

## Report to Cabinet

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

**Date:** 1 February 2018

**Author:** Senior Leadership Team

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## Wards Affected

Borough-wide

## Purpose

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2017/18 financial year. The budgets include all carried forward amounts from the 2016/17 financial year.
- To request Cabinet approval for the budget changes outlined in this report.
- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2017/19 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 all 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 instances where targets may not be secured.
- 1.4 As usual, comprehensive details about current performance against the Gedling Plan can be accessed through the following link on the Council's website:-

<http://www.gedling.gov.uk/council/aboutus/prioritiesplansandperformance/howweredoing/>

Members are recommended to view this document which provides valuable background detail to this summary paper. It 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. They 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.
- 1.6 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 the performance management system.

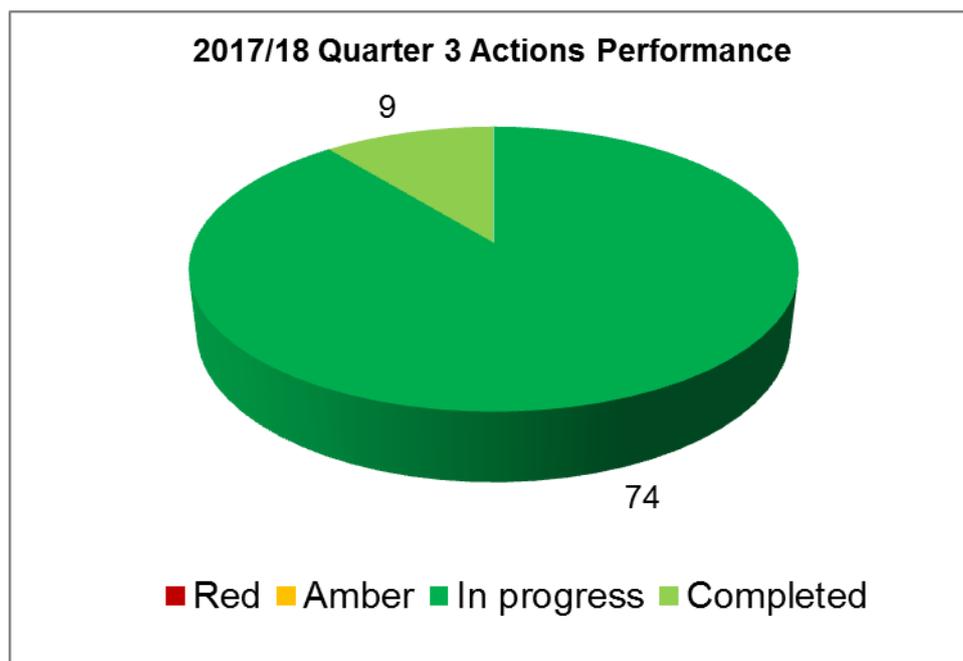
## Proposal

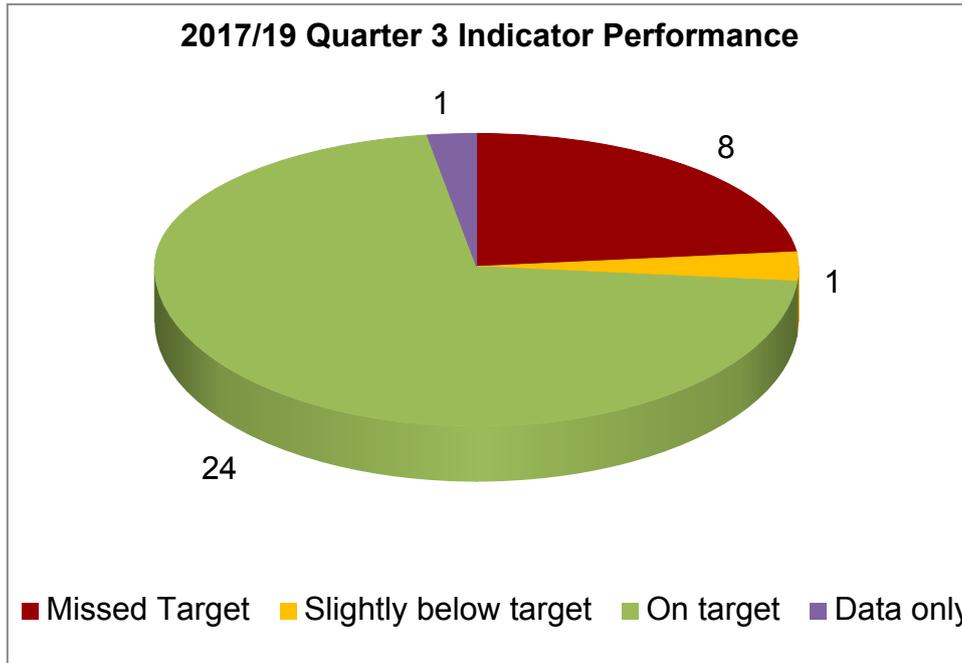
