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Our reference: Liz Reid-Jones
Your reference:
Date: 28 January 2011

To all Members of the Council

Dear Councillor

A meeting of the CABINET will be held on Tuesday 8 February 2011 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Head of Corporate Services

AGENDA

1. Apologies for absence.
2. Declarations of Interest.
3. Minutes of the Meeting held on Tuesday 11 January 2011.
4. Financial Plans and Strategy 2011 - 12 to 2015 - 16
The report of the Head of Financial Services.
5. Electoral Review Opportunity
The report of the Chief Executive.
6. Cotgrave Masterplan
The report of the Chief Executive.
7. Review of the Terms of Reference for the Employment Appeals Committee and the Officer Employment Procedure Rules
The report of the Head of Corporate Services.
8. Capital Budget Monitoring December 2010 - Period 9
The report of the Head of Financial Services.
9. Revenue Budget Monitoring December 2010 - Period 9

The report of the Head of Financial Services.

Membership

Chairman: Councillor J N Clarke

Vice-Chairman: Councillor J A Cranswick

Councillors D G Bell, J E Fearon, R Hetherington, Mrs D J Mason

Meeting Room Guidance

Fire Alarm - Evacuation - in the event of an alarm sounding you should evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble in the Nottingham Forest car park adjacent to the main gates.

Toilets - Facilities, including those for the disabled, are located opposite Committee Room 2.

Mobile Phones – For the benefit of other users please ensure that your mobile phone is switched off whilst you are in the meeting.

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REPORT OF THE HEAD OF FINANCIAL SERVICES

CABINET PORTFOLIO HOLDER – COUNCILLOR CLARKE

Summary

National Context

1. The Council's budget for 2011/12 and its financial strategy up to 2015/16 needs to be set against the backdrop of a financial deficit in the national public finances, unprecedented in recent times, and a high expectation from central Government that public services should be reformed and redesigned. Early messages from the national Coalition Government indicated that funding would reduce significantly for all public services, but with some protection for the national health service and overseas aid. Accordingly, on 20 October 2010 the Government announced the Comprehensive Spending Review (CSR). This produced a top level summary of the funding for all Government departments and indicated that local government would be subject to a cut in funding of 28.4% over 4 years as a significant contribution to addressing the national public finance deficit.
2. The CSR gave insufficient information to assess the detailed impact on the Borough Council. However it was generally assumed that the impact would be spread evenly over the 4 years. However, as the time for the Local Government financial settlement announcement approached it became clear that reductions formula grant were likely to be "front loaded" with significantly more reduction in the first two years. This was confirmed in early December when the settlement was announced. The settlement also confirmed an earlier proposal by the Government to recompense all Local authorities that do not increase the Council tax in 2011 by means of providing a special grant (for 4 years) equivalent to an increase of 2.5% (in 2011).

Impact on Rushcliffe Borough Council

3. In addition to the reductions in formula grant, the Council has faced significant financial pressures from the deteriorating economic conditions over the last few years, with reductions in income experienced. The Council's finances have been particularly severely affected by the historically low level of interest earned on investments which is a consequence of the poor economic conditions. The formula grant determinations for 2011/12 and 2012/13 have been confirmed, which result in a 25% reduction in external support for the authority over the next two years. Although the CSR detailed total department expenditure figures for the 2013/14 and 2014/15 years (and these reductions

4. When applied to the Council's projected finances over the term of the financial strategy, the net effect of all factors results in significant deficits to be addressed as demonstrated in the table below:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Deficit	1,060	2,292	2,492	2,772	2,901

Previous Approach

5. Over the last two years, the Council has dealt with any budget issues by reducing budget in a considered manner, looking to find efficiencies within service areas and looking at areas that can be cut which don't significantly impact on front line service delivery. This approach has involved Members and Residents taking part in a number of workshops to consider which services are deemed to be the most important to the residents of the Borough and which budget initiatives in services Members and residents felt would be reasonable to make to bridge the shortfall in the current year. The results of these workshops were then used to inform the Cabinet at its meeting in February 2010, which then put a recommendation to full Council for approval.
6. This process has been very successful over the last two years in achieving a budget for the next year and contributing towards a balanced five year strategy. This "incremental" approach is, however, not considered to be adequate to address the severity of the situation now facing the Council and the magnitude of the savings that will be needed. A radical approach is required.

Options

7. There are a number of approaches that the Council could consider to address the projected deficits. These are considered below:
- a) Large Increases in Council Tax;
 - b) Across the board cuts to all services, with consequent staff redundancies;
 - c) A planned approach incorporating a combination of business cost reduction, income generation and service redesign
8. The increase in Council Tax needed to bridge the deficit and provide a balanced budget would be significant. To raise an extra £1.0m in Council Tax would require an increase of approximately 21% in the level of Council Tax. As detailed in Annex 3, there are capping rules in place which would mean that large increases in Council Tax could be challenged and reversed and other ways would have to be considered in the short term to reduce costs to balance the budget.
9. Another option would be to apply an enforced and radical reduction to all service budgets without consideration of the likely implications. This would mean immediate direct cuts in services and does not take into account which services the residents appreciated and valued. It does not allow for any service reform or review that could consider whether the service can be

delivered in a different way. It would most likely result in forced staff redundancies.

10. The planned approach described in option c) above allows the authority to consider the services and how they are delivered, by whom and to what level. It takes advantage of the Council's relatively strong finances to give the authority time to undertake a considered review and reform of all services over a four year cycle.

Medium Term Strategy

11. At the Cabinet meeting in September, the Initial Budget Report 2011/12 highlighted the need for a significant change in the way the Council operates. The principles within that report covered three areas, these being
 - Business Cost Reduction
 - Service and Structure Redesign
 - Income Maximisation
12. Assuming that Members support the adoption of the planned approach outlined above, and drawing on the contributions made by Members in the series of workshops on this topic, these principles have been incorporated into a four year plan of reviews and other actions to address the financial situation and is contained with this report at appendix 1 to Annex 3. This also forms a supporting document to the medium term financial strategy. A savings target is set for each of the reforms, with an overall savings target for all reviews amounting to £1.3m over the four year period. This year the budget process has incorporated four Member workshops, a staff survey and a residents' workshop. All these workshops have helped to formulate the four-year plan. The four year plan for review of services can then be linked to the medium term financial strategy to ensure that the authority works towards a balanced budget over the medium term.
13. In addition to the programme of reviews, Managers have identified a number of business cost reduction and efficiency initiatives that can be implemented over the four year period without significantly affecting service provision. These savings amount to £0.56m in 2011/12, increasing to £1.158m over 4 years. The implementation of these initiatives is included in the four year plan and the savings incorporated into budgets to help address the deficit detailed at paragraph 4.
14. The following table demonstrates the potential impact of the reviews and savings identified by Managers on the overall deficit:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Deficit	1,060	2,292	2,492	2,772	2,901
Savings identified by Managers	-560	-928	-988	-1158	-1158
Targeted review savings	-32	-437	-996	-1307	-1352
Remaining deficit	468	927	508	307	391

15. As indicated in the next section of this report, there are further options for Members to consider in relation to closing the remaining funding gap for 2011/12. If this is achieved, and the targeted savings from reviews are also achieved, the remaining deficit would be eliminated over the four year period. However in 2012/13 there would remain a deficit to be addressed because the savings cannot be realised quickly enough.
16. Over the term of the strategy, the total reserves of the authority, including earmarked reserves that are used to support expenditure commitments, will reduce from £24m down to under £10m. In particular, the reserves will be utilised to support the capital programme and the “Invest to Save Reserve” will be used to support the reform programme of service reviews.
17. The financial strategy again aims to achieve a “balanced budget” that is sustainable in the medium term, in accordance with the aim of past financial strategies. This, however, is only achievable if the savings targets can be met.
18. Provided that this revised strategy is maintained and the targeted savings delivered in later years, the Council’s financial plans will be robust, sustainable over the 5 year period and affordable in so far as the current uncertain economic climate permits. It will also be necessary to ensure that the capital programme is kept within the proposed prudential indicators. The projected levels of balances and reserves are adequate, provided that spending plans are adhered to and savings targets met.

