

Report to Cabinet

Subject: Gedling Plan and Budget Outturn and Budget Carry Forwards 2018-19

Date: 24 May 2019

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

This report presents the Gedling Plan and Budget Outturn and Budget Carry Forwards for 2018-19.

Cabinet is asked to note the final outturn position for 2018-19 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 2018-19 as additions to the 2019-20 budget for referral to Council, in accordance with Financial Regulations;
- d) Recommend that Council approve the method of financing the 2018-19 capital expenditure which includes making the Capital Determinations required by the Local Government and Housing Act 1989.

Key Decision

This is a key decision

Recommendations

Members are recommended:

- (a) To note the Gedling Plan Performance and Budget Outturn figures for 2018-19;
- (b) To approve the movements in Reserves and Provisions as detailed in paragraphs 2.1.8 and 2.1.9;
- (c) To note the revenue carry forwards approved by the Chief Financial Officer included in Appendix 6, amounts not in excess of £10,000 and committed schemes above £10,000;
- (d) To note the capital carry forwards approved by the Chief Financial Officer included in Appendix 6, being amounts not in excess of £50,000 and committed schemes above £50,000.
- (e) To refer to Council for approval:
 - i) The capital carry forwards of £261,000 included in Appendix 6 for non-committed schemes in excess of £50,000;
 - ii) The overall method of financing of the 2018-19 capital expenditure as set out in paragraph 2.7.5;
 - iii) The capital determinations regarding financing and debt provisions as set out in paragraph 2.7.7.

Background

- 1.1 A refreshed Gedling Plan for 2018-19 was approved by Council on 5 March 2018. 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 2018-19 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 £12,145,200 approved by Council. The current revenue estimate approved by Cabinet as part of the quarterly monitoring process in February is £11,902,000 representing a £243,200 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 2018-19 being approved at £4,954,700.

- 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 are two 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.

Purpose

To inform Cabinet in summary of the position against Improvement Actions and Performance Indicators in the 2018-19 Gedling Plan in quarter 4 and at the year end.

Background

- 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/council/aboutus/prioritiesplansandperformance/howweredoing/>

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 Pentana.

2. Financial Performance and Budget Outturn 2018-19

2.1 General Fund Revenue Outturn 2018-19

- 2.1.1 The actual net revenue expenditure for each Portfolio during 2018-19 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 2018/19 compared to the current estimate. The current estimate is that approved by Cabinet in February 2019 (Q3), 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 £11,902,000 in February, a £243,200 saving against the overall maximum budget approved by Council of £12,145,200.
- 2.1.3 The table shows an overall General Fund underspend of **£151,565**, against the current estimate, equating to **1.3%**. There are two revenue carry forward requests (for schemes with no ongoing budget) which have been approved by the Chief Financial Officer, these are included in Appendix 6.
- 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 2018-19**

	Current Estimate 2018-19 £	Actual 2018-19 £	Variance to Current Estimate £
Community Development	1,526,400	1,462,792	(63,608)
Health & Housing	2,321,800	1,924,462	(397,338)
Public Protection	1,527,600	1,338,579	(189,021)
Environment	4,618,300	4,628,780	10,480
Growth & Regeneration	892,600	814,062	(78,538)
Resources & Reputation	1,786,900	508,969	(1,277,931)
Net Portfolio Budget	12,673,600	10,677,644	(1,995,956)
Transfers to/(from) Earmarked Reserves	(771,600)	1,072,791	1,844,391
Net Council Budget	11,902,000	11,750,435	(151,565)
Less Financing:			
Revenue Support Grant	(384,900)	(431,335)	(46,435)
Business Rates (net of coll. fund deficit)	(3,650,300)	(3,721,220)	(70,920)
Council Tax	(5,974,500)	(5,974,500)	0
New Homes Bonus	(856,700)	(856,679)	21
Transfer to/(from) General Fund Balance	1,035,600	766,701	(268,899)

2.1.6 **General Fund Balance at 31 March 2019**

The General Fund Balance at 31 March 2019 is £5,160,900 which is £268,900 higher than the current estimate of £4,892,000. This leaves more 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 £268,900 variance from the estimated closing General Fund Balance is analysed as follows:

- a) Additional Business Rates income enabling a contribution to balances of £70,900;
- b) Additional Revenue Support Grant enabling a contribution to balances of £46,400 (see 2.1.7);
- c) The Revenue Budget underspend enabling a reduced contribution from balances of £151,600.

Details of the total reserves held at 31 March 2019 are shown at Appendix 2.

Major General Fund Revenue Variances from Current Estimate

2.1.7 Financing Variances 2018-19

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

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

Prior to 2018/19 the Government top-sliced part of the RSG to part fund the safety net system in the business rates retention scheme effectively earmarking resources based on an estimate of the funds that would be required for that scheme. The resources required to fund the safety net were ultimately not required due to sufficient funds being available from the levy on the growth of high-earning authorities therefore the top-sliced sums have been redistributed across Local Government on the basis of original funding allocations. This has resulted in additional grant funding of **£46,435** 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 2018-19 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 £2,959,305.

