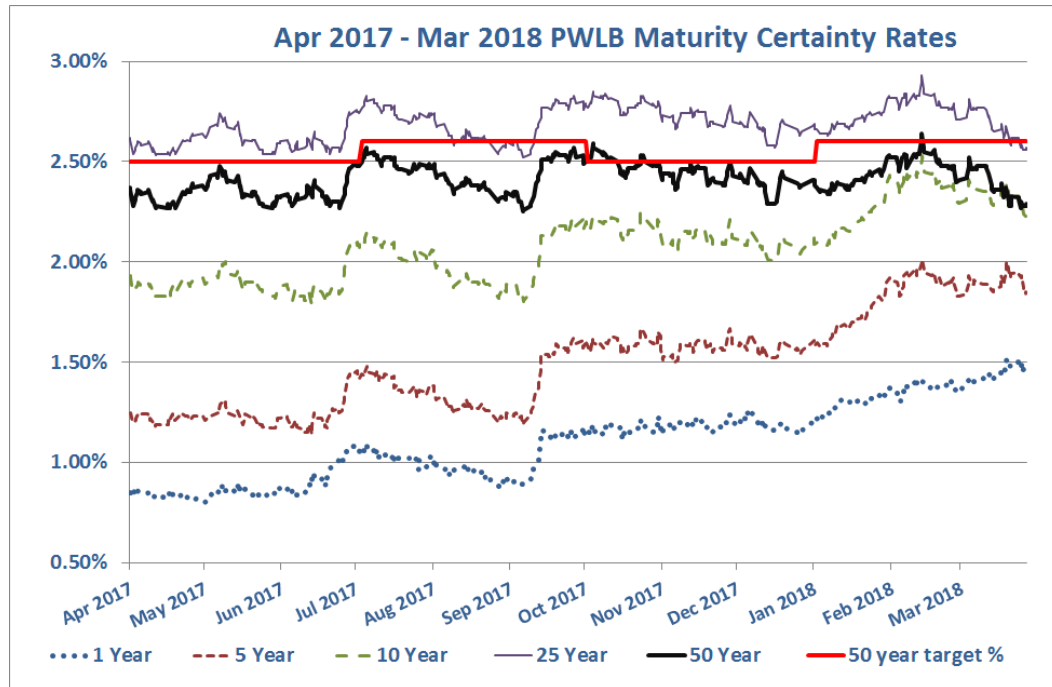
	1 April 2017 (Actual) £000s	31 March 2018 (Orig. Est) £000s	31 March 2018 (Actual) £000s
Capital Financing Requirement	11,777	13,160	11,262

The 2017/18 variance is due to slippage and savings on the 2016/17 capital programme which together with additional capital receipts reduced the borrowing requirement in that year, and to amendments to the capital programme during 2017/18, including the slippage of schemes to 2018/19.

2.5 Borrowing rates in 2017/18

PWLB 25 and 50 year rates were volatile during 2017/18, with little consistent trend, however shorter rates were on a rising trend during the second half of the year, reaching peaks in February and March.

The graph below has been provided by the Council's treasury advisers.



The table below shows the LAS forecasts for interest rates as at 11 May 2018.

Link Asset Services Interest Rate View												
	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.50%	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.60%	0.70%	0.90%	0.90%	0.90%	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.70%	0.80%	1.00%	1.00%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	0.80%	0.90%	1.10%	1.10%	1.20%	1.30%	1.40%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	1.90%	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
10yr PWLB Rate	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%
25yr PWLB Rate	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%

2.6 The borrowing outturn for 2017/18

2.6.1 No loans were redeemed during 2017/18, and no new long term debt was taken during the year.

The Council has embarked upon a commercialisation programme aimed at the generation of funding to replace central government support, which is scheduled to be withdrawn by 2020. Significant additional borrowing may be required to support this commercial programme, which will be supported by individual business case assessments to demonstrate that each project generates a return sufficient to cover any borrowing costs.

Advice will be taken from LAS 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.

2.6.2 Total outstanding debt at 31 March 2018 was £6.812m. All loans held are repayable on maturity, and are at fixed rates.

2.6.3 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.

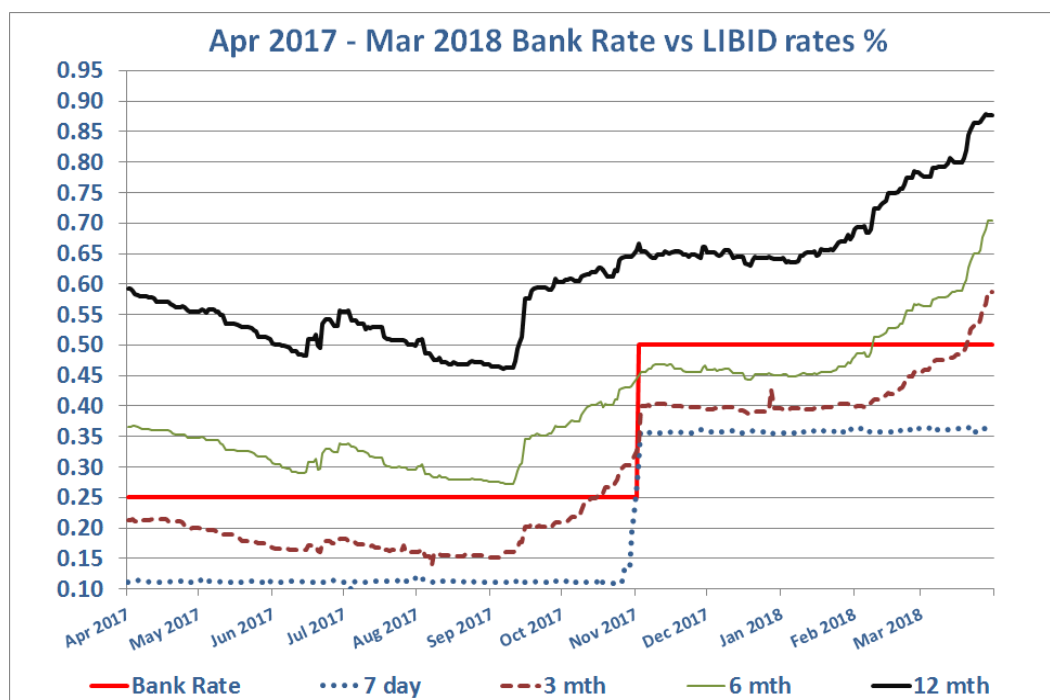
2.6.4 Two temporary loans were arranged for cashflow purposes during 2017/18, however the maximum duration of these was only seven days, and the average rate paid was 0.18%. Interest paid totalled £136.

2.7 Investment rates in 2017/18

Deposit rates continued into 2017/18 at the previous depressed levels, due in part to a large tranche of cheap financing made available to the banking sector by the Bank of England under the Term Funding Scheme. This facility ended at the end of February 2018.

Investment rates for periods of 3 months and longer were on a rising trend during the second half of 2017/18, on the expectation of an increase in Bank Rate which was duly delivered in November.

The graph below has been provided by the Council's treasury advisers.



2.8 Investment outturn for 2017/18

- 2.8.1 The Council's investment policy is governed by MHCLG guidance and implemented by the Annual Investment Strategy, which formed part of the TMSS approved on 1 March 2017. This policy sets out the approach for selecting investment counterparties. For 2017/18 the Chief Financial Officer adopted the Link Asset Services (LAS) credit rating methodology, 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 place undue reliance on any 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. The methodology also incorporates sovereign ratings to ensure selection of counterparties from only the most creditworthy countries. The current Treasury Strategy permits the use of any UK counterparties, subject to their individual credit ratings under the LAS methodology. It also permits the use of counterparties from other countries with a minimum sovereign rating of AA. For information, at 31 March 2018 the UK currently had a rating of AA.
- 2.8.2 Whilst credit ratings advice is taken from the 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.
- 2.8.3 The TMSS for 2017/18 was approved by Council on 1 March 2017. At Cabinet on 2 November 2017, Members agreed an amendment to Appendix 3 of the TMSS to add the use of Property Funds to the list of approved investment instruments, and referred the amendment to Full Council for approval as required by the regulations. Approval was confirmed on 15 November 2017.
- 2.8.4 The Council's investment priorities in 2017/18 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 six months with a small number of selected counterparties.
- 2.8.5 During 2017/18, significant use was made of two money market funds, currently achieving around 0.4%. These funds are AAA rated investment

vehicles which allows the pooling of many billions of pounds worth of assets into highly diversified funds, thus reducing risk.

- 2.8.6 Following approval for the use of Property Funds (see 2.8.3 above), an investment of £1m was made in the CCLA Local Authority Property Fund (LAPF) on 30 November 2017. The LAPF is a local government investment scheme approved by the Treasury under the Trustee Investments Act 1961 (section 11). Dividends are currently averaging around 4.5% per annum and are treated as revenue income. This investment has allowed the Council to introduce a property element into its investment portfolio without the risks associated with the direct purchase of assets. The main risk around Property Funds is the preservation of the capital sum; however evidence from recent years shows that over time the property market has been a positive long-term investment. It is accordingly anticipated that this investment will be held for at least five years to minimise any risk.

The property fund investment purchased a number of units, determined by the unit price on the entry date. This valued the initial investment of £1m at £936,770, setting the implied entry fee at £63,230, or 6.32%. The certified value of the property fund investment at 31 March 2018 was £956,242, and the difference of £43,758 has been transferred to an Available for Sale Financial Instruments Reserve in accordance with accounting requirements.

- 2.8.7 Investment interest of £65,684 (including dividends on the property fund totalling £14,083) was generated in the year, representing an equated rate of 0.54%. This outperforms the benchmark average 7 day LIBID rate, which ended the year at 0.21%, and in cash terms represents additional income to the General Fund of £40,100. This was achieved as a result of positive investment management, together with dividends on the new Property Fund. Performance in respect of the longer average 3 month LIBID rate, which ended the year at 0.28%, still represents additional income of £31,600.
- 2.8.8 Investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. The investment counterparty limit of £3m was exceeded by £90k on a single occasion during Q3 of 2017/18 for operational reasons, however the Chief Financial Officer has delegated authority to vary the limit as appropriate, and the matter was reported to Cabinet at its next meeting in February 2018, as required by the TMSS.
- 2.8.9 The Treasury Activity Report for the year ended 31 March 2018 is attached at Appendix 1 in accordance with the TMSS. For reference, definitions of LIBOR and LIBID are given at Appendix 2.

2.8.10 Under the cash-backed Local Authority Mortgage Scheme, launched in April 2012, the Council made two advances of £1m each to Lloyds Banking Group, each for a period of five years to match the life of the indemnities. The first advance matured in April 2017 but the other remains active, and is due to mature on 11 June 2018. This advance is classified as service investment, rather than a treasury management investment and is therefore outside the specified/non-specified categories.

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 1 March 2017.

2.9.2 During the financial year 2017/18 the Council has at all times operated within the Prudential and Treasury Management Indicators set out in the Council's TMSS, and in compliance with the Council's Treasury Management Practices. A summary of the outturn position at 31 March in respect of each of the 2017/18 Prudential and Treasury Management Indicators is shown at Appendix 3.

a) Prudential Indicators:

i) Capital Expenditure

Capital expenditure for 2017/18 totalled £3,514,156. This differs to the approved indicator of £4,967,900 due to the inclusion of approved carry forward requests from 2016/17, and to the approved variations to the capital programme during 2017/18, which include the slippage of schemes to 2018/19.

ii) Capital Financing Requirement (CFR)

The CFR represents the Council's underlying need to borrow and totalled £11,261,803 at 31 March 2018. This is lower than the approved indicator of £13,160,400 due to savings on the 2016/17 capital programme, slippage of schemes from 2016/17 to 2017/18, and additional capital receipts, all of which reduced the borrowing requirement in 2016/17. There have also been amendments to the capital programme during 2017/18, including the slippage of schemes to 2018/19.

iii) Ratio of Financing Costs to Net Revenue Stream

The outturn of 8.05% represents a decrease on the approved indicator of

11.00%. This is due to a reduction in MRP arising from savings and slippage on the capital programme in 2016/17, a saving in PWLB interest because planned new borrowing was not undertaken, additional investment interest, and lower than expected revenue contributions to capital due to delays with the Arnold Market scheme.

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 2017/18 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 2018 was £6.812m which was well within the approved indicator.

(b) Treasury Management Indicators:

The Treasury Management 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 2017/18. They include two key indicators of affordability and four key indicators of prudence and Appendix 3 demonstrates the outturn position compared to each limit.

Affordability

i) Operational boundary for external debt

This is the limit above which external debt is not “normally” expected to pass. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the level of actual debt.

ii) Authorised limit for external debt

This limit represents a control on the “maximum” level of borrowing and is the statutory limit determined under s3(1) of the Local Government Act 2003. It represents the limit beyond which external debt is prohibited.

The Authorised limit must be set, and revised if necessary, by Full Council. It reflects a level of external debt which, whilst neither desirable nor sustainable in the longer term, could be afforded in the short term. The Government retains an option to control either the total of all Councils’ plans, or a specific Council, although this power has not yet been exercised.

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 2017/18 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 Revised Cipfa Codes of Practice

Revised editions of the Prudential Code and the Treasury Management Code and Cross Sectoral Guidance Notes were published in December 2017. Changes, whilst not wide ranging, will be effective from 2018/19. A particular focus of the revised guidance was how to deal with local authority investments which are not “treasury investments”, eg. property purchases, in order to generate income for the authority at a higher level than can be attained by treasury investments.

The most significant change in the revised Prudential Code is the explicit requirement for the preparation of a Capital Strategy, setting out the long term context in which capital expenditure and investment decisions are made. The strategy must give due consideration to both risks and rewards, as well as any impact on the achievement of the Council’s priority outcomes. The Council already produces a Capital Programme and Capital Investment Strategy and this will be reviewed to ensure that any additional requirements of the revised Code are incorporated.

The revised Codes acknowledge the drive for income generation and the use of non-treasury related investment instruments, such as investment property, but they reiterate the need for risk management - including proportionality in respect of overall resources.

2.10.2 Revised Investment and MRP Guidance

The Ministry of Housing, Communities and Local Government (MHCLG) issued revised Investment Guidance and Minimum Revenue Provision (MRP) Guidance in February 2018, again for implementation in 2018/19. Noteworthy is the change in the definition of “investment” to include expenditure driven activity, eg. commercial property, as well as simple treasury cash. Such activity would represent “non-treasury investments”, ie investments in “non-financial assets”.

The effective definition in the 2010 guidance of short term investment being that repayable “within 12 months” has been removed from the 2018 guidance. A long term investment now is therefore one in excess of 365 days (previously 364 days).

The revised MRP guidance also focused on expenditure on non-financial investments, eg. property, making it clear that the duty to make MRP extends to investment property where its acquisition has been partially or fully funded by an increase in borrowing. The guidance also confirms that borrowing may only be undertaken for strategic purposes and not purely for financial return.

2.10.3 MiFID II

The Markets in Financial Instruments Directive (MiFID II) regulations came into effect on 3 January 2018 and govern the relationship between financial institutions conducting lending and borrowing transactions and local authorities from that date. Local authorities are now classed as “retail clients” unless they opt up to “professional status”, which is done by the completion of a form for each individual institution (investment counterparties and advisers etc) to confirm that a minimum investment portfolio of £10m is held at the opt-up date, and that **either** a minimum number of transactions are conducted with that institution in a year, **or** that the authority (effectively the CFO) has at least one year’s experience in a professional position in financial markets which require knowledge of the transactions or services envisaged.