2011/12 Budget – Revenue

19. The first step in a new medium term financial strategy is the setting of the budget for next year. Clearly reviews of services are time consuming and resource intensive, so these will commence in 2011/12 and start to have an effect in the following year. Therefore other initiatives are required to close the funding gap in 2011/12. This gap amounts to £0.500m, being the £1.06m deficit referred to in paragraph 4, reduced by the savings initiatives identified by Managers for 2011/12 of £0.56m. It should be noted that this also takes into account the use of £0.6m of general balances in accordance with the previous financial strategy.
20. A number of detailed service options for bridging the gap within the 2011/12 budget have been drawn up to help bridge the immediate gap and contribute towards the medium term savings target. These are included in **Annex 3**. To assist Cabinet in their decision on each of these options, extensive consultation was undertaken with Members, focus groups of residents and youth assembly members. Views from the workshops are included in **Annex 3**.
21. Cabinet Members are requested to indicate which of these options they wish to support in the 2011/12 budget. In order to assist in this decision, **Annex 3** also demonstrates the impact of some combinations of these options on the deficit and the strategy, together with comments on the implications. These exemplifications range from none of the options being supported to all being supported. The supported options will be incorporated into the proposed budget for final approval by Council.

2011/12 Budget – Capital

22. The capital programme also forms part of the financial strategy and has been designed to support the Council's priorities, with provision included to support affordable housing, decent homes, recycling, community safety and more accessible customer services.
23. Subject to Cabinet's decision on the report in relation to the Cotgrave Masterplan later on this agenda, capital provision has been made to facilitate this project, which is matched by anticipated receipts. It may also be appropriate for some support to be made available for the housing aspects of the scheme from within the provision for the affordable housing. Provision has been transferred from the current year to facilitate the project to upgrade Community Contact Centre Spokes, subject to the Nottinghamshire Police review of their own asset base. The general environmental improvements scheme was subject to a scrutiny review during the last year and it will be considered next year as part of the 4 year plan. This will inform the budget process next year.
24. The programme now does not include any Decent Homes Funding expenditure as the grant that the authority receives will cease from 2011/12 onwards. If a decent homes programme is to be continued, new provision from the Council's own resources will need to be made. Provision is also included in the programme to maintain the Council's assets. In order to reduce administration, streamline the decision making associated with capital schemes and to improve the performance of achieving the capital programme, officers are authorised to proceed with schemes in the programme on the basis of the appraisals already carried out.
25. The main elements of the report are:
 - a) a capital programme in 2011/12 of £5.707m and of £2.815m in 2012/13;
 - b) a net revenue expenditure in 2011/12 of £11.53m, subject to the selection of the budget options to be implemented;
 - c) a West Bridgford special expense budget of £751,860, resulting in a Council Tax requirement of £55.18 in West Bridgford;
 - d) a medium term financial strategy based on
 - setting the Council Tax for 2011/12 to fund net expenditure while using balances over the medium term, together with a savings target, to balance the budget;
 - A considered review of services as detailed in the four year service reform plan covered in **Annex 3**;
 - To utilise balances over following years to achieve a balanced budget in the medium term;
 - To maintain earmarked reserves through savings in operating costs and any Local Authority Business Growth Incentive receipt;
 - To confirm a minimum level of general balances of £1.25m;
 - To place any additional income received from investments in an interest equalisation reserve to smooth out fluctuations and to utilise this balance where shortfalls are experienced.

26. The proposed Treasury Management strategy and borrowing limits support the achievement of the proposed spending plans.
27. The attached **Annexes** detail the proposed capital programme, prudential indicators, the proposed revenue budget, financial strategy and level of Council Tax and the treasury management strategy.
28. Members are invited to consider which options for Council Tax they wish to recommend to Council and which budget options are to be implemented. Based on the options selected to recommend to Council, there will be some consequential amendments to relevant budget figures.

Recommendations

It is RECOMMENDED that Cabinet supports and proposes to the Council for approval:

- i. the capital programme as set out in **Annex 1**, and that officers be authorised to take the necessary steps to implement the first two years of that programme;
- ii. the prudential indicators as set out in **Annex 2**;
- iii. delegation to the Section 151 Officer the authority to effect movements between the separately agreed authorised and operational limits for external debt in respect of external borrowing and other long term liabilities, in accordance with optional appraisal and best value for money for the authority;
- iv. The revenue estimates for 2011/12, amended by the relevant savings initiatives selected by Cabinet as detailed in Annex 3 and including the contingency provision, proposed at £80,000 based on the financial strategy as set out in **Annex 3**;
- v. An appropriate level of Council Tax for general Borough purposes, with the consequent use of revenue balances;
- vi. The medium term financial strategy as set out in **Annex 3**;
- vii. The four year plan as set out at **Appendix 1** within **Annex 3**;
- viii. The treasury management strategy as set out in **Annex 4**.

Financial Comments

The financial impact of the Borough's spending plans is described in the report

Section 17 Crime and Disorder Act

The budget supports the Council's work in tackling crime and disorder

Diversity

In the development of proposals within the financial strategy due regard is being given to the potential equalities impact, in order to ensure fair financial decisions. Where necessary assessment will be made to measure and evaluate any such impact and this will help to identify methods for mitigating or avoiding it. This process will help to ensure that agreed courses of action are justifiable and, where necessary plans are in place to alleviate negative impact.

Background Papers for Inspection: Nil

INDEX

	Pages
Annex 1 Capital Programme	9 - 20
Appendix 1 Capital Programme 2011/12 to 2015/16	13 - 19
Appendix 2 Capital Resource Projection	20
Annex 2 Prudential Indicators 2011/12 to 2015/16	21 – 25
Annex 3 Budget Requirement and Borough Council Tax	26 – 63
Appendix 1 Four Year Financial Plan	38
Appendix 2 Specific Comments Members' Workshop Four	55
Appendix 3a Base Projection	56
Appendix 4 Risk and Robustness of Estimates	57
Appendix 5 Calculation of Budget Requirement	58
Appendix 6 Reserves	59
Appendix 7 Special Expenses	60
Appendix 8 Collection Fund – Council Tax Element	61
Appendix 9 Number of Chargeable Properties	62
Appendix 10 Calculation of Borough/Parish Band D Tax Rates 2011/12	63
Annex 4 Treasury Management Strategy 2011/12	64 – 75
Appendix 1 Economic Background	73
Appendix 2 Glossary of Terms	74 – 75

CAPITAL PROGRAMME 2011/12 TO 2015/16

Prudential Guidelines

1. In considering its programme for capital investment, the Council is required, within the prudential code, to have regard to:
 - Affordability, for example in relation to the Council Tax;
 - Prudence and sustainability, for example in relation to external borrowing;
 - Value for money, for example options appraisal;
 - Stewardship of assets, for example through asset management plans;
 - Service objectives, for example through the authority's strategic plans;
 - Practicality, for example achievability of the plans.
2. It is considered that the prudential indicators and the medium term financial plan demonstrate the affordability, prudence and sustainability of the programme, **subject to the achievement of the target savings in the financial strategy projections**. The programme is consistent with the Council's Corporate Strategy including the priorities for improvement, capital strategy and asset management plans.
3. More detailed appraisals of the schemes in the first two years of the programme have been carried out by officers. It is therefore proposed that officers should be authorised to proceed on the basis of these appraisals in order to expedite the capital programme and streamline administration and decision making. These appraisals are included with the detailed "budget book" for this year and are linked to the Corporate priorities for improvement.

Capital Expenditure Proposals

4. The programme in **Appendix 1** to this report contains the expenditure proposals for the next five years. The main difference compared with the programme approved last year are:
 - Rephasing of the provisions for Support for Registered (housing) Providers
 - Inclusion of £2,000,000 for the redevelopment of Cotgrave Town Centre under the Cotgrave Masterplan
 - Removal of future provisions for Private Sector Renewal. No further funding under the Decent Homes Initiative is expected and, at a

national political level, there is an expectation that private home owners and landlords should maintain their own properties to an appropriate standard

- Rephasing of the Vehicle Replacement programme
 - Rephasing of the provision for a new Depot
 - Acceleration of the provision for West Bridgford Town Centre environmental improvement scheme from 2011/12 to 2010/11
 - Rephasing of £450,000 for the Community Contact Centres from 2010/11 to 2011/12
 - Contingency has been increased by £200,000 in order to support any capital expenditure requirements for the Civic Centre and the Depot
5. The Capital Programme clearly shows the links to the corporate priorities for improvement so it is easy to understand which projects are aligned to which priorities.
 6. Significant expenditure is planned on affordable housing through support to Registered (housing) Providers. There is the possibility that some of this provision could be used to support affordable housing as part of the Cotgrave Masterplan project. The Masterplan has been included as a major new scheme in the programme and will see the Council working in partnership to facilitate the redevelopment of Cotgrave Town Centre. The Masterplan will be the subject of future detailed options appraisal.
 7. The sum of £450,000 is now shown in the 2011/12 programme for the Community Contact Centre – Spokes. This has been rephased from 2010/11 and relates to the enhancement of remote customer service sites in the rural villages of Rushcliffe. It was anticipated that some of this work would be at remote Police Stations in the borough, however, Nottinghamshire Police Authority is undertaking a review of its property portfolio and this may impact on the delivery of this project.
 8. Provisions for the Vehicle Replacement programme and Disabled Facilities Grants continue to be made. The programme also shows a continuation of investment in Information Systems, Play Areas, environmental improvements and footpaths. It should be noted that the Council's support for environmental improvements has been subject to scrutiny by the Community Development Group (26 October 2010) and the scheme is included in The Four Year plan for review in 2011/12.
 9. The overall programme planned for 2011/12 totals £5,707m. A contingency provision of £350,000 is included, which will be enhanced by rolling forward any unspent contingency from 2010/11.