### 2 Quarterly Progress Report

#### 2.1 Performance Information

##### Current Performance

- 2.1.1 Overall performance at quarter 3 against the 2017/19 Gedling Plan actions and indicators shows the following:



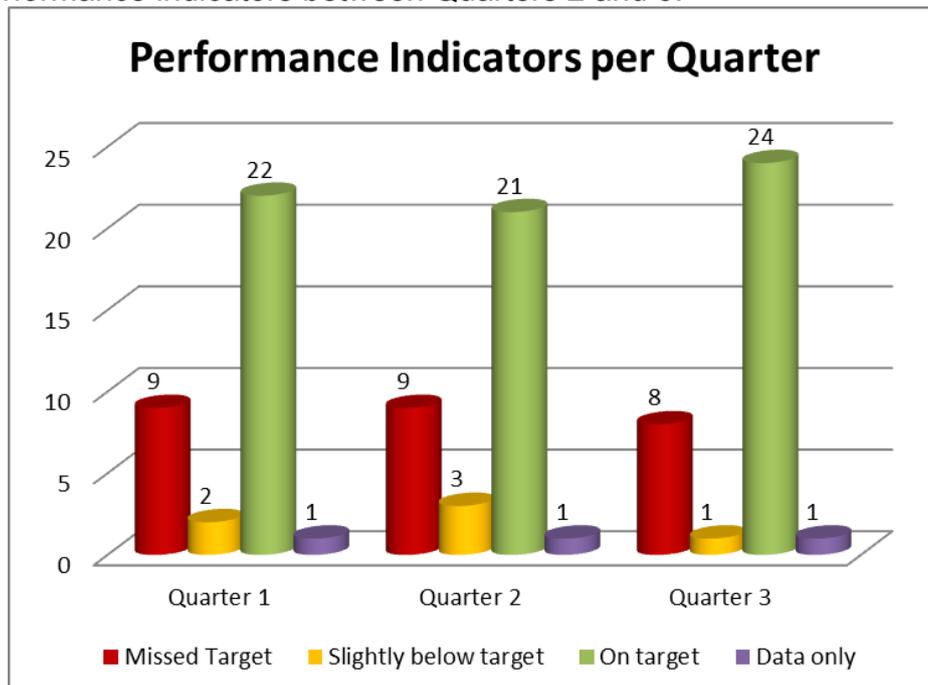


### Actions

2.1.2 Nine of the 83 Gedling Plan actions are completed, with the remaining either in progress or assigned to an Officer. It must be noted that the data in this report refers to the third quarter of the financial year only and it is expected that actions identified for the year will be met.

### Indicators

2.1.3 As can be seen from the graph below, there has been an improvement in performance indicators between Quarters 2 and 3.



#### 2.1.4 Examples of particularly positive performance during quarter 3 include:

- 88% of One Stop shop customers seen within 15 minutes against a target of 83%.
- A total of 8,809 people have attended Bonington Theatre productions against a target of 7,300.
- 19 empty homes were returned to use against a target of 3, exceeding the annual target of 12.
- 100% of Major planning applications were processed within 13 weeks, higher than the 90% target.
- The proportion of minor planning applications processed within 8 weeks has improved to 91.07% against a target of 75%.
- The number of working days lost due to sickness absence has reduced to 9.05 days, below the 10 days target.

