

## Report to Cabinet

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

**Date:** 02 February 2017

**Author:** Senior Leadership Team

---

## Wards Affected

Borough-wide

## Purpose

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2016/2017 financial year. The budgets include all carried forward amounts from the 2015/2016 financial year.
- To seek Cabinet approval for budget and performance indicator changes outlined in this report.
- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2016/2019 Gedling Plan.

## Key Decision

This is a Key Decision

## Background

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.
- 1.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have been brought together and are now embedded in the way the Council works.
- 1.3 In addition, performance reports now focus more directly on the Council's priorities and offer an "early warning" system of instance where targets may not be secured.
- 1.4 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 3.

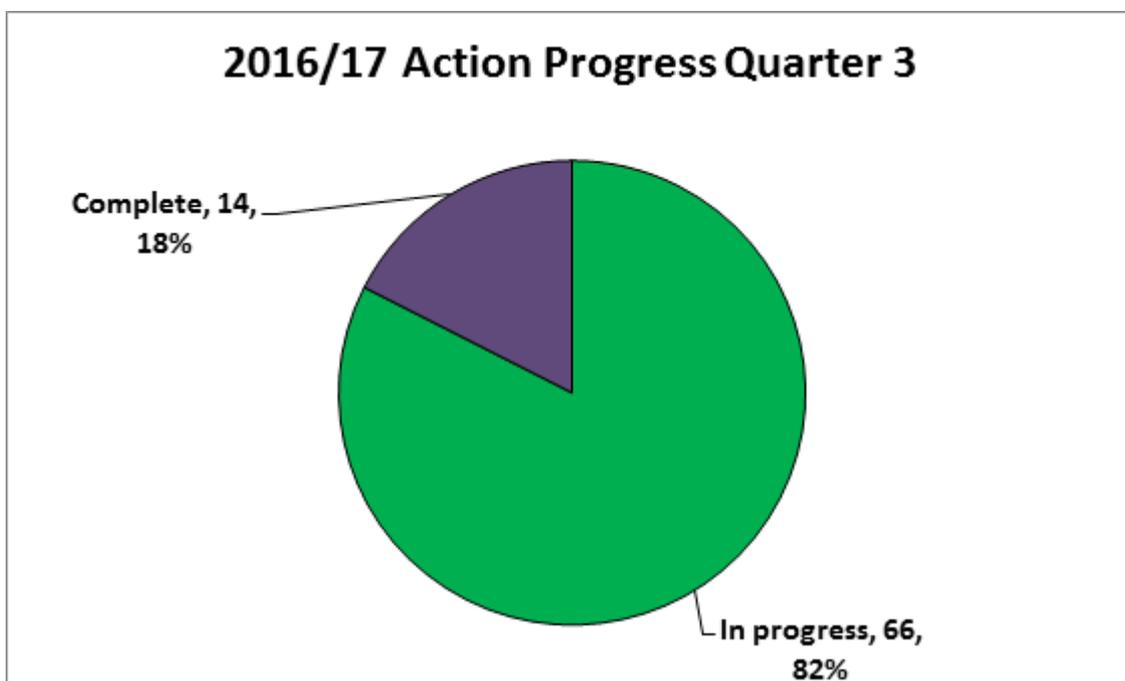
- 1.5 A full set of papers that appear on the website have been printed and these reports are available in the Members' Room.
- 1.6 These reports contain explanations of variances from expected performance together with trend arrows for all the performance indicators within the Council Plan (note that an upward arrow indicates improved performance, irrespective of whether improvement is represented by a higher or lower value) and progress bars for all Council 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 this stage of the year, whilst actions must be on target against the "completed" or "in progress" milestones determined within Covalent.
- 1.8 In cases where Cabinet has agreed to amend a target during a year, progress is assessed against that amended target rather than the original target.