Capital Financing

Government Support

10. The estimated capital resources and their use to finance the proposed programme are summarised at **Appendix 2**. In addition to the proposed programme any slippage on schemes in 2010/11 will be carried forward and have to be financed in 2011/12.
11. Grant support of £220,000 in respect of Disabled Facilities Grants (DFGs) for 2011/12 and future years has been assumed as confirmation of the allocation from Department of Communities and Local Government (DCLG) has not been received at the time of the preparation of this report. This is less than is required to support the proposed expenditure of £550,000 each year (historically the grant rate was 60% but it has been cash limited for the last few years). No reductions to the provisions are proposed in order to ensure that the anticipated demand to deliver this mandatory service can continue to be met.

Capital Receipts

12. The Borough holds capital receipts which have been generated in the past from disposal of fixed assets together with the Large Scale Voluntary Transfer of the housing stock to a Registered Provider. Capital receipts generated in the year come from repayment of mortgages historically granted, repayment of loans to Nottinghamshire County Cricket Club and, in 2010/11, subsequent disposals of Council Housing Stock by the Registered Provider on properties that have a preserved Right to Buy.

Revenue Financing of Capital Expenditure

13. There is no "in-year" provision for financing of capital expenditure from revenue in 2011/12 and future years, with the exception of that contained within the West Bridgford Special Expense budget (£100,000 per year to support the investment in Play Areas within West Bridgford) However, the revenue reserve earmarked for this purpose is estimated to be £2.091m as at 31 March 2011. This sum is available to finance the General Fund capital programme. In addition, the invest to save reserve will be used to finance the IS strategy projects contained in the programme.

Other Grants and Contributions

14. Other grants and contributions total £760,000 in 2011/12. Of this sum £650,000 arises from Growth Point funding to support the Cotgrave Town Centre scheme. The remaining sum comprises £100,000 Football Foundation funding together with £10,000 Section 106 money

to offset part of the costs of the redevelopment of Alford Road Pavilion (Special Expense scheme).

15. In future years the potential to release £250,000 from Section 106 monies to support Development and Place Shaping projects in 2014/15 and 2015/16 has been included.

Resources

16. From the projection of resources shown at **Appendix 2**, and the revenue projections in the report on the Council Tax, it can be seen that the proposed programme is affordable, although this needs to be considered in conjunction with the prudential indicators and the effect on the revenue account.

Background papers available for public inspection – Nil

CAPITAL PROGRAMME 2011/12 TO 2015/2016

Activity Area/Scheme Project	Estimated Expenditure						Revenue Effect in 2011/12	Revenue Effect in Full Year
	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Expenditure:</u>								
Revenues and ICT Services	1,453.0	505.0	573.0	125.0	125.0	125.0	0.0	(5.0)
Financial Services	950.0	350.0	150.0	150.0	150.0	150.0	0.0	0.0
Partnerships and Performance	610.0	450.0	12.0	73.0	25.0	50.0	0.0	0.0
Environment and Waste Management	10,177.7	1,143.3	1,209.9	5,309.9	1,186.4	1,328.2	0.0	103.6
Community Shaping	5,013.2	3,154.4	765.4	766.4	163.0	164.0	5.0	5.0
Planning and Place Shaping	1,525.0	105.0	105.0	105.0	605.0	605.0	0.0	0.0
GRAND TOTAL	19,728.9	5,707.7	2,815.3	6,529.3	2,254.4	2,422.2	5.0	103.6
<u>Financed By:</u>								
Usable Capital Receipts		3,867.7	1,045.3	6,109.3	1,584.4	1,752.2		
Disabled Facilities Grants		220.0	220.0	220.0	220.0	220.0		
Spend to Save Reserve		480.0	100.0	100.0	100.0	100.0		
Other Grants and Contributions		760.0	1,350.0	0.0	250.0	250.0		
Revenue Financing of Capital Outlay		380.0	100.0	100.0	100.0	100.0		
GRAND TOTAL		5,707.7	2,815.3	6,529.3	2,254.4	2,422.2		

A further sum of £4 million has been set aside for investment in property funds, which is classified as Capital Expenditure

CAPITAL PROGRAMME 2011/12 TO 2015/2016
Head of Revenues and ICT Services

Appendix 1

Ref	Activity Area/Scheme Project	Proposed				Estimated Expenditure						Revenue Effect in 2011/12 of Col (7)	Revenue Effect in Full Year of Col (6)
		Start Date	End Date	Risk	Priority	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
	(1)	(2)	(3)	(4)	(5)	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000	(12) £'000	(13) £'000
	Bridgford Hall Refurbishment	Apr 12	Mar 13	High	1,6	448.0	0.0	448.0	0.0	0.0	0.0	0.0	(5.0)
	IS Strategy	Ongoing		Med	1,6	880.0	480.0	100.0	100.0	100.0	100.0	0.0	0.0
	Footpath Enhancement	Ongoing		Low	1	125.0	25.0	25.0	25.0	25.0	25.0	0.0	0.0
	Revenues and ICT Total					1,453.0	505.0	573.0	125.0	125.0	125.0	0.0	(5.0)

Priorities for improvement 2007 - 2011 (See (5) above)	
1	Help to deliver a sustainable environment
2	Pursue effective partnership working to deliver improved and accessible public services within Rushcliffe and the East Midlands region
3	Reduce levels of crime and anti social behaviour to make people feel safe
4	Increase community involvement in decision making
5	Help children and young people achieve their potential and make a positive contribution to society
6	Deliver efficient and effective high quality services

CAPITAL PROGRAMME 2011/12 TO 2015/2016
Head of Financial Services

Appendix 1

Ref	Activity Area/Scheme Project	Proposed				Estimated Expenditure						Revenue Effect in 2011/12 of Col (7)	Revenue Effect in Full Year of Col (6)
		Start Date	End Date	Risk	Priority	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
	(1)	(2)	(3)	(4)	(5)	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000	(12) £'000	(13) £'000
	Contingency					950.0	350.0	150.0	150.0	150.0	150.0	0.0	0.0
	Financial Services Total					950.0	350.0	150.0	150.0	150.0	150.0	0.0	0.0

A further sum of £4 million has been set aside for investment in property funds, which is classified as Capital Expenditure

Priorities for improvement 2007 - 2011 (See (5) above)
1 Help to deliver a sustainable environment
2 Pursue effective partnership working to deliver improved and accessible public services within Rushcliffe and the East Midlands region
3 Reduce levels of crime and anti social behaviour to make people feel safe
4 Increase community involvement in decision making
5 Help children and young people achieve their potential and make a positive contribution to society
6 Deliver efficient and effective high quality services

CAPITAL PROGRAMME 2011/12 TO 2015/2016
Head of Partnerships and Performance

Appendix 1

Ref	Activity Area/Scheme Project	Proposed				Estimated Expenditure						Revenue Effect in 2011/12 of Col (7)	Revenue Effect in Full Year of Col (6)
		Start Date	End Date	Risk	Priority	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
(1)	(2)	(3)	(4)	(5)	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000	(12) £'000	(13) £'000	
	Keyworth Leisure Centre Pitch Upgrade	Apr 13	Mar 14	Med	1,2,5,6	25.0	0.0	0.0	25.0	0.0	0.0	0.0	0.0
	Rushcliffe Leisure Centre Changing Room Supply & Extraction Unit	Apr 12	Mar 13	Med	1,2,5,6	12.0	0.0	12.0	0.0	0.0	0.0	0.0	0.0
	Gym Hall - Warm Air Heating Unit	Apr 13	Mar 14	Med	1,2,5,6	15.0	0.0	0.0	15.0	0.0	0.0	0.0	0.0
	Car Park Surfacing	Apr 14	Mar 15	Med	1,2,6	25.0	0.0	0.0	0.0	25.0	0.0	0.0	0.0
	Arena Bowls Rink Cloth Cover/Underlay	Apr 13	Mar 14	Med	1,2,6	33.0	0.0	0.0	33.0	0.0	0.0	0.0	0.0
	Sports Hall Flooring	Apr 15	Mar 16	Med	1,2,6	50.0	0.0	0.0	0.0	0.0	50.0	0.0	0.0
	Community Contact Centre - Spokes	Apr 11	Mar 12	High	1,2,4,6	450.0	450.0	0.0	0.0	0.0	0.0	0.0	0.0
	Partnerships and Performance Total					610.0	450.0	12.0	73.0	25.0	50.0	0.0	0.0