Business Rates income in 2018-19 is based on the estimates provided to central government in January 2018 in the required statutory returns. Growth recognised in the accounts for 2018-19 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.

2018-19 Business Rates Outturn

	Current Estimate 2018-19 £	Actual 2018-19 £	Variance £
Baseline Funding Level	(2,959,300)	(2,959,305)	(5)
Retained Growth Above Baseline (incl. S31 Grants)	(883,700)	(907,120)	(23,420)
Renewables (100% Gedling)	(90,400)	(137,870)	(47,470)
Total Income 2018/19	(3,933,400)	(4,004,296)	(70,896)
Collection Fund Deficit/(Surplus)	283,100	283,077	(23)
Net Business Rates Income	(3,650,300)	(3,721,220)	(70,920)

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 surplus 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.

In 2018-19 the sum of £600,000 has been retained by the Pool for use on strategic infrastructure and countywide issues, and this represents approximately 10% of the surplus compared to the previous years’ retention of 50%. The remainder of the surplus has been allocated to Pool Members in accordance with the Memorandum of Understanding, to spend on projects in their areas.

The Pool outturn figures for 2018-19 have been finalised with a sum of £339,767 identified for redistribution to Gedling. In addition the sum of £248,635 was received in respect of the repatriation of excess surpluses relating to 2017/18 and prior years. 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. All retained Pool surpluses will be held by the County Council on behalf of the Pool for use on economic regeneration projects.

2.1.8 **Net Council Budget Variances 2018-19**

The underspend against the Current Net Portfolio Current Budget 2018-19 is £1,995,956 which is largely offset by a net variance on Earmarked Reserve contributions of £1,844,391 to give a net Council Budget underspend of £151,565. The underspend variances can be split between general variances and those relating specifically to proposed movements in Earmarked Reserves as detailed below:

a) **General Major Variances in Excess of £50,000**

Reductions in **expenditure** include:

- Employee Expenses show an overall net saving of £188,300 against the current estimate, this is mainly due to vacancies in Customer Services, Economic Development and vacancies covered by casual staff in Leisure Services (partially offset by transfers to reserves – see below);
- Decrease in Debtors bad debt provision of £96,600 (see para 2.1.9).

Additional income includes:

- Rent Allowances – £69,700 additional overpayment recoveries;
- Additional Leisure Centre income of £116,500 (this is partially offset with an additional contribution to the Leisure Strategy Reserve of £50,000 see below).

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 2019 is £6,794,800, £1,844,400 higher than the current estimate of £4,950,400. 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 2018-19 for which specific projects have been identified for future delivery;
- variances on planned contributions from reserves mainly due to projects that have been deferred to 2019-20.

New Contributions to Earmarked Reserves

Included in the Earmarked Reserves proposed for approval are new contributions to reserves totalling £1,526,300 made up of:

Increases Due to Receipt of New Grants and Additional Income

- Business Rates Pool Reserve addition 2018-19 £588,400 – contributions from the Nottinghamshire Business Rates Pool in 2018-19.
- Selective Licencing income received of £141,500 which will fund the project in future years.
- Earmarked Grants Addition of £171,600 of new grants received for specific projects mainly:
 - New Burdens grants for Revenues and Benefits Custom Self Build and Brexit preparations;
 - Homelessness Reduction Act Grant;
 - Parks Improvement Grant;
 - Heritage Brought Alive Grant.

Increases for Future Projects Arising from Service Underspends

- Transformation Fund addition - £253,900 – underspend on approved transformation fund budget 2018/19 and additional contribution from general underspends to support implementation of future transformation projects.
- Asset Management Revenue Reserve addition of £90,000 from various asset related underspends to meet emerging maintenance pressures, partly offset by a lower contribution of £23,600 in respect of off-street parking partnership;
- Budget Reduction Risk Reserve underspend on 2018-19 budget of £50,000 to manage the risks arising from the delivery of the efficiency programme.
- Leisure Strategy Reserve addition of £50,000 arising from additional income in leisure centres to support future transformation.
- Efficiency and Innovation Reserve additions of £43,000 for the digital agenda and £27,000 arising from underspends in Financial Services to provide for procurement and systems reviews.

- Economic Development Fund addition of £33,000 arising from underspend in Economic Development to fund future project delivery.
- Risk Management (Health and Safety) Reserve addition of £30,000 from general underspends to manage emerging risks;
- Apprentice Reserve addition of £30,000 from additional income generated from the apprentice programme to fund future provision.
- Community and Crime Reserve addition of £20,000 from service underspends to provide for future projects;
- Joint Use Maintenance Reserve addition of £17,500 from joint use contributions to provide for future planned maintenance.
- Other minor movements £400 net.

