

## **Report to Cabinet**

**Subject:** Gedling Plan and Budget Outturn and Budget Carry Forwards 2016/17

**Date:** 1 June 2017

**Author:** Senior Leadership Team

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### **Wards Affected**

Borough-wide

### **Purpose**

This report presents the Gedling Plan and Budget Outturn and Budget Carry Forwards for 2016/17.

Cabinet is asked to note the final outturn position for 2016/17 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 2016/17 as additions to the 2017/18 budget for referral to Council, in accordance with Financial Regulations;
- d) Recommend that Council approve the method of financing the 2016/17 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 2016-19 was approved by Council on 7 March 2016. 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.
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- 1.3 During 2016/17 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 £12,706,700 approved by Council. Capital budgets have also been monitored by Cabinet to ensure schemes are appropriately profiled, with the current estimate for 2016/17 being approved at £4,154,700.
- 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 is one capital scheme that requires 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 Covalent.

## **Proposal**

### **2. Financial Performance and Budget Outturn 2016/17**

#### **2.1 General Fund Revenue Outturn 2016/17**

- 2.1.1 The actual net revenue expenditure for each Portfolio during 2016/17 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 2016/17 compared to the current estimate. The current estimate is that approved by Cabinet in February 2017, 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 managing within the overall maximum budget approved by Council of **£12,706,700** (including budget carry forwards from 2015/16).

2.1.3 The table shows an overall General Fund underspend of **£40,734**, 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 2016/17**

	Current Estimate 2016/17 £	Actual 2016/17 £	Variance to Current Estimate £
Community Development	1,578,500	1,533,753	(44,747)
Health & Housing	2,542,400	2,776,868	234,468
Public Protection	1,578,500	1,230,723	(347,777)
Environment	4,935,400	4,829,071	(106,329)
Growth & Regeneration	1,088,500	1,387,767	299,267
Resources & Reputation	1,862,500	1,314,343	(548,157)
<b>Net Portfolio Budget</b>	<b>13,585,800</b>	<b>13,072,525</b>	<b>(513,275)</b>
Transfers to/(from) Earmarked Reserves	(879,100)	(406,559)	472,541
<b>Net Council Budget</b>	<b>12,706,700</b>	<b>12,665,966</b>	<b>(40,734)</b>

<b>Less Financing:</b>			
Revenue Support Grant	(1,415,700)	(1,422,126)	(6,426)
Business Rates (net of Coll. Fund Deficit)	(2,700,300)	(3,035,204)	(334,904)
Council Tax	(5,526,600)	(5,526,537)	63
Council Tax Collection Fund Surplus	(100,100)	(100,082)	18
New Homes Bonus	(2,400,300)	(2,400,303)	(3)
<b>Transfer to/(from)General Fund Balance</b>	<b>(563,700)</b>	<b>(181,714)</b>	<b>(381,986)</b>

### 2.1.6 General Fund Balance at 31 March 2017

The General Fund Balance at 31 March 2017 is £5,977,000, £382,000 higher than the current estimate of £5,595,000. This leaves £382,000 more than expected in balances 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 £382,000 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 £341,000;
- b) The Revenue Budget underspend enables a reduced contribution from balances of £41,000.

Details of the total reserves held at 31 March 2017 are shown at Appendix 2.

### Major General Fund Revenue Variances from Current Estimate

#### 2.1.7 General Fund Financing Variances 2016/17

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

- Revenue Support Grant (RSG) Funding

During 2016/17 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 **£6,426** 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 2016/17 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 £2,815,510.

Business Rates income in 2016/17 is based on the estimates provided to central government in January 2016 in the required statutory returns. Growth recognised in the accounts for 2016/17 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.

#### 2016/17 Business Rates Outturn

	Current Estimate 2016/17	Actual 2016/17	Variance
	£	£	£
Baseline Funding Level	(2,815,500)	(2,815,510)	(10)
Retained Growth Above Baseline	(358,700)	(613,707)	(255,007)
Renewables (100% Gedling)	(73,200)	(153,114)	(79,914)
<b>Total Income 2016/17</b>	<b>(3,247,400)</b>	<b>(3,582,331)</b>	<b>(334,931)</b>
Collection Fund Deficit	547,100	547,127	27
<b>Net Business Rates Income</b>	<b>(2,700,300)</b>	<b>(3,035,204)</b>	<b>(334,904)</b>

#### 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 2016/17.

The Pool outturn figures for 2016/17 have been finalised with a sum of **£101,262** identified for redistribution to Gedling. 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 (see para 2.2.3). The equivalent sum will be held by the Pool for use by the Combined Authority.