Most of Gedling’s treasury investment instruments are straightforward cash deposits with banks and building societies, which are not affected, therefore there should be no major impact on the Council, since remaining a retail client in these circumstances should cause no difficulty. Most Money Market Funds and Property Funds **are** however covered by the new regulations and during the year the CFO has completed the opt-up procedure to be recognised as a professional client where appropriate. Opt-ups have also been made to maintain current relationships with the Council’s treasury advisers (LAS) and brokers for the arrangement of

temporary borrowing (ICAP).

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 2017/18.
2. Definitions of LIBOR and LIBID
3. Outturn Prudential and Treasury Management Indicators for 2017/18.

Background Papers

None identified.

Recommendation

That:

Members approve the Annual Treasury Activity Report and refer it to Full Council for approval as required by the regulations.

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.

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TREASURY ACTIVITY REPORT 2017/18

Year ended 31 March 2018

	<u>Position @ 1 April 2017</u>	<u>Loans Made During 1718</u>	<u>Loans Repaid During 1718</u>	<u>Position @ 31 March 2018</u>
	£	£	£	£
Long Term Borrowing				
PWLB	6,811,577	0	0	6,811,577
Total Long Term Borrowing	6,811,577	0	0	6,811,577
Temporary Borrowing				
Local Authorities	0	4,000,000	(4,000,000)	0
Public Corporations	0	0	0	0
Central Government	0	0	0	0
Banks & Other Institutions	0	0	0	0
Total Temporary Borrowing	0	4,000,000	(4,000,000)	0
TOTAL BORROWING	6,811,577	4,000,000	(4,000,000)	6,811,577
Long Term Investment				
CCLA LAPF Property Fund	0	(1,000,000)	0	(1,000,000)
Total Long Term Investment	0	(1,000,000)	0	(1,000,000)
Temporary Investment				
Bank of Scotland	(3,000,000)	(3,000,000)	6,000,000	0
Barclays	0	(2,000,000)	2,000,000	0
Blackrock Money Market Fund	(790,000)	(33,510,000)	34,300,000	0
Goldman Sachs	0	(5,000,000)	2,000,000	(3,000,000)
HSBC Treasury	0	(50,030,000)	50,030,000	0
Ignis Money Market Fund (Std Life)	0	(45,265,000)	43,975,000	(1,290,000)
Royal Bank of Scotland	0	0	0	0
Santander	(3,000,000)	(7,000,000)	7,000,000	(3,000,000)
Total Banks	(6,790,000)	(145,805,000)	145,305,000	(7,290,000)
Building Societies	(1,000,000)	(1,000,000)	2,000,000	0
Debt Management Office	0	(2,800,000)	2,800,000	0
Local Authorities & Other	(1,000,000)	0	1,000,000	0
Total Temporary Investment	(8,790,000)	(149,605,000)	151,105,000	(7,290,000)
TOTAL INVESTMENT (See below)	(8,790,000)	(150,605,000)	151,105,000	(8,290,000)
NET BORROWING / (INVESTMENT)	(1,978,423)	(146,605,000)	147,105,000	(1,478,423)

Temporary Borrowing & Investment Statistics at 31 March 2018

Investment:

Fixed Rate Investment	(5,000,000)	(67,830,000)	68,830,000	(4,000,000)
Variable Rate Investment	(3,790,000)	(82,775,000)	82,275,000	(4,290,000)
TOTAL INVESTMENT	(8,790,000)	(150,605,000)	151,105,000	(8,290,000)

Proportion of Fixed Rate Investment (Long and Short Term)	48.25%
Proportion of Variable Rate Investment (Long and Short Term)	51.75%
Investment Interest Receivable	£ 65,684
Equated Investment	£ 12,122,768
Weighted Average Interest Rate Received (Interest Receivable / Equated Investment)	0.54%
7 Day LIBID (Benchmark)	0.21%
3 Month LIBID	0.28%

Borrowing:

Temporary Borrowing Interest Payable	£ 136
Equated Temporary Borrowing	£ 73,972
Weighted Average Interest Rate Paid (Interest Payable / Equated Borrowing)	0.18%
7 Day LIBOR (Benchmark)	0.34%

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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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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 2017/18 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 2017/18:

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 the TOTAL non specified limit of £5m.

	2017/18 Original Estimate	2017/18 Position at 31-Mar-18
(Council 1/3/17)		
£	4,967,900	£ 3,514,156
£	13,160,400	£ 11,261,803
	11.00%	8.05%
	£12.92	Not Applicable
£	13,160,400	£ 6,811,577
£	14,200,000	£ 6,811,577
£	1,500,000	£ -
£	15,700,000	£ 6,811,577
£	15,200,000	£ 6,811,577
£	1,500,000	£ -
£	16,700,000	£ 6,811,577
£	13,200,000	£ 2,811,577
	100.00%	48.25%
	100.00%	100.00%
£	2,000,000	£ 4,290,000
	100.00%	51.75%
	50.00%	0.00%
U	40%, L 0%	0%
U	40%, L 0%	0%
U	50%, L 0%	0%
U	50%, L 0%	0%
U	100%, L 0%	100%
£	3,000,000	£ 1,000,000

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Report to Cabinet

Subject: Gedling Plan and Budget Outturn and Budget Carry Forwards 2017/18

Date: 24 May 2018

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

This report presents the Gedling Plan and Budget Outturn and Budget Carry Forwards for 2017/18.

Cabinet is asked to note the final outturn position for 2017/18 and:

- a) Approve the movements on earmarked reserves and provisions;
- b) Note the capital carry-forward budgets approved by the Chief Financial Officer in accordance with Financial Regulations;
- c) Approve the carry forward of non-committed capital budgets from 2017/18 as additions to the 2018/19 budget for referral to Council, in accordance with Financial Regulations;
- d) Recommend that Council approve the method of financing the 2017/18 capital expenditure which includes making the Capital Determinations required by the Local Government and Housing Act 1989.

Key Decision

This is a key decision

Background

- 1.1 The Gedling Plan 2017-19 was approved by Council on 1 March 2017. The Plan set out the priorities, objectives and top actions for the Council along with the associated budgets.
 - 1.2 This report highlights continued good management of the Revenue and Capital budgets and overall Council performance.
-

- 1.3 During 2017/18 Cabinet received the usual Gedling Plan quarterly monitoring reports and approved a number of budget amendments to align resources to meet identified budget pressures, managing within the overall maximum revenue budget of £12,481,100 approved by Council. The current revenue estimate approved by Cabinet as part of the quarterly monitoring process in February is £12,371,300 representing a £109,800 saving against the maximum budget approved by Council. Capital budgets have also been monitored by Cabinet to ensure schemes are appropriately profiled, with the current estimate for 2017/18 being approved at £5,566,000.
- 1.4 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. 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 four capital schemes that require Council approval. The Chief Financial Officer has delegated authority to approve all other carry forwards subject to reporting the source of the underspend and the subsequent use of the carry forward to the Portfolio Holder.
- 1.5 A full overview 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 these reports which provide valuable background detail to this summary paper. This provides a more in-depth review of indicators, actions and outcomes for quarter 4 and year end. A full set of papers that appear on the website have been printed and these reports are available in the Members' Room.
- 1.6 These reports contain explanations of variances from expected performance together with trend arrows for all the performance indicators within the Gedling Plan (note that an upward arrow indicates improved performance, irrespective of whether improvement is represented by a higher or lower value) and progress bars for all Gedling Plan actions showing progress made against project milestones.
- 1.7 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 their expected performance at the end of the year, whilst actions must be on target against the "completed" or "in progress" milestones determined within Pentenna.

Proposal

2. Financial Performance and Budget Outturn 2017/18

2.1 General Fund Revenue Outturn 2017/18

2.1.1 The actual net revenue expenditure for each Portfolio during 2017/18 is detailed in Appendix 1, together with explanations of major variances in expenditure and income.

2.1.2 The table below summarises the actual net expenditure for each Portfolio in 2017/18 compared to the current estimate. The current estimate is that approved by Cabinet in February 2018, 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 an estimate of £12,371,300 in February, a £109,800 saving against the overall maximum budget approved by Council of £12,481,100 (including budget carry forwards from 2016/17).

2.1.3 The table shows an overall General Fund underspend of **£42,645**, against the current estimate, equating to **0.3%**. Previous years have seen officers requesting carry forwards of underspends, however given the financial constraints that the Council is working under, no revenue carry forwards are being considered this year.

2.1.4 Given the extent of financial challenges facing the Council this represents a robust outturn position for the Council which leaves reserve balances above the estimated position. The outturn position will be analysed to identify any further underspends which can be removed from the future budget.

2.1.5 General Fund Revenue Outturn 2017/18

	Current Estimate 2017/18 £	Actual 2017/18 £	Variance to Current Estimate £
Community Development	1,627,600	1,436,293	(191,307)
Health & Housing	2,448,100	1,834,108	(613,992)
Public Protection	1,653,500	1,653,673	173
Environment	4,742,400	4,400,523	(341,877)
Growth & Regeneration	1,028,700	904,603	(124,097)
Resources & Reputation	2,012,400	881,528	(1,130,872)
Net Portfolio Budget	13,512,700	11,110,728	(2,401,972)
Transfers to/(from) Earmarked Reserves	(1,141,400)	1,217,927	2,359,327
Net Council Budget	12,371,300	12,328,655	(42,645)

Less Financing:			
Revenue Support Grant	(780,600)	(787,330)	(6,730)
Business Rates (net of Coll. Fund Deficit)	(4,074,900)	(4,241,389)	(166,489)
Council Tax	(5,738,900)	(5,738,900)	0
Council Tax Collection Fund Surplus	148,200	148,200	0
New Homes Bonus	(1,659,800)	(1,659,829)	(29)
Transfer to/(from)General Fund Balance	(265,300)	(49,407)	(215,893)

2.1.6 **General Fund Balance at 31 March 2018**

The General Fund Balance at 31 March 2018 is £5,927,600, £215,900 higher than the current estimate of £5,711,700. After accounting for the commitment to fund an addition of £134,000 in the 2017/18 Business Rates Collection Fund deficit, this leaves £81,900 more in balances than the current estimate which can be used to support the future budget and MTFP. This level of balances remains above the minimum required in the Council's Medium Term Financial Plan.

The £215,900 variance from the estimated closing General Fund Balance is analysed as follows:

- a) Additional Business Rates Income and Revenue Support Grant enable a contribution to balances of £166,500. £134,000 of this will be required to fund the addition to the Business Rates Collection Fund deficit.
- b) The Revenue Budget underspend enables a reduced contribution from balances of £42,600.
- c) Additional RSG Grants enable a contribution to balances of £6,700.

Details of the total reserves held at 31 March 2018 are shown at Appendix 2.

Major General Fund Revenue Variances from Current Estimate

2.1.7 **Financing Variances 2017/18**

Reasons for the variances in General Fund financing budgets are explained in the paragraphs below:

- **Revenue Support Grant (RSG) Funding**

During 2017/18 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 **£6,700** being allocated to Gedling.

- Business Rates Retention

Under the business rates retention scheme 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 2017/18 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 £2,872,992.

Business Rates income in 2017/18 is based on the estimates provided to central government in January 2017 in the required statutory returns. Growth recognised in the accounts for 2017/18 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.

2017/18 Business Rates Outturn

	Current Estimate 2017/18	Actual 2017/18	Variance
	£	£	£
Baseline Funding Level	(2,873,000)	(2,872,992)	8
Retained Growth Above Baseline (incl. S31 Grants)	(894,100)	(1,051,903)	(157,803)
Renewables (100% Gedling)	(74,500)	(83,101)	(8,601)
Total Income 2017/18	(3,841,600)	(4,007,996)	(166,396)
Collection Fund Deficit/(Surplus)	(233,300)	(233,393)	(93)
Net Business Rates Income	(4,074,900)	(4,241,389)	(166,489)

Business Rates Pooling

Gedling is a partner in 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 Memorandum of Understanding requires that 50% of any Pool surplus be retained for use by the Combined Authority (or equivalent) for delivery of ‘N2’ projects and 50% would be distributed to individual Pool Members for local investment in economic development activity. This arrangement is continuing for 2017/18.

The Pool outturn figures for 2017/18 have been finalised with a sum of **£182,561** identified for redistribution to Gedling. In addition a sum of £4,279 was received in respect of a late adjustment made to the 2016/17 pool figures. This income is recognised in the Portfolio outturn figures and it is proposed that it be transferred to earmarked reserves for spend on economic development projects. The equivalent sum will be held by the County Council on behalf of the Pool for use by the Combined Authority.

2.1.8 **Net Council Budget Variances 2017/18**

The underspend against the Current Net Portfolio Current Budget 2017/18 is £2,401,972 which is largely offset by a net variance on Earmarked Reserve contributions of £2,359,327 to give a net Council Budget underspend of £42,645. The underspend variances can be split between general variances and those relating specifically to proposed movements in Earmarked Reserves as detailed below:

a) General Variances in Excess of £10,000

Additional expenditure has arisen in the following services:

- Increase in Debtors bad debt provision £97,000.

Reductions in expenditure include:

- Employee Expenses – net saving of £167,000 against the current estimate (this is fully offset by a proposed transfer to earmarked reserves for specific projects and a reduced contribution from the Transformation fund that has not been required for redundancy costs due to the underspend);
- Utilities – net saving of £17,400 against current estimate mainly on gas and water charges, partly offset by an increase in electricity costs;
- Car Allowances - £12,200 mainly due to reduced mileage;
- Legal professional fees - £16,000 mainly due to work being carried out in house;
- Waste disposal costs - £58,000 mainly due to a reduction in trade waste disposal tonnages;

- Printing, stationery and postages - £57,600 due to a reduction in postages and reduced printing and stationery requirements;
- Consultancy - £12,100 mainly due to savings in communications and audit fees
- External Contractor - £19,300 mainly due to savings in public protection and parks maintenance.
- Rent Allowance – Underspend of £37,500 net of bad debts provision.

Reductions in income include:

- Planning Pre-application advice - £19,000;
- Reduction in Fleet scrappage income due to a delay in replacement vehicle purchase £21,200;

Additional income includes:

- CIL Administration £23,800;
- Additional Investment interest £21,600;
- Trade Waste additional income £36,500 due to an increase in customers;
- Additional rental income £38,600 from various properties.

b) **Movement in Earmarked Reserves**

Reserves requirements have been reviewed and transactions completed within the portfolio analysis. Earmarked Reserves are sums of money set aside to provide financing for future service expenditure plans and include specific external grants and contributions received.

The balance on Earmarked Reserves at 31 March 2018 is £5,722,000, £2,359,300 higher than the current estimate of £3,362,700. A full list of movements on Earmarked Revenue Reserves is included in Appendix 3 and these are proposed to Cabinet for approval. Reasons for the variance between the estimated and actual earmarked reserves are included in the portfolio analysis at Appendix 1 and include: new contributions to reserves due to new grants and additional income or underspends identified in Portfolio Budgets during 2017/18 for which specific projects have been identified for future delivery; and variances on planned contributions from reserves mainly due to projects that have been deferred to 2018/19.