Priorities for improvement 2007 - 2011 (See (5) above)

1 Help to deliver a sustainable environment
2 Pursue effective partnership working to deliver improved and accessible public services within Rushcliffe and the East Midlands region
3 Reduce levels of crime and anti social behaviour to make people feel safe
4 Increase community involvement in decision making
5 Help children and young people achieve their potential and make a positive contribution to society
6 Deliver efficient and effective high quality services

CAPITAL PROGRAMME 2011/12 TO 2015/2016
Head of Environment and Waste Management

Appendix 1

Ref	Activity Area/Scheme Project	Proposed				Estimated Expenditure						Revenue Effect in 2011/12 of Col (7)	Revenue Effect in Full Year of Col (6)
		Start Date	End Date	Risk	Priority	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
	(1)	(2)	(3)	(4)	(5)	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000	(12) £'000	(13) £'000
	Provision of new Depot Building	Apr 13	Mar 14	High	1	4,000.0	0.0	0.0	4,000.0	0.0	0.0	0.0	103.6
	Waste Management												
	Wheeled Bins	Ongoing		Low	1,6	300.0	60.0	60.0	60.0	60.0	60.0	0.0	0.0
	Vehicle replacement	Ongoing		Low	1,6	3,127.7	533.3	599.9	699.9	576.4	718.2	0.0	0.0
	Disabled Facilities Grants	Ongoing		High	1,2,5,6	2,750.0	550.0	550.0	550.0	550.0	550.0	0.0	0.0
	Environment and Waste Management Total					10,177.7	1,143.3	1,209.9	5,309.9	1,186.4	1,328.2	0.0	103.6

Priorities for improvement 2007 - 2011 (See (5) above)

1	Help to deliver a sustainable environment
2	Pursue effective partnership working to deliver improved and accessible public services within Rushcliffe and the East Midlands region
3	Reduce levels of crime and anti social behaviour to make people feel safe
4	Increase community involvement in decision making
5	Help children and young people achieve their potential and make a positive contribution to society
6	Deliver efficient and effective high quality services

CAPITAL PROGRAMME 2011/12 TO 2015/2016
Head of Community Shaping

Ref	Activity Area/Scheme Project	Proposed				Estimated Expenditure						Revenue Effect in 2011/12 of Col (7)	Revenue Effect in Full Year of Col (6)
		Start Date	End Date	Risk	Priority	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
	(1)	(2)	(3)	(4)	(5)	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000	(12) £'000	(13) £'000
	Support for Registered Providers	Ongoing		High	1,2,3,4,6	1,813.2	604.4	604.4	604.4	0.0	0.0	0.0	0.0
	Cotgrave Masterplan	Apr 11	Mar 12	High	1,2,3,4,6	2,000.0	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0
	Partnership Grants	Ongoing		High	1,2,3,5,6	310.0	60.0	61.0	62.0	63.0	64.0	0.0	0.0
	Children's Play Areas and Facilities for Older Children - Special Expense	Ongoing		Low	1,3,4,5,6	500.0	100.0	100.0	100.0	100.0	100.0	5.0	5.0
	Alford Road Football Pavilion Re-development - Special Expense	Apr 11	Mar 12	Med	1,3,4,5,6	390.0	390.0	0.0	0.0	0.0	0.0	0.0	0.0
	Community Shaping Total					5,013.2	3,154.4	765.4	766.4	163.0	164.0	5.0	5.0

Priorities for improvement 2007 - 2011 (See (5) above)

1	Help to deliver a sustainable environment
2	Pursue effective partnership working to deliver improved and accessible public services within Rushcliffe and the East Midlands region
3	Reduce levels of crime and anti social behaviour to make people feel safe
4	Increase community involvement in decision making
5	Help children and young people achieve their potential and make a positive contribution to society
6	Deliver efficient and effective high quality services

CAPITAL PROGRAMME 2011/12 TO 2015/2016
Head of Planning and Place Shaping

Ref	Activity Area/Scheme Project	Proposed				Estimated Expenditure						Revenue Effect in 2011/12 of Col (7)	Revenue Effect in Full Year of Col (6)
		Start Date	End Date	Risk	Priority	5 Year Provision	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Running Expenses	Running Expenses
	(1)	(2)	(3)	(4)	(5)	(6) £'000	(7) £'000	(8) £'000	(9) £'000	(10) £'000	(11) £'000	(12) £'000	(13) £'000
	Provision for Development and Place Shaping	Apr 14	Mar 16	High	1,2,3,4 5,6	1,000.0	0.0	0.0	0.0	500.0	500.0	0.0	0.0
	Environmental Improvements - General	Ongoing		Medium	1,2,4	525.0	105.0	105.0	105.0	105.0	105.0	0.0	0.0
	Planning and Place Shaping Total					1,525.0	105.0	105.0	105.0	605.0	605.0	0.0	0.0

Priorities for improvement 2007 - 2011 (See (5) above)

1	Help to deliver a sustainable environment
2	Pursue effective partnership working to deliver improved and accessible public services within Rushcliffe and the East Midlands region
3	Reduce levels of crime and anti social behaviour to make people feel safe
4	Increase community involvement in decision making
5	Help children and young people achieve their potential and make a positive contribution to society
6	Deliver efficient and effective high quality services

Appendix 2

CAPITAL RESOURCE PROJECTION

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Resources b/f	21,341	17,873	13,280	12,169	9,993	8,342
Usable Receipts (in year)	326	34	34	4,033	33	33
Contributions and Grants	806	980	1,570	220	470	470
Revenue Contributions	100	100	100	100	100	100
Expenditure	4,700	5,707	2,815	6,529	2,254	2422
Resources c/f	17,873	13,280	12,169	9,993	8,342	6,523

Prudential Guidelines

1. The arrangements involving “prudential guidelines” involve the following main features:
 - The ability to set local limits for borrowing and capital expenditure subject to the Prudential Code of Practice developed by CIPFA and advice from the Section 151 officer;
 - Capital investment plans are affordable, sustainable and prudent;
 - The setting of “prudential indicators” to measure these factors;
 - The monitoring of the indicators throughout the year to ensure compliance.

This paper provides the relevant advice and sets out the proposed indicators.

Prudential Indicators

Affordability

2. Affordability may be demonstrated by the resources to finance capital expenditure and the implications of this expenditure and its financing on the General Fund, including its impact on Council Tax.
3. The actual capital expenditure that was incurred in 2009/10 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval as absolute limits are:

Capital Expenditure					
	2009/10 Actual £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
General Fund Total	2,644	4,700	5,707	2,815	6,529

4. The capital programme annex demonstrates that these plans are affordable in that they can be wholly financed from current capital resources without recourse to borrowing. Alternative capital finance arrangements will be used, however, where they can be shown to be more economic than the standard method of utilising capital receipts.
5. The impact on revenue of interest (and debt repayment where applicable) arising from capital expenditure plans is important in demonstrating affordability. Because the Council is debt-free and has significant investments, interest is an income to the General Fund. Also, as there are no plans to borrow to finance the capital programme, capital expenditure reduces the level of investments held by the Council and hence reduces the interest income. The indicator below - the ratio of financing costs to net revenue stream – shows the relationship between investment income and income from

external support from the Government, plus the amount to be raised from Council Tax.

Ratio of financing costs to net revenue stream					
	2009/10 Actual	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
General Fund Total	-10.26	-4.72	-6.48	-8.66	-7.29

6. The impact of the lower predicted investment returns over the next few years is clearly demonstrated as the rate of return is not anticipated to improve until 2012/3
7. The Code requires that the incremental impact of new capital investment decisions on the level of Council Tax should be calculated to ensure their affordability. The table below provides figures for the estimated impact of the new capital programme compared to that approved last year.

Incremental impact on Council Tax of revised capital programme			
	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
General Fund	+0.20	-1.08	+1.21
West Bridgford Special expense	Nil	Nil	Nil

The medium term financial projections and strategy contained within the report on the Council Tax for 2011/12 include the above effects and demonstrate the overall impact and affordability of the whole of the Borough's revenue and capital plans.