### 2.1.8 **Major Revenue Variances from Current Budget**

The underspend against the Net Portfolio Current Budget 2016/17 is £513,300 which is largely offset by net contributions to Earmarked Reserves of £472,500 which are detailed in paragraph 2.2.2. The major variances in the Net Portfolio budget are detailed below:

#### **Expenditure Variances in Excess of £10,000**

Additional expenditure has arisen in the following services:

- Economic Development projects £133,500 including Carlton Square and Arnold Town Centre projects, Tramline Extension feasibility and Apprenticeship, Skills and Employment activity (funded by contribution from earmarked reserves);
- Rent Allowances – £42,000 due to bad debt write offs.

Reductions in expenditure include:

- Employee Expenses – net saving of £184,000 against the current estimate. (Due to the underspend the budgeted transfer from the Transformation Reserve of £102,000 to offset the costs of redundancies has not been required);
- IT software £59,000 saving (£40,000 transferred to earmarked reserve);
- Fleet – net saving of £39,000 in respect of fuel, parts and licences;
- Car Park Maintenance saving £24,000;
- Utilities – net saving of £20,000 against the current estimate mainly in leisure centres and grounds maintenance;
- Economic Development consultancy £15,000 (transferred to earmarked reserves)
- Reduced Debtors bad debts provision £18,000;
- Internal Audit fees £13,000 saving due to reduced programme;
- Public Protection £12,000 saving on CCTV monitoring;
- Democratic Representation £12,000 saving on chauffeur and civic expenses;
- Estates £10,000 saving on consultancy (transferred to reserve).

## **Income Variances in Excess of £10,000**

Reductions in income include:

- Development Management £96,000 reduced planning fees (major application now expected in 2017/18);
- Local Taxation - Lower Council Tax Summons Costs income of £49,000 – improvements in recovery procedures have resulted in fewer cases reaching the summons stage. Council Tax collection rates have been maintained;

Additional income includes:

- Revenue S106 Contributions £81,400 (transferred to earmarked reserves for specific projects);
- Business Rates Pool Surplus £101,300 (transferred to earmarked reserves for economic regeneration projects);
- Leisure Centres £86,000 due to increased swimming lessons, DNA memberships and parties (part transferred to asset management reserve);
- Planning Policy New Burdens Grants £35,000 (transferred to earmarked reserves)
- Public Protection new grant for Crime Prevention £25,000;
- Cemetery Income £20,000 due to increased demand;
- Bulky Waste Income £15,000 due to increase in customers;
- Building Control Income of £15,000 due to increase in customers;
- Waste Recycling Credits £12,000

## 2.2 **Earmarked Reserves and Provisions**

2.2.1 Reserves and provision requirements have been reviewed and transactions completed within the portfolio analysis.

### 2.2.2 **Earmarked Revenue Reserves**

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 2017 is £4,504,000, £472,500 higher than the current estimate of £4,031,500. 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.

### 2.2.3 New Contributions to Earmarked Reserves

Included in the Earmarked Reserves proposed for approval are 11 new contributions to reserves totalling £512,800 as follows:

- Business Rates Pool Reserve addition - £101,300 – this reserve contains the contributions from the Nottinghamshire Business Rates Pool for economic development projects as detailed in para 2.1.7;
- S106 Revenue Reserve - £81,400 - grants to fund future maintenance and project commitments;
- Asset Management Revenue Reserve addition - £105,000 - various service underspends to meet emerging maintenance pressures;
- Earmarked Grants addition - £41,400 – various grants received for specific projects;
- Transformation Fund addition - £40,000 – underspend in IT to meet the costs of digital transformation project work;
- Economic Development Fund addition - £30,000 – underspend in Economic Regeneration to provide for future project work;
- Community and Crime Reserve addition - £21,500 - from various service underspends to provide for community project work, including match funding for grant applications;
- Local Development Framework Reserve - £10,000 - from underspend in Planning Policy to provide for future inspection costs;
- Efficiency and Innovation Reserve addition - £35,000 - from underspend in Financial Services to provide for commercial consultancy and training expenses;
- Building Control Reserve addition - £29,200 – surplus on ring-fenced fee earning account (see para 2.4);
- Apprentice Reserve addition - £18,000 – underspend in leisure to fund intern.