## Proposal

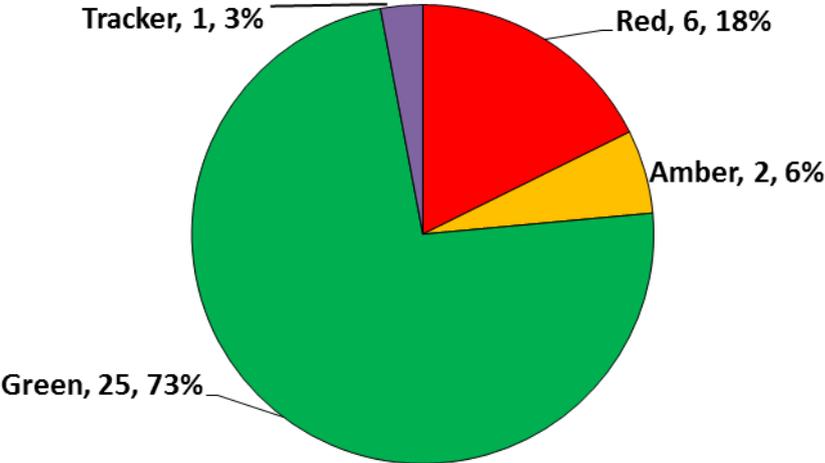
### 2 Quarterly Progress Report

#### 2.1 Performance Information

2.1.1 Overall Performance at Quarter 3 against the 2016/19 Gedling Plan actions and indicators shows the following:



### 2016/17 Indicator Progress Quarter 3

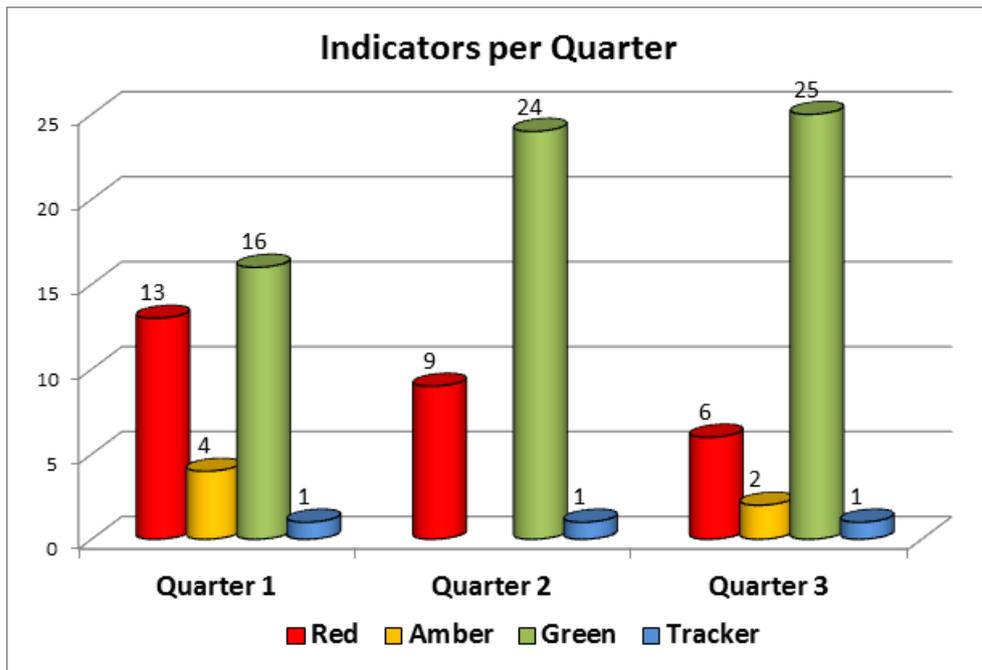


#### Actions

2.1.2 Of the 80 actions, 14 are completed and 66 are in progress.

#### Indicators

2.1.3 Performance at the end of quarter 3 has improved since quarter 2. Twenty five of the 34 performance indicators that are appropriate for quarterly monitoring are on target and of the remaining 6 are red, 2 are amber and one indicator is for tracking purposes only.



- 2.1.4 Of the 8 indicators shown red or amber at the end of quarter 3, 4 are expected to improve and be on target at year end. However 4 indicators are expected to be behind target at year end, despite management action. In addition a further 4 indicators which met their target for quarter 3 are currently expected to miss target by the end of year.

The following performance indicators are highlighted as particular areas of concern and requiring focused attention in 2017/18:-

#### Housing Development

- Number of affordable homes delivered (gross)
- Net additional homes provided

In keeping with the national picture, development of new homes continues to be extremely slow, though a number of sites are in the pipeline for development. At the time of preparing this report, the Section 106 Agreement for Gedling Colliery was close to being signed and the developer is expecting to start on site by 1 March 2017.

In addition to pushing for starts on sites with existing planning permission, consideration is currently being given to the feasibility and value of establishing a local authority controlled housing development company.