New Contributions to Earmarked Reserves

Included in the Earmarked Reserves proposed for approval are new contributions to reserves totalling £1,425,600 made up of:

Increases Due to Receipt of New Grants and Additional Income

- Business Rates Pool Reserve addition 2017/18 £186,800 – contributions from the Nottinghamshire Business Rates Pool in 2017/18 for economic development projects as detailed in para 2.1.7;
- S106 Revenue Reserve - £99,500 – new grants received to fund future maintenance and project commitments;
- Earmarked Grants addition - £181,600 – new grants received for specific projects;
- Joint Use reserve £36,100 - balance of joint use contributions not spent in 2017/18;
- Local Development Framework Reserve - £20,000 additional neighbourhood planning grant received;
- Leisure Strategy Reserve £45,500 – contribution from leisure centre additional income in 2017/18.

Increases For Futures Projects Arising from Service Underspends

- Asset Management Revenue Reserve addition - £91,500 - various asset related service underspends to meet emerging maintenance pressures;
- Economic Development Fund addition - £42,300 – underspend in Economic Regeneration to provide for future project work;
- Community and Crime Reserve addition - £36,800 - from service underspends to provide for the interim cost of the market operation and the temporary Empty Homes Officer;
- Efficiency and Innovation Reserve addition - £52,000 - underspend in Financial Services to provide for procurement review and systems development;
- Risk Management Reserve addition - £36,000 - underspend on 2017/18 budget reduction risk budget to manage risks of the future programme delivery;
- Transformation Fund addition - £341,100 – underspend on approved transformation fund budget 2017/18 and additional contribution from general underspends detailed at section (a) to support implementation of budget reduction and Dynamic Council programmes;
- IT Replacement Reserve £175,500 addition – underspend on digital projects and software, together with general underspends detailed at section (a), to provide for future upgrades and agile working;
- Property Fund - £64,000 – to provide for changes in market valuations.
- Other minor movements - £16,900

Variances in Planned Usage of Earmarked Reserve

Contributions from reserves have reduced by £933,700 compared to current estimate analysed as follows:

Reduced Contributions From Reserves – Underspent Projects Deferred to 2018/19

- IT Replacement fund – £164,100 reduced contribution due to a temporary pause in the replacement programme expenditure to allow for agile working to be established;
- Earmarked Grants – £108,100 reduced contributions due to delay in delivery of specific project to be funded by grants;
- NNDR Pool Reserve – £304,100 reduced contribution to capital expenditure due to the delay in the purchase of Arnold Market;
- Economic Development Fund – £393,400 reduced contribution mainly to capital expenditure due to the delay in the purchase of Arnold Market;
- Transformation Fund – £55,600 reduced contribution mainly due to redundancy costs being funded by salary underspends.

Additional Contributions From Reserves

- S106 Reserve – (£16,100) additional usage for revenue maintenance;
- Local Development Framework – (£20,700) for the Local Plan inspection costs;
- Land Charges Reserve – (£25,000) reserve no longer required as land charge claims now finalised;
- Insurance Reserve – (£27,900) required to cover excess payments.

2.1.9 Movement In Provisions

Provision requirements have been reviewed and transactions completed within the outturn analysis. Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement but where the timing and precise amounts are uncertain. The table below details the movements in Provisions for 2017/18 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/17	Movement in Year	Actual Balance 31/3/18
	£	£	£
Business Rates Appeals	1,038,000	(210,900)	827,100
Transferred Housing Stock – Environment Warranties	50,000	0	50,000
Transferred Stock Repairs	50,000	0	50,000
Total	1,138,000	(210,900)	927,100

Business Rate Appeals - The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £827,100 has been made, representing the Council's estimated share of such liabilities at 31 March 2018.

Transferred Stock Environmental Warranties - to provide for the payment of excesses under the Environmental Warranty provided to Gedling Homes under the Large Scale Voluntary Transfer (LSVT) arrangement. An excess of £25,000 makes it likely that the Council will be required to meet certain expenses over the life of the policy.

Transferred Stock Repairs - to provide for work required under warranties on the transferred properties referred to above.

Provisions for Bad Debts

Bad debts provisions are an estimate of the amount that will remain uncollectable after a certain time period and will require write off in the future accounts of the Council. They are calculated on the age and amounts of debt owed to the Council based on a hierarchical percentage i.e. the older the debt the greater the likelihood of non-collection. The table below details the movements in Bad Debts Provisions for 2017/18 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/17	Movement in Year	Actual Balance 31/3/18
	£	£	£
Sundry Debts	156,800	97,100	253,900
Housing Benefit Debts	1,755,800	167,200	1,923,000
Business Rates Debts (GBC Share)	76,400	22,700	99,100
Council Tax Court Costs	119,000	7,000	126,000
Total	2,108,000	294,000	2,402,000

The increase in the bad debt provision for Housing Benefit is due to an increasing level of overpayments being recovered via sundry debtors as opposed to deductions from benefits as cases transfer to Universal Credit. The increase in the bad debt provision for Sundry Debts is mainly due to an overall increase in debtors and an increase in the age of bad debts.

2.2 **Support Service Recharges and Capital Financing Variations (Non-Controllable)**

- 2.2.1 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).

2.2.2 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 £415,007 in 2017/18.** This variance is mainly due to the temporary pause on the IT Replacement programme and various underspends transferred to reserves for future projects.

2.2.3 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 Resources and Reputation Portfolio.

2.3 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 outstanding deficit has now been cleared leaving a surplus at 31 March 2018 of £30,467 in the Building Control Reserve for use on future service improvements.

2.4 Community Infrastructure Levy

In 2017/18 the Council raised 42 liability notices totalling £1,320,577 of which £1,277,244 has been invoiced for payment and £864,668 is still to be collected. Of the £1,277,244 invoices raised £1,021,796 is to be spent on strategic infrastructure projects that are identified on the Regulation 123 list, £191,587 is to be spent on the locality it has been collected via Neighbourhood funding and

£63,862 is to fund administration costs as permitted under the regulations.

2.5 **Members Pot Outturn 2017/18 and Community Grants**

In 2017/18 the Members Pot budget was £61,500 of which £61,390 has been spent on grants to third parties as detailed in Appendix 4.

Despite ongoing financial pressures the Council still provided financial support to voluntary and charitable organisations through the Borough Wide Pot £12,500, Parish Council grants £33,500, Citizens Advice Bureau £40,000, Womens Aid £20,000, We R Here £10,000 and the Nottingham Playhouse £2,500.

2.6 **Capital Outturn 2017/18**

2.6.1 A summary of the capital outturn is presented in the table below. The current estimate is that approved by Cabinet in February 2018. Capital outturn totals £3,514,156 compared to an approved budget of £5,566,000 a net under spend of £2,051,844. After accounting for carry forward requests of £2,025,000 the final underspend and reduced financing requirement on the capital programme is £26,844. The underspend of £26,844 is mainly due to efficiencies achieved in vehicle procurement.

2.6.2 The details of the outturn for individual schemes by Portfolio area are included at Appendix 5.

2.6.3 **Capital Outturn and Proposed Carry Forwards 2017/18**

Portfolio	Current Estimate 2017/18	Actual Expenditure 2017/18	Variance	Proposed Carry Forward
	£	£	£	£
Community Development	18,100	10,458	(7,642)	7,600
Housing, Health & Wellbeing	508,000	531,597	23,597	0
Public Protection	1,132,500	1,070,323	(62,177)	62,100
Environment	2,408,900	1,850,633	(558,267)	507,400
Growth and Regeneration	0	0	0	0
Resources & Reputation	1,498,500	51,145	(1,447,355)	1,447,900
TOTAL	5,566,000	3,514,156	2,051,844	2,025,000

2.6.4 **Proposed Capital Carry Forwards**

The capital carry forward requests total £2,025,000 against the current approved capital programme of £5,566,000 which represents 36% slippage for 2017/18. The level of funding available to finance the carry forwards is projected to be sufficient. The majority of the capital slippage is in relation to the

delay in the purchase of Arnold Market (£1,367,200), delays in the delivery of vehicles (£210,900) and delay in the installation of new play areas (£197,100).

Attached at Appendix 6 are details of the schemes which the Chief Financial Officer has authorised to carry forward in line with the delegation arrangements, totalling £1,761,700. There is a further carry forward request of £263,300 for a non-committed scheme in excess of £50,000, which requires Council approval. This is for Disabled Facilities Grants, the Cinder Path Project, a replacement Street Sweeper; and the remaining Asset Management Fund where schemes are still to be identified.

2.6.5 Capital Financing 2017/18

The proposed method of financing the £3,514,156 capital expenditure incurred in 2017/18 is summarised below and full details are included in Appendix 7.

	£
Capital Receipts	828,677
Capital Grants and Contributions	1,206,026
General Fund Revenue Contributions	418,880
Borrowing	1,060,573
Total Capital Financing	3,514,156

2.6.6 Usable Capital Reserves

A reserve is created for a specific purpose or to cover contingencies. In accordance with the accounting code, these usable reserves must be separately identified between those that are retained for Capital purposes, and those that are retained for Revenue purposes.

Capital reserves are used to fund the capital programme within the year and the position as at 31 March 2018 is as follows:

Description	Balance Bfwd 01/04/17	Received In Year	Use In Year	Balance 31/03/18
	£	£	£	£
Usable Capital Receipts	0	828,700	(828,700)	0
Capital Grants Unapplied	273,200	1,053,300	(1,206,000)	120,500
Revenue Contributions to Capital Schemes	188,500	230,400	(418,900)	0
Community Infrastructure Levy	85,600	1,021,800	0	1,107,400
Total	547,300	3,134,200	(2,453,600)	1,227,900

2.6.7 Capital Determinations 2017/18

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 a provision for 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	1,168,757
Capital contributions	37,269

- (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 2017/18. This figure is £828,677.
- (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 2017/18 as approved by Council on 1 March 2017 and equates to £575,960.

2.7 Statement of Accounts

2.7.1 Technical Adjustments to Revenue

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.

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. 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 2.1.5.

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 2017/18 this adjustment adds £1,959,300 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. In 2017/18 operational land and building asset have been impaired to the value of £160,900 of which £91,800 relates to car parks and £69,100 relates to the Gedling Country Park Visitor centre. Impairment of investment assets of £12,100 has been recognised due to 2 sites being changed to community use and 5 sites declining in market value.

2.7.2 Pensions

The details regarding the Council's share of the Nottinghamshire County Council Pension Fund are provided for Members consideration at Appendix 8.

Barnett Waddingham are the Pension Fund's appointed Actuary, and their report sets out the assumptions used to prepare the IAS19 pension figures which are reported in Gedling's accounts. It is required that these assumptions are reviewed prior to agreeing their use and inclusion in the Statement of Accounts, and this review has been completed by the Deputy Chief Executive and Director of Finance.

2.7.3 Balance Sheet at 31 March 2018

Consideration of the Council's Balance Sheet does not feature significantly in the budget setting and monitoring, and yet if not managed and reviewed correctly, a number of balances may be hidden that could have a major impact on the revenue outturn in any one year. Balance sheet valuation and management is at the heart of changes being driven by International Financial Reporting Standards, and it is therefore important that in reviewing the Final Accounts, due consideration is given to the main features of the Balance Sheet and year to year changes as follows:

- Property, Plant and Equipment has increased by £1.3m to £30.2m due to capital expenditure e.g. Leisure Centres and Gedling Country Park and increases in the values of existing property;
- Pension Liability has decreased by £3.8m to £48.6m mainly due to a change in the discount rate assumptions made by the Actuary.

3. Performance Information

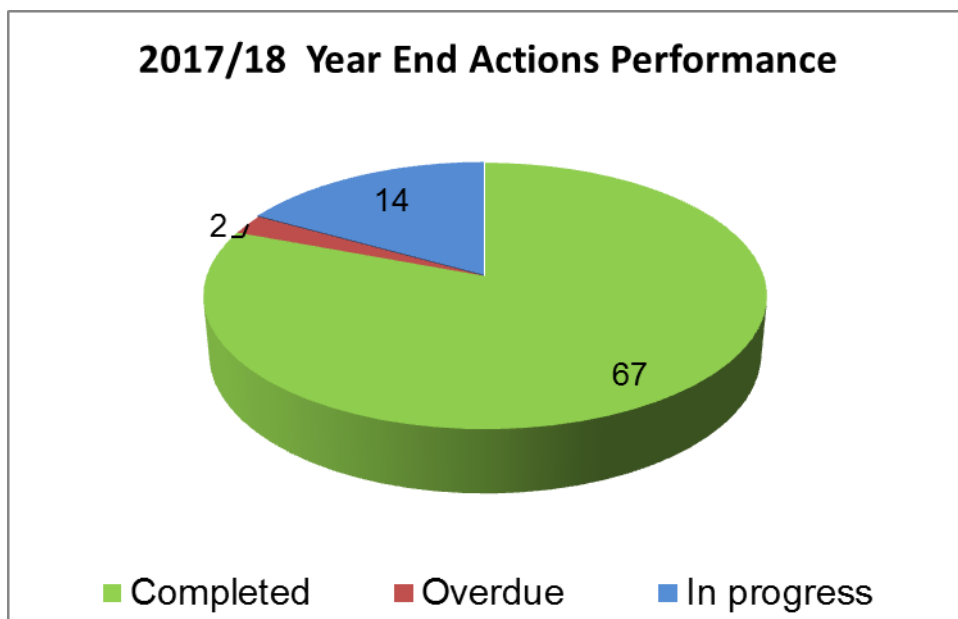
Year End Performance Report

Performance Information

- 3.1 Attached at Appendix 9 is summary of overall progress against priorities and objectives within the 2017-19 Gedling Plan at the end of the 2017/18.
- 3.2 A comprehensive presentation on year end performance will be provided at the Cabinet meeting.

Actions

- 3.3 During 2017/18, progress has been made as expected on 81 of the actions, with only 2 actions which did not progress as expected during the year.



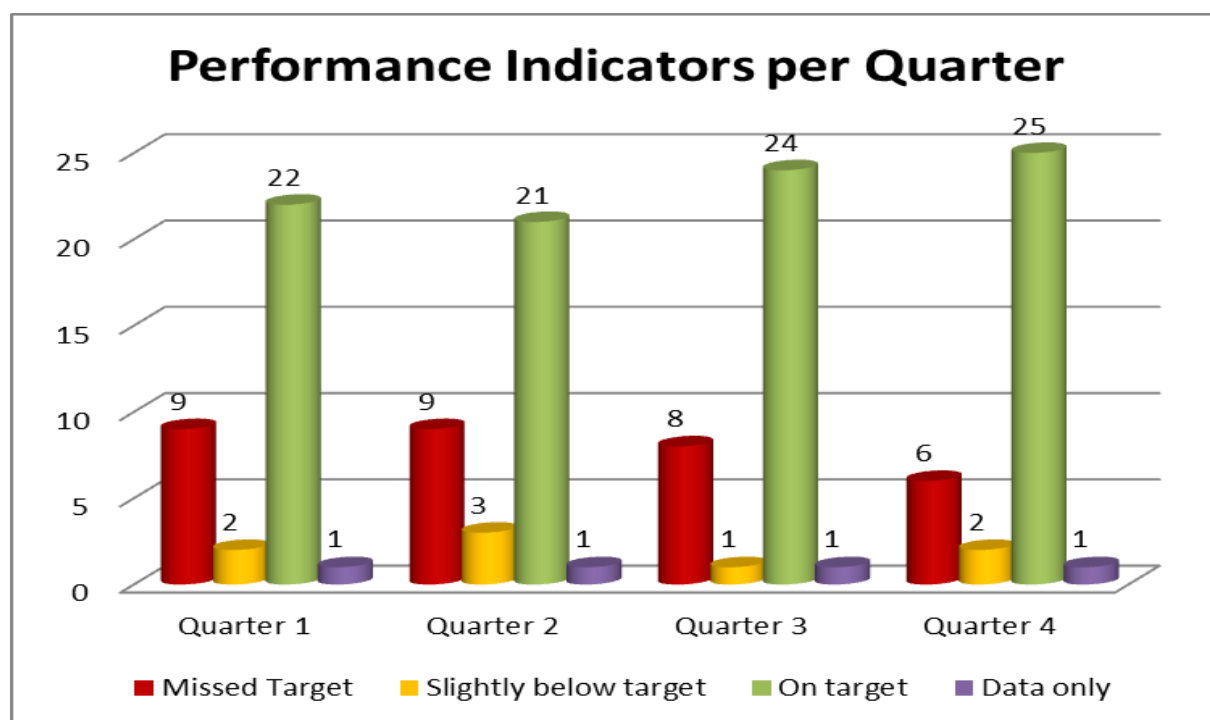
The two actions which did not progress as expected during the year are:

- Improve Civic Centre face to face reception facilities - It has been agreed that this action will be progressed as part of the wider Agile working project. In particular consideration will be given to reception facilities which not only satisfy the Council's requirements, but also the needs of the partners who share the building.
- Gedling Borough Council to continue to offer a minimum of 16 pre-employment work experience placements a year - DWP ceased recording the numbers placed with the council for the year 2017/18 as this action had been removed from their performance indicators. For the year 2018/19 onwards, DWP have confirmed that they will monitor levels of placement to report to the council even though they will not be working to PI targets themselves.