Variances in Planned Usage of Earmarked Reserve

Contributions from reserves have reduced by £318,100 compared to current estimate analysed as follows:

Reduced Contributions from Reserves – Underspent Projects Deferred to 2019-20

- IT Replacement Fund – £172,100 reduced contribution due to a temporary pause in the replacement programme pending the accommodation and agile working review, and rollout of windows 10/office 365;
- Economic Development Fund - £102,600 reduced contribution for direct revenue financing due to the re-profiling of the Arnold Market capital project;
- NNDR Pool Reserve £50,000 lower contribution from reserves due to completion of the study now due in 19-20 for the Transport Bid project (led by City Council);
- Transformation Fund £16,500 lower contribution required due to completion of management training;
- Asset Management Reserve - £15,000 reduced contribution for car park resurfacing works which will be carried out in 2019-20;
- Other minor movements £4,900 net.

Additional Contributions from Reserves

- Earmarked Grants – net (£22,500) additional contribution from reserves for various projects funded by grants;
- Building Control Reserve (£20,500) additional contribution to balance the building control account which is a ring-fenced account and required to breakeven.

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 2018-19 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/18	Movement in Year	Actual Balance 31/3/19
	£	£	£
Business Rates Appeals	827,100	25,900	853,000
Transferred Housing Stock – Environment Warranties	50,000	0	50,000
Transferred Stock Repairs	50,000	0	50,000
Total	927,100	25,900	953,000

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 £853,000 has been made, representing the Council's estimated share of such liabilities at 31 March 2019.

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 2018-19 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/18 £	Movement in Year £	Actual Balance 31/3/19 £
Sundry Debts	253,900	(96,600)	157,300
Housing Benefit Debts	1,923,000	(3,600)	1,919,400
Business Rates Debts (GBC Share)	99,100	28,900	128,000
Council Tax Court Costs	126,000	12,200	138,200
Total	2,108,000	294,000	2,204,000

The reduction in the bad debt provision for Sundry Debts is mainly due to an overall decrease in debtors and a reduction 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 £500,214 in 2018-19.** 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 e.g. disabled facilities grants. 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.

Building control fees were lower than expected therefore £20,337 was drawn down in year from the Building Control reserve to ensure the breakeven of the account, this has resulted in a closing balance of £10,130 at 31 March 2019 for use on future service improvements.

2.4 **Community Infrastructure Levy (CIL)**

In 2018-19 the Council raised 35 liability notices totalling £1,762,559 of which £45,214 has been invoiced for payment and £1,717,345 is still to be collected. Of the £45,214 invoices raised £36,172 is to be spent on strategic infrastructure projects that are identified on the Regulation 123 list, £6,782 is to be spent on the locality it has been collected via Neighbourhood funding and £2,261 is to fund administration costs as permitted under the Regulations.

2.5 **Members Pot Outturn 2018-19 and Community Grants**

In 2018-19 the Members Pot budget was £61,500 of which £61,500 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, Parish Council grants £22,300, Citizens Advice Bureau £40,000, Gedling Play Forum £5,000, We R Here £10,000, Newstead Miners Welfare Trust £6,300 and the Nottingham Playhouse £2,500.

2.6 **Gedling Country Park Café 1899**

Gedling Borough Council and Nottingham City Council Trading Operations have entered into a service concession contract to operate the commercial catering outlet within Gedling Country Park. The facility is operated by Nottingham City Council and all operating costs and income are split on a 50/50 basis.

The café is currently in its second year of operation, Gelding's actual profit share from the agreement for the year 2018-19 totalled £12,815 compared to an estimated share of £15,000.

2.7 **Capital Outturn 2018-19**

2.7.1 A summary of the capital outturn is presented in the table below. The current estimate is that approved by Cabinet in February 2019 (Q3). Capital outturn totals £3,911,885 compared to an approved budget of £4,954,700 a net under spend of £1,042,815. After accounting for carry forward requests of £901,200 the final underspend and reduced financing requirement on the capital programme is £141,615. The underspend of £141,615 is mainly due to efficiencies achieved in vehicle procurement and land disposal costs of £80,890 transferred to revenue in accordance with Regulations. The land disposal costs will be funded in revenue by a contribution from the capital receipt from the related land disposal at Teal Close.

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

2.7.3 **Capital Outturn and Proposed Carry Forwards 2019-20**

Portfolio	Current Estimate 2018-19 £	Actual Expenditure 2018-19 £	Variance £	Proposed Carry Forward £
Community Development	7,600	3,629	(3,971)	3,700
Housing, Health & Wellbeing	1,850,600	1,729,154	(121,446)	143,600
Public Protection	1,153,400	939,333	(214,067)	210,000
Environment	1,691,900	1,128,291	(563,609)	427,900
Growth and Regeneration	0	0	0	0
Resources & Reputation	251,200	111,478	(139,722)	116,000
TOTAL	4,954,700	3,911,885	(1,042,815)	901,200

2.7.4 **Proposed Capital Carry Forwards**

The capital carry forward requests total £901,200 against the current approved capital programme of £4,954,700 which represents 18% re-profiling for 2018-19. The level of funding available to finance the carry forwards is projected to be sufficient. The majority of the capital re-profiling is in relation to the following:

