

## **Report to Cabinet**

**Subject:** Council Plan and Budget Outturn and Budget Carry Forwards 2013/14

**Date:** 19 June 2014

**Author:** Senior Leadership Team

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### **Wards Affected**

Borough-wide

### **Purpose**

This report presents the Council Plan and Budget Outturn and Budget Carry Forwards for 2013/14.

Cabinet is asked to note the final outturn position for 2013/14 and recommend that Council:

- a) Approve the method of financing the 2013/14 capital expenditure which includes making the Capital Determinations required by the Local Government and Housing Act 1989;
- b) Approve the carry forward of budgets from 2013/14 as additions to the 2014/15 budgets, in accordance with financial regulations.

### **Key Decision**

This is a not a key decision

### **Background**

- 1.1 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.
  - 1.2 The Chief Financial Officer has delegated authority to approve the carry forward of contractually committed schemes above £50,000 for Capital and £10,000 for Revenue, and all schemes where the underspend does not exceed £50,000 for Capital and £10,000 for Revenue, subject to reporting the source of the underspend and the subsequent use of the carry forward to the Portfolio Holder.
  - 1.3 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.
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## **Proposal**

### **2.1 Summary Budget Outturn Position**

This report highlights continued good management of the Revenue and Capital budgets and overall Council performance. The Council has a revenue underspend of £490,683 against the Original Estimate, including carry forwards from 2012/13, or £488,283 against the Current Estimate i.e. the latest quarter 3 monitoring projection. Capital expenditure is broadly in line with the Current Estimate after accounting for carry forwards proposals.

2013/14 was a year of significant change in the funding of Local Government with the implementation of the Business Rates Retention Scheme and the abolition of Council Tax Benefit to be replaced by the Council Tax Discount Scheme. Both of these schemes have impacted upon the budget outturn position for the Council as detailed in the paragraphs below. The Local Government Finance Settlement also formally announced the anticipated grant reductions for 2014/15 with an indication of further significant cuts to come across the medium term. This together with the continuing uncertainty in the economy during the year means that 2013/14 has been another challenging financial year.

Against this backdrop Services have responded well to delivering efficiency savings for both the 2013/14 and the 2014/15 budget, and where possible have implemented these early contributing to the 2013/14 underspend. The outturn position will be analysed to identify any further underspends which can be removed from the future budget.

Given the extent of changes this represents a robust outturn position for the Council which increases reserve balances in the face of continuing uncertainty about future funding levels.

### **2.2 General Fund Revenue Financing and Budget Outturn 2013/14**

#### **2.2.1 General Fund Financing 2013/14**

##### **2.2.1.1 Revenue Support Grant Settlement (RSG) Funding**

During 2013/14 the Government top-sliced part of the RSG for allocation as New Homes Bonus and a provision for a Capitalisation Fund, effectively earmarking resources based on an estimate of the funds that would be required for those schemes. The actual resources distributed under those schemes were 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 £44,080 being allocated to Gedling, £22,780 in May 2013 (reported to Cabinet in quarterly monitoring report) and £21,300 in March 2014. This resource increases the General Fund Balance.

## 2.2.1.2 Business Rates Retention

### Background

The Business Rates Retention Scheme was introduced on 1 April 2013. Business Rates income was previously paid into a national pool which was then reallocated by central government to local authorities on a needs based formula through formula grant as part of the local government finance settlement. The Business Rates Retention scheme has replaced this centralised funding system, with 50% of income now being retained locally whilst the remaining 50% continues to be distributed on the needs based formula system via Revenue Support Grant.

Under the new regime 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 2013/14 local government finance settlement was the first under the new arrangements. It provided each local authority with its baseline funding level against which future movements in income will be measured. For Gedling this is £2,687,533.

Any growth in business rates is subject to a levy, which is a mechanism to limit any disproportionate benefit from business rate income as some local authorities have a lot of business property and would potentially be able to make large gains for relatively small investment in business rates growth. Levies paid are used to fund the safety net. For Gedling the levy rate is 50% of growth above the baseline funding level.

The safety net provides protection against significant decreases in business rates income, and ensures no local authority's income drops below 92.5% of its baseline funding level.

Gedling has entered into 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 Pool outturn figures for 2013/14 have not yet been finalised but it is likely that there will be a minor sum for redistribution which will be earmarked in reserves for future projects.