#### Waste

- Residual household waste per household in Kg
- Percentage of household waste sent for reuse, recycling and composting

As has been reported previously, recycling has plateaued against an increasing waste stream. Investment in and active promotion of the garden waste service should yield improvements in performance in 2017/18.

### Sickness absence

- Working Days Lost Due to Sickness Absence (rolling 12 month total)

Absence for December is slightly better "month on month" compared to this time last year. As a result of active management, the number of cases of long term absence has decreased which helps to keep absence levels below those experienced in recent months. However, there has been substantial short term absence which means that the overall monthly rate of absence remains moderately high. In addition, as reported at the end of quarter 2, the annual "average" level of absence shows marked increase not only because of the current levels of absence but also because the months that have been replaced through the rolling 12-month cycle experienced exceptionally low levels of sickness absence - in summary in our calculations we are replacing very low levels of absence with higher levels of absence. Officers continue to take steps to actively manage sickness absence.

## **Improvements in performance**

2.1.5 The following indicators have continued to improve from quarter 1 and are exceeding their quarter 3 targets:

- The number of apprentices hosted within Gedling Borough Council has increased from 7 in quarter 2 to 10 in quarter 3 against a target of 6.
- The number of attendances at the Bonington theatre have increased significantly during quarter 3 to 8703 from 5101 in quarter 2 against a target of 7580.
- The number of one stop shop customers seen within 15 minutes has increased from 87% achieved in quarter 2 to 88% in quarter 3 against a target of 83%.
- The percentage of 'other' planning applications processed within 8 weeks has increased from 94.6% in quarter 2 to 95.76% in quarter 3 against a target of 80%.
- The time taken to process new Housing Benefit and Council Tax Benefit claims has fallen from 6 days achieved in quarter 2 to 5.3 days in quarter 3 against the target of 6 days.

## **Achievements**

2.1.6 A separate report is produced highlighting key achievements delivered during quarter 3, focusing on areas where the Council has made a real difference to people's lives. This is attached as Appendix 5 and is available on the Council's website and in hard copy in the Members' Room. The following outcomes are identified for particular attention:

- **Mental Health Befriending for Arnold Residents** - The new Mental Health Befriending Service, run by Arnold Methodist Church and supported by the Council, has now recruited further volunteers and received additional interest following information in the Contacts magazine. This includes links with Alzheimer's Society, Men in Sheds, carer's support and a number of professionals in the mental health field.

The breadth of activities on offer to visitors is increasing including a new multi games table including such things as pool and table football, creative writing courses and a wider range of craft activities.

The weekly Friday sessions offer a safe place for sufferers, carers and their families that they find rewarding and good for their wellbeing.

- **Gedling Colliery Event** - In November a reunion event was organised by the Communications Team to commemorate 25 years since Gedling Colliery closed. A service, beacon lighting and reunion event took place and around 220 ex-miners attended. The feedback received was that it was a great event and attendees were very thankful to the council for organising.

Blanket press coverage was also received across Nottinghamshire with ITV Central, BBC East Midlands Today, BBC Radio Nottingham and [Notts TV](#) all covering the event as their main stories on the night of the event. The Nottingham Post also had a feature piece on the event. A feature writer from the Guardian also attended and fed back to the Team stating that the event was very good.

- **New Digital Services** - In October a new Digital strategy was approved by Cabinet. The strategy will support our aim to improve the lives of residents, support local business and provide high quality and excellent value services.

Our Digital strategy focuses on four priority areas: Customer, Council, Community and collaboration and a Digital Programme Board has been set up to oversee digital projects.

In the last few months advances have been made centrally and by individual service areas to improve internal systems and to increase the number of services customers can access on line.

- **Erasmus** - The apprenticeship project supported through the Erasmus+ programme is designed to share valuable learning to improve delivery of effective apprenticeship schemes. The project draws on the expertise of countries in which apprenticeships are well-embedded and highly regarded and shares this experience in very practical ways with other participants such as the UK where apprenticeships are not quite so well developed. We are lucky to have a lead role for the UK being undertaken by Julie Beresford in our Economic Development Team. In support of this work, our trainers, and in particular Mike Calladine, have been involved with designing and delivering training modules for local business managers to help them effectively coach apprentices in the workplace and to manage their performance properly. As we are an accredited training centre, it has also been possible to offer "Management Awards" accredited by the Institute of Leadership and Management to these local business people; something which is quite new to a number of these managers. One cycle of

training has been delivered, another is planned and there is a possibility of a third. For the training team it has been a hugely satisfying experience to work with other teams of the Council to deliver meaningful interventions within the local community that can make a tangible and practical difference to the quality of our local apprenticeship programmes.