Indicators

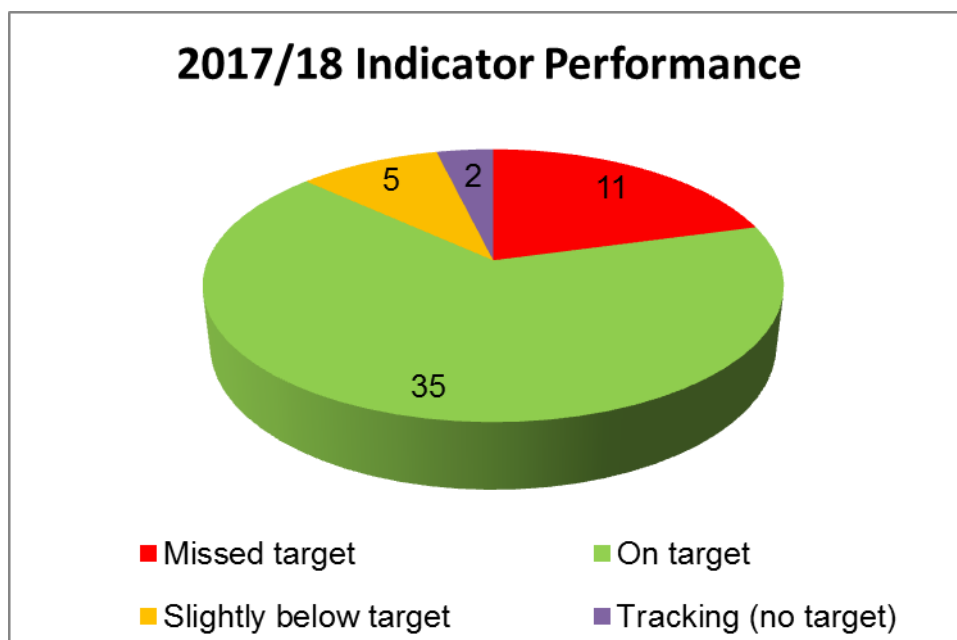
3.4 Quarter 4

The following table shows the status of performance indicators appropriate for quarterly monitoring for each quarter throughout the year. During quarter 4, 25 of the 34 performance indicators that are appropriate for quarterly monitoring met the target and of those remaining, 6 are red, 2 are amber and 1 indicator is for tracking purposes only.



3.5 Year end

In addition to the performance indicators which are monitored on a quarterly basis, there are a number of indicators which are reported on an annual basis. The diagram below shows the performance position at the end of the year in respect of all 53 indicators included in the Gedling Plan. Overall performance is strong, with 40 of the indicators on target or slightly below target and 11 behind target.



Performance review

3.6 Examples of particularly positive performance/notable achievements include:-

- Disabled Facilities Grants -The performance in delivering Disabled Facilities Grants has been record breaking. Never before has Gedling Borough Council installed £1,000,000 of adaption to help those with disabilities to stay in their own homes. These adaption range from stair lifts and ramps to walk in showers and wet rooms. This significantly improves people's quality of life as well as saving the public purse, by stopping people from having to leave their houses and enter full time care.
- Increased attendances at Leisure Centres - Attendances across all Leisure Facilities hit 1,000,000 for the first time since 2012/13; delivering 85,000 more than target, representing 9% growth.

Bonington Theatre has significantly increased the range and number of its productions and events, resulting in an increase in attendances from 28,194 to 37,297.

- Historically, we've really struggled to bring empty homes back into use. Over the past twelve months, the number of empty homes returned to use has increased from 5 to 40.
- The introduction of a new Attendance Management Policy and balanced focus on health and wellbeing and management action have contributed to reducing sickness absence from 11.73 days to 8.4 days, significantly below the 10 day target.
- Processing of Housing Benefit and Council Tax Benefit claims continues to be top performing, with further improvements from 5.2 to 4.6 days to deal with new claims and change of events.

- Gedling continues to lead on the Syrian Re-settlement scheme across the City and County, not only accommodating more families but developing Refugee Befriending hubs in Arnold and Carlton. Working with the Nottingham City Council Refugee Resettlement Programme and Hope Nottingham, has resulted in the establishment of two International Cafés: one at the Methodist Church, Carlton Hill and one at The Beacon.
- Gedling's garden waste scheme is increasingly popular, with more residents joining the scheme, taking the total up to 14,548 from 12,989.
- Customer services continues to deal with an increasing volume and variety of demand, yet satisfaction with the overall customer service achieved 96.7%, exceeding the target of 85%.

3.7 Whilst overall performance is positive, particular attention needs to be directed towards the following:-

Crime

In keeping with other areas, the level of crime has increased over the past year, in part due to changes in reporting arrangements. Gedling has excellent local relationships with Nottinghamshire Police and other partners and this will continue to be crucial to address the trend of rising crime.

Homelessness

While the average time to process homeless applications has improved, we'd still want to cut the current average of 17 days. Sometimes, delays are unavoidable due to gathering information from and about applicants and we will need to maintain a close watching brief on the impact of the new Homelessness Reduction Act.

Recycling

Gedling's recycling performance has plateaued, remaining where it is for some years. This is not untypical, as it has been some years since new recycling products/initiatives were introduced to domestic waste collection. Over the coming year and in keeping with the Council's 'Plastic Clever' commitment, it is proposed to make a concerted effort to maximise recycling rates, especially in those parts of the Borough where performance is weaker.

Housing Delivery

Across the year as a whole, housing delivery has been slow, with an additional 237 new homes provided. However, there are very encouraging signs, with a significant upturn in recent housing starts and an influx of new planning applications. With the Inspector's report on the Local Plan due imminently, it is hoped that 2018/19 will see a significant increase in house building.

Alternative Options

- 4 This report provides a statement of the actual performance against the Gedling Plan for 2017/18 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

- 5 As detailed in the report.

Appendices

- 6
- Appendix 1 General Fund Revenue Outturn 2017/18 Variance Analysis
 - Appendix 2 Summary General Fund Balances & Earmarked Reserves 2017/18
 - Appendix 3 Movement in Earmarked Reserves 2017/18
 - Appendix 4 Members Pot 2017/18
 - Appendix 5 Capital Outturn 2017/18
 - Appendix 6 Capital Budget Carry Forward Summary 2017/18
 - Appendix 7 Capital Financing Summary 2017/18
 - Appendix 8 Pension Fund Accounting Disclosures
 - Appendix 9 Gedling Plan High Level Summary of Performance Outcomes 2017/18
 - Appendix 10 Examples of Achievements and Activities 2017/18

Background Papers

- 7 Gedling Plan 2017/18 and Quarterly Performance Monitoring Reports

Recommendations

- 8 **Members are recommended:**
- (a) **To note the Gedling Plan Performance and Budget Outturn figures for 2017/18;**
 - (b) **To approve the movements in Reserves and Provisions as detailed in paragraphs 2.1.8 and 2.1.9;**
 - (c) **To note the capital carry forwards approved by the Chief Financial Officer of £1,761,700 included in Appendix 6, being amounts not in excess of £50,000 and committed schemes above £50,000.**

(d) To refer to Council for approval:

- i) The capital carry forwards of £263,300 included in Appendix 6 for non-committed schemes in excess of £50,000;**
- ii) The overall method of financing of the 2017/18 capital expenditure as set out in paragraph 2.6.5;**
- iii) The capital determinations regarding financing and debt provisions as set out in paragraph 2.6.7.**

Reasons for Recommendations

- 9 To ensure Members are informed of the performance against the Gedling Plan for 2017/18 and to comply with statutory requirements for capital financing.

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Community Development Portfolio. Outturn Summary 2017/18

	Current Approved Estimate 2017/18 £	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Budget Variance £	Non Controllable Recharge Variance £
Community Development					
Democratic Mgt & Representation	714,900	623,050	(91,850)	(2,657)	(89,193)
Committee Services	0	0	0	0	0
Localities	163,000	160,064	(2,936)	3,740	(6,676)
Community Grants	274,200	246,890	(27,310)	(21,785)	(5,526)
The Arts & Tourism	51,200	48,425	(2,775)	(795)	(1,980)
Sports Development	25,200	15,694	(9,506)	(19,449)	9,943
Community Centres	260,900	213,633	(47,267)	(30,263)	(17,003)
Events & Play	138,200	128,537	(9,663)	2,025	(11,689)
Community Development	1,627,600	1,436,293	(191,307)	(69,183)	(122,124)

Transfer to/from Earmarked Reserves	(30,600)	40,464	71,064	71,064	0
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Total	1,597,000	1,476,757	(120,243)	1,881	(122,124)
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Total Controllable Variance for Portfolio of (£69K) underspend**Democratic Mgt & Representation - £2.7K Underspend**

Underspend in civic expenses partly offset by additional staffing costs.

Localities - £3.7K Overspend

Variances mainly due to lower funding than expected on Killisick Fun Day.

Community Grants - £21.8K Underspend

Variances mainly due to Heritage grant received offset by transfer to reserves, contribution to WW1 memorial and a saving on salary.

The Arts & Tourism - £0.8K Underspend

No major variances

Sports Development - £19.4K Underspend

Variance mainly due to savings on project costs caused by a temporary delay in delivery of a community project, underspend being used to match fund future project and additional funding for sports project offset with transfers to and from reserves.

Community Centres - £30.2K Underspend

Variance due to underspend on maintenance works on a Community Centre offset by reduced use of reserves. Underspends on employee expenses due to vacancies being covered by casual staff and an increase in income on private bookings.

Events & Play - £2.0K Overspend

No major variance.

Transfer To/(From) Earmarked Reserves Analysis - £71k

Major variances due to additional contributions to reserves for Heritage Brought Alive Grant £37.5k; Haywood Road maintenance £15.7k; Changing Lifestyles Grant £8.8k; Twinning £6k and a reduced contribution from reserves for the Doorstep Club project £20.5k; partly offset by additional contributions from S106 reserve for the Bestwood Project (£15.5k).

Housing, Health & Well-being Portfolio. Outturn Summary 2017/18

	Current Approved Estimate 2017/18		Variation to Estimate	Analysis of Variance	
				Controllable Budget Variance	Non Controllable Recharge Variance
	£	£	£	£	£
Housing, Health & Well-being					
Housing Needs	390,100	266,656	(123,444)	(93,648)	(29,796)
Leisure Services Division	0	3	3	3	0
Calverton Leisure Centre	268,100	232,203	(35,897)	(30,960)	(4,937)
Carlton Forum Leisure Centre	162,200	45,710	(116,490)	(60,187)	(56,302)
Redhill Leisure Centre	189,500	125,772	(63,728)	(46,494)	(17,234)
Arnold Theatre	104,200	84,674	(19,526)	(11,196)	(8,330)
Arnold Leisure Centre	541,700	524,164	(17,536)	(24,819)	7,283
Richard Herrod Centre	356,700	323,729	(32,971)	(13,975)	(18,996)
Health & Exercise	3,200	(0)	(3,200)	0	(3,200)
Council Tax Benefits	(15,000)	(19,984)	(4,984)	(4,984)	0
Rent Allowances	(102,800)	(140,289)	(37,489)	(37,489)	0
Housing Benefit Administration	550,700	391,441	(159,259)	(23,930)	(135,329)
Rent Rebates	(500)	29	529	529	0
Housing, Health & Well-being	2,448,100	1,834,108	(613,992)	(347,149)	(266,843)
Transfer to/from Earmarked Reserves	29,000	240,477	211,477	211,477	0
Total	2,477,100	2,074,584	(402,516)	(135,672)	(266,843)

Total Controllable Variance for Portfolio of (£347K) underspend

Housing Needs - £93.6K Underspend

Variance due to unspent balance of Homelessness Reduction Grant transferred to reserves, increased rent from Council properties, partly offset by an overspend on B&B accommodation.

Calverton Leisure Centre - £31.0K Underspend

Variance mainly due to additional income from swimming lessons, DNA memberships and parties, transferred to Leisure Strategy reserve. Employee savings due to vacancies offset with transfer to transformation reserve, savings on Criminal Records Bureau checks due to lower recruitment offset with an increase in Fuel Oil during the last quarter.

Carlton Forum Leisure Centre - £61.9K Underspend

Variance on joint use maintenance offset by a movement to reserve. Employee savings due to vacancies being covered by casuals offset with transfer to transformation reserve. Increase in Income from DNA memberships partially offset by a reduction in casual use. Increase in Swimming lesson income offset against a reduction in squash income and transfer to Leisure reserve. Water recharges lower than anticipated.

Redhill Leisure Centre - £46.5K Underspend

Variance due to a delay in the changing room refurbishment, salary savings due to vacant posts offset with transfer to transformation reserve. Saving on joint use maintenance offset by a movement to reserve. Income lower than expected on the all weather pitch due to fewer bookings and lower income from casual members partially offset by increased income from DNA members.

Arnold Theatre - £11.2K Underspend

Increase in income and users of the cinema and associated increase in the cost of the productions offset by transfer to Leisure reserve.

Arnold Leisure Centre - £58.3K Underspend

Increase in income from DNA & swimming lessons offset against revenue contribution to capital for roofing works. Employee savings due to vacancies offset with a transfer to the transformation reserve.

Richard Herrod Centre - £14.0K Underspend

Variance mainly due to staff vacancy offset against reduction in bar & machine income.

Council Tax Benefits - £4.9K Underspend

Variance due to reduced level of liability changes arising from the run off the CTB scheme, which was abolished in 2013.

Rent Allowances - £37.5k Underspend

Variance due to all liability charges now falling to the General Fund. Claims must be paid, however valid overpayments are not refundable to the DWP.

Housing Benefit Administration - £23.9K Underspend

Variance due to the net of additional overpayments and overpayment recoveries, partly offset by additional contributions to the bad debt provision.

Rent Rebates - £0.5K Overspend

No major variance.