### 2013/14 Outturn

The initial Baseline Funding Level for Gedling was set at £2,687,533 and retained growth was estimated at £85,000 for 2013/14 giving a total Business Rates original estimate of £2,772,533.

Business Rates income in 2013/14 is based on the estimates provided to central government in January 2013 in the required statutory returns.

Growth recognised in the accounts for 2013/14 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.

The actual growth figure allocated to Gedling for 2013/14 is £263,678, of which £131,839 (equivalent to the 50% levy) is payable to the Nottinghamshire Pool. This leaves retained growth for Gedling of **£131,839** which is **£46,839** more than the original estimate of £85,000.

However, as described above, the amount credited to the General Fund balance during 2013/14 is based on the estimated figures provided to central government in January 2013, which totals £340,200 minus the pool contribution of £131,839 leaving a contribution to the General Fund Balance of £208,361. This will be offset by an adjustment in the surplus and deficit calculation of £76,522 in 2014/15 to ensure the final amount credited is based on the actual retained growth figure i.e. £131,839.

In addition, during 2013/14 the Government made a temporary increase to Small Business Rate Relief. This reduced the amount of business rates income, and this has been funded in full by a Section 31 grant. Grant of £307,165 has been recognised in the General Fund Balance in 2013/14, however, this will be offset in full by reduced business rates income when the Collection Fund surplus and deficit calculation is chargeable in the year following i.e. 2014/15 as required by regulation.

## **2.2.2 General Fund Budget Outturn 2013/14**

- 2.2.2.1 The actual net revenue expenditure for each Portfolio area 2013/14 is detailed in Appendix 1, together with explanations of major variances in expenditure and income.
- 2.2.2.2 The table below summarises the actual net expenditure for each Portfolio in 2013/14 compared to both the original estimate and the current estimate. The current estimate is that approved by Cabinet in February 2014, 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 a net reduction of £2,400.
- 2.2.2.3 The table shows an overall General Fund underspend of £488,283, against the current estimate, equating to 3.8%

### **General Fund Revenue Outturn and Proposed Carry Forwards 2013/14**

	Original Estimate (inc Carry Forwards 2012/13)	Current Estimate 2013/14	Actual 2013/14	Variance to Original Estimate	Variance to Current Estimate	Proposed Carry Forward
	£	£	£	£	£	£
Community Development	1,394,300	1,363,900	1,506,484	112,184	142,584	0
Health & Housing	1,032,800	1,177,100	848,596	(184,204)	(328,504)	0
Public Protection & Communication	1,594,000	1,494,200	1,430,498	(163,502)	(63,702)	13,800
Environment	5,146,300	5,098,800	4,865,085	(281,215)	(233,715)	69,100
Leisure & Development	2,881,600	2,868,200	2,763,206	(118,394)	(104,994)	23,200
Finance & Performance	907,800	952,200	1,052,248	144,448	100,048	3,600
<b>TOTAL</b>	<b>12,956,800</b>	<b>12,954,400</b>	<b>12,466,117</b>	<b>(490,683)</b>	<b>(488,283)</b>	<b>109,700</b>

#### **2.2.2.4 Proposed Revenue Carry Forwards**

The revenue carry forward requests total £109,700 and are attached at Appendix 2. These comprise of the schemes which:

- a) the Chief Financial Officer has authorised to carry forward in line with the delegation arrangements, totalling £89,700;
- b) are non-committed schemes in excess of £10,000, which require Council approval, totalling £20,000. This is one carry forward request for consultancy fees to formulate a disposal plan for targeted investment sites.

#### **2.2.3 General Fund Balance at 31 March 2014**

The General Fund Balance at 31 March 2014 is £6.195m, an increase of £963k against the current estimate of £5.232m. Of this balance £109.7k is required to fund revenue carry forwards and £384k is required for the Business Rates Collection Fund deficit as detailed in paragraph 2.2.1.2. This level of balances remains above the minimum required in the Council's Medium Term Financial Plan.

Movements on the General Fund Balance can be analysed as follows:

- a) Variations on the Financing estimates create a contribution to balances of £475k in 2013/14. However, £384k will be required in 2014/15 to fund the Business Rates Collection Fund deficit.
- b) The Revenue Budget outturn position enables a contribution to General Fund balances of £488k.