## 2.2 Financial Information

2.2.1 Appendices 1 and 2 set out details of the current financial position on the Council's General Fund Revenue Budget and the Capital Programme 2016/17.

### 2.2.2 General Fund Revenue Budget

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 31 December 2016. In summary the Council's General Fund outturn is projected to be in line with the current approved budget.

#### General Fund Revenue Budget 2016/2017 – Change Analysis

<b>The original 2016/17 budget approved by Council on 3 March 2016</b>	£ <b>12,623,300</b>
Revenue Carry Forwards from 2015/16 approved under delegation arrangements by the Chief Financial Officer	83,400
<b>The current total approved budget for 2016/2017 and Cabinet's Maximum Budget is:</b>	<b>12,706,700</b>
Up to the end of December 2016 expenditure less income totalled	8,541,000
In the remaining 3 months of year we expect net expenditure to be	4,165,700
<b>Total net revenue spend for the year is currently expected to be</b>	<b>12,706,700</b>
<b>Projected Revenue (Under)/Overspend 2016/17</b>	<b>0</b>

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

The major variances detailed in Appendix 1 include:

- Estimated Redundancy and Pension Strain Cost of £294,200, partly funded by a contribution from the Transformation Fund of (£92,400);
- Employee Vacancy savings - (£120,400);
- Savings in the Carlton Hub expenditure budgets – (£21,000);
- Additional Christmas Lighting expenditure - £14,800;
- VAT refund of (£82,200) on swimming lessons at Arnold Leisure Centre proposed for transfer to capital reserves to fund capital maintenance in

2017/18; plus additional swimming lesson income of (£16,600) for the current year reflecting that the activity is exempt from VAT;

- Saving on Utilities at Leisure Centres – (£19,200)
- Additional Cemetery Income – (£15,000);
- Reduced Land Charges Income - £22,400;
- Reduced Pre-application Planning Income - £15,000.

Also attached for Members information are the budget virements that have been approved during Quarter 3 in accordance with Financial Regulations:

- Appendix 3 - Virements approved by Portfolio holders for amounts of £50,000 or less;
- Appendix 4 – Virements authorising the usage of Earmarked Reserves and Revenue Budget Funds approved by the Chief Financial Officer and Corporate Director.

### 2.2.3 Capital Programme

Appendix 2 details the current projected position on the Capital Programme and its' financing for 2016/17, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

#### Capital Budget 2016/2017 - Change Analysis

	£
<b>Original 2016/17 budget approved by Council on 3 March 2016</b>	<b>4,366,900</b>
Capital Carry Forwards from 2015/16 approved under delegation arrangements by the Chief Finance Officer and by Council	695,600
Amendments approved by Cabinet at Quarter 1	131,000
Amendments approved by Cabinet at Quarter 2	(60,600)
Supplements/Virements approved by Council/Cabinet	480,500
<b>The current total approved budget for 2016/17</b>	<b>5,613,400</b>
<b><u>Proposed Quarter 3 Amendments to the 2016/17 Programme</u></b>	
<b>Schemes identified for deferral:</b>	
Affordable Housing Scheme – funded by S106 – schemes still to be identified;	(270,000)
Arnold Leisure Centre Flat Roof Replacement – scheme now to be completed in conjunction with the replacement of the suspended ceiling so delayed until 2017/18;	(123,400)
Disabled Facilities Grants/Better Care Fund (see paragraph below)	(200,000)

<b>Schemes identified for deferral continued</b>	£
CCTV Monitor Equipment – delay due to potential collaboration with other authorities;	(50,000)
Gedling Country Park Visitors Centre – delay due to additional foundation works and site clearance (see paragraph below);	(380,000)
Carlton Cemetery Expansion – delayed tender process;	(210,000)
Asset Management Fund – earmarked for replacement of suspended ceiling replacement at Arnold Leisure Centre 2017/18;	(102,400)
Land Sales Fees – delay in the completion of land sale.	(89,400)
<b>Scheme to be deleted:</b>	
HCA Starter Homes Station Road – scheme cancelled as no longer viable – grant to be repaid to HCA	(33,600)
<b>Total Proposed Amendments to the Capital Programme</b>	<b>(1,458,800)</b>
<b>Proposed Revised Capital Programme 2016/17</b>	<b>4,154,600</b>
Actual Expenditure to Quarter 3 2016/17	2,479,200
Estimated Expenditure Quarter 4 2016/17	1,675,400
<b>Projected Outturn 2016/17</b>	<b>4,154,600</b>
<b>Projected Capital Programme Variance 2016/17</b>	<b>0</b>