Transfer To/(From) Earmarked Reserves Analysis - £211K

Variance mainly due to additions to reserves for, contribution to Homelessness Reduction Reserve of £72.6K for housing needs, additional leisure income of £45.5k transferred to Leisure Strategy Reserve, contribution to the Transformation Reserve for £37.4k for the leisure transformation project, a transfer of £36.2k to Joint Use Maintenance Reserves for Leisure Centres and a contribution of £23.9k to the Asset Management Reserve to fund the changing rooms at Redhill. Offset with a (£2.9k) transfer from reserves for the Theatre intern and (£1.2k) from the Risk Management Reserve for Air-conditioning at the Theatre.

Public Protection Portfolio. Outturn Summary 2017/18

	Current Approved Estimate 2017/18 £	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Budget Variance £	Non Controllable Recharge Variance £
Public Protection					
Licencing & Hackney Carriages	252,600	96,371	(156,229)	(12,717)	(143,513)
Environmental Protection	292,800	313,251	20,451	(3,226)	23,677
Food, Health & Safety	231,500	215,686	(15,814)	(3,154)	(12,661)
Comm Protection & Dog Control	709,200	662,428	(46,772)	1,248	(48,020)
Public Sector Housing	167,400	365,938	198,538	(35,184)	233,721
Public Protection	1,653,500	1,653,673	173	(53,032)	53,205
Transfer to/from Earmarked Reserves	(15,700)	9,208	24,908	24,908	0
Total	1,637,800	1,662,881	25,081	(28,124)	53,205

Total Controllable Variance for Portfolio of (£53K) underspend

Licencing and Hackney Carriages - £12.7k Underspend

Variance due to staff vacancies.

Environmental Protection - £3.2K Underspend

Variance due to lower than expected expenditure on operational equipment & chemicals.

Food, Health and Safety - £3.1K Underspend

Underspend due to revised salary splits offset with Public Sector Housing.

Community Protection and Dog Control - £1.2k Overspend

No major variance

Public Sector Housing - £35k Underspend

Variance due to a delay in Hospital to Home project and the Empty Homes officer recruitment both transferred to reserves and additional Improvement grant income offset by a revenue contribution to capital.

Transfers To/(From) Earmarked Reserves Analysis - £24.9k

Major variance due to additional contributions to reserves for Hospital to Home Grant £29.6k: Empty Homes Officer Scheme £8k, partly offset by additional contributions from reserves for CCTV maintenance £5k.

Environment Portfolio. Outturn Summary 2017/18

	Current Approved Estimate 2017/18 £	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Budget Variance £	Non Controllable Recharge Variance £
Environment					
Waste Management	2,301,600	2,157,516	(144,084)	26,281	(170,366)
Trade Waste	(94,600)	(168,728)	(74,128)	(87,885)	13,758
Street Care	972,000	870,460	(101,540)	(57,945)	(43,596)
Public Conveniences	23,800	18,747	(5,053)	(3,308)	(1,745)
Direct Services Service Support	1,400	1,534	134	14,746	(14,612)
Building Services	(62,300)	1,487	63,787	(3,388)	67,175
Car Parks	90,400	92,011	1,611	5,493	(3,882)
Fleet Management	(25,900)	0	25,900	18,190	7,710
Parks	1,669,000	1,533,800	(135,200)	(121,176)	(14,024)
Parks - External Works	(44,500)	(16,777)	27,723	(6,611)	34,334
Cemeteries	(88,500)	(89,525)	(1,025)	2,592	(3,617)
Environment	4,742,400	4,400,523	(341,877)	(213,011)	(128,866)

Transfer to/from Earmarked Reserves	(51,300)	121,455	172,755	172,755	0
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Total	4,691,100	4,521,978	(169,122)	(40,256)	(128,866)
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Total Controllable Variance for Portfolio of (£213K) underspend

Waste Management - £26.3K Overspend

Variance mainly due to additional expenditure on sick pay and related overtime cover.

Trade Waste - £87.9K Underspend

Variance mainly due to reduced waste disposal costs and additional income from an increase in customers.

Street Care - £57.9K Underspend

Variance due to an underspend on the Arnold Drainage scheme, offset by transfer to reserves.

Public Conveniences - £3.3K Underspend

No major variances

Direct Services Service Support - £14.7K Overspend

Variance due to additional temporary staff.

Building Services - £3.3K Underspend

No major variance.

Car Parks - £5.5K Overspend

Variance mainly due to backdated NNDR and increased maintenance expenditure, offset by reduced stationery costs and slight increase in income.

Fleet Management - £18.1K Overspend

Variance mainly due to the slippage of vehicle sales resulting in reduced scrappage income.

Parks - £121.2K Underspend

Variance due to additional S106 contributions, savings on Gedling Country Park Visitor Centre offset by transfer to reserve, and rental income. Income from Football, Cricket and Bowls was less than budgeted and there were overspends on Utilities and Repairs and Maintenance. An additional contribution was received from NCC.

Parks - External Works £6.6K Underspend

Variance due to income from additional works.

Cemeteries - £2.6K Overspend

Variance due to underachieved income partly offset by underspend on External Works and Utilities.

Transfer to/(From) Earmarked Reserves - £172.7K

Major variances due to additional contributions to reserves for new S106 maintenance grant £99.5k; Gedling Country Park Visitor Centre future maintenance fund £20k and a reduced contribution from reserves for Drainage works £65k, partly offset by a reduced contribution to reserves for Car Park maintenance (£12.6k).

Growth & Regeneration Portfolio. Outturn Summary 2017/18

	Current Approved Estimate 2017/18 £	Actual Expenditure £	Variation to Estimate £	Analysis of Variance	
				Controllable Budget Variance £	Non Controllable Recharge Variance £
Growth & Regeneration					
Development Service Support	(42,100)	1,492	43,592	(180)	43,771
Development Management	345,600	231,590	(114,010)	(42,525)	(71,485)
Planning Policy	311,500	280,483	(31,017)	(36,140)	5,123
Building Control Account	54,000	43,904	(10,096)	(7,330)	(2,765)
Building Control Fee Earning Account	16,700	(1,230)	(17,930)	(27,996)	10,065
Land Charges	(24,300)	(7,578)	16,722	5,439	11,283
Economic Development	254,000	234,198	(19,802)	(30,095)	10,293
Housing Strategy	113,300	121,744	8,444	(1,964)	10,408
Growth & Regeneration	1,028,700	904,603	(124,097)	(140,791)	16,693
Transfer to/from Earmarked Reserves	(84,600)	2,519	87,119	87,119	0
Total	944,100	907,121	(36,979)	(53,672)	16,693

Total Controllable Variance for Portfolio of - £141K Underspend

Development Service Support - £0.2K Underspend

No major variances.

Development Management - £42.5K Underspend

Variance mainly due to HCA project work underspend offset by reduced contribution from reserve, partly offset by an overspend on staffing for maternity cover.

Planning Policy - £36.1K Underspend

Variance due mainly to Neighbourhood, Custom Build and Brownfield Sites grants transferred to reserves and consultancy fees (re: Local Plan) offset by contribution from reserves.

Building Control Account - £7.3K Underspend

Variance mainly due to additional costs relating to dangerous structures offset by insurance claim plus lower than expected employee pay and mileage costs.

Building Control Fee Earning Account - £28K Underspend

Variance mainly due to additional income as a result of an increase in volume of work.

Land Charges - £5.4K Overspend

Variance due to a reduction in the volume of land charges partly offset by vacancies.

Economic Development - £30K Underspend

Variance mainly due to vacancies and Erasmus grant funding, partly offset by net transfer to reserves.

Housing Strategy - £2k Underspend

No major variance.

Transfers To/(From) Earmarked Reserves Analysis - £87.1K

Major variance due to additional contributions to reserves for Economic Development project work £42.3k; Custom Build and Brownfield site grants £35.5k; a new Neighbourhood Planning Grant £20k and a reduced contribution from reserve for HCA Housing Zone funding £57k, partly offset by additional contributions from reserves for the Local Plan (£20.7k); Economic Development (£23.2k) and the release of the Land Charges reserve following settlement of the claim (£25k).

Resources & Reputation Portfolio. Outturn Summary 2017/18

	Current		Variation to	Analysis of Variance	
	Approved Estimate 2017/18	Actual Expenditure		Controllable Budget Variance	Non Controllable Recharge Variance
	£	£	£	£	£
Resources & Reputation					
Organisational Development	5,600	3,283	(2,317)	(25,792)	23,474
Corporate Management	1,016,900	986,819	(30,081)	1,931	(32,011)
Health & Safety and Emergency Planning	15,300	8,256	(7,044)	(767)	(6,277)
Legal Services	(15,500)	3,564	19,064	(18,276)	37,341
Central Print Room	(8,000)	71	8,071	(4,883)	12,955
Postages	(15,000)	0	15,000	(6,578)	21,578
Registration Of Electors	154,800	148,419	(6,381)	(2,700)	(3,680)
Elections	3,000	(12,629)	(15,629)	(18,351)	2,722
Estates & Valuation	42,000	1,070	(40,930)	(28,495)	(12,434)
Public Land & Buildings	(5,900)	(25,215)	(19,315)	18,441	(37,757)
Information Technology	(37,900)	9,883	47,783	(246,348)	294,131
Communications & Publicity	0	1,997	1,997	(9,886)	11,883
Sales & Marketing	14,300	0	(14,300)	959	(15,259)
Business Units	(11,500)	(14,859)	(3,359)	960	(4,318)
Public Offices	(32,500)	24,651	57,151	(13,602)	70,754
Corporate Administration	1,200	834	(366)	4,274	(4,640)
Financial Services	(31,200)	3,804	35,004	(57,067)	92,071
Customer Services	(32,700)	10,073	42,773	(32,000)	74,773
Insurance Premiums	(92,800)	17,041	109,841	21,278	88,563
Revenues-Local Taxation	448,100	266,235	(181,865)	(199,160)	17,295
Central Provisions Account	257,200	97,116	(160,084)	(160,084)	0
Non Distributed Costs	185,600	191,330	5,730	5,730	(0)
Corporate Income & Expenditure	302,000	13,368	(288,632)	(87,090)	(201,542)
Movement in Reserves (MiRs)	(150,600)	(853,583)	(702,983)	(720,798)	17,815
Resources & Reputation	2,012,400	881,528	(1,130,872)	(1,578,307)	447,435

Transfer to/from Earmarked Reserves	(988,200)	803,805	1,792,005	1,792,005	0
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Total	1,024,200	1,685,333	661,133	213,698	447,435
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Total Controllable Variance for Portfolio of (£1578K) underspend

Organisational Development - £25.8K Underspend

Variance due to additional income and salary savings.

Corporate Management - £1.9K Overspend

No Major variances

Health & Safety and Emergency Planning - £0.7K

No major variance.

Legal Services - £18.3K Underspend

Variance due mainly to underspends in supplies and services , salary savings and increased income.

Central Print Room - £4.9K Underspend

Variance due to savings on printing and stationery.

Postages - £6.6K Underspend

Variance due to savings on postages as a result of a reduction in volume.

Registration of Electors - £2.7K Underspend

No major variance.

Elections - £18.3K Underspend

Underspend in postage costs offset slightly by overspend in staffing costs.

Estates & Valuation - £28.5K Underspend

Variance mainly due to an underspend on the Strategic Intervention Fund which has been transferred to the Community & Crime Reserve and an underspend on consultancy which has been transferred to the Asset Management Reserve in respect of ongoing works.

Public Land & Buildings - £18.4K

Variance mainly due to a revenue contribution to capital for works at Jubilee House funded from the Transformation Fund Reserve, partly offset by additional income from the sale of small areas of land and RPI increases on rental income.

Information Technology - £246.3K Underspend

Variance due to savings on software licences, deferral of IT Replacement programme, lower than budgeted redundancy costs and vacancy savings.

Communications & Publicity - £9.9K Underspend

Variance mainly due to savings on Corporate Consultancy and the contacts magazine.

Sales & Marketing - £1K Overspend

No major variances.

Business Units - £1K Overspend

No major variances.

Public Offices - £13.6K Underspend

Variance due to an underspend on repairs transferred to the Asset Management Fund Reserve and a staff vacancy, partly offset by increased NNDR charges from the revaluation of Jubilee House.

Corporate Administration - £4.2K Overspend

No major variance.

Financial Services - £57.1K Underspend

Variance mainly due to the delayed implementation of the procurement service, salary savings due to staff vacancies and savings on Internal Audit charges. These underspends have been transferred to the Efficiency & Innovation Fund Reserve.

Customer Services - £32K Underspend

Variance mainly due to vacancies and saving in equipment purchases/employee mileage.

Insurance Premiums - £21.3K Overspend

Variance due to the amount paid on insurance claims offset by income from settlements, the difference has been met by a contribution from the Insurance Reserve. There has also been a slight increase in Insurance Premium Tax.

Revenues - Local Taxation - £199.6K Underspend

Variance mainly due to additional NNDR Pool Surplus transferred to reserve, salary savings and reduced court costs.

Central Provisions Account - £160.1K Underspend

Variance mainly due to underspend on the Budget Reduction Risk budget & Transformation Fund transferred to reserves partly offset by an increase in Civica Bad Debt Provision.

Non Distributed Costs - £5.7K Overspend

Variance due to additional redundancy costs

Corporate Income & Expenditure - £87.1K Underspend

Variance due to additional interest from investments.

Movement in Reserves (MiRs) - £720.8K Underspend

Variance mainly due to an underspend on Direct Revenue Financing due to the delay in the purchase of Arnold Market.

Transfers To/From Earmarked Reserves - £1,792.0k

Major variances due to additional contributions to reserves for Transformation Fund underspend £198.5k; additional NNDR Pool Surplus £186.8k; general underspends to IT Replacement Fund £100k; general underspends to Transformation Fund £100k; Property Management Fund £64k; software underspends to IT Replacement fund £36.5k; underspend on Budget Reduction Risk Budget £36k; delay in Procurement service £31.5k; underspend on maintenance to the Asset Mgmt Fund £33.6k; underspend on Digital Agenda £28.9k; underspend on Strategic Intervention £20k and underspend on consultancy fees £10.9k and reduced contribution from reserve for Arnold Market purchase £726.6k, IT Replacement Fund programme deferral £164.2k and redundancy costs funded through salary savings £87.3k partly offset by additional contributions from reserves for capital works on Jubilee House (£31k); additional draw down to cover insurance claims (£27.8k) and Holiday Pay reserve no longer required (£20k).