Prudence and Sustainability

8. Prudence and Sustainability under the Code are demonstrated by the amount of the Capital Financing Requirement (CFR), and the levels (and movements in) the authorised and operational boundaries of external borrowing.
9. Estimates of the end of year CFR for the Borough for the current and future years and the actual requirement at 31 March 2010 are:

Capital Financing Requirement – end of					
	2009/10 Actual £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000
General Fund Total	-505	-505	-505	-505	-505

10. The CFR measures the extent to which capital expenditure has not been permanently financed. For Rushcliffe, the figure is negative as the Council is debt-free and past provisions set aside for the repayment of debt have exceeded past borrowings.

11. The Borough has an integrated treasury management strategy and has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*. At any time, the Borough has a number of cash flows both in and out and manages its treasury position in terms of investments and temporary borrowings in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue and capital cash. In principle, external borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the CFR reflects the authority's underlying need to borrow for a capital purpose.

12. CIPFA's *Prudential Code for capital finance in Local Authorities* includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two years".

13. The Borough's plans clearly meet this criterion since they indicate the continuation of debt-free status.

14. In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt, gross of investments, for the next three years. These limits separately identify borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Section 151 Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at the next meeting following the change.

Authorised limit for external debt				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Borrowing	10,500	11,500	12,500	13,000
Other long term liabilities	Nil	Nil	Nil	Nil
Total	10,500	11,500	12,500	13,000

15. These limits are consistent with the authority's current commitments, plans, revenue budget and capital programme proposals and the proposed treasury management strategy. They are based on an estimate of the most likely, prudent but not worst case scenario, with sufficient headroom over and above this to allow for operational management, unusual cash movements for example. Risk analysis and risk management strategies have been taken into account as have plans for capital expenditure, estimates of the CFR and estimates of cashflow requirements for all purposes.

16. The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit, but reflect the estimate of the most likely, prudent but not worst case scenario,

without the additional headroom included in the authorised limit. The operational limit represents a key management tool for in-year monitoring by the Section 151 Officer. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The same delegation to effect movements between the two elements is requested as for the authorised limit.

Operational Boundary for external debt				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Borrowing	3,000	3,500	4,000	4,500
Other long term liabilities	Nil	Nil	Nil	Nil
Total	3,000	3,500	4,000	4,500

17. The Council had no external debt as at 31 March 2010.
18. In taking its decisions on the report, the Council is asked to note that the authorised limit determined for 2011/12 will be the statutory limit determined under Section 3(1) of the Local Government Act 2003.

Treasury Management

19. The treasury management strategy contains the relevant prudential indicators, which for convenience are also repeated here.
20. The Borough has adopted the CIPFA *Code of practice for treasury management in the public services*. This is an indicator in itself.
21. It is recommended that the Council sets an upper limit on its fixed interest rate exposures and variable interest rate exposures for 2011/12, 2012/13 and 2013/14 of 100% of its net outstanding principal sums. Any borrowing will be for temporary periods only and therefore will be one loan, which must be either fixed or variable.
22. In accordance with the above principle, it is recommended that the Council sets an upper limit of maturity of any borrowings of 100% within 364 days and a lower limit of nil. For all other periods both the upper and lower limits will be nil.
23. It is recommended that sums invested for periods of longer than 364 days be limited to being no more than 60% of the total amount available for investment. For 2011/12, this amounts to £23.5m (60% of £39.1m).

Minimum Revenue Provision

24. The Council is required under regulation 27 of the 2003 Regulations to charge the revenue account for each financial year a Minimum Revenue Provision to account for the cost of the debt in that financial year. Following the amendments contained in the 2008 Regulations, the Council now has a requirement to calculate a Minimum Revenue Provision that it considers to be prudent. A review of the Capital and Treasury management strategy confirms that in the medium term, the Council does not have a requirement to take out

debt to finance the Capital Programme. Therefore, according to the five year Financial Strategy, a Minimum Revenue Provision would not be required.

25. If there was a need to make a Minimum Revenue Provision, this would be calculated in line with the guidance, and the asset life method, as described, would be followed.

**COUNCIL TAX 2011/12: BUDGET REQUIREMENT AND
BOROUGH COUNCIL TAX****Medium Term Financial Strategy**

1. A revised medium term financial strategy for the General Fund and Council Tax is proposed as set out below.
 - setting the Council Tax for 2011/12 to fund net expenditure while using balances over the medium term, together with a savings target, to balance the budget;
 - Meeting the savings target through a series of service reforms included in the four year plan, including investing to save, business process re-engineering and review of other ways of providing services;
 - To utilise balances over following years to achieve a better balanced budget in the medium term;
 - To maintain earmarked reserves through savings in operating costs and any Local Authority Business Growth Incentive receipt;
 - To confirm a minimum level of general balances of £1.25m;
 - To place any additional income received from investments in an interest equalisation reserve to smooth out fluctuations and to utilise this balance where shortfalls are experienced.

2. The strategy has been amended to cater for the financial settlement detailed in the Comprehensive Spending Review and the latest projections of the national economic climate. In particular the Council's settlement has reduced by 25% or £1.6m over the next two years and income through interest receipts is projected to be depressed for a longer period. While significant savings have already been identified to mitigate these factors, further savings are required in future and withdrawals from balances and from the interest equalisation reserve are required to balance the budget in the medium term.

Spending Pressures on the budget for 2011/12 and projections for future years

3. The financial strategy approved last year when setting the budget for 2010/11 indicated a savings requirement of £700,000 for 2011/12. This savings target was increased when reviewed in September principally because of the indication that the Comprehensive Spending Review would include a significantly reduced central government grant and therefore a

need for a larger savings target. The following are the key assumption changes included with the financial strategy:

- Last year the prediction was that external support would reduce by 2.0% in 2011/12 and then remain constant. As detailed above, and modelled as a scenario in the September report to Cabinet, the reduction in external support is 25% over the first two years. For the purposes of the strategy it is assumed that there will be further reductions in 2013/14 and 2014/15 as part of the Governments four year plan to reduce the national deficit;
 - Inflation is anticipated to be lower in the future than it has been over the past few years, and therefore the assumption with the projection has changed reducing the inflation levels to 1%;
4. The projections of the Council's revenue finances presented to Cabinet in October indicated a savings requirement of between £470k and £785k for 2011/12, growing to between £1.15m and £3.2m required from 2015/16 onwards. After updating the financial projections with the settlement data and the County Council's proposals, the savings targets were revised to £1.15m for 2011/12 growing to £2.8m in 2015/16. Final adjustments for increases in planning fees (paragraph 8) and a collection fund surplus at the end of 2010/11 (paragraph 11) result in the following savings targets:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Deficit	1,060	2,292	2,492	2,772	2,901

Movements since Cabinet 7 September 2010

5. As a consequence of the need to identify savings, Managers undertook a review of all the budgets to highlight potential savings. The savings exercise looked to highlight budgets that could be reduced, or efficiencies obtained, without affecting service delivery. This exercise highlighted savings of £1,158,000 over the next four years through a review of all aspects of the budget and commitment from senior management to reduce costs. These savings should not impact on the level of service provided to residents or adversely affect the Council's reputation. While these savings have generally led to greater efficiency, they have not been easy for Managers to achieve.
6. Since the latest report to Cabinet in September, the authority has undertaken the most extensive and detailed consultation of the budget proposals ever. This has involved four separate workshops with Members

to discuss the financial position and consider the options to deal with the reduced settlement. In addition to the savings and efficiencies identified by Managers a number of other initiatives or suggestions were identified that potentially would have some impact on services and these have been the subject of consultation with Members, local residents and representatives of the Youth Assembly. Further details of these options, and the results of the consultation are given later in this report.

County Council budget – implication for Rushcliffe

7. Since September, the County Council have also undergone a budget review and as a result of the options they are considering, the Authority will lose income of £0.1m and this has been factored into the projections. Most of this relates to the fact that Rushcliffe will not receive recycling credits, which has taken £66k income out of the Council's budget.

Planning Fees consultation

8. The Government have recently issued a consultation document that strives to ensure that local authorities can set their own planning fees. It also highlights the need and requests comments on each authority being able to set fees to recover costs. The document details that, by October 2011, local authorities will have to have set their own planning fee structure to recover their own cost. Over a number of years the fees that have been set nationally have not been increased by inflation so have not kept pace with costs. It will therefore be likely that the combination of these two factors will result in fees being increased. In anticipation of this, the budget for planning fees has been increased from October 2011. However, more works and further clarification of the guidance is required before the new fee levels can be determined.

New Homes Bonus

9. A consultation document on the New Homes Bonus was published by central government, which is looking to reward authorities that stimulate growth in housing development within their area. The concept is to pay a grant, equivalent to the national Band D council tax per dwelling, for the first six years after a house is brought into use, either through new build or occupancy of a previously empty property. This will be funded in the first year by using the Planning Delivery Grant fund but from year 2 onwards it will be financed through an allocation from the central formula grant budget so any increase in funding paid out for New Homes Bonus reduces the amount to be shared through the formula grant process. The proposal being consulted on is for the planning authority to keep 80% of the amount with the rest going to Nottinghamshire County Council. Based on 80%, the

amount Rushcliffe receive could be £281,000 in 2011/12 and grow to £1.69m over the six years.