2.1.5 Of the 8 indicators shown red at the end of quarter 3, 1 is expected to improve and be on target at year end and 5 are expected to improve but be slightly behind target at year end. However Service Managers have indicated that 3 indicators are expected to be behind target at year end, despite management action. The following performance indicators which missed their target at quarter 3 are worthy of note at this stage:

#### **Crime**

##### a) Level of overall crime

The level of All Crime in the Borough has seen an increase during Quarter 3 2017-2018. There has been an increase of 4.4% compared to the same period of time in 2016-2017. There has been an increase in vehicle crime and also overall violence, that in itself is in a large part related to changes in Police recording practices. Sexual offences have also increased many of which may be attributed to increase in historical incident reports. However, the numbers of damage offences are down during quarter 3.

#### **Homelessness**

##### b) Average time to process homeless applications (number of working days)

Over the year we have seen a rise in the number of homeless applicants who have more complex needs and circumstances, and this has meant longer delays in applicants providing the necessary paperwork to substantiate their application. It is anticipated performance will be behind the target by the end of the year.

#### **Housing Benefits**

- c) Average time to process Housing Benefits claims (number of working days)

Gedling's performance continues to be within the upper quartile nationally, however ongoing budget reductions are beginning to have an impact on performance.

## **Housing**

- d) Net additional homes provided

While the target was missed during quarter 3, we are seeing encouraging signs of housing activity. The Planning Policy section are proactively working with developers to identify blockages in developments and giving assistance to progress developments where possible.

Also the adoption of the emerging Local Plan Document (anticipated summer 2018) will release additional sites for development which will help to increase housing starts and completions.

## **Waste and Recycling**

- e) Residual Household Waste

This indicator is anticipated to be slightly behind the year end target. Measures introduced to improve performance include new ways of promoting recycling via the council's website, updating the bin collection calendar and leaflet distribution has been undertaken to help reduce the amount of household waste sent for incineration.

- f) Percentage of household waste sent for reuse, recycling and composting

This indicator is anticipated to be slightly behind the year end target. Veolia as the appointed waste disposal contractors are under pressure nationally to increase the recycling rates, which means improving the quality of recyclate provided by waste collection authorities up to an acceptance level of 95% i.e. only 5% of a vehicle load is acceptable as contamination. As a consequence of this, Veolia are targeting individual councils across Nottinghamshire and inspecting their loads arriving at the recycling plant, and rejecting higher quantities of recyclate per authority. This has had a detrimental impact on Gedling's percentage and that of other neighbouring councils.

In response to this, we are promoting recycling which include the council's website, advertising on waste vehicles, the bin calendar distributed to all households, leafleting, and the bin reminder email service. We have also redesigned the bin stickers which inform residents of the reason for non-collection of their recycling bin and to remove the contamination before collection. Veolia have also provided two of their officers up to the end of March 2018 to assist in the inspections of bins prior to collection by the waste vehicle. It is hoped that these initiatives will have a positive impact on recycling performance over the coming months.

## **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 4 and is available on the Council's website and in hard copy in the Members' Room. The following outcomes are identified for particular attention:

- **Carlton Hub** - The opening of the 'Carlton Hub'. Our Customer Access Point in the South of our Borough offers residents the opportunity to access services and speak to officers closer to where they live.
- **Gedling Borough Council's apprenticeship programme commenced** – We have started delivery of our own apprenticeship programme and of the 12 apprentices that we have, 11 apprenticeships are delivered in-house across three subject areas; Business Administration, Professional Operational Delivery and Supervisory Management.
- **Virtual Spin Launch** – A new Wexer TV and projector screens were launched at Carlton Forum and Redhill Leisure Centres to provide 'virtual' instructors able to take a variety of classes from pilates, yoga or even surf board work outs. The facility increases the flexibility of fitness room usage and avoids classes needing to be cancelled when instructors are not available at short notice, reduces down time and improves value for money. The facility has had at over 130 users since installation in October 2017 and overall Feed back has been very positive.
- **Official Launch of new 3G Football Facility at Redhill Leisure Centre** - The pitch was opened by MP Vernon Coaker and The Mayor of Gedling during October 2017 and was supported by Councillors, members from Nottinghamshire Football Association and the partner clubs, Gedling Southbank FC and Arnold Town FC.
- **Unveiling of new sculpture unveiled at Gedling Country Park** - A project to create a new piece of memorial art work for Gedling Country Park was completed and the sculpture was installed in the Memorial Garden in December 2017. The Friends of Gedling Country Park with support from the Council commissioned artist Richard Janes to create a