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GENERAL FUND BALANCE AND EARMARKED RESERVES 2017/18

	Current Estimate 2017/18 £000	Actual Outturn 2017/18 £000	Variance 2017/18 £000
General Fund Balance at 1 April 2017	5,977	5,977	0
Plus:			
GBC Council Tax Requirement from Collection Fund	5,739	5,739	0
GBC share of declared previous year Collection Fund surplus	(148)	(148)	0
Business Rates	4,075	4,241	166
New Homes Bonus	1,660	1,660	0
RSG & Other grants	780	787	7
Parish Levy	634	634	0
Less:			
Committee Expenditure	(12,371)	(12,328)	43
Parish Precept	(634)	(634)	0
General Fund Balance at 31 March 2018	5,712	5,928	216
Movement in General Fund Balance	(265)	(49)	216
Earmarked Reserves (see Appendix 4 for detail)			
Opening Balance 1 April 2017	4,504	4,504	0
Closing Balance 31 March 2018	3,363	5,722	2,359
Movement in Earmarked Reserves	(1,141)	1,218	2,359
Grand Total Reserves at 31 March 2018	9,075	11,650	2,575

Memorandum - Actual Movement on Balances 2017/18	
	£000's
Reduction in General Fund Balance	(49)
Increase in Earmarked Reserves	1,218
Actual INCREASE in Total Reserves 2017/18	1,169

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Movement on Earmarked Reserves

Reserve	Original Estimate 2017/18				Revised Estimate 2017/18				Out-turn 2017/18			
	Opening Balance 01/04/17	Transfer to Reserve	Transfer from Reserve	Balance 31/03/18	Opening Balance 01/04/17	Transfer to Reserve	Transfer from Reserve	Balance 31/03/18	Opening Balance 01/04/17	Transfer to Reserve	Transfer from Reserve	Balance 31/03/18
	£	£	£	£	£	£	£	£	£	£	£	£
Leisure Strategy Reserve	(141,500)			(141,500)	(141,500)			(141,500)	(141,500)	(45,500)		(187,000)
Joint Use & Base Maintenance Reserve	(32,122)			(32,122)	(32,122)			(32,122)	(32,122)	(36,140)		(68,261)
Pub/Shop Radio Replacement Reserve	(19,961)	(3,500)		(23,461)	(19,961)	(3,500)		(23,461)	(19,961)	(3,500)		(23,461)
Building Control Reserve	(29,237)			(29,237)	(29,237)			(29,237)	(29,237)	(1,230)		(30,467)
Shops & Garages Repairs Reserve	0	(10,000)		(10,000)	0	0		0	0			0
Community & Crime Reserves	(33,400)		11,900	(21,500)	(33,400)			(33,400)	(33,400)	(36,800)	2,500	(67,700)
IT Replacement Reserve	(427,728)	(91,900)	170,700	(348,928)	(427,728)	(91,900)	170,700	(348,928)	(427,728)	(267,436)	6,532	(688,632)
Disabled Adaptations Reserve	(22,001)			(22,001)	(22,001)			(22,001)	(22,001)			(22,001)
Risk Mgmt Reserve/Budget Redn Risk Reserve	(320,701)		104,000	(216,701)	(320,701)		144,000	(176,701)	(320,701)	(36,000)	144,363	(212,338)
S106 Revenue Reserve	(161,223)			(161,223)	(161,223)		17,300	(143,923)	(161,223)	(99,518)	33,415	(227,326)
Housing & Housing Benefits Reserve	(445,703)		15,000	(430,703)	(445,703)		15,000	(430,703)	(445,703)		15,000	(430,703)
Insurance Reserve	(262,503)			(262,503)	(262,503)	(35,000)		(297,503)	(262,503)	(45,849)	27,889	(280,463)
Efficiency & Innovation Reserve	(161,343)			(161,343)	(161,343)			(161,343)	(161,343)	(52,050)		(213,393)
Asset Management Reserve	(365,457)	(73,000)		(438,457)	(365,457)	(91,000)	53,500	(402,957)	(365,457)	(182,458)	52,950	(494,965)
Local Development Framework Reserve	(132,041)		8,600	(123,441)	(132,041)		10,600	(121,441)	(132,041)	(20,000)	31,327	(120,714)
Earmarked Grants Reserve	(547,200)	(8,000)	186,900	(368,300)	(547,200)	(124,400)	249,300	(422,300)	(547,200)	(305,994)	141,204	(711,990)
CCTV Reserve	(279,723)	(40,800)	50,000	(270,523)	(279,723)	(40,800)	60,000	(260,523)	(279,723)	(40,800)	65,000	(255,523)
LA Mortgage Scheme Reserve (LAMS)	(110,593)			(110,593)	(110,593)			(110,593)	(110,593)			(110,593)
Apprentice Reserve	(76,008)		16,800	(59,208)	(76,008)		31,800	(44,208)	(76,008)	(4,700)	25,408	(55,300)
Land Charges	(25,000)			(25,000)	(25,000)			(25,000)	(25,000)		25,000	0
NNDR Pool Reserve	(199,998)		98700	(101,298)	(199,998)	(105,400)	304100	(1,298)	(199,998)	(292,221)		(492,219)
Transformation Fund Reserve	(265,890)		139500	(126,390)	(265,890)		142600	(123,290)	(265,890)	(341,100)	88,008	(518,982)
Economic Development Fund Reserve	(444,737)		100000	(344,737)	(444,737)		434500	(10,237)	(444,737)	(42,300)	41,072	(445,965)
Property Management Fund	0			0	0			0	0	(64,000)		(64,000)
Total Reserves	(4,504,067)	(227,200)	902,100	(3,829,167)	(4,504,067)	(492,000)	1,633,400	(3,362,667)	(4,504,067)	(1,917,595)	699,667	(5,721,995)

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MEMBERS POT**OUTTURN SUMMARY****Members Pot Expenditure 2017/18**

Budget 2017/18	£ 61,500	No. of Councillors:	41
		Spending their full allocation	40
		Part spending their allocation	1
		Not spending their allocation	0
Less Total Expenditure	61,390		
Balance Unspent	<u>110</u>		
		Number of Boroughwide grants awarded	15

Breakdown of Grants/Contributions

Name	£ Amount	Name	£ Amount
1st A Porchester Rainbows	100	HEAT	200
1st Burton Joyce Guides	380	HEAT Brickyard Youth Club	100
1st Burton Joyce Rainbows	105	HOPE	250
1st Burton Joyce Scout Group	150	Inspire Culture	48
1st Calverton Girl Guides	300	International Women's Day	1,300
1st Netherfield Brownie Group	100	Lambley Parish Council	800
1st Porchester Scouts, Cubs & Beavers	200	Leapool Allotment Association	650
2nd Burton Joyce Rainbows	300	Ley Street Choir	200
37th Nottingham Company Boys Brigade	200	Linby Parish Council	200
4th Nottingham Girls Brigade	650	Mapperley All Stars Coaching	400
Age Concern Carlton & District	285	Mapperley Golf Club	400
Age UK Men in Sheds	280	Mapperley Junior Netball Club	200
All Hallows Church	198	Mapperley, Porchester & District Royal British Legion	600
Arnold Methodist Church Lighthouse Youth Group	300	Netherfield & Colwick Senior Citizen's Club	500
Arnbrook Parents Forum	650	Netherfield Boys & Girls Football Club	610
Arnold Association Neighbourhood Watch Scheme	200	Netherfield Parents Forum	100
Arnold Eagles Girls & Ladies FC	600	Netherfield Senior Citizen Line Dancing Association	50
Arnold in Bloom	600	New Writers UK	350
Arnold Local Area Forum	700	Newstead Community Events Group	300
Arnold Local History Group	300	Newstead Miners Welfare Trust	750
Arnold Methodist Church Mental Health Group	700	Nottinghamshire Hospice	300
Arnold Swimming Club	250	Page Whelan (leaflet for charity wrestling evening)	45
Bestwood Village Christmas Tree Appeal	100	Papplewick & Linby Cricket Club	300
Bethesda Ministries	100	Papplewick Parish Council	450
Bonington Players	300	Papplewick Pumping Station	100
Breatheasy Gedling	350	Park Run Gedling	831
Britannia Court Residents	100	Parkinsons	300
Burton Joyce & Bulcote WI	240	PDSA Hospital Dunkirk	100
Burton Joyce Primary School	400	Phoenix Farm Open Door Project (The Ark)	400
Calverton & Gedling Art Society	475	Poets Corner Neighbourhood Watch Scheme	100
Calverton Baptist Church	200	Porchester Festival Committee	600
Calverton Bowls Club	900	Porchester Guides, Brownies & Rainbows	200
Calverton Community Toy Library	90	Quantum Theatre	200
Calverton Parents Forum	100	Railway Children Playgroup	50
Calverton Play Day	700	Ravenshead Garden Society	300
Calverton Preservation Society	300	Ravenshead Parish Council	1,050
Calverton Working Mens Club	300	Redhill Young People's Centre	350
Caribbean Elders Lunch Club	730	Richard Herrod Centre Community Account	300
Carlton Town Football Club	485	Rushcliffe Avenue Community Centre	240
Carlton War Memorial	850	Rushcliffe & Gedling Community Voluntary Transport Sch	0
Colwick Tots	200	St John the Baptist Church, Colwick	50
Cornwater Evergreens	300	St John's Church of England Primary School	200
Daybrook Baptist Church	200	St Pauls Church Carlton	1,900
Daybrook Baptist Church Foodbank	150	St. Helen's Baby & Toddler Group	400
Eagles Nest Church	500	St. Marks Church Woodthorpe	250
Flying High Expressive Arts Company	550	St. Marys Arnold	250
Foxhill Court Residents	250	St. Marys PCC, Newstead	225
Framework	800	St. Paul's Church	100
Friends of Arnot Hill Park	200	St. Timothy's Church	400
Friends of Bailey Court Social Club	200	St. Wilfrid's CE Primary School	450
Friends of Good Shepherd School PTA	140	The Daybrook Crew	200
Friends of Onchan Park	490	The Railway Children Pre-School	200
GBC - Bonington Theatre	100	The Society of St Vincents De Paul (Good Shepherd)	100
GBC - Corporate Management	500	The Village Lunch	440
GBC - Events & Play	1,700	Village Vision	1,500
GBC - Events & Play Skate Jam	1,400	Volunteer Outreach Working	400
GBC - Killisick Locality	200	WAIS	650
GBC - Localities Netherfield	825	Warren Action Group	1,400
GBC - Parks & Street Care	4,935	WE R HERE	3,450
GBC - Property Department	325	Woodborough in Bloom	300
GBC - Richard Herrod Centre	89	Woodborough Parish Council	300
GBC Public Protection	225		
Gedling Asian Elders Association	100		
Gedling Borough Arts Association	400		
Gedling Horticultural Society	250		
Gedling Play Forum	3,204		
Gedling Southbank FC Girls Division	550		
Gedling Southbank Under 9/10 Rovers	300		
Gedling Women's Institute	100		
Haywood Community Association	350		
Haywood Road Pre-School Playgroup	200		

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CAPITAL OUTTURN 2017/18

PORTFOLIO	SCHEME	2017/18 APPROVED BUDGET £	2017/18 FINAL OUTTURN £	VARIANCE £	PROPOSED CARRY FORWARDS £
COMMUNITY RELATIONS	Aid to Parishes	18,100	10,458	(7,642)	7,600
		18,100	10,458	(7,642)	7,600
HOUSING, HEALTH & WELLBEING	CF/RLC Spin Bike Replacement	48,000	48,575	575	0
	CF/RLC - Interactive Cycling Simulator	20,000	22,679	2,679	0
	ALC Refurbishment 2013	0	17,500	17,500	0
	ALC Boiler/Plant Room Upgrade	68,700	63,958	(4,742)	0
	ALC Flat Roof Replacement	186,700	193,111	6,411	0
	ALC Suspended Ceiling	184,600	185,774	1,174	0
		508,000	531,597	23,597	0
PUBLIC PROTECTION	Disabled Facilities Grants	1,032,500	963,627	(68,873)	62,100
	DFG staff salaries	100,000	106,696	6,696	0
		1,132,500	1,070,323	(62,177)	62,100
ENVIRONMENT	Depot Offices and Welfare Facility	0	872	872	0
	Civic Centre Alterations 2017	25,000	26,430	1,430	0
	Jubilee House Alteration	80,000	68,318	(11,682)	0
	Land Sales Fees	89,400	0	(89,400)	89,400
	Gedling Country Park Visitor Centre	694,600	694,361	(239)	0
	Replace Mercedes Econic FN07 BVG	5,100	5,370	270	0
	Replace VW Light Van FE57FHJ	42,000	33,539	(8,461)	0
	Replace Swingo Sweeper AE60DYV	70,000	70,180	180	0
	Replace Lewis Badger Loading Shovel FJ58KYN	35,000	48,300	13,300	0
	Replace Ford Transit/Tipper FN58UER	32,000	33,901	1,901	0
	Replace 7.5kg Iveco Dog Bin FJ09HNC	38,000	31,167	(6,833)	0
	Bestwood CP Vehicle	47,000	22,500	(24,500)	24,500
	Replace TORO 5 Gang Mower YX60FNN	44,000	0	(44,000)	44,000
	Replace Dennis Elite VU60KGJ	175,000	165,401	(9,599)	0
	Replace Glass Topsider VK58JFY	165,000	149,660	(15,340)	4,100
	Replace Ford Transit 350LWB High Roof FL60VA	22,000	0	(22,000)	22,000
	Replace Ford Transit Connect FL10WWD	16,000	13,964	(2,036)	0
	Replace Johnson Iveco RX59BTV	145,000	135,560	(9,440)	0
	Replace Scarab Minor GN12EKU	74,000	0	(74,000)	74,000
	Replace Fiesta Van FL10WWE	0	0	0	0
	Replace Exhaust Fans	20,000	5,248	(14,752)	10,300
	Replace Rolling Road	32,000	0	(32,000)	32,000
	King George V Climbing Frame	35,000	30,221	(4,779)	0
	Muirfield Rec Ground - MUGA	48,500	48,435	(65)	0
	Valeside Gardens Colwick - MUGA	50,000	49,999	(1)	0
	Arnot Hill Park Play Area	124,800	0	(124,800)	124,800
	Cinder Path Netherfield	56,000	0	(56,000)	56,000
	King George V CCTV Equipment	10,000	0	(10,000)	10,000
	Carlton Cemetery - Expansion/Car Park	233,500	217,207	(16,293)	16,300
		2,408,900	1,850,633	(558,267)	507,400
RESOURCES & REPUTATION	Strategic Intervention	1,372,500	5,346	(1,367,154)	1,367,200
	Carlton Square Development	10,000	496	(9,504)	9,500
	Asset Management Fund	71,200	0	(71,200)	71,200
	AMF - ALC BMS System	0	962	962	0
	AMF - Footpath Resurfacing	44,800	44,341	(459)	0
		1,498,500	51,145	(1,447,355)	1,447,900
TOTAL		5,566,000	3,514,156	(2,051,844)	2,025,000

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ALL COMMITTED CAPITAL CARRY FORWARD REQUESTS, PLUS UNCOMMITTED CAPITAL REQUESTS UNDER £50,000
2017/18 to 2018/19

APPENDIX 6

Schemes Approved by the Chief Financial Officer

Department: All

Ref's

- A Work Committed (Ordered/Contract Agreed)
- B Not Committed but affected by Policy Decision/
significant impact on Service Provision

Scheme	Approved Budget £	2017/18 Actual					
		Actual Exp 2017/18 £	Reserved Creditors 2017/18 £	Total 2017/18 Actual £	Carry Forward Requested £		
						Ref A/B	Reason for Carry Forward Details
Aid to Parishes	18,100	10,458	-	10,458	7,600	A	Awaiting claim from Parish
Land Sales Fees	89,400	-	-	-	89,400	A	Delay on sale of Teal Close
Arnot Hill Park Play Area	124,800	-	-	-	124,800	A	Due for completion June 2018
King George V CCTV	10,000	-	-	-	10,000	A	Delay due to planning permission - expected completion April 2018
Toro Gang Mower	44,000	-	-	-	44,000	A	Delay in delivery of replacement vehicle from supplier
Dennis Elite/Glass Topsider	175,000	165,401	-	165,401	4,100	A	Awaiting signage on vehicles
Ford Transit High Roof	22,000	-	-	-	22,000	A	Vehicle delivered on 03/04/18
Bestwood Country Park Vehicles	47,000	22,500	-	-	24,500	A	Awaiting delivery of 2 vehicles April 18
Exhaust Fans/Workshop	20,000	5,724	-	-	10,300	A	Delay in replacing the lighting in the workshop due to electrician availability
Rolling Road	32,000	-	-	-	32,000	B	Delay in procurement of replacement rolling road.
Cemetery Extension	233,500	217,207		217,207	16,300	A	Capital set aside for Phase 2 works - Development and layout of the Carlton Remembrance Garden
Strategic Intervention Fund	1,372,500	5,346	-	5,346	1,367,200	A	Delay in purchase of Arnold Market following condition surveys
Carlton Square Development	10,000	496	-	496	9,500	A	Delay in development of scheme whilst waiting for confirmation of grant funding.
TOTAL	2,198,300	427,131	-	398,907	1,761,700		