Details of the total reserves held at 31 March 2014 are shown at Appendix 3.

## 2.3 Summary of Major General Fund Revenue Variances from Current Estimate

2.3.1 After accounting for carry forward requests the net revenue underspend against the current estimate is £378,583 or 2.9%.

2.3.2 There are two significant areas of underspend to highlight which are Council Tax Benefit and Rent Allowances:

### **Council Tax Benefits**

The outturn position on council tax benefits (CTBs) is a favourable variance of **£211k** to the latest approved estimate.

Council tax benefits and the associated subsidy arrangements were abolished on 1 April 2013. However, where valid backdated claims are made after this date the Council is obliged to pay them. Conversely, where a previous overpayment of benefit has been identified, the Council is entitled to recover this from the claimant. A third scenario arises where an overpayment arises from a technical change to a relief, discount or exemption for a period prior to 1 April 2013. Such overpayments have no impact on the claimant but generate an adjustment to benefit previously due and paid by the General Fund to the Collection Fund.

Following the abolition of CTBs, the DWP provide no subsidy towards valid backdated claims paid, the whole cost falling on the Council. A budget of £50k was established for such claims and a total of £42.9k was paid in 2013/14. Similarly, the DWP does not require repayment of previously paid subsidy in respect of overpayments clawed back. An income budget of £50k was established for such overpayments, and this was subsequently increased to £60k. The outturn indicates that £56.4k of benefit overpayments have been reclaimed by the issue of sundry debtors to the taxpayer, and in addition to this, £207.5k of technical changes have given rise to additional income to the General Fund that is now not required to be returned to the DWP.

Under the previous CTB scheme, the General Fund paid a sum equivalent to the benefit expenditure incurred in the year to the Collection Fund, which formed an integral part of the surplus or deficit subsequently shared with the relevant preceptors. In effect, it did not matter to the Collection Fund whether its income came from the taxpayer or from benefits funded by the General Fund. The General Fund received subsidy towards the cost of the benefit paid to the Collection Fund, but if such subsidy fell short of the sum paid over, any net cost was not shared with preceptors, falling

wholly on the Council. Accordingly, following the abolition of the CTB scheme, any cost incurred by the Council, or income received, is wholly attributable to Gedling and there is no need to share it with preceptors. As more time elapses from the abolition of CTB it is anticipated that future overpayment recoveries will become less significant.

It should be noted that during the year there has been some debate regarding the appropriate accounting treatment for the residual CTB payments and overpayment recoveries, in particular for overpayments relating to technical changes. To date there has not been any specific guidance issued by central government, and CIPFA, the public sector accountancy body, have recently requested clarification but as yet none has been received. Gedling's treatment follows the same transactions as the previous regime simply without the inclusion of a subsidy return, resulting in the reported credit to the General Fund. Some authorities appear to have left the overpaid CTB in the Collection Fund to be shared with preceptors. The External Auditor has indicated they would not challenge our accounting treatment subject to reviewing the position should further guidance be forthcoming from central government prior to the accounts being finalised.

Due to the uncertainty surrounding this issue it was considered prudent not to report a projected underspend during the quarterly budget monitoring process. Indeed, there remains a risk that should future guidance be received from central government that advises an alternative approach, this underspend may need to be reversed and credited to the Collection Fund. The final position will be confirmed following the audit of the Statement of Accounts in September.

### **Rent Allowances**

The outturn position on rent allowances is a favourable variance of **£204.9k** to the latest approved estimate. For clarity, this is best considered in two parts.

The original assumption for the net cost of benefit payments and subsidy to the General Fund was adjusted during the year from £482.2k to £634.1k, largely to reflect a significant increase in prior year eligible overpayments, the effect of which was to reduce full rate subsidy and increase reduced rate subsidy, increasing the net cost to the Council. However, this increase subsequently slowed, and outturn for net cost was £590.8k, a favourable variance of £43.3k to the latest approved estimate.

The original assumption for overpayment recoveries was for net income to the General Fund of £540k. This was reduced during the year to £474k largely due to the introduction of a contribution to bad debt provisions. However, due to the significant volatility that is characteristic of rent allowances, large increases in some types of overpayment recoveries were also experienced, and even when offset by a further increase in contribution to the bad debt provision, the outturn was net income to the General Fund of £635.6k, a favourable variance of £161.6k to the latest approved estimate.