piece of art work which both acts as a permanent reminder of the miners who mined the site commemorating the history of the Country Park and also to celebrate the biodiversity of the sites flora and fauna., and also recognises the future for the park as a visitor attraction and wildlife haven.

## 2.2 Financial Information

2.2.1 Appendices 1 and 3 set out details of the current financial position on the Council's General Fund Revenue Budget and the Capital Programme 2017/18.

### 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 2017. In summary the Council's General Fund outturn is projected to be underspent by £109,800 against the approved budget. This represents a 0.88% underspend against the original budget of £12,481,100.

#### General Fund Revenue Budget 2017/18 – Change Analysis

	£
<b>Net Council Budget for 2017/18 approved by Council on 1 March 2017 and Cabinet's Maximum Budget is:</b>	<b>12,481,100</b>
Up to the end of December 2017 expenditure less income totalled	8,053,675
In the remaining 3 months of year we expect net expenditure to be	4,317,625
<b>Total net revenue spend for the year is currently expected to be</b>	<b>12,371,300</b>
<b>Cabinet Approved Underspend at Quarter 2</b>	<b>(71,200)</b>
<b>Projected Underspend Quarter 3</b>	<b>(38,600)</b>
<b>Total Projected Revenue (Under)/Overspend 2017/18</b>	<b>(109,800)</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:

- Housing Needs – additional cost of Bed & Breakfast, removal services and system upgrades £49,800;
- Housing Benefit – staffing vacancies (£25,000);
- Waste Services – long term sickness cover and additional bank holiday payments £38,100;
- Building Services – salary savings from vacant posts (£26,900);
- Parks – additional agency staffing costs £11,700;
- Local Taxation – early delivery of staffing efficiency (£17,000);
- Customer Services – early delivery of staffing efficiency (£34,300);
- Additional income in Cemeteries (£25,900);
- Property Fund entry cost – The recent property fund investment of £1,000,000 purchased a number of units determined by the unit price on the entry date. This valued the investment at £936,000 setting the entry fee at £64,000 or 6.4%. The property investment is for the long term and it is expected that this will be recovered as the fund grows.
- Additional Homelessness grants received transferred to reserves (£30,000);
- Saving on provision for Pension Auto-Enrolment due to lower than expected take up (£18,600);

Attached at Appendix 2 are details of the budget virements authorising the usage of Earmarked Reserves and Revenue Budget Funds as approved by the Chief Financial Officer and Corporate Director in accordance with Financial Regulations. No virements were approved by Portfolio Holders for amounts of £50,000 or less during quarter three.

#### Efficiency/Budget Reduction Programme 2017/18 – Progress Update

At its meeting on 1 March 2017, Council approved a programme of efficiency/budget reductions totalling £1,694,200 for delivery over the period 2017/18 to 2021/22. Of the total programme, £532,200 was approved for delivery in 2017/18 and quarter three monitoring indicates that £25,000 will not be achieved and a further £21,000 will be delayed until 2018/19. However, this will be fully offset by the early/additional delivery of some proposals, totalling £94,700, which were initially planned for 2018/19.

In terms of the overall programme, 2017/18 to 2021/22, it is now anticipated that projects totalling £178,000 will not be achievable (see table below). This is in excess of the overall risk provision of £140,000 approved by Council in March 2017 by £38,000. The provision was agreed by Council in recognition of the risks in being able to deliver the full amount of savings. Delivery of the

programme will continue to be monitored and updates provided in future reports.