There is a bi-monthly capital monitoring of the projects chaired by the S151 officer and attended by finance officers and project officers. This meeting is pro-active in ensuring that the existing capital projects are delivered as efficiently and quickly as possible.

#### Gedling Country Park Visitor Centre Update

The current approved budget for Gedling Country Park Visitor Centre is £1,258,500 and work commenced on site on 26 September 2016.

During the excavation works for the foundations a large quantity of what ultimately proved to be hazardous chemical and demolition waste (numerous pieces of mining equipment) was uncovered. The necessary pre-construction surveys had been completed in the initial development stages of the project but did not reveal anything untoward underground. This is not uncommon for this type of project.

Works were suspended on site for a four week period whilst investigations were undertaken into the scope of the problem and solutions identified. The conclusion is that a more expensive piling solution for the foundations is required than originally envisaged. The demolition waste also required remediation, incurring additional costs to treat and dispose of it and would have been realised regardless of the decision to

proceed or abort the project. In addition, the delay to the works on site has resulted in an additional cost for preliminaries (construction staff costs, site set up and welfare etc) as the construction programme has had to be extended with a now projected completion date of 2 June 2017.

The project delay means that only £878,500 of the current approved budget of £1,258,500 is expected to be committed in 2016/17, with the remaining £380,000 now proposed for deferral to 2017/18.

The additional budget requirement to fund the additional works detailed above and enable completion of the scheme is £196,000 bringing the total estimate to £1,454,500. This will be considered by Cabinet on 16 February for referral to Budget Council for approval as part of the Capital Programme report for 2017/18.

#### Disabled Facilities Grant (DFG) Update

At its meeting on the 19 May 2016 Cabinet approved an increase in the capital budget to £820,000 for the Disabled Facilities/ Better Care Fund Grant, following notification of an increase in Government Grant via Notts County Council.

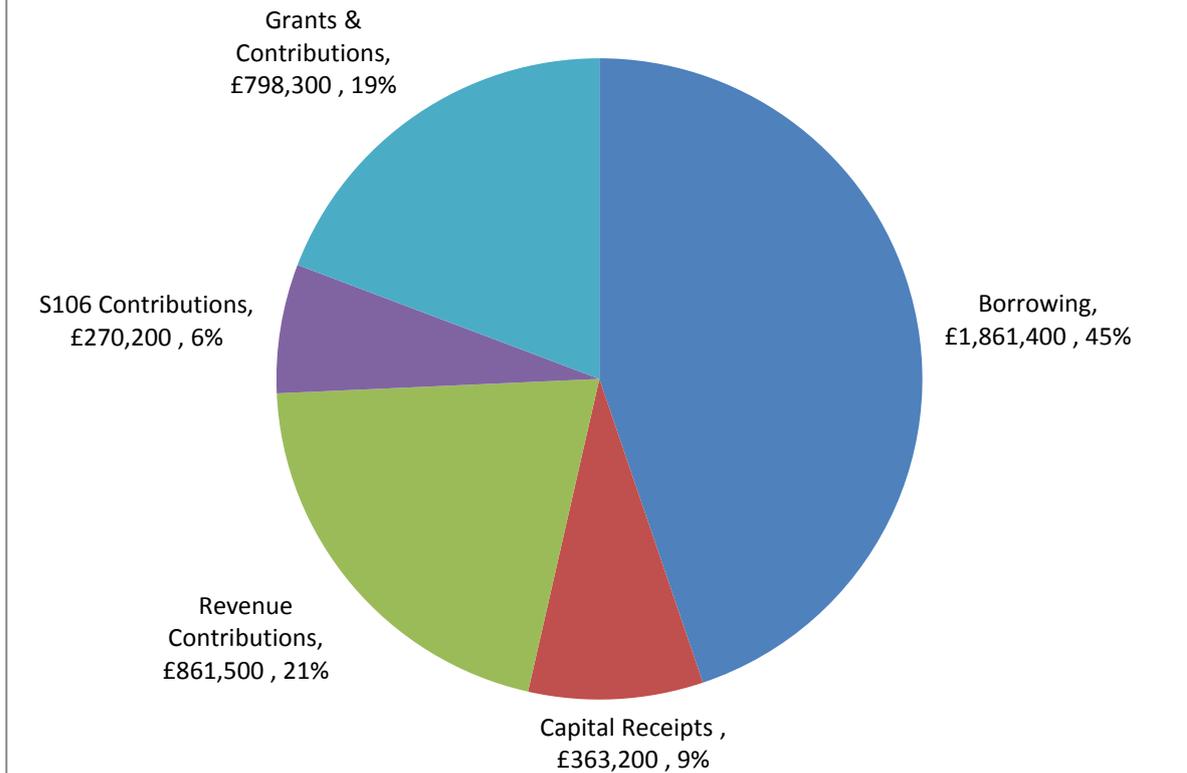
Since that date discussions at the Health and Wellbeing Board regarding the actual allocations have been ongoing. Recent approvals have been given for additions to the Handy Persons Scheme and an Assisted Technology scheme, to be delivered in conjunction with Gedling Homes, and it can now be confirmed that the full amount of £820,000 has now been allocated by the Board for spend in Gedling.

