

## Report to Cabinet

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

**Date:** 12<sup>th</sup> November 2015

**Author:** Senior Leadership Team

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## Wards Affected

Borough-wide

### Purpose

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2015/2016 financial year. The budgets include all carried forward amounts from the 2014/2015 financial year.
- To seek Cabinet approval for budget and performance indicator changes outlined in this report.

### Key Decision

This is a Key Decision

#### 1. Background

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.
- 1.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have been brought together and are now embedded in the way the Council works.
- 1.3 In addition, performance reports now focus more directly on the Council's priorities and offer an "early warning" system of instance where targets may not be secured.

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Further information on the subject of this report is available from

Mark Kimberley – Corporate Director (financial aspects) on (0115) 9013990 or Helen Barrington – Council Solicitor and Monitoring Officer (performance aspects) on 0115 901 3896

## **Proposal**

### **2. Quarterly Progress Report**

#### **2.1 Performance Information**

##### **2.1.1 Purpose**

To inform Cabinet in summary of the position against Improvement Actions and Performance Indicators in the 2015/2016 Gedling Plan and to identify a request to make a change to two existing targets.

##### **2.2 Background**

- 2.2.1 A full overview summary of our performance is shown on our website which can be accessed via the following link:

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

Members are recommended to view this document which provides valuable background detail to this summary paper. The document provides a more in-depth review of indicators, actions and outcomes for quarter 2.

- 2.2.2 A full set of papers that appear on the website have been printed and these reports are available in the Members' Room.
- 2.2.3 These reports contain explanations of variances from expected performance together 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.
- 2.2.4 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 the expected performance at this stage of the year whilst actions must be on target against the "completed" or "assigned; in progress" milestones determined within Covalent.

In cases where Cabinet has agreed to amend a target during a year, progress is assessed against that amended target rather than the original target.

## 2.3 Performance

### Indicators

2.3.1 At this point in the year, 5 of the 29 performance indicators are expected to miss their annual target. These are detailed in the table below and further information will be provided at Cabinet.

Title	Quarter status <sup>2</sup>	Managed By	Portfolio
LI027 Number of visits to leisure centres	 Red	Andy Hardy	Housing, Health and Wellbeing
NI 154 Net additional homes provided	 Red	Peter Baguley	Housing, Health and Wellbeing
NI 155 Number of affordable homes delivered (gross)	 Red	Alison Bennett	Housing, Health and Wellbeing
NI 191 Residual household waste per household in Kg – target change requested	 Red	Caroline McKenzie	Environment
NI 192 Percentage of household waste sent for reuse, recycling and composting – target change requested	 Amber	Caroline McKenzie	Environment

2.3.2 A target change is requested for the following two indicators.

<b>Portfolio area</b>	<b>Indicator</b>	<b>Original target</b>	<b>Proposed target</b>	<b>Reason for change</b>
Environment	NI 192 Percentage of household waste sent for reuse, recycling and composting	41%	39%	In common with local and national trends recycling performance has plateaued, with the exception of garden waste stream which continues to increase.
Environment	NI 191 Residual household waste per household in Kg	515kg	545kg	Performance is linked to the plateau seen in recycling residual waste and is showing an increase which is unlikely to decrease by year end

## **Actions**

2.4 Of the 63 actions, two are completed and the remaining 61 are in progress.

Further information on the subject of this report is available from David Archer (Service Manager - Organisational Development) on 0115 9013937

## **3. Financial Information**

3.1 Appendices 1 and 2 set out details of the current financial position on the Council's General Fund Revenue Budget and the Capital Programme 2015/16.

### **3.2 General Fund Revenue Budget**

Appendix 1 outlines how the General Fund Revenue budget is divided between the Portfolio areas of the Council and includes a detailed variance analysis identifying the current proposed changes for the year against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

Included in Appendix 3 is a list of all the virements carried out in Quarter 2 following approval from Portfolio holders.

Included in Appendix 4 is a list of all transfers to/from Earmarked Reserves and Revenue Budget Funds following approval from Chief Financial Officer and Corporate Director.

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 30 September 2015. The overall resource implication for the Council's General Fund is a predicted under-spend of £98,700.