10. It has not been considered prudent to incorporate this sum into the budget projections at this time, since the whole initiative is still subject to consultation and uncertainty. Furthermore, the consultation documentation indicates that one of the anticipated uses of the bonus is to invest in communities affected by development and to help provide the necessary infrastructure. There are also risks around the net effect of receiving bonus and potential withdrawals of formula grant and a risk that the Government could withdraw the scheme in the future. Further consideration will need to be given to the utilisation of this bonus when clarification is received.

Collection Fund surplus

11. The position on the Council's collection fund at the end of this financial year has been estimated and a surplus declared, £50,541 of which can be taken into account in setting the general Borough Council Tax.

Budget Options and consultation

12. As stated above, the Settlement figures have confirmed the actual funding from central government for the next two years, and total savings requirements for the following two years. It is clear that the Comprehensive Spending Review has placed a difficult challenge to local authorities and to ensure that Rushcliffe continues to deliver the services that are valued in a cost effective way, the authority has developed a four year plan to address the shortfall as well as considering the savings ideas required to balance next years budget. For next year, a number of initiatives and suggestions were put forward and were the topic of consultation with Members, residents and youth assembly members who considered their likely impact, the priority of services and the need to achieve target savings levels. Formal consultation with business ratepayers will be undertaken on the basis of this report.
13. The table below details the options that were considered as part of the workshops and indicates the level of support from the various groups within those workshops. The option at the head of the table is that given most support and that at the foot of the table least support. It should be noted that two options (charging for green waste and introducing car parking charges outside West Bridgford) had 3 sub-options each. These are shown separately in the table at the position commensurate with the level of support given. Comments from Members and residents made at the workshops are provided at **Appendix 2**.

TABLE 1

Options considered in the budget workshops	Amount per annum	Members	Residents
1.Ceasing the trade waste service that collects waste from businesses throughout the Borough	£55,000	7 out of 7 groups	3 out of 3 groups
2a.Charging for green waste £10 for the first bin and £25 for the second bin	£230,000	7 out of 7 groups	3 out of 3 groups
2b. Charging for green waste £15 for the first bin and £25 for the second bin	£270,000	4 out of 7 groups	1 out of 3 groups
3.Reducing second home discount from 50% to 10%	£14,000	7 out of 7 groups	3 out of 3 groups
4.Increase charges to home alarm customers by £1.85 per quarter	£6,200	6 out of 7 groups	2 out of 3 groups
5.Reduction in grants for community sports programme	£15,000	6 out of 7 groups	2 out of 3 groups
6. Integrating litter and dog bins and removing shrub beds	£15,000	6 out of 7 groups	3 out of 3 groups
7b.Reduce the Member Community Support Grant by half	£12,500	5 out of 7 groups	3 out of 3 groups
8. Ending funding for the part time cleaners in the six large villages and re-prioritising the work of streetwise teams to compensate	£37,000	5 out of 7 groups	3 out of 3 groups
9a. Charging for car parks outside West Bridgford (20p for 1hr, 40p for 2 hrs and £1 all day)	£83,000	5 out of 7 groups	3 out of 3 groups
10. Cease financial support for Preventative Adaptations and Handyman schemes	£16,000	4 out of 7 groups	3 out of 3 groups
2c. Charging for green waste £25 for the first bin and £10 for the second bin	£330,000	3 out of 7 groups	0 out of 3 groups
13. Cease subscription to LGA and LGEM	£21,500	3 out of 7 groups	Not considered
7a.Cease the Member Community Support Grant scheme	Up to £25,000	2 out of 7 groups	2 out of 3 groups
9b. Charging for car parks outside West Bridgford (50p for 1hr, £1 for 2 hrs and £2 all day)	£241,000	2 out of 7 groups	0 out of 3 groups
11. Reducing overtime on weekend cleansing	£7,000	2 out of 7 groups	2 out of 3 groups
12.Cease financial support for the First Contact	£9,000	2 out of 7 groups	2 out of 3 groups
9c. Charging for car parks outside West Bridgford (£1 for 2 hrs and £2 all day)	£358,000	No support	No support

14. If the maximum saving from these options totals £908,700. The initial deficit for 2011/12 is £1.06m, but taking account of savings initiatives identified by Managers, the funding gap reduced to £0.500m.

Exemplifications

15. In **Table 1** it can be seen that there are a number of options that are supported by the majority of groups of Members and residents. It should also be noted that there are two options that result in quite a high level of

savings, these being the charging for green waste and the charging for car parking outside West Bridgford. Some of the options are detailed below for Cabinet to consider, however these are for illustrative purposes

16. Cabinet are asked to consider the above options and the advice provided through the workshops and recommend to Council what savings initiatives they wish to support and how any deficit or shortfall is funded. **Appendix 3a** includes the base projection before any savings options are considered. The following potential options are available to consider.
- a) Include none of the options included in table 1 above and finance the deficit through a proposed Council Tax increase of 11.5%
 - b) Include options 1, 3 – 6, 7b, and 8. These exclude either of the two options that generate significant income and were well supported in consultation.
 - c) Include options 1, 2b, 3-6,7b, 8 and 9a outlined in Table 1 above. These are the options that were supported by at least 5 of the Member groups and some of the Resident groups
 - d) Include options 1,2b,3-6,7b and 8 outlined in Table 1. This is the same as b) but only includes one of the two large savings options (green waste charging)
 - e) Include options 1,3-6,7b,8 and 9a outlined in Table 1. This is the same as b) but only includes one of the two large savings options (car park charging outside West Bridgford)
 - f) Include all the options considered taking the highest saving option possible.
17. The impact of the above options is summarised in the table below.

Option	Saving in 2011/12	Residual Savings Target in 2011/12	Savings Target in 2015/16	Risks
a): Council Tax increase of 11.5%	£nil – deficit financed through increased Council Tax	£nil	£1,070,000	1) Significant risk of Capping due to large rise in Council Tax rate 2) Loss of Council Tax freeze grant of £136k over the next four years
b): 1, 3 – 6, 7b, and 8	£154,700	£327,000	£1,570,000	Significant deficit in 2011/12 remains
c): 1, 2b, 3-6,7b, 8	£507,700	Nil	£1,220,000	1) This includes both the large savings ideas covering

and 9a				charging for green waste and charging for car parks outside West Bridgford. The savings is coming from increased income which is a higher risk strategy than reducing costs.
d): 1,2b,3- 6,7b and 8	£424,700	£57,000	£1,300,000	1) This still leaves a budget deficit of £57,000 in 2011/12
e): 1,3- 6,7b,8 and 9a	£237,700	£244,000	£1,485,000	1) This still leaves a budget deficit of £244,000 in 2011/12
f): All options	£908,700	Nil	£1,142,000	1) This includes a number of savings options that were not widely supported by either Members or Residents.

18. Cabinet Members are invited to indicate which of the proposals they support and the level of Council Tax, if any should be recommended to Council. If the options supported by Members are not sufficient on their own to close the funding gap, the following options are available to balance the budget in 2011/12. However, this would only be a short term solution and further savings would be required in later years:

- a) Increase in Council Tax;
- b) Use of reserves previously earmarked for specific purposes, such as the planning appeals reserve;
- c) Possible redundancies;
- d) Use of new homes bonus.

19. With regard to increasing the Council Tax, it should be noted that the Government has made available a sum of £136,000 (for 4 years) in the finance settlement to be awarded to this authority provided that there is no increase in Council tax. This is equivalent to an increase of 2.5% and therefore there will be no benefit from a Council Tax increase unless it is

more than this figure. The table below indicates the income generated from various levels of Council Tax increase:

Increase %	Increase £	Income generated £
2.5	2.83	-19,530
4.0	4.53	50,390
5.5	6.23	120,290
7.0	7.93	190,190

20. In addition to the savings options, Cabinet is invited to indicate the recommended Council Tax rate and the option for meeting any remaining deficit as described in paragraph 18.
21. Once Cabinet has determined the supported options, officers will provide the relevant projection and amended figures for the resolution.