When combined, these factors account for the variance of £204.9k. It is worth noting that the variances on these two parts to the original estimates are adverse £108.6k and favourable £95.6k respectively, a net of only £13k. In the context of the gross Rent Allowance budget of £27m this equates to an under-spend of only 0.75%.

### 2.3.3 Other Expenditure Areas – Major Variances in Excess of £10,000

Additional expenditure has arisen in some services:

- Development Management – £126,000 provided in respect of the judicial review of a planning decision for a wind turbine. An application for costs has been made and the Council is waiting for a costs order to be made by the Court of Appeal specifying the final amount to be paid. £42,000 for a costs order in respect of the judicial review of the crematoria planning decision;
- Waste Management - agency staff in waste services has been £29,700 higher than expected mainly due to ongoing sickness and vacancies.

Reductions in expenditure include:

- Employee expenses – Savings of £573,200 have been achieved against the original estimate. This is mainly due to: the delivery of efficiencies arising from planned restructures £242,900; salary savings from the closure of Arnold Leisure Centre/Theatre and the Leisure Centre Management restructure £211,400; positive vacancy management across all services of £125,300. £443,200 savings were approved by Cabinet during quarterly monitoring resulting in a final underspend position of £106,300 compared to the current estimate. This is over and above the vacancy provision target of £89,700. Savings arising from restructures have all been reflected in the 2014/15 approved budget;
- Utilities – Net savings of £77,500 against the original estimate mainly due to: lower than expected contract price inflation £33,500; Arnold Leisure Centre closure £35,300; removal of the Hub budgets and other minor changes £8,700. £66,900 of the savings were approved by Cabinet during quarterly monitoring resulting in a final underspend position of £10,600 compared to the current estimate;
- Saving in Community Protection equipment maintenance £19,000;
- Savings of £9,500 on mayoral civic expenditure and hospitality;
- Savings of £16,000 on fleet due to efficiency reductions.

### 2.3.4 Income Areas - Major Variances in Excess of £10,000

#### 2.3.4.1 Fees and Charges

There have been some signs of recovery in the economy with an increase in the number of major planning applications being submitted however leisure centre fees and charges are currently still down on the original estimate.

#### Planning Income

An increase in the number of major applications submitted has resulted in additional income of £48,800. This has enabled a contribution to the Local Development Framework and Planning Reserve for the anticipated future costs of this process and to manage fluctuations in workload arising from the planning application process.



### Leisure Centre Income

Leisure Centre fees and charges original estimate for 2013/14 was set at £2,083,800 with the current estimate revised to £1,846,400, a reduction of £237,400. The main contributory factor to this was the extended closure of Arnold Leisure Centre which gave rise to a reduction in the original budget of £169,500. The remaining reduction in the original budgets was mainly due to reduced usage at Carlton Forum Leisure Centre for the all- weather pitch and public swimming and minor changes at the other leisure centres. Actual fees and charges collected for 2013/14 were £1,871,708 which is slightly above the current estimate.

### Hackney Carriage Licencing

A continued significant increase in demand for Hackney Carriage Licencing was experienced during 2013/14 as reflected in the current estimate which was increased by £64,400 during quarterly monitoring. A further £18,000 of income was achieved compared to the current estimate. The Hackney Carriage Licencing budget in 2014/15 has been reduced to reflect the anticipated reduction in licencing income due the introduction of the Knowledge Test.

### Cemeteries Income

Cemeteries income is down by £76,500 compared to original estimate and £36,500 to the current estimate. The budget for 2014/15 has been amended to reflect this trend.

#### 2.3.4.2 Other Income Areas

Additional income has arisen in some services:

- A renegotiation of a lease for a telecommunications mast at Arnold Leisure Centre has resulted in a one off receipt of £61,000 for backdated rentals. This has enabled a revenue contribution to the Arnold Leisure Centre refurbishment in place of the planned contribution from the Asset Management Revenue Reserve which is beginning to face increased demand;
- Car Parking enforcement surplus via Nottinghamshire Partnership £18,600.
- Additional Investment Income of £12,900

#### 2.4 Building Control Fee Earning Trading Account

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

Following another difficult year in 2012/13 the deficit owed to the General Fund was £116,235 at 31 March 2013. This deficit needs to be recovered over a reasonable timescale and for 2013/14 a budget was set which, if achieved, would have contributed £24,600 towards this target.

