

## **Report to Cabinet**

**Subject:** Council Plan and Budget Outturn and Budget Carry Forwards 2014/15

**Date:** 25 June 2015

**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 2014/15.

Cabinet is asked to note the final outturn position for 2014/15 and:

- a) recommend that Council approve the method of financing the 2014/15 capital expenditure which includes making the Capital Determinations required by the Local Government and Housing Act 1989;
- b) note the carry forward of budgets from 2014/15 as additions to the 2015/16 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. There are no schemes which meet this criteria for 2014/15.
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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.

Capital budgets are underspent by £357,792 against the current estimate after accounting for carry forwards proposals of £589,100 (see paragraph 3).

Revenue budgets are underspent by £184,597 against the original estimate, including carry forwards from 2013/14, or £182,457 against the current estimate i.e. the latest quarter 3 monitoring projection. After accounting for the approved budget carry forwards of £97,800 the total underspend is £84,657 or 0.6% of the current estimate.

The 2014/15 budget process was set against a backdrop of significant reductions in government grant funding and increasing cost pressures, for example, the living wage implementation, increased pension fund contributions and reduced fees and charges. A significant budget review was undertaken and budget reduction proposals were approved totalling £2.458m to be delivered over the 5 year period of the Medium Term Plan, with £1.31m of that budgeted for delivery during 2014/15 (see paragraph 2.2.3 for further details). This together with the continuing uncertainty for future local government funding means that 2014/15 has been another challenging financial year. The outturn position demonstrates that services have responded well to delivering efficiency savings and that strong financial management throughout the year has ensured that resources have been effectively employed in the delivery of the Council's objectives.

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 2014/15**

#### **2.2.1 General Fund Financing 2014/15**

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

During 2014/15 the Government top-sliced part of the RSG for allocation as New Homes Bonus effectively earmarking resources based on an estimate of the funds that would be required for that scheme. The actual resources distributed under that scheme was evidently finalised at an amount under the original estimate and the residual sums have been redistributed across Local Government on the basis of original funding allocations. This has resulted in additional grant funding of £9,149 being allocated to Gedling.

## 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 2014/15 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 £2,739,887 with an addition of £31,348 S31 Grant to fund the inflation cap introduced in the Autumn Statement.

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 2014/15 have been finalised with a sum of £50,085 identified for redistribution to Gedling and this has been transferred to earmarked reserves for spend on future projects to be agreed by the Pool. Being the first year of operation the Pool outturn figures for 2013/14 were not available prior to closure of the accounts last year, so the amount identified for redistribution to Gedling for that year of £17,000 has been recognised in 2014/15 and also transferred to the earmarked reserve.

## 2014/15 Outturn

The initial Baseline Funding Level for Gedling was set at £2,739,887 and the retained growth current estimate set at £345,191 for 2014/15 giving a total Business Rates estimate of £3,085,078.

Business Rates income in 2014/15 is based on the estimates provided to central government in January 2014 in the required statutory returns.

Growth recognised in the accounts for 2014/15 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 attributable to Gedling for 2014/15 is £63,930, of which £31,965 (equivalent to the 50% levy) is payable to the Nottinghamshire Pool and 10% £6,393 is payable to the preceptors which are part of the Business Rates Retention Scheme i.e. Notts County Council and Notts Fire Authority. This leaves retained growth for Gedling of £25,572 which is £319,619 less than the current estimate of £345,191.

However, as described above, the amount credited to the General Fund balance from the Collection Fund during 2014/15 for growth is based on the estimated figures provided to central government in January 2014, which totals £775,450 minus the pool contribution and preceptor shares growth of £38,358 leaving a contribution to the General Fund Balance of £737,092. This will be offset by the inflation cap grant and an adjustment in the surplus and deficit calculation of £711,520 in 2015/16 to ensure the final amount credited is the actual growth figure i.e. £25,572. This is in line with expectations in the Medium Term Plan 2015/16.