### 2.2.4 Provisions

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 2016/17 which are now proposed to Cabinet for approval.

### Movement in Provisions

Description	Balance B/fwd 1/4/16	Movement in Year	Actual Balance 31/3/17
	£	£	£
Business Rates Appeals	942,000	96,000	1,038,000
Transferred Housing Stock – Environment Warranties	50,000	0	50,000
Transferred Stock Repairs	50,000	0	50,000
<b>Total</b>	<b>1,042,000</b>	<b>96,000</b>	<b>1,138,000</b>

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 £1,038,000 has been made, representing the Council's estimated share of such liabilities at 31 March 2017.

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.

### 2.2.5 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 2016/17 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 1/4/16	Movement in Year	Actual Balance 31/3/17
	£	£	£
Sundry Debts	175,000	(18,200)	156,800
Housing Benefit Debts	1,675,800	80,000	1,755,800
Business Rates Debts (GBC Share)	70,700	5,700	76,400
Council Tax Court Costs	113,000	6,000	119,000
<b>Total</b>	<b>2,034,600</b>	<b>73,400</b>	<b>2,108,000</b>

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

2.3.1 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).

### 2.3.2 **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 £39,964 in 2016/17.**

### 2.3.3 **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.

## 2.4 **Building Control Fee Earning Trading Account**

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

Following several difficult years the deficit owed to the General Fund at 31 March 2016 was £21,715. In 2016/17 a surplus of £50,952 has been achieved. This is mainly due to staff vacancies and additional income. The outstanding deficit has now been cleared with the remaining surplus of £29,237 transferred into the Building Control Reserve for use on future service improvements.

## 2.5 Members Pot Outturn 2016/17

In 2016/17 the Members Pot budget was £61,500 which has been spent on grants to third parties as detailed in Appendix 4.

## 2.6 Capital Outturn 2016/17

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 2017. Capital outturn totals £3,582,139 compared to an approved budget of £4,154,700 a net under spend of £572,561. After accounting for carry forward requests of £507,100 the final underspend and reduced financing requirement on the capital programme is £65,461. The underspend of £65,461 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 2016/17

<b>Portfolio</b>	<b>Current Estimate 2016/17</b>	<b>Actual Expenditure 2016/17</b>	<b>Variation</b>	<b>Proposed Carry Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Community Development	104,600	80,471	(24,129)	<b>18,100</b>
Housing, Health & Wellbeing	577,900	457,501	(90,399)	<b>73,000</b>
Public Protection	635,000	591,993	(43,007)	<b>18,500</b>
Environment	2,837,200	2,422,174	(415,026)	<b>397,500</b>
Growth and Regeneration	0	0	0	<b>0</b>
Resources & Reputation	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>4,154,700</b>	<b>3,582,139</b>	<b>(572,561)</b>	<b>507,100</b>

### 2.6.4 Proposed Capital Carry Forwards

The capital carry forward requests total £507,100 against the current approved capital programme of £4,154,700 which represents 12% slippage for 2016/17. The level of funding available to finance the carry forwards is projected to be sufficient.

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 £437,100. There is a further carry forward request of £70,000 for a non-committed scheme in excess of £50,000, which requires Council approval. This is for a vehicle replacement which was delayed due to changes made to the vehicle specification and tender process.

### 2.6.5 Capital Financing 2016/17

The proposed method of financing the £3,582,139 capital expenditure incurred in 2016/17 is summarised below and full details are included in Appendix 7.