- The demolition and other site works at Arnold Market to allow for a series of events for the re-opening of the Market (£103,600);
- Detailed plans for Carlton Square development to be completed in 2019-20 - (£40,000);

- Disabled Facilities Grant, additional grant funding spent in year resulting in a schedule of works for the main grant to be completed in early in 2019-20 (£210,000).
- Purchase of equipment for the new grounds maintenance and second tree team in order to carry out a service review of the first tree team - (£155,800),
- Maximisation of asset life of vehicles with purchases now taking place in 2019-20 - (£234,000),
- Purchase of IT software packages due to a review of the rollout of Windows 10, the project will now span 2 years - (£65,000)
- Retention, final inspection and project management costs for the completed Cinderpath Project (£28,000)
- Awaiting final designs for the extension of the garden of remembrance at Carlton cemetery (£10,100)
- Hazelford Way drainage scheme, due to an assessment of ground conditions - (£51,000)

Appendix 6 details:

- (a) the carry forward requests authorised by the Chief Financial Officer in line with the delegation arrangements, totalling £640,200; and
- (b) the carry forward requests totalling £261,000 for non-committed schemes in excess of £50,000, which requires Council approval. This is for Disabled Facilities Grants and drainage works at Hazelford Way.

2.7.5 Capital Financing 2018-19

The proposed method of financing the £3,911,885 capital expenditure incurred in 2018-19 is summarised below and full details are included in Appendix 7.

	£
Capital Receipts	635,847
Capital Grants and Contributions	2,309,631
S106 & CIL	200,164
General Fund Revenue Contributions	250,821
Borrowing	515,422
Total Capital Financing	3,911,885

2.7.6 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 2019 is as follows:

Description	Balance Bfwd 01/04/18 £	Received In Year £	Use In Year £	Balance 31/03/19 £
Usable Capital Receipts	0	716,700	(716,700)	0
Capital Grants Unapplied	120,500	2,463,700	(2,309,600)	274,600
S106 Contributions (conditions satisfied)	0	195,200	(195,200)	0
Community Infrastructure Levy	1,107,400	36,200	(5,000)	1,138,600
Total	1,227,900	3,411,800	(3,226,500)	1,413,200

2.7.7 Capital Determinations 2018-19

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	2,278,631
Capital contributions	231,164

- (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 2018/19. This figure is £635,847.
- (ii) 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 2018/19 as approved by Council on 5 March 2018 and equates to £555,765.

2.8 Statement of Accounts

2.8.1 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 2018-19 this adjustment adds £1,365,800 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 2018-19 operational land and building assets have been impaired to the value of £898,100 of which: £766,400 relates to the Arnold Market which was acquired as an economic regeneration intervention for best value as approved by Cabinet and Council in November 2017; and £131,700 relates to Allotments which have been revalued in recognition of their statutorily protected status. Impairment of investment assets of £246,200 has been recognised due to declining market value and review of the potential for planning permission at each site.

2.8.2 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.

2.8.3 Balance Sheet at 31 March 2019

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:

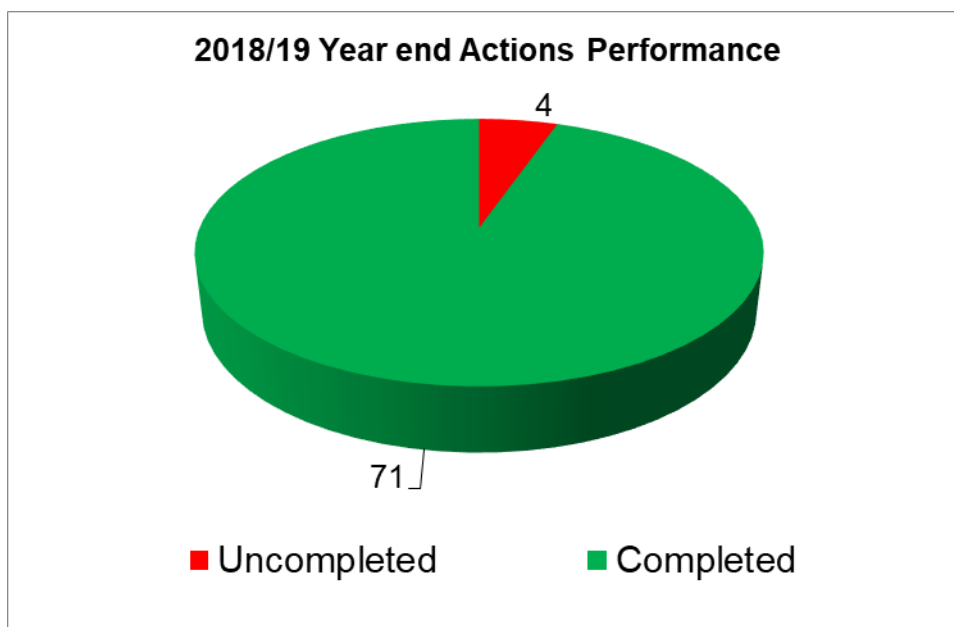
- Property, Plant and Equipment and Investment Property has reduced by £2.6m to £33.0m. This is due to: the disposal of assets £3.3m e.g. the sale of Teal Close development land and the transfer of Arnold Hill Community Centre; Depreciation and reduced asset valuations of £2.2m; offset by capital expenditure of £2.9m e.g. Arnold Market acquisition and vehicle and equipment replacement.
- The Pension Liability has decreased by £3.6m to £45m due to changes in the discount rate and other assumptions made by the Actuary.