### **2.2.2 General Fund Budget Outturn 2014/15**

- 2.2.2.1 The actual net revenue expenditure for each Portfolio area 2014/15 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 2014/15 compared to both the original estimate and the current estimate. The current estimate is that approved by Cabinet in February 2015, 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 £1,600.
- 2.2.2.3 The table shows an overall General Fund underspend of £182,457, against the current estimate, equating to 1.4%

## **General Fund Revenue Outturn and Proposed Carry Forwards 2014/15**

	Original Estimate (inc Carry Forwards 2013/14)	Current Estimate 2014/15	Actual 2014/15	Variance to Original Estimate	Variance to Current Estimate	Proposed Carry Forward
	£	£	£	£	£	£
Community Development	1,603,600	1,656,500	1,549,950	(53,650)	(106,549)	0
Health & Housing	1,116,100	1,079,100	981,705	(134,395)	(97,395)	0
Public Protection & Communication	1,639,700	1,497,600	1,460,720	(178,980)	(36,880)	7,400
Environment	4,568,400	4,762,900	4,509,958	(58,442)	(252,942)	39,200
Leisure & Development	1,916,500	1,927,900	2,126,938	210,438	199,037	11,900
Finance & Performance	2,244,800	2,163,500	2,275,772	30,972	112,272	39,300
<b>TOTAL</b>	<b>13,089,100</b>	<b>13,087,500</b>	<b>12,905,043</b>	<b>(184,097)</b>	<b>(182,457)</b>	<b>97,800</b>

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

The revenue carry forward requests total £97,800 and are attached at Appendix 2. These comprise the schemes which the Chief Financial Officer has authorised to carry forward in line with the delegation arrangements, totalling £97,800. There are no carry forward requests which require Council approval.

### **2.2.2.5 General Fund Balance at 31 March 2015**

The General Fund Balance at 31 March 2015 is £6.575m, an increase of £557k against the current estimate of £6.018m. Of this balance £97.8k is required to fund revenue carry forwards and £801k is required for the actual cumulative Business Rates Collection Fund deficit. 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 an increased contribution to balances of £375k in 2014/15. However this will be required in 2015/16 to fund the addition to the Business Rates Collection Fund deficit.

- b) The Revenue Budget outturn position enables a contribution to General Fund balances of £182k.

Details of the total reserves held at 31 March 2015 are shown at Appendix 3.

### 2.2.3 **2014/15 Budget Reduction Proposals**

As detailed in paragraph 2.1 a significant budget review was undertaken during the 2014/15 budget process and as a result budget reduction proposals were approved totalling £2.458m to be delivered over the 5 year period of the Medium Term Plan, with £1.31m of that budgeted for delivery during 2014/15.

It was recognised that the scale of the work programme would require resources to enable the changes to be managed effectively and to cover any change management costs e.g. redundancy/retirement, and accordingly a Transformation fund of £300,000 was established in 2014/15. During the year £110,400 of the fund has been spent on redundancy costs, consultancy and training, leaving a balance of £189,600 which has been transferred to an earmarked reserve to ensure the implementation of the remainder of the work programme can continue to be supported.

It was also recognised that there are risks in the delivery of the budget proposals as planned in terms of both projects timescales and values and accordingly a Budget Reduction Risk Reserve of £260,000 was established in 2014/15. The work programme has progressed well and of the £1.31m of budget reductions planned for 2014/15, £1.09m have been achieved leaving a shortfall of £219,000, a net improvement on the overall planning assumption.

The shortfall of £219,600 is represented by:

- £39,600 for projects that have been delayed but are still in the programme for delivery; and
- £180,000 for proposals that have not been achievable, either in full or in part, due to service pressures or community impact and these have been added back to the base budget for 2015/16.

The shortfall of £219,600 was funded during 2014/15 as follows:

- £149,500 was accommodated within the base budget from underspending identified during the quarterly budget monitoring process; and
- £70,100 was funded from the Budget Reduction Risk Reserve.

The remaining balance in the Budget Reduction Risk Reserve of £189,900 has been transferred to the balance sheet to manage future risks of the ongoing work programme.

## 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 £84,657 or 0.6%.

Major variances in excess of £10,000 are highlighted in the paragraphs below.

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

Additional expenditure has arisen in the following services:

- Development Management – additional expenditure of £37,400 has been incurred due to higher than anticipated court costs in relation to the wind turbine and crematoria cases.
- Planning Policy – additional expenditure has been incurred due to additional legal fees of £15,900 and consultancy fees of £7,900 in relation to the Aligned Core Strategy.
- Waste Management - agency staff in waste services has been £21,000 higher than expected mainly due to an additional Bulky Waste Amnesty week, driver training and long term sickness.