<b>Projects that cannot be delivered/Require Investment</b>	<b>£</b>
Events	72,500
PASC/Fleet Overtime	23,600
Waste Management Working Practice Review	33,500
Industrial Communities Alliance Subscription	3,500
New Customer Service Provision	15,000
MOT Servicing	40,000
Shared CIL Officer	20,900
Aviary Rent	5,000
<b>Partly offset by:</b>	
Additional savings in Leisure	(36,000)
<b>Total</b>	<b>178,000</b>

### 2.2.3 Capital Programme

Appendix 3 details the current projected position on the Capital Programme and its' financing for 2017/18, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

#### **Capital Budget 2017/18 - Change Analysis**

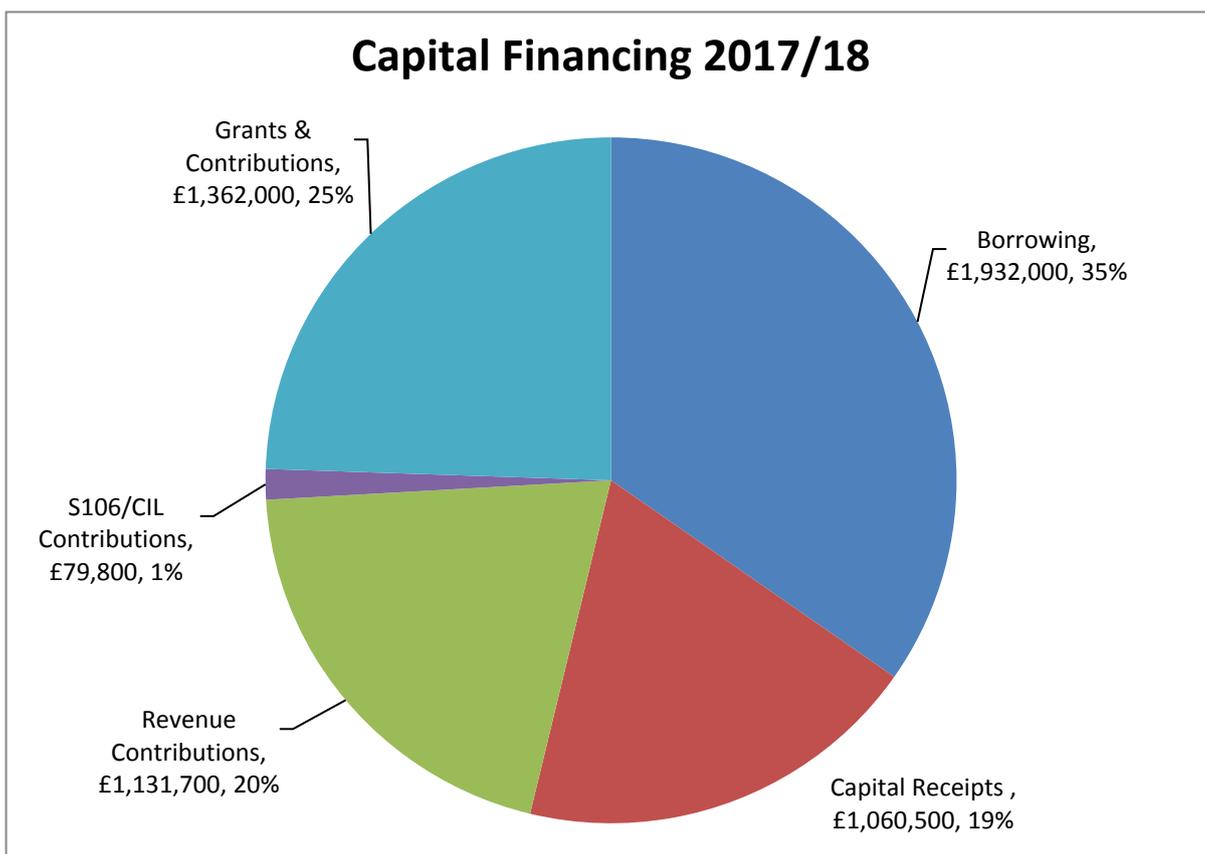
	<b>£</b>
<b>Original 2017/18 budget approved by Council on 1 March 2017</b>	<b>4,967,900</b>
Approved Capital Carry Forwards from 2016/17	507,100
Addition to Arnold LC Roof & Ceiling Replacement funded from Asset Management and Risk Reserves	50,000
Quarter 1 Amendments	227,000
Quarter 2 Amendments	(461,500)
Strategic Intervention Fund Council Report 15 Nov 2017	897,500
<b>Current approved budget for 2017/18</b>	<b>6,188,000</b>
<b><u>Proposed Quarter 3 Amendments to the 2017/18 Programme</u></b>	
<b>Additional Schemes:</b>	