3. Performance Information

Year End Performance Information

Actions

- 3.1 During 2018-19, progress has been made as expected on 71 of the actions. However, 4 actions have not progressed as expected and show as not complete at year end.



The actions which were not progressed as expected during the year are:

Identify and implement practical initiatives to encourage cycling and walking - A Strategy has been developed for the implementation of a cycling/walking route along the Gedling Mineral Line but there are issues as to who should be responsible for taking this forward as the land is owned by Network Rail and the responsibility for cycling and walking sits with Nottinghamshire County Council. The Borough is actively trying to work with Nottinghamshire County Council to come up with a plan for moving the project forward.

Network Rail has been contacted regarding the poor condition of the route and a request made for Network Rail to undertake some improvement to the line. Discussions are still ongoing.

This project will roll over into the 2019-20 planning cycle.

Ensure the development and approval of an updated Asset Management Strategy - Work on the strategy has been deferred until the summer 2019 due to other work priorities.

Implement a programme of activity to deliver the Digital Strategy – This is an ongoing project which will continue into 2019-20.

Whilst a significant amount of activity has taken place to progress the Digital Strategy, two specific planned actions were not achieved in 2018-19. The Council intended to work in collaboration with the DWP to increase the number of self-serve internet points at the civic centre and create a 'digital hub'. Proposals have been discussed with the DWP but confirmation of approval to move forward is awaited. The Borough Council will continue to collaborate with the DWP or

explore alternative options during 2019-20.

In addition, it has been agreed that exploring additional Wi-Fi coverage across the borough will be progressed as part of the Economic Growth and Regeneration town centre improvements projects.

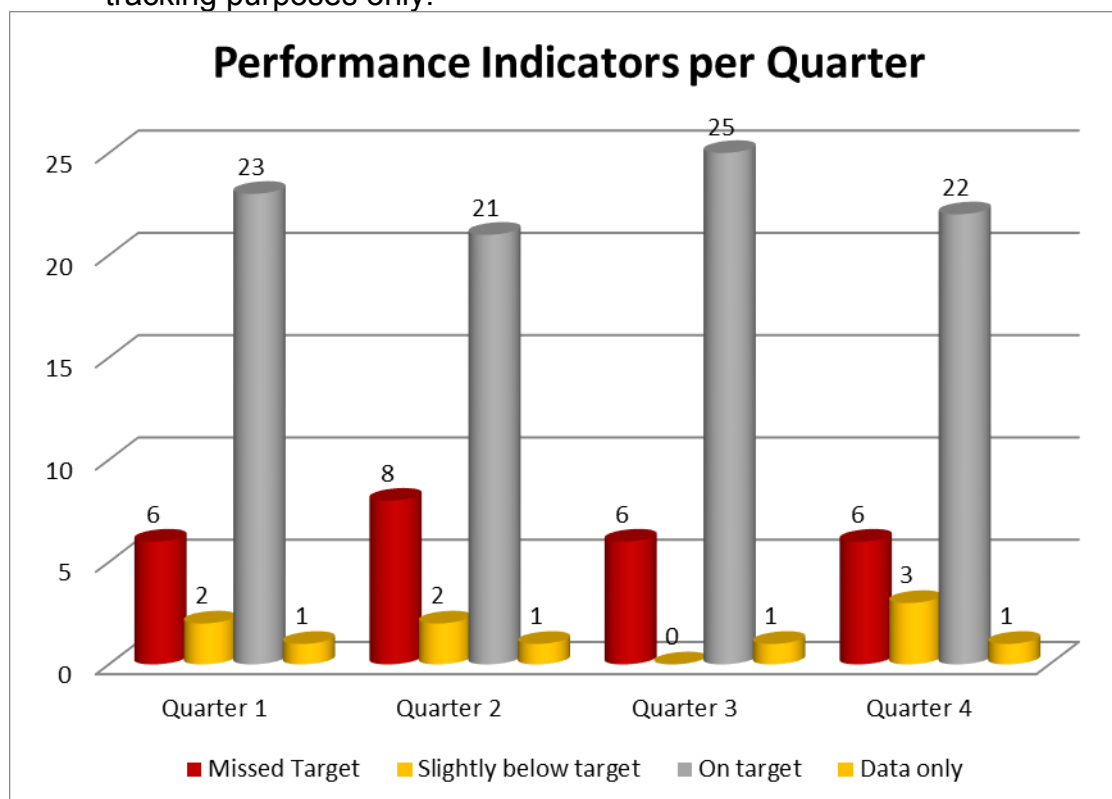
Proactively promote the sale of council owned land for the purpose of creating new homes - This is on hold pending an evaluation and assessment of a business case for operating a council owned housing company.