However, the income budget has not been achieved during the year resulting in a net deficit on the account of £2,164 for the year. The deficit on the Building Control fee earning account at the 31<sup>st</sup> March 2014 is now £118,399.

However, there are now some signs of recovery in the income with applications numbers increasing towards the end of the year.

The financial position will continue to be closely monitored in 2014/15 and further intervention may be necessary in due course to reduce costs.

## 2.5 Reserves and Provisions

Reserves and provision requirements have been reviewed and transactions completed within the portfolio analysis. A full list of Earmarked Reserves is included in Appendix 3 which details the actual position on Earmarked Reserves at 31 March 2014 of £2.716m compared to the estimated position of £2.422m, an increase of £294,000.

Significant movements in reserves and provisions are summarised below:

- Insurance Fund – the insurance fund has been increased by £50,000 to replenish the fund and to return it to insurance company's recommended level. The fund value has been reducing due to the cost of insurance excesses chargeable to it;
- Land Charges – a reserve of £25,000 has been established to allow for any future claims from property search companies seeking refunds for fees paid to access land charges data. Claims from previous claimants have been, or are in the process of being, settled and provision has been made for these in the accounts. Additional claimants have indicated an intention to claim but the value of the claims are unknown and this reserve earmarks funds for these as they arise;
- Rural Broadband – a reserve of £90,000 has been established from the approved budget for this purpose. This scheme has been delayed and payments will be made to Nottinghamshire County Council in phases in line with the rolling out of the Rural Broadband,
- Local Development Framework and Planning Reserve – a contribution of £48,000 has been made from the additional income received for planning applications. This reserve is to fund the costs associated with the Aligned Core Strategy, Planning Policy changes and fluctuation in planning workload.
- Arnold Town Masterplan – the balance on the reserve of £177k has been used to make planned contributions to Arnold Leisure Centre and the remainder for the overspend on Druids Car Park (see Capital Outturn 3.3 below)
- The Earmarked Grants reserve contains grants which are received for specific purposes to fund qualifying expenditure in future financial years and totals £385,200 at 31 March 2014. Additional £227,300 of grants were received during

2013/14 with £202,000 remaining unused at the year end. Notable grants received include £68,000 New Burdens grant to support the Localisation of Council Tax, £80,400 for various leisure grants, £22,600 WW1 Commemorations, £20,775 Men In Sheds project and £10,000 Domestic Homicide Reviews.

## 2.6 Members Pot Outturn 2013/14

In 2013/14 the Members Pot budget was £25,000 of which £25,000 has been spent on grants to third parties as detailed in Appendix 4.

## 2.7 Support Service Recharges and Capital Financing Variations

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).

### 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 £69,300 in 2013/14.**

### 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 Finance and Performance Portfolio.

## 2.8. Statement of Accounts – Technical Adjustments

- 2.8.1 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.

- 2.8.2 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. A summary of the adjustments to be made are detailed in Appendix 5. 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 2.2.2.3.

#### Employee Benefits Holiday Pay

Adjustments are required for untaken employee annual leave at the financial year end. This is to ensure the charge to the revenue account fully reflects the actual work undertaken during the year. The net impact on the Net Cost of Services for 2013/14 is an increase from 2012/13 of £2,200.

#### 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 2013/14 this adjustment adds £852,000 to the Net Cost of Services.

#### Asset Impairment

A capital asset impairment review is undertaken each year end by the Council's valuer. An assessment is made of whether the asset values currently held in the Council's Balance Sheet reflect both the current physical and market conditions and determine if an adjustment is required. If an asset is impaired i.e. the value is assessed to be lower than that currently held, then the asset value is written down with the accounting loss being charged to the Comprehensive Income and Expenditure Statement.

During 2013/14 there were no significant impairment which indicates market prices have been more stable during the year.