NON-COMMITTED CAPITAL CARRY FORWARD REQUESTS OVER £50,000

2017/18 to 2018/19

APPENDIX 6

Schemes for approval by Council

Department: All

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Scheme	Approved Budget £	2017/18 Actual				Reason for Carry Forward Details
		Actual Exp 2017/18 £	Reserved Creditors 2017/18 £	Total 2017/18 Actual £	Carry Forward Requested £	
Disabled Facilities Grant	1,132,500	999,320	64,708	1,070,323	62,100	Unspent grant allocation, grant approved for carry forward by Notts County Council.
Scarab Minor Street Sweeper	74,000	-	-	-	74,000	Delay in procurement process
Cinder Path Netherfield	56,000	-	-	-	56,000	Delay in project - now due to commence Sept 18 subject to reapproval of WREN funding.
Asset Management Fund	71,200	-	-	-	71,200	Asset schemes to be identified
	</					

CAPITAL FINANCING SUMMARY 2017/18

	£	£	£
<u>CAPITAL EXPENDITURE 2017/18 REQUIRING FINANCING</u>			<u>3,514,156</u>
<u>RESOURCES APPLIED</u>			
<u>Money Provided by Other Persons</u>			
Capital Grants Receivable:			
WREN - Muirfield MUGA	48,435		
WREN - Valeside Gardens	49,999		
DFG	1,070,323		
		<u>1,168,757</u>	
Contributions:			
PCC Contribution to Jubilee House Alterations	37,269		
		<u>37,269</u>	
Total Money Provided by Other Persons			1,206,026
Revenue Contributions			418,880
Total Usable Capital Receipts Applied			828,677
Total Prudential Borrowing Applied			1,060,573
<u>TOTAL RESOURCES APPLIED 2017/18</u>			<u>3,514,156</u>

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Gedling Borough Council

Nottinghamshire County Council

Pension Fund

Pension accounting disclosure as at 31 March 2018
Prepared in accordance with IAS19

Barnett Waddingham LLP

13 April 2018

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Introduction

We have been instructed by Nottinghamshire County Council, the administering authority to the Nottinghamshire County Council Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to employees of Gedling Borough Council (the Employer) as at 31 March 2018.

This report is addressed to the Employer and its advisers; in particular, this report is likely to be of relevance to the Employer's auditor.

These figures are prepared in accordance with our understanding of International Accounting Standard 19 (IAS19).

This advice complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100).

The figures quoted will form the basis of the balance sheet and funding status disclosures to be made by the Employer as at 31 March 2018 in respect of its pension obligations under the LGPS. The projected pension expense calculations for the year to 31 March 2019 may be used for the purpose of any interim financial reporting during the year to 31 March 2019. However, it may subsequently be necessary to adjust these projections following the occurrence of any material events such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund.

Please note we have not made any allowance for IFRIC14 in our calculations. We would be happy to speak to the Employer or their auditor if more information is required.

IAS19 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself: examples include additional pensions paid on retirement under the Discretionary Payment Regulations. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the Valuation data section of this report.

Characteristics of defined benefit plans and associated risks

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Valuation data

Data sources

In completing our calculations for pension accounting purposes we have used the following items of data, which we received from Nottinghamshire County Council:

- The results of the valuation as at 31 March 2016 which was carried out for funding purposes and the results of the 31 March 2017 IAS19 report which was carried out for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2018;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2016, 31 March 2017 and 31 December 2017, Fund income and expenditure as noted above, and estimated market returns thereafter for the period to 31 March 2018;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2018; and
- Details of any new early retirements for the period to 31 March 2018 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

Employer membership statistics

The table below summarises the membership data, as at 31 March 2016 for members receiving funded benefits, and as at 31 March 2016 for any members receiving unfunded benefits.

Member data summary	Number	Salaries/Pensions	Average age
		£000s	
Actives	439	7,965	47
Deferred pensioners	525	863	44
Pensioners	530	2,444	73
Unfunded pensioners	95	136	78

The service cost for the year ending 31 March 2018 is calculated using an estimate of the total pensionable payroll during the year. The estimated total pensionable payroll during the year is £8,742,000, as advised by the Employer. The projected service cost for the year ending 31 March 2019 has been calculated assuming the payroll remains at this level over the year.

Scheduled contributions

The table below summarises the minimum employer contributions due from Gedling Borough Council to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 15.1% of payroll p.a.

Minimum employer contributions due for the period beginning	1 Apr 2017	1 Apr 2018	1 Apr 2019
Percent of payroll	15.1%	15.1%	15.1%
plus monetary amount (£000s)	575	588	602

However, Gedling Borough Council have agreed with the Administering Authority that they will prepay their monetary contributions for the three years to 31 March 2020 by making a single lump sum payment of £1,674,767 by 30 April 2017. This lump sum payment has received an actuarially equivalent discount to the monetary rates above and Gedling Borough Council have been notified separately of this amount. If they don't make this lump sum payment by 30 April 2017, the contribution rates set out above will apply as normal.

Gedling Borough Council may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by us.

Early retirements

We requested data on any early retirements in respect of the Employer from the administering authority for the year ending 31 March 2018.

We have been notified of six new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £35,700.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2018 is estimated to be 3%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Gedling Borough Council as at 31 March 2018 is as follows:

Asset breakdown	31 Mar 2018		31 Mar 2017	
	£000s	%	£000s	%
Equities	49,220	66%	50,479	70%
Gilts	1,715	2%	2,206	3%
Other bonds	8,744	12%	4,354	6%
Property	9,403	13%	8,024	11%
Cash	1,479	2%	3,631	5%
Inflation-linked pooled fund	1,852	2%	1,802	2%
Infrastructure	2,442	3%	1,677	2%
Total	74,855	100%	72,173	100%

We have estimated the bid values where necessary. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 March 2018 is likely to be different from that shown due to estimation techniques.

Based on the above, the Employer's share of the assets of the Fund is approximately 1%.

We received the following information from the administering authority regarding the detail of their assets as at 31 December 2017, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

Asset breakdown		31 Dec 2017	
		% Quoted	% Unquoted
Fixed Interest Government Securities			
	UK	2.3%	-
Corporate Bonds			
	UK	11.2%	-
	Overseas	0.5%	-
Equities			
	UK	24.7%	0.1%
	Overseas	39.4%	-
Property			
	All	-	12.6%
Others			
	Private Equity	-	1.6%
	Infrastructure	-	3.3%
	Inflation Linked	-	2.5%
	Cash/Temporary Investments	-	2.0%
Total		78.0%	22.0%

We do not have any further detail on the current asset allocation of the Fund; we suggest that if further information is required the administering authority is contacted in the first instance. Please note that as above, no adjustments for presentational purposes have been made to the percentages shown.

Actuarial methods and assumptions

Valuation approach

To assess the value of the Employer's liabilities at 31 March 2018, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2018 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2018 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2016 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

Demographic/Statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 100% for males and 90% for females. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 Mar 2018	31 Mar 2017
Retiring today			
	Males	22.6	22.5
	Females	25.6	25.5
Retiring in 20 years			
	Males	24.8	24.7
	Females	27.9	27.8

We have also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Financial assumptions

The financial assumptions used to calculate the results are as follows:

Assumptions as at	31 Mar 2018	31 Mar 2017	31 Mar 2016
	% p.a.	% p.a.	% p.a.
Discount rate	2.55%	2.70%	3.60%
Pension increases	2.30%	2.70%	2.30%
Salary increases	3.80%	4.20%	4.10%

These assumptions are set with reference to market conditions at 31 March 2018.

Our estimate of the Employer's past service liability duration is 19 years.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.3% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is a slightly higher deduction than at the last accounting date where we assumed that CPI was 0.9% lower than RPI.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, we have allowed for a short-term overlay from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

Past service costs/gains

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2018.

Curtailments

We have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, we have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

We calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, we understand that six former employees became entitled to unreduced early retirement benefits.

The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £171,000. This figure has been included within the service cost in the statement of profit or loss.

Settlements

As a result of some members transferring into / out of the Employer over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised loss of this settlement is £347,000.

A summary of the transfers into/out of the Employer over the year is set out below. This includes the value of assets transferred to/from the Employer in respect of any transfers and the value of the transferred defined benefit obligation (as calculated on a basis consistent with the start of the year). Where applicable, we have also provided the date of the report provided to the Administering Authority in relation to the transfer which includes a summary of the membership data used to calculate the value of assets and liabilities transferred.

Settlements in	Transfer date	Assets transferred	Liabilities transferred	Report date
Employer transferred from		£000s	£000s	
Nottinghamshire County Council	1 October 2017	280	627	n/a
Total		280	627	

Results and disclosures

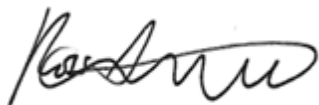
We estimate that the value of the net liability as at 31 March 2018 is a liability of £48,608,000.

The results of our calculations for the year ended 31 March 2018 are set out in the appendices below:

- Appendix 1 sets out the Statement of financial position as at 31 March 2018;
- Appendix 2 sets out the Statement of profit and loss for the year ended 31 March 2018;
- Appendix 3 details a reconciliation of assets and liabilities during the year;
- Appendix 4 shows a sensitivity analysis on the major assumptions;
- Appendix 5 shows the Re-measurements in other comprehensive income for the year;
- Appendix 6 contains our estimates of the projected profit and loss account costs for the year ending 31 March 2019. Please note that no allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the value of liabilities. It is only an estimate so actual experience over the year is likely to differ. We have not provided balance sheet projections on the basis that they will depend upon market conditions and the asset value of the Fund at the end of the following year.

The figures presented in this report are prepared only for the purposes of IAS19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

We would be pleased to answer any questions arising from this report.



Ross Anderson FFA
Actuary

Appendix 1 Statement of financial position as at 31 March 2018

Net pension asset as at	31 Mar 2018	31 Mar 2017	31 Mar 2016
	£000s	£000s	£000s
Present value of the defined benefit obligation	121,554	122,512	98,144
Fair value of Fund assets (bid value)	74,855	72,173	59,327
Deficit / (Surplus)	46,699	50,339	38,817
Present value of unfunded obligation	1,909	2,027	1,851
Unrecognised past service cost	-	-	-
Impact of asset ceiling	-	-	-
Net defined benefit liability / (asset)	48,608	52,366	40,668

Appendix 2 **Statement of profit and loss for the year to 31 March 2018**

The amounts recognised in the profit and loss statement are:	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Service cost	4,039	2,491
Net interest on the defined liability (asset)	1,379	1,429
Administration expenses	28	21
Total loss (profit)	5,446	3,941

Appendix 3 **Asset and benefit obligation reconciliation for the year to 31 March 2018**

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Opening defined benefit obligation	124,539	99,995
Current service cost	3,521	2,165
Interest cost	3,338	3,558
Change in financial assumptions	(6,039)	24,839
Change in demographic assumptions	-	414
Experience loss/(gain) on defined benefit obligation	-	(4,406)
Liabilities assumed / (extinguished) on settlements	627	-
Estimated benefits paid net of transfers in	(3,131)	(2,769)
Past service costs, including curtailments	171	326
Contributions by Scheme participants and other employers	562	541
Unfunded pension payments	(125)	(124)
Closing defined benefit obligation	123,463	124,539

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Opening fair value of Fund assets	72,173	59,327
Interest on assets	1,959	2,129
Return on assets less interest	(22)	11,452
Other actuarial gains/(losses)	-	(308)
Administration expenses	(28)	(21)
Contributions by employer including unfunded	3,187	1,946
Contributions by Scheme participants and other employers	562	541
Estimated benefits paid plus unfunded net of transfers in	(3,256)	(2,893)
Settlement prices received / (paid)	280	-
Closing Fair value of Fund assets	74,855	72,173

The total return on the fund assets for the year to 31 March 2018 is £1,937,000.

Appendix 4 Sensitivity analysis

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	121,177	123,463	125,794
Projected service cost	3,194	3,274	3,356
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	123,712	123,463	123,216
Projected service cost	3,274	3,274	3,274
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	125,549	123,463	121,417
Projected service cost	3,356	3,274	3,194
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	128,093	123,463	119,006
Projected service cost	3,378	3,274	3,173

Appendix 5 Re-measurements in other comprehensive income

Remeasurement of the net assets / (defined liability)	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Return on Fund assets in excess of interest	(22)	11,452
Other actuarial gains/(losses) on assets	-	(308)
Change in financial assumptions	6,039	(24,839)
Change in demographic assumptions	-	(414)
Experience gain/(loss) on defined benefit obligation	-	4,406
Changes in effect of asset ceiling	-	-
Remeasurement of the net assets / (defined liability)	6,017	(9,703)

Appendix 6 **Projected pension expense for the year to 31 March 2019**

Projections for the year to 31 March 2019	Year to
	31 Mar 2019
	£000s
Service cost	3,274
Net interest on the defined liability (asset)	1,221
Administration expenses	29
Total loss (profit)	4,524
Employer contributions	1,320

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2018. These projections are based on the assumptions as at 31 March 2018, as described in the main body of this report.

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**Overall
Status**
Gedling Plan 2017/18


Th	People	
Ob	Improve health and wellbeing	
Ob	Promote and encourage pride, good citizenship and participation in the local area	
Ob	Reduce antisocial behaviour, crime and the fear of crime	
Ob	Reduce hardship and provide support to the most vulnerable	
Th	Performance	
Ob	Give tax payers value for money	
Ob	Improve the customer experience of dealing with the Council	
Ob	Maintain a positive and productive working environment and strong staff morale	
Th	Place	
Ob	Create more jobs and better access to them	
Ob	Ensure local people are well prepared and able to compete for jobs	



Provide an attractive and sustainable local environment that local people can enjoy and appreciate



Provide more homes



Examples of Achievements and Activities

During

Quarter 4 2017/18

PEOPLE

Reduce anti-social behaviour, crime and the fear of crime

Newstead Sports Club - The club continues to attract good numbers and has excellent participation from the young people. A range of sporting activities take place both indoors and outdoors throughout the year. We encourage young people who don't usually take part in such activities and have helped to build the confidence of several young people this year.

Funding Obtained for New Community Satellite Sports Clubs - Funding has been received from Active Notts to deliver Satellite Clubs within community settings. The sessions will take place in Redhill Leisure Centre and Newstead Village. The sessions will work similarly to the Club 1 sessions being run for young people at Leisure Centres and will be designed to promote individual fitness activities such as running, swimming, circuits and fitness classes.

Reduce hardship and provide support to the most vulnerable

Disabled Facilities Grants -The performance in delivering Disabled Facilities Grants has been record breaking. Never before has Gedling Borough Council installed £1,000,000 of adaptations to help those with disabilities to stay in their own homes. These adaptations range from stair lifts and ramps to walk in showers and wet rooms. This significantly improves people's quality of life as well as saving the public purse, by stopping people from having to leave their houses and enter full time care.