Reductions in expenditure include:

- Employee Expenses – During the year salary savings identified through positive vacancy management of £384,100 were recognised and reflected in the budget during quarterly monitoring. These were partly offset by additional staffing requirements in Hackney Carriage Licencing, Planning and Waste Services. The final underspend compared to the current estimate is £53,000 which is over and above the vacancy provision target of £90,000.
- Utilities – Net savings of £97,800 against the original estimate mainly due to: reduced recharges from the Academy at Carlton Forum LC £47,600; savings on gas and metered water due to Arnold Leisure Centre closure £27,500; reduced fuel oil consumption and water refund at Calverton LC £17,100; and other minor changes, partly offset by increased gas and electricity usage at the Civic Centre £11,300. £40,300 of the savings were approved by Cabinet during quarterly monitoring resulting in a final underspend position of £57,500 compared to the current estimate.
- Rent Allowances - The 2014/15 outturn on rent allowances is favourable by £51,500 against the current estimate. This is partly due to volatility in the level of eligible current and previous year overpayments and the associated loss of subsidy, but also to significant volatility in the profile of some types of overpayment recoveries. In addition, the actual contribution to the bad debt provision was lower than anticipated when based on the actual outstanding aged debt at 31 March.

- Council Tax Benefits (CTBs) - The outturn on CTBs in 2014/15 was favourable by £14,700 against the current estimate. CTBs 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 and to bear the whole cost. Conversely, where a previous overpayment has been identified, the Council is entitled to recover this and no subsidy is clawed back. "Technical overpayments" arise where a change is made to a relief, exemption or discount for a period prior to 1 April 2013. These have no impact on the claimant but generate an adjustment to benefit previously paid by the General Fund to the Collection Fund. It is this scenario that has generated the majority of the favourable variance. As more time elapses from the abolition of CTB it is envisaged that future adjustments will become less significant.
- Savings on Economic Development consultancy and projects £24,800
- Reduced debtors bad debts provision £20,000

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

Reductions in income include:

- Planning Income  
A reduction in the number of major applications submitted has resulted in a reduction in income of £35,700.
- Leisure Centre Income  
Leisure Centre fee and charges original estimate for 2014/15 was set at £2,184,400 with the current estimate revised to £2,064,600, a reduction of £119,800. The main contributory factors were swimming sessions at all sites which have seen a reduction in users, the all-weather pitches which are underutilised due to the condition, and theatre bookings on both productions and private functions were fewer than anticipated. Actual fees and charges collected in 2014/15 were £2,054,000 which was £10,600 under the current estimate which was mainly due to reduced joining fees as a result of a promotion in the last quarter.
- Hackney Carriage Licencing  
The original budget for 2014/15 assumed a reduction in demand for taxi licencing arising from the introduction of a knowledge test for drivers. Original income forecasts for 2014/15 were based on the full year effect of the knowledge test introduction and the consequent expected reduction in demand. Delays to the introduction of the knowledge test led to an additional £56,000 for licence income being added to the budget at Quarter 1, plus an additional £20,200 income for vehicle inspections. This was partly offset by a £50,000 revenue contribution to capital for improved customer facilities at the depot.

The knowledge test was implemented in July 2014 and evidence is now showing that the expected reduction in demand from drivers licencing with us has not fallen, but indications are that the huge growth experienced in previous years has slowed. As part of Quarter 2 monitoring we forecast the full year effect of the continuing demand giving additional income of £207,100, and added in additional staffing costs in licencing, customer services and fleet management totalling £69,000, to enable us to cope with the workload it brings. The proposed amendments to the Quarter 2 gave a net additional income of £138,100.

Demand levelled off in quarter 4 at a rate faster than expected, meaning driving licence income fell short of revised budget by £27,900 and vehicle licence income by £17,100.

- Reduced contract income of £20,000 in Building Services due to a delayed third party project which is now expected to go ahead in 2015/16.

Additional income includes:

- Trade Waste - VAT Reclaim

HMRC confirmed in February 2011 that since section 45 of the Environmental Protection Act 1990 created a “special legal regime” for VAT purposes, trade waste collection services operated by local authorities were to be treated as non-business supplies. In conjunction with its advisers the Council submitted a claim for the reimbursement of output tax previously paid. In previous year’s accounts this has been acknowledged as a contingent asset.

Following a lengthy process to assess the large number of claims received, and the potential for “unjust enrichment” (whereby authorities might gain from receiving refunds of VAT that had effectively already been reclaimed by its VAT registered customers) HMRC adopted a “generic” approach to reimbursement and agreed to settle 20% of the Council’s claim. This resulted in net income of £34,100.