Risks

22. The financial projections are made under a set of assumptions. Members should note that reality might differ from these assumptions. Those factors that would have a more significant impact on the projections, either for better or worse, include:
 - Future changes/reductions to Formula Grant from year 3 onwards;
 - The prevailing level of interest rates: The dependency on interest earned on investments remains significant. Variations in these could greatly improve or worsen the Borough's financial position. The interest equalisation reserve is being used to smooth the effects of the interest rate fluctuations in the short term;
 - Further reduction in income levels especially from planning applications, land charges and any new areas being factored into the budget;
 - Savings option generating income not meeting the estimated level;
 - Further withdrawal of external funding currently committed to specific posts and projects;
 - Demand for Council services as a result of the current economic conditions and potential decisions made by other public bodies.

Appendix 4 evaluates these risks and those with a lesser impact. It is for such matters that the Borough Council must retain an adequate general balance and reserves. There are a number of significant risks involved with this year's budget and as a result a contingency of £80,000 is included in the budget in 2011/12. This provides a robust budget that takes into account the risks that are facing the Council.

Net Expenditure on services

Revenue expenditure and income

23. A summary of the base budget for 2011/12 is included at **Appendix 5** on the basis of the Base Projection in **projection 3a**. Clearly this will need to be amended depending upon the budget options supported. The figures in the following paragraphs are based on this projection and if further savings are selected to be incorporated into the budget, this will tend to decrease these figures accordingly.

Special Reserves

24. Special revenue reserves represent amounts set aside for particular purposes. **Appendix 6** indicates the projected amounts in these reserves which are considered to be adequate.

Parish Precepts

25. Parish Council precepts technically form part of the Council's budget requirement. These are anticipated to amount to £1,768,430 for 2011/12, although formal notification is outstanding from a number of Parishes. Current assumptions are detailed at **Appendix 10**.

Special expenses

26. Special Expenses in West Bridgford and Ruddington relate to recreational facilities and other services provided by the Borough Council where equivalent provision is made by Parish Councils elsewhere. These special expenses total £751,860 and £6,650 respectively and are shown at **Appendix 7**, with more detail in the budget booklet. The special charge in respect of West Bridgford is therefore calculated at £55.18 Band D (a nil increase over 2010/11). The special charge in respect of Ruddington is calculated at £2.52 Band D (a nil increase over 2010/11).

Revenue financing of capital expenditure

27. In accordance with the medium term financial strategy, no provision is made in respect of the revenue financing of capital expenditure, except for the element within the West Bridgford special expense (£100,000).

Total Expenditure

28. Adding all these elements to the estimated expenditure on services results in a total budget including all special and parish requirements of £14,057,396¹ subject to the budget options supported by Members.

Resources Available

External Government Support

29. The authority has been notified that it will receive £5,513,363 in external support for 2011/12. This consists of £4,213,204 from redistributed business rates and £1,300,159 from Formula Grant. The authority will also receive a grant of £136,000 if the Council Tax rate is not increased from 2010/11. This has been included in the base projection.

Capping

30. The Government has given a strong message that it expects local authorities to set a nil council tax increase for 2011/12. It was noted in the Comprehensive Spending Review that a grant would be available for all authorities that did not increase the amount of Council Tax raised and that this would be available for four years. The rules around capping have not been set but the Government have said that they will announce certain parameters that local authorities will be judged against when considering the Council Tax rise. Authorities will be expected to produce a shadow budget if an excessive rise is going to be approved and residents can request a referendum on whether to support the original or the shadow budget.

Use of Balances

31. The final level of the budget requirement is determined by the extent to which the council decides to use available balances. As explained in the paragraphs relating to the financial strategy, the amounts of balances will be used to balance the budget requirement subject to a remaining savings target.
32. General balances are estimated to be £2,321,000 at the end of the current financial year. All the scenarios under consideration will assume that the general balances are used over the five year medium term strategy leaving a balance greater than the minimum allowed under this financial strategy.

¹ To be confirmed

Collection Fund

33. **Appendix 8** outlines the estimated position in respect of the Collection Fund as at 31 March 2010. An overall Council Tax surplus of £464,995 has been predicted made up of the position from 2009/10 (£313,856) and a surplus for 2010/11 (£151,139). These balances are distributed as shown in the **Appendix 8**. The element of £50,541 surplus attributable to Rushcliffe is taken into account in the setting of the Council Tax, and is equivalent to £0.81 at band D.

Conclusions

34. In proposing the level of the budget requirement and associated Council Tax, the following factors need to be taken into account:
- The underlying cost of current services and future pressures upon this;
 - The risk of capping;
 - The continuing trend to increase the scope of local authority functions and responsibilities;
 - The need to prioritise services and examine ways of reducing net expenditure;
 - The need to maintain a minimum prudent level of balances, especially in the light of the Borough's increased reliance on interest receipts, and a sound financial position for the foreseeable future;
 - The implications for service levels and council tax in future years;
 - Uncertainty of current economic conditions, with the potential effect this could have on demand for the Council's services and income.

Borough Council Tax

35. The equivalent Council Tax for properties in valuation bands other than Band D would vary as shown in **Appendix 9** at this year's Council Tax rate. This would need to be adjusted subject to Cabinet's recommendation to Council about Council Tax increases. The approximate numbers of properties falling in each chargeable band is also indicated for information.
36. Different amounts are added to this general requirement to reflect the expenditure needs to meet Parish and special expenses. Current assumptions are shown in **Appendix 10**, which will be subject to revision.

37. Subsequently the Council must determine composite tax rates for the area that bring together the Borough and Parish Council Tax rates for each band and those precepted by the County Council, Fire Authority and Police Authority. These will be separately advised to the Council.

Background Papers Available for Inspection:- Nil

Four year financial plan

Appendix 1

Purpose

1. Due to the economic downturn and change in national government it is now clear that Local Authorities will be expected to significantly contribute to reducing the national deficit.
2. Following recent announcements it has been determined that this will be achieved by the use of two primary methods:
 - 1. Significantly reducing Local Authorities budgets and spending power over a four year period
 - 2. Encouraging public sector reform designed to localise service delivery and maximise economies of scale.
3. Against this backdrop the Council now faces the prospect of a severe funding deficit which cannot be ignored and which requires radical but controlled thinking and actions to ensure the Council is able to balance the medium term financial strategy within the four year period
4. The following table illustrates the scale of the challenge when matched against the 2010/11 net budget of £12.4 million.

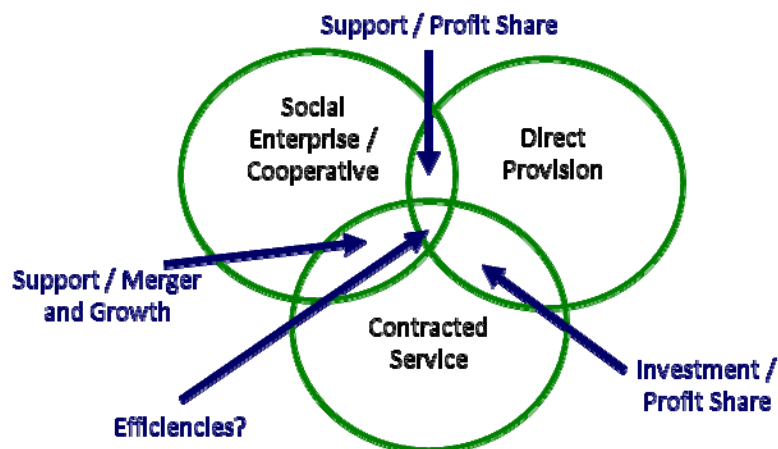
Year	2010 / 11 Budget £'000	Projected funding deficit £'000	% of Net Budget %
2011/12	12,418	1,060	8.5
2012/13	12,418	2,292	18.5
2013/14	12,418	2,492	20.1
2014/15	12,418	2,772	22.3

5. Against this backdrop all Local Authorities are being encouraged and urged to reform and redesign services to meet the expectations of their local communities whilst also helping to achieve the required efficiency savings.
6. Members have indicated that they wish to ensure that Rushcliffe Borough Council continues to deliver quality services and that they wish wherever possible avoid a “slash and burn” approach. Therefore this plan has been drawn up to demonstrate how the Borough Council will approach and resolve these issues in a properly considered and controlled way. It has been drafted in consultation with Members and residents through a variety of workshops and is intended to support the Council's overall financial strategy. The attached appendices provide the detailed work to be undertaken and the targeted outcomes.