### **3. Capital Outturn 2013/14**

- 3.1 A summary of the capital outturn is presented in the table below. The latest estimate is that approved by Cabinet in February 2014. Capital outturn totals £3,147,157 compared to an approved budget of £4,181,400. This represents a net over spend of £15,357 after accounting for carry forward requests of £1,049,600. The net overspend relates to a £74,335 overspend on the Druids Lane Car Park scheme, partly offset by underspends on various other schemes. The details of the outturn for individual schemes by Portfolio area are included at Appendix 6.

### Capital Outturn and Proposed Carry Forwards 2013/14

<b>Portfolio</b>	<b>Current Estimate 2013/14</b>	<b>Actual Expenditure 2013/14</b>	<b>Variation</b>	<b>Proposed Carry Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Community Development	19,400	1,020	(18,380)	<b>18,400</b>
Health & Housing	1,000	1,000	0	<b>0</b>
Public Protection & Communication	866,400	660,796	(205,604)	<b>186,300</b>
Environment	1,202,800	568,904	(633,886)	<b>698,200</b>
Leisure & Development	1,049,500	899,535	(149,965)	<b>140,400</b>
Finance & Performance	1,042,300	1,015,892	(26,408)	<b>6,300</b>
<b>TOTAL</b>	<b>4,181,400</b>	<b>3,147,157</b>	<b>(1,034,243)</b>	<b>1,049,600</b>

### 3.2 Proposed Capital Carry Forwards

The capital carry forward requests total £1,049,600 against a current capital programme of £4,181,400. The level of funding available to finance the carry forwards is projected to be sufficient.

Attached at Appendix 2 are details of the schemes which:

- The Chief Financial Officer has authorised to carry forward in line with the delegation arrangements, totalling £747,900;
- Are non-committed schemes in excess of £50,000 which require Council approval, totalling £301,700. These comprise of the remainder of the Disabled Facilities Grants budget, a Schmidt Sweeper and the Youth Facility at Salop Street.

### 3.3 Capital Financing 2013/14

The proposed method of financing the £3,147,157 capital expenditure incurred in 2013/14 is summarised below and full details are included in Appendix 7.

	<b>£</b>
Capital Receipts	172,903
Capital Grants and Contributions	1,138,738
Prudential Borrowing	1,483,801
General Fund Revenue Contributions	351,715
<b>Total Capital Financing</b>	<b>3,147,157</b>

It is proposed that the overspend of £74,335 on the Druids Car Park in Arnold Town Centre is part financed by the remaining sum in the Arnold Town Master Plan revenue reserve of £36,715 and the residual balance of £37,620 by borrowing. This has been assumed in the table above.

### 3.4 Capital Determinations 2013/14

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 provision for credit liabilities (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	1,059,495
Capital contributions	79,243

- (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 2013/2014. This figure is £172,903.
- (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 2013/14 as approved by Council on 4 March 2013 and equates to £532,064.

## 4. Performance Results and Future Targets

- 4.1 The Council continues to manage its performance using the Covalent Performance Management system.
- 4.2 Against the backdrop of a continuing move away from paper based information towards use of more electronic means, and the government's aspiration for local authorities to be more open and transparent, the Council continues to make performance information accessible publicly on line on the Council's website. Hard copy performance documents are no longer routinely produced nor attached to Cabinet agendas – performance documents covering Improvement Actions and Performance Indicators can, however, be accessed at <http://www.gedling.gov.uk/aboutus/howwework/prioritiesplansperformance/performance/>. Hard copies are available for reference in the Members' Room.
- 4.3 For members and the public accessing performance information through this link, traffic light symbols continue to be used to show progress for both actions and performance indicators. To be assessed as Green at the end of the fourth quarter (i.e. end of year): -

- An Improvement Action must be completed, or be on target compared with where it should be if the project straddles more than one financial year, as set out in its Project Plan.
- A Performance Indicator must be in line with target for the year.

Progress is assessed against the latest agreed target for both actions and indicators<sup>[1]</sup>.