	£
Capital Receipts	872,145
Capital Grants and Contributions	992,450
General Fund Revenue Contributions	763,687
Borrowing	953,857
<b>Total Capital Financing</b>	<b>3,582,139</b>

### 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 2017 is as follows:

Description	Balance Bfwd 01/04/16	Received In Year	Use In Year	Balance 31/03/17
	£	£	£	£
Usable Capital Receipts	213,200	658,900	(872,100)	0
Capital Grants Unapplied	337,800	927,900	(992,500)	273,200
Revenue Contributions to Capital Schemes	0	952,200	(763,700)	188,500
CIL	0	85,600	0	85,600
<b>Total</b>	<b>551,000</b>	<b>2,624,600</b>	<b>(2,628,300)</b>	<b>547,300</b>

### 2.6.7 Capital Determinations 2016/17

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	778,450
Capital contributions	214,000

- (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 2016/17. This figure is £872,145.
- (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 2016/17 as approved by Council on 7 March 2016 and equates to £503,955.

## 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.

#### Employee Benefits Holiday Pay

Adjustments are required for untaken employee annual leave at the financial year end. This is to ensure the charge to the revenue account fully reflects the actual work undertaken during the year. The net impact on the Net Cost of Services for 2016/17 is £154,500, a reduction from 2015/16 of £300.

#### 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 2016/17 this adjustment adds £554,000 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. There were no operational land and building asset impairments during 2016/17. However, impairment of investment assets of £307,600 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 2017

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 £2.1m to £28.9m due to capital expenditure e.g. Depot and Gedling Country Park and increases in the values of existing property;
- Borrowing has reduced from £7.8m to £6.8m due to a loan maturity which was not replaced;
- Pension Liability has increased by £11.7m to £52.4m mainly due to a change in the discount rate assumptions made by the Actuary. It should be noted that all of the Nottinghamshire District Councils have experienced similar increases this year.

### 3. Performance Information

3.1 Attached at Appendix 9 is summary of overall progress against priorities and objectives within the 2016-19 Gedling Plan at the end of the 2016/17

#### **Actions**

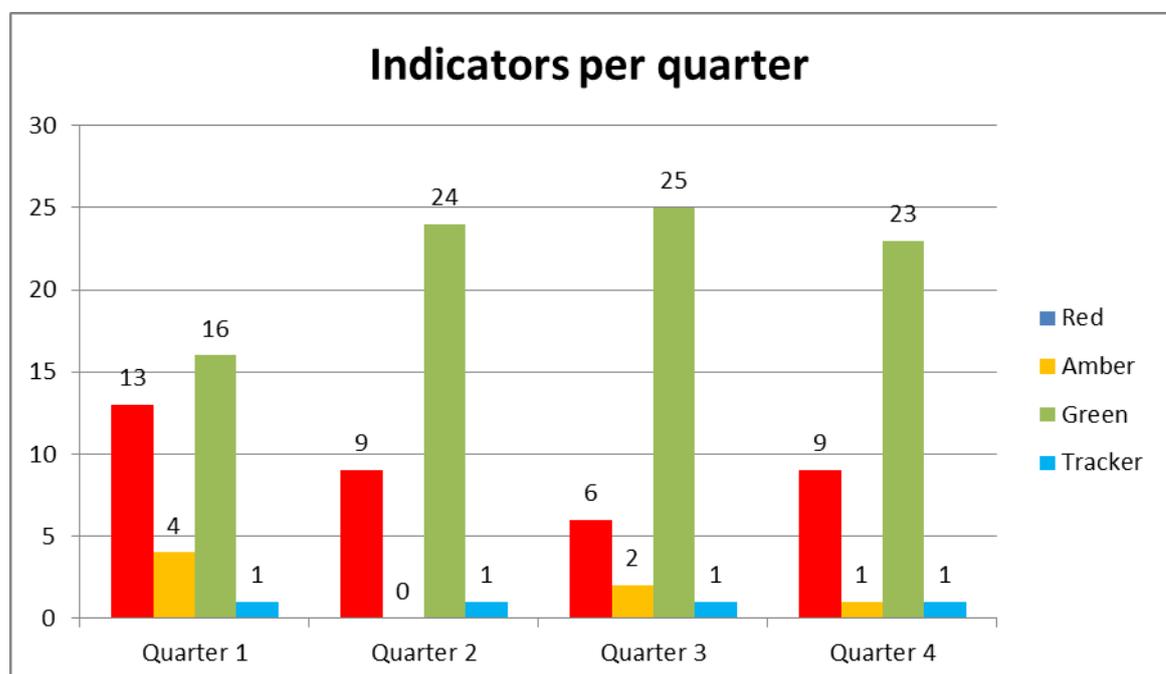
3.2 This is the first occasion we have reported progress at year end against a 3 year Gedling Plan 2016-19. Members will appreciate that some of the actions set out in the Plan are not due to commence until years 2 and 3 of the Plan whilst others will span different years. During 2016/17, progress has been made as expected on 79 of the actions, with only 1 action relating to the review and improvement of temporary housing overdue. Actions which continue and appear in the 2017/18 Gedling Plan are on track and their progress will be reported to Cabinet through 2017/18.