- 3.2 A presentation on year end performance including some of the key achievements delivered during the year 2018-19 will be provided at the Cabinet meeting.

Indicators

3.3 Quarter 4

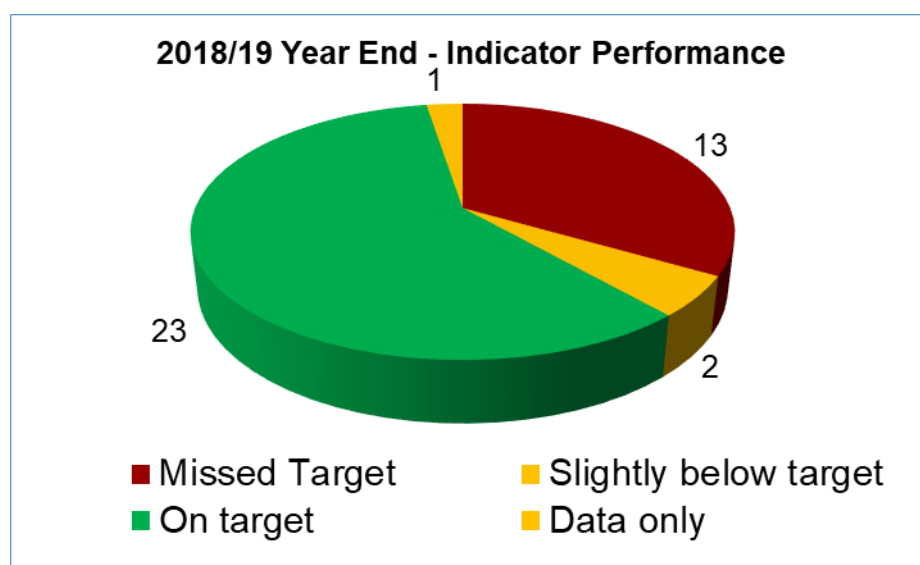
The following table shows the status of performance indicators appropriate for quarterly monitoring for each quarter throughout the year. During quarter 4, 22 of the 32 performance indicators that are appropriate for quarterly monitoring met the target and of the remaining 6 are red, 3 is amber and 1 indicator is for tracking purposes only.



3.4 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 39 indicators included in the Gedling Plan. Overall performance is good with 25 of the indicators on target or slightly below target and 13 behind target.



Performance review

3.5 Examples of particularly positive performance at the end of 2018-19 include:-

- The number of attendances at Bonington Theatre productions has increased from 37,297 to 55,552 which are also significantly above the annual target of 28,500.
- The number of theatre shows and events has also increased, rising from 687 to 958 against a target of 690.
- Visits to our leisure centres have continued to increase with the number of visits going from 1,033,527 to 1,125,302.
- Average time of 3.4 days to process Housing Benefit change in circumstances against a target of 4 calendar days and a figure of 3.7 in 2017-18.
- Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (in calendar days) was 4.6 days against a target of 6 days.
- Customer satisfaction with the overall customer service at 98.2% has exceeded the target of 85% and increased from 96.7%.
- 94.3% of calls to the contact centre were answered (or call back made) against a target of 90%.
- The number of long term empty homes that we have returned to use was 37 against target of 20.
- Number of garden waste customers now stands at 15,057 up from 14,548.
- 96.8% of Major planning applications processed within 8 weeks against a target of 90%.

- The percentage of Minor planning applications processed within 8 weeks has increased from 90.7% to 93.6%
- The proportion of other planning applications processed within 8 weeks has increased from 94.6% to 96.6%

3.6 Whilst overall performance is good, the following areas are highlighted as being of concern and require focused attention in 2019-20.

Level of all crime

All Crime - Recorded crime for quarter 4 2018-19 has shown a decrease of 3.2% compared to the previous quarter but an overall increase of 2.3% compared to the period April 2017 to March 2018. However, this increase is less than South Notts. Community Partnership as a whole, which has an overall increase of 4.8% compared to the same period last year.

Key priorities for the community safety partnership will be focused upon violence while maintaining existing work to address burglary (year to date 20% decrease) and vehicle crime (year to date a 4.6% decrease) and violence (year to date increase of 24.9%).

Anti-social behaviour - Recorded ASB has halved since 2011. This improvement appears to have flattened out during 2018-19. This has been due to a number of high profile issues in the Arnold area. The individuals responsible have been dealt with.