- Additional Trade Waste income due to current customers having additional services and new customers £27,000.

#### 2.4 Building Control Fee Earning Trading Account

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

Following several difficult years the deficit owed to the General Fund at 31 March 2014 was £118,399. In 2014/15 a surplus of £45,644 has been achieved which is £15,444 higher than estimated. This is mainly due to a reduction in staffing costs which have transferred to the taxpayer funded non-fee earning building control account due to increasing volumes in that area of the service. The deficit on the Building Control fee earning account at 31 March 2015 is £72,755.

The financial position will continue to be closely monitored in 2015/16.

## 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 2015 of £3.722m compared to the estimated position of £2.357m, an increase of £1.365m.

Significant movements in reserves and provisions are summarised below:

- IT Replacement Reserve – usage of the reserve in year lower than anticipated due to fewer replacements and additional contributions for major security and switch work required - fund at year end £199,000 higher than original estimate.
- Transformation Fund – remaining budget earmarked for future change costs of £189,600 (see Para 2.2.3)
- Risk Management Reserve – an additional contribution of £189,900 has been made due to currently unused Budget Reduction Risk Reserve (see para 2.2.3);
- Asset Management Reserve – the receipt of car parking enforcement income from the Nottinghamshire Parking Partnership has enabled a contribution of £55,000 for future car park maintenance;
- Economic Development Fund – remaining economic development monies of £274,000 set aside for committed and future projects;
- CCTV Reserve – an additional contribution of £41,000 has been made for future maintenance liabilities;
- NNDR Pool Reserve – contribution of £67,000 from the share of the surplus on the Nottinghamshire Business Rates Pool earmarked for projects (see para 2.2.1.2)
- The Earmarked Grants reserve contains grants which are received for specific purposes to fund qualifying expenditure in future financial years. Notable grants added during 2014/15 include £140,600 New Burdens grant, £85,800 Severe Weather Recovery grant and £30,200 Domestic Violence Grant.

## 2.6 Members Pot Outturn 2014/15

In 2014/15 the Members Pot budget was £75,000 of which £75,049 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 £84,437 in 2014/15.**

## 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 2014/15 is an increase from 2013/14 of £4,371.

### 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 2014/15 this adjustment adds £263,257 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 2014/15 there were 2 significant impairments due to changes in market value. Car Parks values have decreased by £950,000 due to the cessation of charging and a plot of Investment Land has decreased by £1.26m following the recognition of a ransom strip value.

## **3. Capital Outturn 2014/15**

- 3.1 A summary of the capital outturn is presented in the table below. The current estimate is that approved by Cabinet in February 2015. Capital outturn totals £2,635,908 compared to an approved budget of £3,582,800 a net under spend of £946,892. After accounting for carry forward requests of £589,100 the final underspend and reduced financing requirement on the capital programme is £357,792.

The underspend of £357,792 is mainly due to a reduced demand for Disabled Facilities Grants (DFGs). The Council spent £489,800 on DFGs against a budget of £764,700, which included carry forwards from 2013/14, giving a total underspend of £274,900. The service is now virtually up-to-date processing referrals for DFGs with a small waiting list of clients so no carry forward has been requested for the remaining budget as it is anticipated that the budget for 2015/16 will be sufficient to meet client needs. The remainder of the capital programme saving is due to efficiencies achieved in vehicle procurement.

The details of the outturn for individual schemes by Portfolio area are included at Appendix 6.

### Capital Outturn and Proposed Carry Forwards 2014/15

<b>Portfolio</b>	<b>Current Estimate 2014/15</b>	<b>Actual Expenditure 2014/15</b>	<b>Variation</b>	<b>Proposed Carry Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Community Development	18,400	332	(18,068)	<b>18,100</b>
Health & Housing	114,000	0	(114,000)	<b>114,000</b>
Public Protection & Communication	773,400	498,436	(274,965)	<b>0</b>
Environment	1,517,200	1,258,584	(258,616)	<b>282,900</b>
Leisure & Development	1,103,500	863,786	(239,714)	<b>132,600</b>
Finance & Performance	56,300	14,770	(41,530)	<b>41,500</b>
<b>TOTAL</b>	<b>3,582,800</b>	<b>2,635,908</b>	<b>(946,892)</b>	<b>589,100</b>

### 3.2 Proposed Capital Carry Forwards

The capital carry forward requests total £589,100 against a current capital programme of £3,582,800 which represents 16% slippage for 2014/15. 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 £589,100. There are no carry forward requests which require Council approval.