- 4.4 Overall, progress against Council Plan priorities is very positive. Appendix 8 shows a summary of high level progress against priorities and objectives – it shows good progress against the Plan overall and against four out of five of the priority themes. Performance is particularly strong in areas of high priority, including developing the local economy and supporting the most vulnerable.
- 4.5 Progress against Improvement Actions is particularly strong. 93% (49 out of 53) are either completed or on target with outcomes secured or on the way to being so, compared with 83% in 2013/14. The year has seen the launch or completion of a range of significant projects, including refurbishment of Bonington Theatre and Arnold swimming pool; construction of Gedling Country Park; co-location of Public Protection staff within Home Brewery and works to accommodate the Department of Work and Pensions within the Civic Centre; expansion of locality working to Killisick; progression of Gedling Access Road including securing financial support; development of a Tri-Borough Collaboration with Rushcliffe and Newark and Sherwood Councils; introduction of “Men in Sheds” and expansion of the Citizens’ Advice Service at the Civic Centre.
- 4.6 For the few Improvement Actions assessed as Red, work involved has been rolled forward for completion in the 2014/15 Gedling Plan and/or relevant Service Plans and revised targets agreed.
- 4.7 Progress against Performance Indicators overall is also good with 78% (55 out of 70 that are performance rather than tracking measures) with green status, with a further 3 with amber status, compared with 67% green in 2013/14. Performance against 17 indicators has significantly exceeded target performance, almost all of which are in high priority areas such as the time taken to process housing benefit claims; the number of new affordable homes delivered and the levels of anti-social behaviour. Of the remaining indicators showing red status, some have seen continued improvements in performance, including the number of new homes built and the levels of reported crime, though without securing challenging targets. In these and other areas, actions are being taken to address the difference.

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<sup>[1]</sup> The year-end reports largely follow the format for quarterly reports. The main difference is that performance indicator reports show both q4 results and full year results where appropriate. For indicators measured on an ongoing basis, there is generally a separate figure for the final quarter and for the full year - for those measured on a one-off basis at year end, only a year-end figure is included. In a limited number of cases, performance is measured on a 12 month rolling basis (for example, sickness absence performance) – in these instances the q4 and year-end performance data is the same. These documents contain explanations of variances and proposed target changes as previously, along with trend arrows for performance indicators (note that an upward arrow indicates improved performance, irrespective of whether improvement is represented by a higher or lower value) and progress bars for actions showing progress made against project milestones.

- 4.8 As previously, a separate report is produced highlighting key outcomes secured during the quarter, focusing on areas where the Council has made a real difference to people's lives. This is attached at Appendix 9 and is available on the website and in hard copy in the Members' Room.

### **Alternative Options**

- 5 This report provides a statement of the actual performance against the Council Plan for 2013/14 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**

- 6 As detailed in the report.

### **Appendices**

- 7 Appendix 1 General Fund Revenue Outturn 2013/14 Variance Analysis  
Appendix 2 Budget Carry Forward Summary 2013/14  
Appendix 3 General Fund Balances and Earmarked Reserves 2013/14  
Appendix 4 Members Pot 2013/14  
Appendix 5 Statement of Accounts Technical Adjustments 2013/14  
Appendix 6 Capital Outturn 2013/14  
Appendix 7 Capital Financing Summary 2013/14  
Appendix 8 High Level Summary of Performance Outcomes 2013/14  
Appendix 9 Quarter 4 Performance Outcomes 2013/14

### **Background Papers**

- 8 Council Plan 2013/14 and Quarterly Performance Monitoring Reports



## **Recommendations**

### **Members are recommended:**

- (a) To note the Council Plan Performance and Budget Outturn figures for 2013/14;**
- (b) To note the revenue carry forwards approved by the Chief Financial Officer of £89,700 included in Appendix 2, being amounts not in excess of £10,000;**
- (c) To note the capital carry forwards approved by the Chief Financial Officer of £747,900 included in Appendix 2, being amounts not in excess of £50,000 and committed schemes above £50,000;**
- (d) To refer to Council for approval:**
  - i) The revenue carry forward of £20,000 for the non-committed scheme in excess of £10,000;**
  - ii) The capital carry forward of £301,700 for non-committed schemes in excess of £50,000;**
  - iii) The overall method of financing of the 2013/14 capital expenditure as set out in Appendix 7 of the report;**
  - iv) The capital determinations in Section 3.4.**

### **Reasons for Recommendations**

- 10 To ensure Members are informed of the performance against the Council Plan for 2013/14; to request approval of carry forwards budgets to enable delivery of delayed projects in 2014/15 and; to comply with statutory requirements for capital financing.