Revenues and Welfare

Average time to process new Housing Benefit claims (in calendar days) currently stands at 13.7 days against a target of 13. The quarter 4 result is positive and has improved the annual performance to 13.7 days. Despite missing the target by 0.7 days this performance is still within the top 5% of councils in the country, with the national average being 22 days

Average length of time spent in Temporary accommodation finished the year at 11.1 weeks, against a target of 8 weeks. The quarter 4 result is positive at 6.7 weeks and has improved the annual performance to 11.1 weeks. This is mainly to do with sourcing additional temporary accommodation from Gedling Homes. New legislation introduced on 1 April 2018 (Homelessness Reduction Act) requires the council to provide 56 days for temporary accommodation relief instead of the previous 28 days. This is very much demand led and very dependent on Gedling Homes, Housing Associations and Private Sector properties being available for temporary accommodation, of which there are very few. In reality the situation will not improve until there are more properties available for private rental. This is a national as well as a local problem.

Economic Growth and Regeneration

Homes

Net additional homes provided 286 against a target of 480 - The adoption of the Local Planning Document in July 2018 amended the Green Belt boundary and brought forward a number of housing allocations which will result in an increase in house building. A number of planning applications have now been submitted and/or determined in relation to the housing allocations but the timescale for the development of individual sites is in the hands of the developers.

Following the publication of the Housing Delivery Test results in February 2019 a Housing Delivery Action Plan is being prepared setting out a range of actions to help increase completions. Discussions are ongoing with developers and landowners through the regular developers' forum meetings and in conjunction with other Greater Nottingham authorities (via the Housing Delivery Workshop) to understand constraints to delivery and identify potential solutions.

Number of affordable homes delivered 50 against a target of 130 - In this year, there have been fewer affordable homes have been delivered than expected. This reflects the slow pace of delivery in the wider housing market associated with recent economic conditions. However, this is still a significant increase over previous years and the Local Plan adoption has helped with this.

Notable sites delivered this year includes: the former Cavendish public house, Maidens Dale and Moyra Drive garage sites.

Support for Business/Apprentices

Number of working age work experience placements created in Gedling Borough Council – originally we planned for 16 placements, but finished on 10 days. For two years the DWP have not actively engaged with placements, this has partly been due to a change in their priorities and partly due to the absence of the lead officer in DWP. The Service Manager for OD has now linked up with a different lead officer in DWP on a temporary basis to reinvigorate the partnership arrangement. The placement profiles supplied by most service managers have been shared again across local job centre offices. Service managers have been reminded of the placement profile that they submitted so that contact from the DWP won't be unexpected. The ten placements that we did achieve came from a variety of other sources.

Number of small and medium size enterprises supported to recruit their first apprentice - This indicator is reliant upon two aspects: work through the Erasmus project and general Economic Growth work programme. Firstly, the final stages of the Erasmus project which was due to deliver the final set of apprentices as a carry forward from the previous year (which was achieved). The second aspect to achieving this target was focused on further engagement with SMEs to help

facilitate additional apprenticeship placements. Unfortunately, this was not achieved as officer time was re-assigned to closing down the Erasmus project and the senior economic growth officer left part way through the financial year. The ability of the economic growth team to deliver this stream of work and how SMEs are engaged with generally going forward is being reviewed.

Number of employment agreements and pre-employment arrangements including pre-employment training, placements in education, apprenticeship starts and jobs created - This indicator was to be delivered through two routes: the final delivery stages of the Erasmus project and the general Economic Growth work programme. Firstly, the final stages of the Erasmus project which was due to deliver the final numbers (which delivered 13-14 achieved). The second aspect did not deliver the remaining amount and this was partly down to development sites not coming forward as quickly as anticipated and some operational issues with the Local Labour Agreements. This being said, a review of the Local Labour Agreement process is being undertaken.

As part of supporting SME apprenticeships support 16-24 year old Gedling Borough residents to secure an apprenticeship - This indicator is reliant upon two aspects: work through the Erasmus project and general Economic Growth work programme. Firstly, the final stages of the Erasmus project which was due to deliver the final set of apprentices as a carry forward from the previous year (which was achieved). The second aspect to achieving this target was focused on further engagement with SMEs to help facilitate additional 16-24 apprenticeship placements. Unfortunately, this was not achieved as officer time was re-assigned to closing down the Erasmus project and the senior economic growth officer left part way through the financial year. The ability of the economic growth team to deliver this stream of work and how SMEs are engaged with generally going forward is being reviewed.

Achievements

- 3.7 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 9 and is available on the Council's website and in hard copy in the Members' Room. The following outcomes are identified for particular attention:

Second Knife Amnesty Event - Gedling Borough Council supported the second Nottinghamshire Police Knife Amnesty Event in March. 635 knives were handed in across Nottinghamshire including at a reception point in the Civic Centre in Arnold. This is the highest number since the amnesty launch in 2013. Weapon searches in open space, test purchases to ensure that knives are not sold to those under 16 and talks to schools were also carried out. The amnesty helps prevent potentially deadly weapons falling into the wrong hands.

Pride of Gedling Awards - In March we hosted the third Pride of Gedling awards event, showcasing the outstanding work of the people who live in the borough, especially those who make such a positive contribution to society. The entrants this year were some of the strongest yet. A judging panel of councillors and Nottingham Post editor, Mike Sassi, had the difficult task of selecting a winner. On the night there was a huge array of emotions listening to the incredible stories of the people nominated.