3.3 A comprehensive presentation on year end performance including some of the key achievements delivered during the year 2016-17 will be provided at the Cabinet meeting.

#### **Indicators**

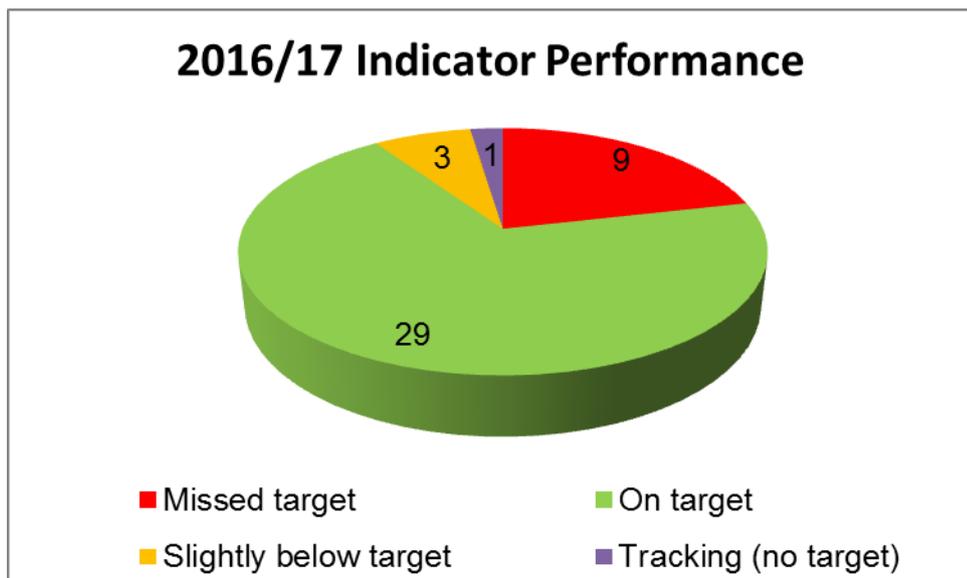
##### 3.4 Quarter 4

The following table shows the status of performance indicators appropriate for quarterly monitoring for each quarter throughout the year. During quarter 4, 23 of the 34 performance indicators that are appropriate for quarterly monitoring met the target and of the remaining 9 are red, 1 is 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 42 indicators included in the Gedling Plan. Overall performance is good, with 32 of the indicators on target or slightly below target and 9 behind target. Members will recall that at the end of quarter 3, we were predicting 8 performance indicators to miss target at the end of the year.



#### **Performance review**

3.6 Examples of particularly positive performance at the end of 2016-17 include:-

- Percentage response rate to Individual Electoral Registration household canvass at 98% is higher than the target of 93% and has increased from 96%
- The number of attendances at Bonington Theatre productions has increased from 22,923 to 28,194 which are also significantly above the annual target of 25,500. The number of theatre shows and events has also increased, rising from 445 to 612 against a target of 400.
- Visits to our leisure centres have increased to 939,055 from 913,587.
- The number of long term empty homes that we have returned to use has increased to 5 from 1.
- Customer satisfaction with the overall customer service at 94.53% has exceeded the target of 85% and increased from 93.54%.