However, current budget monitoring indicates that the budget of £820,000 will be underspent by £200,000 and this is now proposed for deferral to 2017/18. The Health and Wellbeing Board have agreed that any 2016/17 grant that remains unused can be carried forward to 2017/18.

#### Capital Programme Financing

The projected method of financing the current capital programme requirement of £4,154,600 is detailed in Appendix 2 and summarised in the chart below:

## Capital Financing 2016/17



### Capital Receipt Monitoring

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. The initial capital receipts estimates for 2016/17 projected that £1,021,500 would be generated and the whole amount was forecast to be used in financing the capital programme in 2016/17.

However, the latest projected outturn for capital receipts generation in 2016/17 is £150,000, a reduction of £871,500 against the initial estimate. This is mainly due to a delay in finalising land sales which are now expected to complete in 2017/18. This includes the sale of a major development site, Teal Close, which was expected to generate a capital receipt in instalments between 2016/17 to 2021/22 but is now expected between 2017/18 and 2022/23.

Overall, the total capital receipts generated from land sales are expected to be broadly in line with initial estimates but these will now be applied to finance later years of the capital programme i.e. 2017/18 onward. Due to the value of schemes proposed for deferral to 2017/18 (detailed in the table above) it will not be necessary to undertake additional borrowing to finance the 2016/17 programme to replace the shortfall in capital receipts. This will be fully reflected in the capital programme report to Cabinet on 16 February 2017.

The financing detailed in the table above of £363,200 includes capital receipts brought forward of £213,200 plus the new capital receipts of £150,000 now expected to be generated during the year.

## Community Infrastructure Levy (CIL) Monitoring

Officers have been requested to report to Cabinet on the progress with the Community Infrastructure awards. To date 41 liability notices have been issued.

In total, since the implementation of CIL (15 October 2015), 34 Self-Build Reliefs have been granted either for new dwellings, residential extensions over 100 square metres or residential annexes. During 2016/17 (as at 31 December 2016) the Council has received 11 payments totalling £40,300.

### **Alternative Options**

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

Advantages:

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

Disadvantages:

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

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

### **Financial Implications**

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

### **Appendices**

- 5 Appendix 1 – General Fund Revenue Budget 2016/17 – Budgetary Control Report  
Appendix 2 - Capital Programme 2016/17 – Budgetary Control Report

Appendix 3 – Virements approved by Portfolio Holders

Appendix 4 – Use of Earmarked Reserves and Revenue Budget Funds

Appendix 5 – Examples of Outcomes achieved during Quarter 3 2016/17

## **Background Papers**

6 Detailed Quarterly Budgetary Control Exception Reports

## **Recommendations**

Members are **recommended**:

- a) To note the progress against Improvement Actions and Performance Indicators in the 2016/19 Gedling Plan;
- b) To approve the General Fund Revenue Budget virements included in Appendix 1;
- c) To approve the changes to the capital programme included in paragraph 2.2.3; and
- d) To note the Portfolio Holder virements and use of reserves and funds during the last quarter as detailed in appendices 3 and 4.

## **Reasons for Recommendations**

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