The Gedling Big Spring Clean - The campaign was launched across the borough to help communities who want to do more to keep tidy where they live, starting with a clean-up day on 16th March supported by community leaders and attended by volunteers who were provided with litter picking equipment, waste bags and high-vis clothing. The clean-up comes as the council announces further plans for investment in frontline services in the borough, including the introduction of a new Rapid Response Cleaning Team to further strengthen efforts to deal with litter, dog fouling and fly tipping.

Intergenerational Event - On 30th March the Youth Council hosted a spectacular intergenerational event at The Beacon, working collaboratively on the planning with members of the Gedling Seniors Council. The event was attended by over 40 members of the younger and older communities, incorporated jokes, poetry, filmmaking and photography and involved structured, speed dating style debate on six key issues identified by the planning group. These were:

- School life
- Bullying/Cyberbullying
- Prejudice and Discrimination
- Loneliness and Isolation
- Mental Health
- Knife Crime, fear of crime

Outcomes from the event will be:

- A manifesto for change on the above issues to be presented to policy makers and influencers
- A film presentation to be showcased at Council and Partnership meetings
- A permanent art installation (subject to further funding)
- Further intergenerational collaboration

Record number of kids learning to Swim - Gedling's swimming pools are at an all-time high in terms of the number of children currently on the 'learn to swim scheme'. By the end of March, there were 2669 compared to 2223 in March last year, which demonstrates the excellent teaching standards and overall service at the sites that is attracting so many new customers

Warm Homes on Prescription - The innovative Warm Homes on Prescription service has continued to grow in 2018-19 which has been its most successful year to date. A total of 14 low income households suffering priority medical conditions have been supported with improvement works such as improved insulation or heating systems to remove hazards in the home and lift householders out of fuel

poverty. The project partnership approach has been recognised and picked up the Efficiency East Midlands “*Collaborative Working Award 2019*”.

The council recently adopted an Energy Company Obligation Statement of Intent which seeks to attract substantially more funding from utilities companies in 2019-20 to help vulnerable household in the borough.

Netherfield Cinder Path - The cinder Path received approximately £90,000 funding from WREN, Gedling Homes and Gedling Borough Council in September to refurbish a space that is well loved by residents. The new route was opened by the Mayor in March 2019 and local schoolchildren attended from Netherfield Primary School and Colwick St Johns Primary to undertake a local history quiz on the day.

The improvements have opened up the route so it feels safer for users with new lighting installed, old lighting reconfigured, dead and diseased trees and shrubbery removed. Four new interpretation panels have also been installed depicting the history of Cinder Path and its link with the former Bourne factory, the history of the local railway line and information boards to promote walking and its health benefits.

Heritage Brought Alive Project - On 15th March Gedling Borough’s “Heritage Brought Alive Project” was launched at Café 1899 at Gedling Country Park. The event included a book launch, the unveiling of mosaics created by local children, a mural and a short film showing information about the borough’s historic places, people and industries. The project, made possible thanks to a £74,900 grant from the Heritage Lottery Fund and the work of volunteers over the last 15 months, is part of the council’s heritage strategy with more projects planned to follow.

Eagles Nest Community Centre and VCS Hub - One year on from the successful asset transfer, recent one to one meetings and discussions with Eagles Nest have yielded outstanding outcomes at the Eagles Nest CC. Eagles Nest has just filed the first full year’s Annual Report and is now making a £5k surplus, is fully booked and delivering a wide range of programmes and activities, including parent and toddler groups, social and creative activities for older people, intergenerational sessions and much more. Plans are underway for further reinvestment back into the centre as follows.

The Eagles Nest has acted as a mentor to other groups considering Asset Transfer, and a natural progression of this has been the establishment of a VCS Resource Hub at Arnot Hill House. We have actively promoted the facilities through the COMMUNITY E Newsletter and Contacts, which has led to at least two new groups signing up to use the facilities. Collaborative work is also underway between GBC, Eagles Nest and NCC to improve the Gedling search facility of the Notts Help Yourself website.

Alternative Options

- 4 This report provides a statement of the actual performance against the Gedling Plan for 2018-19 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 2018-19 Variance Analysis
Appendix 2 Summary General Fund Balances & Earmarked Reserves 2018-19
Appendix 3 Movement in Earmarked Reserves 2018-19
Appendix 4 Members Pot 2018-19
Appendix 5 Capital Outturn 2018-19
Appendix 6 Budget Carry Forward Summary 2018-19
Appendix 7 Capital Financing Summary 2018-19
Appendix 8 Pension Fund Accounting Disclosures
Appendix 9 Performance Outcomes Qtr. 4 2018-19

Background Papers

- 7 Gedling Plan 2018-19 and Quarterly Performance Monitoring Reports

Reasons for Recommendations

- 8 To ensure Members are informed of the financial and non-financial performance against the Gedling Plan for 2018-19 and to comply with statutory requirements for capital financing.