- The percentage of One Stop customers seen within 15 minutes has increased to 89% from 85% and has exceeded its current 83% target.
- The Council has hosted 26 pre apprenticeships (or similar) work experience placements, increasing from 15, and is above the target of 16.
- The percentage of Minor planning applications processed within 8 weeks has increased from 50.33% to 80.5%.
- The proportion of other planning applications processed within 8 weeks has increased from 66.9% to 80%

3.7 Whilst overall performance is good, the following areas are highlighted as being of concern and require focused attention in 2017/18.

#### Revenues and Welfare

The average time to process new Housing Benefit claims (in calendar days) has increased this year to 14 days. It is anticipated the improved performance seen in quarter 4 will be maintained during 2017/18.

The Housing Needs team transferred to the new Revenues and Welfare Section during 2016. The percentage of households who considered themselves as homeless who approached the Council and for whom housing advice resolved their situation failed to achieve its target and the average time to process homeless applications (number of working days) is higher than the target. It is hoped that reviewing processes will make them more streamlined and the target can be achieved in 2017/18.

The planned review and improvement of temporary housing has not been fully delivered this year, and discussions are currently taking place regarding taking on two leased properties and bringing another back into use which is expected to be resolved the end of May 2017.

#### Economic Growth and Regeneration

The number of small and medium sized enterprises supported to recruit their first apprentice did not meet the target of 30 this year. However, 25 employers have received some form of support via the Erasmus Pilot Programme to recruit (or working towards recruiting) their first apprentice.

The reason for the target of 30 not being achieved is that the pilot programme is still in its infancy (went live on 1st September 2016) therefore hasn't been live for the whole of 2016/17 financial year although the target will be based on 12 months delivery. 25 have been achieved in 7 months.

The number of employment agreements and pre-employment arrangements have not delivered the anticipated number of pre-employment training, placements in education, apprenticeship starts and jobs create. However, 3 Employment and Skills Plans have been agreed and targets have been delivered. This work has mainly related to IAG in schools and work experience. Not all indicators have been achieved as the Gedling Colliery site has not gone live yet. However, 13 outcomes have been achieved from contributions from Keepmoat, Woodhead and Bloor Homes, 8 work activities relating to IAG in schools, 2 Jobs Fairs/apprenticeship fairs were held and 3 work experience placements were delivered.

The number of affordable homes delivered were below target, however the site on Cavendish Road will deliver 42 affordable homes by the Autumn, and the three sites Gedling Homes have started to develop will deliver a further 66 units, which should be completed within 12 months.

### Sickness absence

The Working Days Lost Due to Sickness Absence (rolling 12 month total) stands at 11.73 days against a target of 8.00 days. Unfortunately sickness levels during 2016/17 were high and for almost half of the year the rate of absence has been heavily influenced by the high number of cases of long term absence. Each case has a significant effect on a service's rate of absence. Even when long term cases of absence have reduced, the underlying rate of sickness has remained high. The policies relating to absence management are also being reviewed and measures considered that might have a positive impact on attendance during the year 17/18.

### **Achievements**

- 3.8 A separate report is produced highlighting key achievements delivered during quarter 4, focusing on areas where the Council has made a real difference to people's lives. This is attached as Appendix 10 and is available on the Council's website and in hard copy in the Members' Room. The following outcomes are identified for particular attention:

**Improved Health Suite at Carlton Forum** – the health suite and refurbished changing rooms opened to members of the public in January, and provides a state of the art steam and sauna facility with relaxation area. So far 125 people have taken out membership of the health suite and 2,523 have used it on a pay and play basis.

**Disabled swimming lessons** – the number of participants continues to grow with positive feedback from customers.

'Excellent disability swimming lessons, instructors are very attentive to children's needs and this has helped them progress'.

'Arnold disability swimming lessons are amazing. A year ago my son was unable to swim and petrified of water. He can now swim 200m, jumps in, puts his head in

the water and loves it. All the instructors are truly amazing with each and every child they teach to swim. I never thought I would see the day that my son would love and enjoy swimming. Well done for offering swimming lesson for children with additional needs. The lessons are worth their weight in gold. Highly recommend them to anyone'.