King George V CCTV Camera – funded from CIL and revenue contributions.	10,000
Cinder Path Netherfield – Revenue contributions	10,000
Additional Disabled Facility Grant	85,800
<b>Schemes identified for deferral:</b>	
Carlton Forum Gym Equipment – defer to 2018/19 due to a delay in installation to April 2018	(190,000)
Gedling Country Park Viewing Platforms – defer to 2018/19 as currently progressing potential European Funding to expand the scheme	(34,800)
Carlton Square Development – defer to 2018/19 as feasibility ongoing and scheme unlikely to start before April 2018	(90,000)
Calverton Leisure Centre – Soft Play Installation delayed.	(140,000)
Carlton Cemetery Expansion – defer phase 2 to 2018/19 due to changes in the scheme as a result of drainage issues.	(273,000)
<b>Total Proposed Amendments to the Capital Programme</b>	<b>(622,000)</b>
<b>Proposed Revised Capital Programme 2017/18</b>	<b>5,566,000</b>
Actual Expenditure to Quarter 3 2017/18	<b>2,629,036</b>
Estimated Expenditure Quarter 4 2017/18	<b>2,936,964</b>
<b>Projected Outturn 2017/18</b>	<b>5,566,000</b>
<b>Projected Capital Programme Variance 2017/18</b>	<b>0</b>

There is a quarterly 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.

## Capital Programme Financing

The projected method of financing the current capital programme requirement of £5,566,000 is detailed in Appendix 3 and summarised in the chart below:



## 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 estimate for 2017/18 projected that £1,209,000 will be generated with the whole amount to be used in financing the capital programme in 2017/18. The latest monitoring position indicates that £1,060,500 will be achieved, £148,500 less than the original estimate due to reduced land sales partly offset by additional preserved right to buy receipts.

## Community Infrastructure Levy (CIL) Monitoring

Officers have been requested to report to Cabinet on the progress with the Community Infrastructure awards. In total, since the implementation of CIL (15 October 2015), 90 liability notices have been issued and 73 Reliefs have

been granted either for new dwellings, residential extensions over 100 square metres or residential annexes.

Since 15 October 2015 to 31 December 2017 the Council has received 26 payments across 19 developments totalling £417,585. Of this £62,638 (15%) is to be spent on the locality it has been collected via Neighbourhood Funding. £20,879 (5%) is to be set aside to cover the administration costs as permitted under the Regulations and the remaining £334,068 is to be spent on the strategic infrastructure projects that are identified on the Regulation 123 list.

Up to the 31 December the Council has issued liability notices totalling £1,486,538 of which £1,068,953 is still to be collected. This is reliant upon the developments commencing and the applicants complying with the notice. Each individual case for the outstanding monies is reviewed regularly and where appropriate followed up by the CIL officer.

### **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 – the option is 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 2017/18 – Budgetary Control Report
- Appendix 2 – Use of Earmarked Reserves and Revenue Budget Funds
- Appendix 3 - Capital Programme 2017/18 – Budgetary Control Report
- Appendix 4 – Examples of Outcomes achieved during Quarter 3 2017/18

## **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 2017/19 Gedling Plan;
- b) To approve the General Fund Revenue Budget virements included in Appendix 1;
- c) To note the use of reserves and funds during quarter three as detailed in Appendix 2;
- d) To approve the changes to the capital programme included in paragraph 2.2.3.

## **Reasons for Recommendations**

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