#### **General Fund Revenue Budget 2015/2016 – Change Analysis**

	£
The original 2015/16 budget approved by Council on 3 March 2015	<b>12,877,800</b>
Revenue Carry Forwards from 2014/15 approved under delegation arrangements by the Chief Financial Officer	97,800
<b>The current total approved budget for 2015/2016 and Cabinet's Maximum Budget is:</b>	<b>12,975,600</b>
Up to the end of September 2015 expenditure less income totalled	5,264,880
In the remaining 6 months of year we expect net expenditure less income to be	7,612,020
<b>Total net revenue spend for the year is currently expected to be</b>	<b>12,876,900</b>
<b>Projected Revenue Underspend 2015/16</b>	<b>(98,700)</b>

It should also be noted that the Council has received an additional New Burdens grant from CLG of £85,431, for the funding of Land Charges fee reclaims. This will increase the balance on the General Fund improving the Council's financial position, but is not recognised through Revenue monitoring being classed as part of external resourcing as a non-ring fenced general Government grant.

### **3.3 Capital Programme**

Appendix 2 details the current projected position on the Capital Programme and its' financing for 2015/16, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

## Capital Budget 2015/2016 - Change Analysis

	£
Original 2015/16 budget approved by Council on 3 March 2015	<b>3,227,400</b>
Capital Carry Forwards from 2014/15 approved under delegation arrangements by the Chief Finance Officer	589,100
Additional Budget for Repair and Renewal Flood Grant Scheme funded by DCLG Grant (Portfolio Holder approval 19/05/15 and 17/08/15)	70,000
Amendments at Quarter 1	(15,000)
<b>The current total approved budget for 2015/16</b>	<b>3,871,500</b>

### Proposed Quarter 2 Amendments to the 2015/16 Programme:

#### (a) Schemes identified for deferral

Exhaust fans, deferred until April 2017 due to extended useful life	(20,000)
Ford Transit Connect, deferred until April 2019 due to extended useful life	(42,000)
Shopmobility deferred until 2016/17 due to planning issues.	(150,000)

#### (b) Identified savings on schemes

VW Caddy, alternative cheaper vehicle purchased.	(17,500)
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#### (c) Additional scheme for approval

Gedling Country Park remedial works funded by Anesco contribution.	24,000
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<b>Total Proposed Amendments To Capital Programme</b>	<b>(205,500)</b>
<b>Proposed Revised Capital Programme 2015/16</b>	<b>3,666,000</b>

Actual Expenditure to Quarter 2 2015/16	840,177
Estimated Expenditure Quarter 3-4 2015/16	2,825,823
<b>Projected Outturn 2015/16</b>	<b>3,666,000</b>
<b>Projected Capital Programme Variance 2015/16</b>	<b>0</b>

#### **4. Alternative Options**

Option – Not to amend the original Council approved budgets during the year to reflect the latest projected outturn position.

Advantages:

- The final outturn position of the Council can be easily compared to its original intentions when the budget was set and areas of budget risk identified.

Disadvantages:

- Budgets not aligned to current budget pressures resulting in increased likelihood of budget overspend and emerging Council priorities not being addressed.
- Restrict the effectiveness of medium term planning process and preparation of the forward budget if pressures and areas of efficiency are not readily identifiable during budget preparation.
- Budget not reflective of latest performance information.

Reason for rejection – Not likely to result in the best outcomes in financial management or support delivery of priorities.

#### **5. Financial Implications**

The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed.

#### **6. Appendices**

Appendix 1 – General Fund Revenue Budget 2015/16 – Budgetary Control Report

Appendix 2 - Capital Programme 2015/16 – Budgetary Control Report

Appendix 3 – Virements approved by Portfolio Holders

Appendix 4 – Transfers to/from Earmarked Reserves and Revenue Budget Funds.

#### **7. Background Papers**

Detailed Quarterly Budgetary Control Exception Reports

## **8. Recommendation**

Members are **recommended**:

- a) To approve the changes to the Indicator Action targets as detailed in paragraph 2.3.2 of the report as an amendment to the agreed Gedling Plan;
- b) To approve the General Fund Revenue Budget movements included within Appendix 1;
- c) To approve the changes to the Capital Programme included in paragraph 2.2.3;
- d) To note the movements and transfers to/from reserves and funds during the last quarter as detailed in appendices 3 and 4.
- e) To include details of budget and performance monitoring in a quarterly performance digest, to be published on the Council's website and Intranet in line with the recommendations of Performance Review Scrutiny Committee.

## **9. Reasons for Recommendations**

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