### 3.3 Capital Financing 2014/15

The proposed method of financing the £2,635,908 capital expenditure incurred in 2014/15 is summarised below and full details are included in Appendix 7.

	<b>£</b>
Capital Receipts	859,509
Capital Grants and Contributions	1,658,434
General Fund Revenue Contributions	117,965
<b>Total Capital Financing</b>	<b>2,635,908</b>

### 3.4 Capital Determinations 2014/15

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	1,170,279
Capital contributions	488,155

- (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 2014/2015. This figure is £859,509.
- (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 2014/15 as approved by Council on 3 March 2014 and equates to £532,734.

## 4. Performance Results and Future Targets

The Council's plans for each year are set out in the Gedling Plan. Performance against agreed actions and performance targets is managed through the Covalent Performance Management system, and performance information derived from it is available publicly on line on the Council's website at

<http://www.gedling.gov.uk/aboutus/howwework/prioritiesplansperformance/performance/>

Members are encouraged to access performance information through this link and hard copies of reports are no longer included with Cabinet papers. They are available for reference in the Members' Room.

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 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 the target for the year.

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

Overall, progress against Gedling 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 all five of the priority themes.

Progress against actions is particularly strong. 92% (56 out of 61) are either completed or on target with outcomes secured or on the way to being so, compared with 93% (49 out of 53) in 2013/14 and 83% in 2013/14. The year has seen the launch or completion of a range of significant projects, including opening of Gedling Country Park; opening of the “Men in Sheds” project; progression towards being a dementia –friendly organisation; successful relocation of Arnold Job Centre to the Civic Centre; adoption of the Aligned Core Strategy; and agreeing planning permission for the Gedling Access Road to open up the former Gedling Colliery site for development.

For the few Improvement Actions assessed as Red, work involved has been rolled forward for completion in the 2015/16 Gedling Plan and/or relevant Service Plans and revised targets agreed.

Progress against Performance Indicators overall has improved in the final quarter, with 57% (20 out of 35) with green status at year-end compared with 44% at the end of quarter 3. The Council has continued to set challenging performance targets but this years’ outturn suggests that increased demand for services (with our own and partners’ services) and budget reductions and reduced staffing levels are having an impact. Comparisons with previous years show 78% of measures on green status in 2013/14 and 67% green in 2013/14.

Notwithstanding the above, there is strong and improving performance in a number of areas, including the time taken to process housing benefit claims; creation of new apprenticeships; reduced sickness absence; cleanliness of streets and processing of major planning applications.

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 2014/15 and as such there are no alternative options. The proposals for budget carry forwards are in accordance with the requirements of Financial Regulations and

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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

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 2014/15 Variance Analysis  
Appendix 2 Budget Carry Forward Summary 2014/15  
Appendix 3 General Fund Balances and Earmarked Reserves 2014/15  
Appendix 4 Members Pot 2014/15  
Appendix 5 Statement of Accounts Technical Adjustments 2014/15  
Appendix 6 Capital Outturn 2014/15  
Appendix 7 Capital Financing Summary 2014/15  
Appendix 8 High Level Summary of Performance Outcomes 2014/15  
Appendix 9 Quarter 4 Performance Outcomes 2014/15

## **Background Papers**

8 Council Plan 2014/15 and Quarterly Performance Monitoring Reports

## **Recommendations**

### **Members are recommended:**

- (a) **To note the Council Plan Performance and Budget Outturn figures for 2014/15;**
- (b) **To note the revenue carry forwards approved by the Chief Financial Officer of £97,800 included in Appendix 2, amounts not in excess of £10,000 and committed schemes above £10,000;**
- (c) **To note the capital carry forwards approved by the Chief Financial Officer of £589,100 included in Appendix 2, being amounts not in excess of £50,000 and committed schemes above £50,000;**
- (d) **To refer to Council for approval:**
  - i) **The overall method of financing of the 2014/15 capital expenditure as set out in Appendix 7 of the report;**
  - ii) **The capital determinations in Section 3.4.**

## **Reasons for Recommendations**

- 10 To ensure Members are informed of the performance against the Council Plan for 2014/15 and to comply with statutory requirements for capital financing.