**Girls Make It Happen – Celebration Event** - A partnership event between Gedling Sports Partnership and Gedling Borough Council was organised to mark the one year anniversary of the Girls Make It Happen project and International Women's Day. The event was held at Carlton Forum Leisure Centre where free swimming was offered to females all day. During the main event, taster sessions of a variety of exercise classes including Zumba, Clubbercise, Fight club and Pound Fit took place. The sessions were all fully attended. The sports hall hosted a series of stalls hosted by local providers, including Change Point, Mapperley Golf Club, Notts Roller Derby, Gedling Leisure Centres, Notts Women's Runners and Gedling Sports Partnership.

**Gedling Youth Council takes over Council Senior Leadership Team** - Gedling Youth Council took up the Children's Commissioner Takeover Challenge this year, opting to take over the Council's Senior Leadership Team meeting during March 2017. A nominated group of young people delivered a presentation and discussed the key priorities set by the Youth Council. These included young people's mental health, loneliness and isolation; emerging new racial and cultural intolerance; peer pressure and stress caused by the culture of social media; issues of body image and new perceptions of gender; the generation gap caused by technological developments and a subsequent need to develop a curriculum for life to address the above.

### **Digital Strategy**

- Council Tax customers can use online facilities for reporting moving house, single occupier status, disregard and exemptions, special arrangements, changing payment methods and requesting refunds.
- We supported the national Be Online 2017 event on Wednesday 8th March. It was aimed at helping people who don't use the Internet. The event was run by Communications, Customer Services, Economic Development and colleagues in Arnold Job Centre. Another event to support the national initiative is planned for October.
- Gary Bennett presented a session on Cyber Security at the Gedling Business Partnership meeting on Thursday 9th March.

**Increasing fuel efficiency** - The continuation of procuring and purchasing new more fuel efficient vehicles that meet the latest European Engine Standards to improve air quality and pollution has helped to reduce fuel usage. These include Euro VI refuse freighters with electric binlifts, a Euro VI precinct sweeper and more fuel efficient vans. This along with the use of the ESPO framework to achieve competitive prices and despite increases in fuel prices we have achieved a year end saving of £29,000 on fuel prices

**Top Wighay Farm Development Brief** – a revised brief for the Top Wighay Farm site has been adopted to help shape the future development on the site. The site was allocated for development in the Aligned Core Strategy, to accommodate housing and employment uses and supported by appropriate infrastructure. The key purpose of preparing a revised brief is to help achieve the range of uses and infrastructure to be provided, in order to guide the future development of the site. The document will be used to determine planning applications relating to the site.

### **Alternative Options**

- 4 This report provides a statement of the actual performance against the Gedling Plan for 2016/17 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 2016/17 Variance Analysis  
Appendix 2 Summary General Fund Balances & Earmarked Reserves 2016/17  
Appendix 3 Movement in Earmarked Reserves 2016/17  
Appendix 4 Members Pot 2016/17  
Appendix 5 Capital Outturn 2016/17  
Appendix 6 Capital Budget Carry Forward Summary 2016/17  
Appendix 7 Capital Financing Summary 2016/17  
Appendix 8 Pension Fund Accounting Disclosures  
Appendix 9 Gedling Plan High Level Summary of Performance Outcomes 2016/17  
Appendix 10 Examples of Achievements and Activities 2016/17

### **Background Papers**

- 7 Gedling Plan 2016/17 and Quarterly Performance Monitoring Reports

## **Recommendations**

### **8 Members are recommended:**

- (a) To note the Gedling Plan Performance and Budget Outturn figures for 2016/17;**
- (b) To approve the movements in Reserves and Provisions as detailed in paragraphs 2.2 and 2.6.6;**
- (c) To note the capital carry forwards approved by the Chief Financial Officer of £437,100 included in Appendix 2, being amounts not in excess of £50,000 and committed schemes above £50,000.**
- (d) To refer to Council for approval:**
  - i) The capital carry forward of £70,000 for non-committed schemes in excess of £50,000;**
  - ii) The overall method of financing of the 2016/17 capital expenditure as set out in paragraph 2.6.5;**
  - iii) The capital determinations set out in paragraph 2.6.7.**

### **Reasons for Recommendations**

- 9 To ensure Members are informed of the performance against the Gedling Plan for 2016/17 and to comply with statutory requirements for capital financing.**