Refugee Befriending in Gedling - Work has been underway for the last six months to develop Refugee Befriending hubs in Arnold and Carlton. Working with the Nottingham City Council Refugee Resettlement Programme and Hope Nottingham which has resulted in the establishment of two International Café's: one at the Methodist Church, Carlton Hill and one at The Beacon.

Refugee befriending recruitment meetings held in both areas have been equally successful in generating interest and support from the wider community in anticipation of Refugee resettlements in both areas.

Direct Housing and Advice - Working with Housing Services, the provision of a free housing related legal advice service from Direct Help and Advice (DHA) has been introduced into the Civic Centre. Over 80 clients have been seen and DHA is currently looking to extend the service. Services from Disability Nottinghamshire and Mansfield CAB have also been brought in.

Homelessness Strategy - Gedling has led the development of the South Nottinghamshire Homelessness Strategy meeting a statutory requirement that a strategy is produced at least every 5 years.

Disability Football Sessions at Redhill 3G - The first Disability Football Holiday session has been delivered on Redhill 3G in partnership with Nottingham Forest Community Trust and Nottinghamshire FA. Eight young people attended the first session in February half-term and with a further session run in the Easter school holidays.

Promote and encourage pride, good citizenship and participation in the local area

Youth Council - Gedling Youth Council held a meeting on 26th February to plan and launch the Youth Council Election process 2018 – 2020. Current members ran awareness campaigns in their individual schools, and as a result 28 nominations were received and accepted on the closing date of 22nd March, representing Schools and Youth Clubs across the Borough. All have been invited to an inaugural meeting hosted by the Mayor of Gedling on Monday 23rd April.

Seniors Council - The Gedling Seniors Council met on Friday 16th February and received presentations from Mark Towlson, GBC Community Safety Officer and Amanda Siddle of the Tomorrows Together consultancy (Working with the Alzheimer's Society) about Dementia Friendly work in the Borough and Caroline Perry, Chief Executive of Rushcliffe CVS, to hear about the Gedling Voluntary Transport Scheme and upcoming new project 'Help at Home'. A working group has been appointed to advise on the production of an online and paper Gedling Older Persons Services directory.

Members Community Initiatives Fund - The Members Community Initiatives 17/18 fund closed on 15th March and final outturn reported. Initial analysis shows that around 135 groups have benefitted from funding this year.

Caribbean Elders Lunch Club - Working developmentally with the Caribbean Elders – leading to their participation in successful TV Series 'Caribbean Conversations', engaging in story sharing workshops, leading to Catherine Ross of Museum and the Caribbean Heritage Museum presenting members of the group with copies of the final published book at their March session. Also engaged Community Accounting Plus to help the group to set up their accounts, and a Local Improvement Scheme Grant application completed on the group's behalf for circa £10,000 over three years towards sustainability and development.

COMMUNITY E-Newsletter - Following its launch in late summer 2018, at least 5 editions of the new Community E-Newsletter have been distributed to over 300 representatives of voluntary and community organisations in the Borough, providing information about VCS Support initiatives, events, volunteering and funding available in Gedling.

New benches unveiled at Gedling Country Park - Following the installation of a new sculpture in the Memorial Garden at the end of 2017, the same artist, Richard Janes worked with year 9 students from Christ the King Catholic Voluntary Academy to design and create two decorative benches. The benches, which are made from stainless steel and resin, feature designs commemorating the former Gedling Colliery. The benches were unveiled at a short event of reflection and remembrance where former miners who worked at the colliery attended with the school children and staff involved. An interpretation panel describing the development of the Memorial Garden was also unveiled at the same time for visitors to the park to learn more about the significance of the art work in the garden.

Bid submitted to Heritage Lottery Fund with Flying High

The Council have supported Flying High Expressive Arts Company to submit a bid to the Heritage Lottery Fund 'First World War: Then and Now' fund. The application, which is also supported by Inspire Cultural Trust, will allow Flying High to develop a piece of semi-professional theatre which they will perform locally and at the Edinburgh Festival Fringe. The project will also include a number of workshops with local schools and community groups to research the impact of WW1 on families and communities and specifically its impact on women. A summer school will also be delivered to children aged 8-16 as part of the project.

Positive Fire Safety in Netherfield - The council has been coordinating a partnership project that has commenced in Netherfield between the Nottinghamshire County Council Youth Service and Nottinghamshire Fire and Rescue Service. Two taster sessions have taken place within the youth centre to raise awareness around fire safety with practical activities. The project will now look to see if it can engage 12 young people in a series of sessions to take place at Carlton Fire Station at the end of April/early May 2018.

Events at Newstead Centre - The Locality Co-ordinator has supported the Centre to put on a number of craft fairs and indoor car boots to increase use of the Centre, especially at the weekend. The café has been opened which the community had asked for. In March, a Spring Fair was organised with free craft activities, supported by Gedling Play Forum providing resources.

The Council supports the WW1 Roll of Honour Memorial - The Council has made a £10,000 contribution to WW1 Memorial Roll of Honour Memorial project. The Service Manager Community Relations has been appointed as a member of Project Board working with Nottingham City Council, Nottinghamshire County Council, other district councils and Armed Forces representatives.

The Council to lead 100 year WW1 Commemorations - The Council will be organising a community event on 10 November 2018 at the Civic Centre and Arnot Hill Park to commemorate those who lost their lives during WW1. The 11 November will mark the 100 year anniversary since the end of the Great War and planning is underway with local Royal British Legions to support Remembrance Day Parades in Arnold and Gedling on the day. There will also be two beacon lightings in the Borough that evening; one at Gedling Country Park and one at Arnot Hill Park.

WW1 Youth Arts Project - The Council has been working with Flying High Expressive Arts Academy to develop a project that includes workshops with local schools and community groups to research the impact of WW1 on families and communities and specifically its impact on women. A summer school will also be delivered to children aged 8-16 as part of the project. A bid has been submitted to the Heritage Lottery Fund 'First World War: Then and Now' fund to secure funding for the proposed project.

Improve health and wellbeing

Food outlets inspections - The food health and safety section has achieved 100% of their programme to inspect food outlets including restaurants and take aways. This programme is extremely important to ensure that the consumers of Gedling are protected from the risk of food borne illness. This is a significant achievement by the staff involved as resources given over to this function have reduced by 50% over the last few years as resources have had to be moved elsewhere due to increasing demands in those areas.

Social Prescription - A successful application was made to New Charter / Great Neighbourhoods Fund to deliver an older persons Social Prescription Pilot in partnership with Gedling Homes; awarding £40,000 and including match funding provided by a combination of the remaining Seniors Council budget 17/18, remaining Changing Lifestyles budget 17/18 and a grant from the Boroughwide Fund. A management Steering Group has been appointed comprising of GBC Community Relations, Housing Strategy, Hospital Discharge project and Gedling Homes staff, with strategic input from NHS Nottinghamshire, and 2 Coordinator posts have been created, one based at GBC and one within Gedling Homes. The Gedling Seniors Council will act as an advisory group for the project, which includes a growth fund for community groups providing older services to apply into and the intended creation of a pool of Community Navigators and Befrienders, drawn from the Seniors Council network.

Nottingham Puppet Festival Workshop - City Arts delivered a workshop for children aged 3-9 in Arnot Hill Park's Bowls Pavilion. This event was part of the first Nottingham Puppet Festival which took place at venues across the city.

Dementia Friendly Swimming - Partnership work has taken place with Gedling Homes and Arnold Leisure Centre to introduce weekly Dementia Friendly Swimming sessions, which commenced in March 2018.

Increased attendances at Leisure Centres - Attendances across all Leisure Facilities hit 1,000,000 for the first time since 2012/13; delivering 85,000 more than target, representing 9% growth.

New training equipment at Calverton - One of Calverton's squash courts has been converted into a functional free weight training area. With new training equipment (power rack, Smith Machine, Olympic Bench Press, Dual Pulley, adjustable benches, Preacher Curl and a Decline Abdominal Bench, Dumbbells and an Olympic Lifting Platform, weight plates and Olympic bars) and redecoration this fitness suite extension will help deal with the increasing demand of users at Calverton and drive membership sales.

Carlton Forum's gym refurbishment - The £200k investment included new energy efficient cardiovascular and resistance equipment, extension to the free weight training area, additional multi-functional and workout space, new innovative and advanced training tools and fresh decoration and lighting. This project was completed to ensure the facility was fit to compete with local competition and to drive growth in DNA memberships

Bar refurbishment at Richard Herrod - a small scale refurbishment of the bar (carpet, painting, reupholstering seats) and installation of new audio visual equipment and pool table.

3G pitch at Redhill Leisure Centre - The new 3G pitch opened in October 17 and has already had 32,008 attendances.

Exceptional Quarter for Cinema - The final quarter proved exceptional for the cinema – which included the school half term holiday week in February – with 105 film screenings and an average audience of 70 per screening. This has shown the potential in screening four times a day. There were three live broadcasts in this quarter - Tosca, A Winter's Tale and Carmen - with an average attendance of 96 per broadcast.

Chinese New Year Event - In February 2018 the Council, with support from Gedling Play Forum, delivered a family arts and crafts event offering Chinese New Year inspired activities. Around 160 children attended with their parents and they took part in lantern making and storytelling workshops. The event also hosted the popular traditional Lion Dance outside the Civic Centre.

Gedling Borough's Heritage Brought Alive - Following its successful application to Heritage Lottery Fund to deliver a heritage interpretation project for the Borough, the Council has commenced the £74,900 funded project. The funding will be used to create a website dedicated to the history of the borough and permanent displays at Gedling Country Park and Café 1899. Volunteers from local history groups, wildlife groups, park volunteers and local heritage and conversation groups have been recruited to support the project

Café 1899 will be used as the main destination to display the borough's heritage with mural, film, touch screen information points, while there will be interpretation panels, compass point panels and a natural history trail across the Country Park.

Other products of the project to complement the website will include a Heritage Festival in the Summer 2018, a published heritage booklet about the borough, a borough heritage trail leaflet, historic film footage, creative competitions for local people and oral history accounts.

Coach Education and Youth Activities at Redhill 3G - A Redhill 3G Steering Group meeting took place to update partners of the progress of the project and programme. Partner football clubs are happy with the provision, service and support provided by the Leisure Centre. Successful delivery of a Coach Education course (Level 2 Coaching) has taken place with the view to run another course later in the year. A Redhill Youth Club project currently being delivered on a Friday evening is engaging on average 25 young people a week.

Create more jobs and better access to them

Erasmus+ Project – ‘Increasing Small to Medium Enterprises Apprenticeship Engagement’

- The Gedling element of the Erasmus+ funded project was peer reviewed by European partners from Bulgaria, Germany and Poland in late February. The week consisted of a number of activities to demonstrate work undertaken within the project to help remove barriers for small to medium enterprises (SMEs) recruiting into apprenticeships and promoting the benefits apprenticeships bring to schools, parents and students as well as the live vacancies created through the programme.

European partners interviewed five SMEs; four skills providers and three apprentices as part of their visit to ask about their experiences of being involved in the programme. They came in to contact with more employers and providers at the **Gedling Apprenticeship Fair**, delivered on Tuesday 27 February at Arnold Methodist Church from 3.30pm-7pm. 21 employers/providers exhibited at the event to promote live and planned apprenticeship vacancies, 265 individuals visited during the three and a half hour event.

The Peer Review team presented their findings to the Leader of the Council and members of the senior management team at the end of their visit. The feedback was very positive and they provided some areas to focus on in the final six months of the project.

To date the project has supported 64 businesses and secured 65 apprenticeship starts.

Provide more homes

Community Land Trust - The team has worked with Lincolnshire CLT to win funding to bolster support for local Community Land Trusts to deliver affordable housing and to access forthcoming £600m Government funding to support CLT.

Temporary Accommodation - Supported engagement with YMCA regarding extending use of temporary accommodation in Mansfield and Nottingham City for Gedling residents.

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

Secondary Schools Employability Programme - Between January-March 2018 the Economic Growth Team delivered three events within the Gedling secondary schools. Two of these were combined speed networking and ‘have a go’ events; one at Carlton Academy for 150 year 10 students and the other at Colonel Frank Seely for 258 years 8 and 9 students. The third event was an interview skills day at Carlton le Willows for 240 year 10 students. 70 employers supported the delivery of these events.

Carlton le Willows Academy submitted a case study on the interview skills day to the National Careers Week Competition that showcase superb careers education in action and were awarded second place. The case study will be published in September.

Dates are in the place for three remaining speed networking and ‘have a go’ events which will be delivered before the end of the academic year.

Apprenticeship mentoring training workshops - A member of the Training and Development Team delivered the fourth set of training; attended by six businesses who have all gone on to complete assignments to gain accreditation in coaching, mentoring and performance management.

Provide an attractive and sustainable local environment that local people can enjoy and appreciate

Arnold Market - Significant progress has been made towards the acquisition of Arnold Market to deliver improvements to the image and offer of the town centre.

Local Planning Document - The Local Planning Document is currently being examined by an independent inspector to assess whether the plan is 'sound'. As part of the examination process, a series of public hearing sessions have taken place and these have now concluded. A consultation exercise has taken place on the proposed modifications to the Local Planning Document and this consultation exercise ended on 26th March 2018. The Inspector's report is now awaited.

Calverton Neighbourhood Plan - Gedling Borough Council on 31st January 2018 decided to 'make' the Calverton Neighbourhood Plan. The Calverton Neighbourhood Plan therefore now forms part of the Development Plan for Gedling Borough and will be used to help determine planning applications in Calverton parish. The making of the Neighbourhood Plan follows an independent examination of the plan to confirm that the plan met the Basic Conditions and its preparation process was compliant with legal and procedural requirements. The Calverton Neighbourhood Plan was approved by parish referendum on 30th November 2017 by a 'YES' vote of 94.63%.

PERFORMANCE

Improve the customer experience of dealing with the Council

Improvements in customer service - The Acumen Mystery Visit Programme has shown improvements in our customer service; in 2016/17 our average score was 78% and in 2017/18 it increased to 82%. In 2018/19 we are extending the Acumen visits to include the Theatre and Gedling Country Park.

Events: Carnival booking processes moved successfully to online - From December 2018, all Arnold Carnival stallholder and food provider booking processes have been successfully moved to an online facility, in line with the Council's digitalisation agenda.

High levels of Direct Debits for swimming lessons - 77% of parents paying for swimming lessons by direct debit against a target of 75%; good achievement considering it's only been running for a year.

Maintain a positive and productive working environment and strong staff morale

Employee Assistance programme launched - From 1 January our new Attendance Management Policies was introduced. As part of these changes we will be promoting the opportunity for any contracted employee to be able to access our employee assistance programme which means free access to trained counselling; in essence people can self-refer to take part in “talking therapies” 24/7. The service also provides advice and support to help deal with other problems such as money or family worries.

Give taxpayers value for money

Community Asset Transfer - The Community Asset Transfer Community Partners Group met on 6th February and 27th March. Workshops were delivered respectively by Mick McGrath of Locality dealing with Visioning and Community Engagement and by John Obrien of Community Accounting Plus dealing with Business and Financial Planning, roles and responsibilities of trustees. The £850 Locality Community Champions grant reported in Q3 was used to fund these workshops, and also enabled the upcoming delivery of Legionella monitoring training to community representatives looking to take on management of facilities. In addition to the partnership meetings, one to one support including support with funding applications is also being provided to Haywood Road CC Committee, Stoke Bardolph Heritage Association, Netherfield Forum (Awards For All application for £10,000 submitted on the group's behalf), Gedling Borough Arts Association, Carlton Brass Band, Gedling Play Forum and the Phoenix Boxing Club.

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