

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

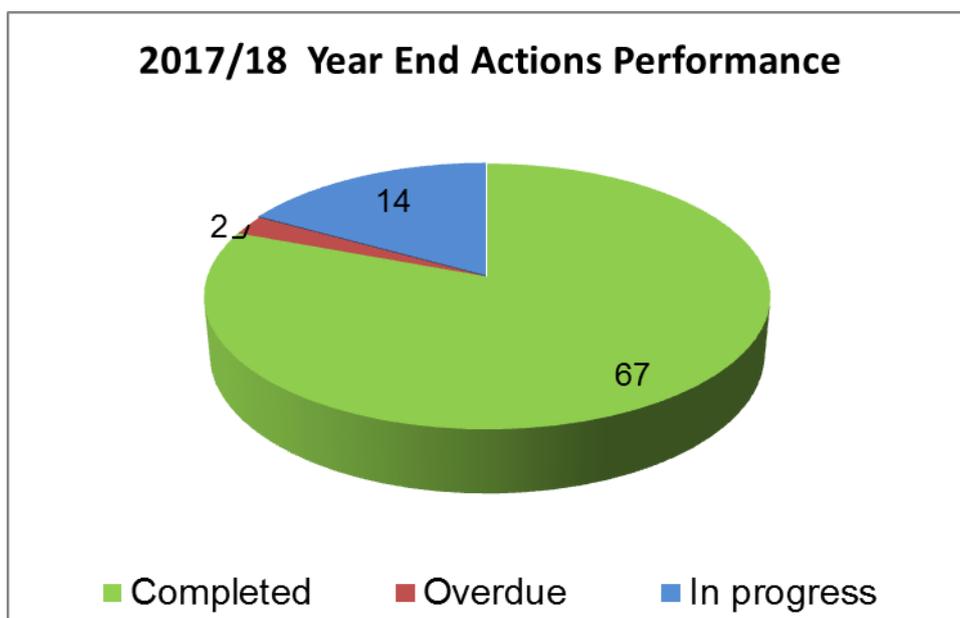
Year End Performance Report

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.



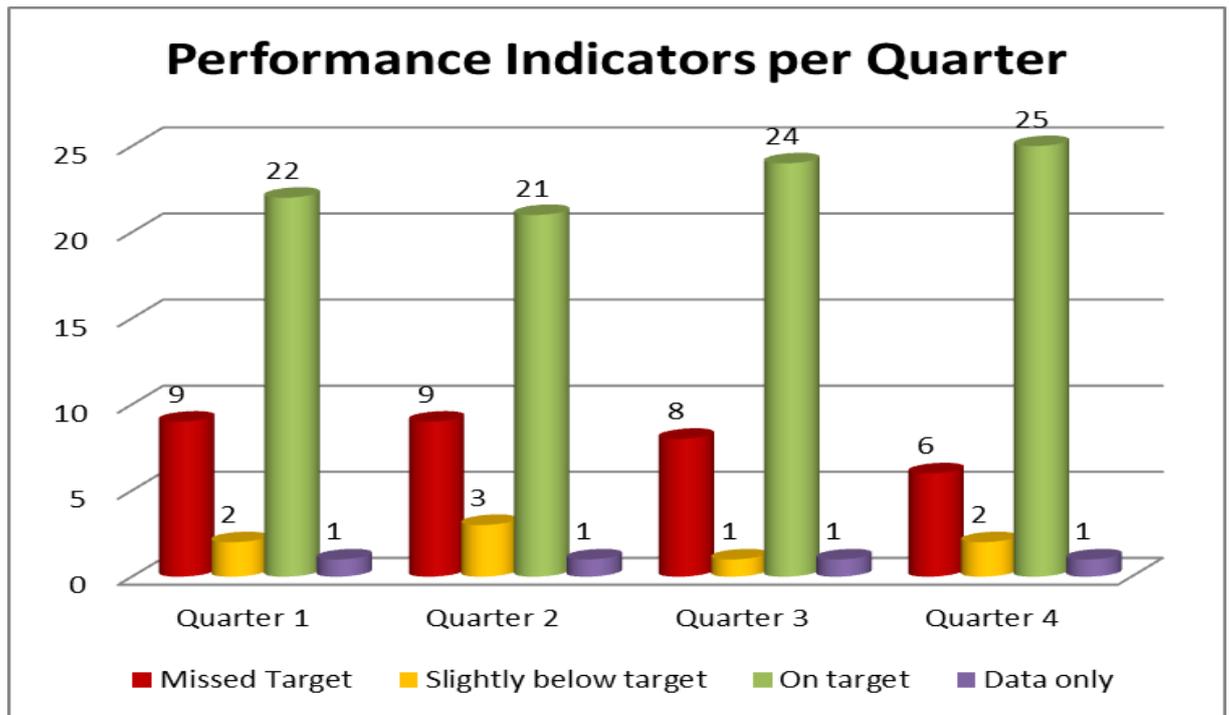
The two actions which did not progress as expected during the year are:

- 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

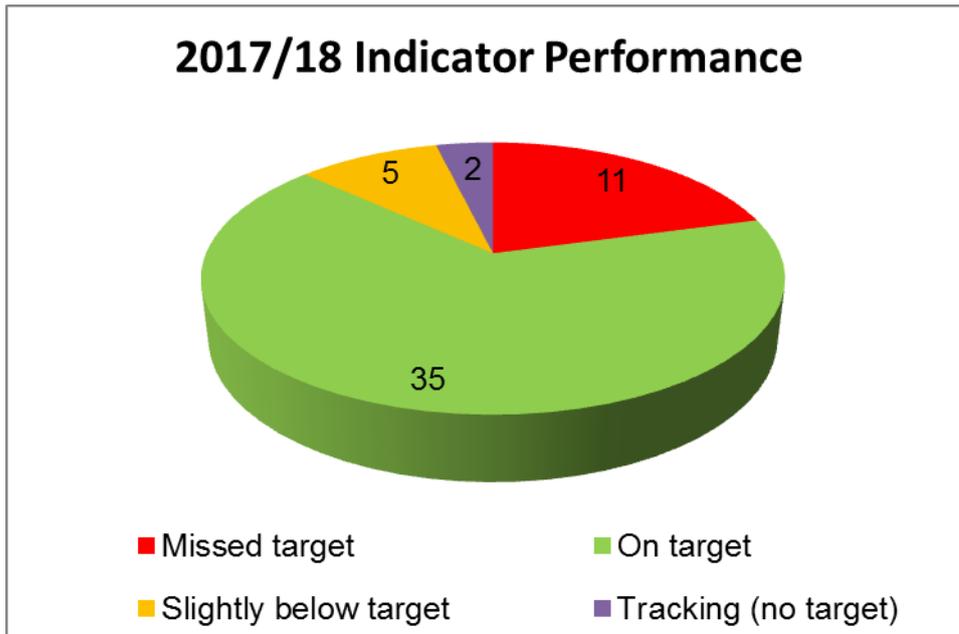
3.4 Quarter 4

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 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.
- 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.