Approach

7. In September 2010, Cabinet received and approved a report by the Chief Executive that provided a policy framework and strategy for the budgetary and service delivery challenges facing the Council.
8. The strategy identified the following three “work streams”
 1. Business cost reduction
 2. Income generation and maximisation
 3. Service redesign
9. It is anticipated all existing services will continue to be monitored through the established performance management arrangements to ensure where possible we maintain the current quality standards stipulated for our customers. It is recognised that this approach has assisted in maintaining the Council's excellent reputation for the last four years.
10. In response to the formula grant settlement and emerging agenda and following an extensive consultation exercise involving all members of the Council, a number of actions, options and preferences have been identified for each of the three “work streams” for the next four years. These have been summarised and incorporated into this four year plan document. Many of the items included in the document include significant proposals or reviews which will require additional monitoring or special consideration to ensure that they are fully contributing to the financial and public sector reform agenda. Therefore each of these “work streams” indicates the likely impact and outcome that will be expected. Each of these “work streams” will therefore be continually monitored by either senior managers, cabinet members within their portfolio responsibilities or through the appropriate scrutiny or member group.
11. The strong customer and performance ethos of the Authority has continually ensured that managers are constantly challenged to secure efficiencies from their budgets. Therefore they have over the last three years consistently delivered cost reductions. This methodology will continue to be an essential element to ensure that financial and service performance is closely monitored to maximise the outcomes for our users.
12. A successful feature of Rushcliffe Borough Council's reputation for high service standards, customer service excellence and innovation has been the trusted but flexible arrangements to delegate, act and implement in a businesslike manner and culture. Therefore this plan is aiming to provide clarity regarding the agreed actions and priorities to ensure we meet the financial targets whilst being able to respond to the ongoing reform requirements.

13. Many of the activities and tasks will be implemented in accordance with existing delegations procedures but others and in particular where there is a material impact upon service quality or cost will be subject to cabinet decisions and / or member scrutiny.
14. The maximisation of income “work stream” is an essential feature to ensure where appropriate that the Council generates its own income to supplement its dependency on Government funding whilst maintaining service quality or delivery. Therefore managers will continually review levels of income and where decisions are required these will be incorporated into the budget decision making process. This process will be continued for the next four years to ensure flexibility, reasonability and equity is maintained. Where a change is identified and there is a possible service impact, Member approval will continue to be required prior to implementation.
15. Service redesign involves reviewing, considering and possibly implementing a different model or level of provision. This is predicted to be the most complex work stream and will therefore require a significant and dedicated level of resources to implement. During the budget workshops in autumn 2010, Members considered different models of service provision to respond to the national agendas of the “big society”, localism, personalisation of services and efficiency. While there are a number of such models, it is considered that they generally fall into three categories as demonstrated by the diagram below:



16. Experience has taught us that switching from one model of service delivery to another is a time consuming process. Therefore it is highly likely that a transitional state will be required to support the transition period. The three intersections shown in the diagram represent either a transitional state through which a service may pass (generally from direct provision) to become a fully fledged social enterprise or contract at a later date, or a permanent “hybrid” state with features of both service models.

17. It is anticipated that major service redesign options will be reviewed by using Member groups to learn, scrutinise and advise prior to a formal decision being made. However, in accordance with previous practice some smaller services may be reviewed and redesigned by Managers where this would not have a significant impact on front line services but still contribute to the overall saving targets required.

18. In accordance with the Council's normal review processes, appropriate consultation will be undertaken in relation to proposed changes.

Anticipated outcomes

19. The attached plans show the actions and activities to take place over each of the next 4 years. The targeted savings allotted to each activity are very tentative: the true level of financial savings and any impact on performance will not be known until the reviews have taken place. However, in summary the plan aims to achieve the following:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Savings target	1,060	2,292	2,492	2,772
Managers savings already identified and included in the plan	-560	-928	-988	-1158
Possible initiatives from Workshop 3 – included in 2011/12 budget, subject to Cabinet and Council approval*	-398	-425	-425	-425
Further reviews in the plan	-32	-437	-996	-1307
Remaining deficit	70	502	83	-118

* - These figures are illustrative only

Resources and Capacity

20. Although all services must be examined, the plan of work must be achievable within the resources of the Council. The attached plan is very ambitious and will require concentrated effort by senior managers to achieve. While this constraint has been taken into account in drawing up the plans, it will not be possible to undertake more without putting the programme at some risk.

Risks and management of the programme

21. The Senior Management Team will monitor the programme on a month by month basis, with periodic reviews by PMB and Cabinet. If monitoring

identifies the risk of under-achievement, corrective action will be necessary. Such action might include:

- Rescheduling projects
- Abandoning projects that are not viable
- Seeking to identify additional resources to complete projects
- Taking advantage of unforeseen opportunities

22. The table below describes risks associated with the programme and the mitigating factors that might be employed:

Risk	Probability	Impact	Mitigation
Reviews do not achieve anticipated savings	High (as these are roughly estimated only)	High – the Council’s financial security would be compromised	Individual reviews where there is underachievement may be offset by others with higher savings. Any review not achieving savings to be replaced as soon as identified
Programme slippage	medium	High -savings target front-loaded and would not be achieved – see above	Monitoring of programme and taking early corrective action
Capacity to undertake the programme insufficient	high	High – savings not achieved	Potential to use “invest to save” reserve
Insufficient interest from alternative providers	medium	High	Find appropriate savings from direct service provision by quality reduction (probably)
Lower staff morale	high	High – impact on performance of current services adversely affected	Management of change policy
Industrial action	Medium	High – impact on current services and residents	Management of change policy

Year One – 2011-2012

Business Cost reductions

These projects relate to efficiencies that Managers have identified during the budget process for 2011/12 and some possible initiatives arising from the third Members workshop to reduce the deficit for 2011/12. These latter initiatives are still subject to agreement and approval by Cabinet. Also included are some newly proposed service reviews flowing from the considerations of the second workshop, which focus on services where a more significant benefit is anticipated.

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
The following projects relate to the implementation of savings identified by Managers during the 2011/12 budget process						
Lease car abolition	Done			£170,000	2014/15	
Shared posts with other Local Authorities	Done			£89,000	2011/12 and 2012/13	
Savings in vacant posts	Done			£119,000	2011/12 and 2012/13	
Rebase leisure centre utility costs	Done			£160,000	2011/12	
New revenues and benefits system	Done			£45,000	2011/12	
Administering Disabled Facilities Grants in-house	Mar 2011			£21,000	2011/12	
Implement a package of efficiencies by Managers	Mar 2011			£173,000	2011/12	

The following projects relate to the implementation of savings supported by Members in the third budget workshops 2011/12, but are subject to the agreement of Cabinet and Council						
Reduce Members' community support grant	Mar 2011			£12,500	2011/12	✓ <input type="checkbox"/>
Reduce community grants and events	Mar 2011			£15,000	2011/12	✓
Undertake reviews as identified by Managers during 2011/12 budget process:						
Review overall management costs	Dec 2011		Officer review	£120,000	2011/12 – 2013/14	
Review travel costs and other terms and conditions, reduce overtime	Dec 2011		Officer review	£76,000	2011/12 – 2012/13	
The following projects relate to new initiatives to be examined in 2011/12						
Review of grant aid Service Level Agreements	Oct 2011		Officer review	£10,000	2012/13	✓
Review of Depot Management office services	Dec 2011		Officer review	£40,000	2012/13	
Review structure in Revenues and benefits	Dec 2011		Officer review	£100,000	Dec 2011	
Review of conservation and environmental schemes	Oct 2011		Officer review	£30,000	2012/13	✓

Income Maximisation

These Projects were generally supported by Members in the third budget workshop, but are subject to final agreement and approval

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
The following projects relate to the implementation of savings supported by Members in the third budget workshops 2011/12						
Increase home alarm charges	Mar 2011			£6,200	2011/12	✓
Introduce Charges for green waste	Jun 2011			£270,000 ???	2011/12	✓
Remove Council Tax discount for second Homes	Mar 2011			£14,000	2011/12	✓
Other reviews						
Review of tanker services income / viability	June 2011		Officer review	£16,000	2011/12	✓

Service Redesign

The first 3 Projects were generally supported by Members in the third budget workshop, but are subject to final agreement and approval. Other projects represent new significant reviews, but are consistent with the considerations of the second budget workshop

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
The following projects relate to the implementation of savings supported by Members in the third budget workshops 2011/12						
Do not employ additional cleaners in large towns / villages and re-prioritise work of streetwise teams to compensate	Jun 2011			£37,600	2011/12	✓
Remove shrub beds and integrate dog and litter bins	Jun 2011			£15,000	2011/12	✓
End the directly provided trade waste service	Jun 2011			£55,000	2011/12?	✓
The following projects relate to new initiatives to be examined in 2011/12						
Review of alternative service delivery model for streetwise / grounds maintenance, recycling2go, medical waste, bulky waste.	Dec 2011		Examination by Member group reporting to Cabinet	£375,000	Implemented by Oct 2012	✓
Review of alternative service delivery model for community Facilities management and sports development.	Mar 2012		Examination by Member group reporting to Cabinet	£40,000	Implemented by Oct 2012	✓

Performance Measures and Standards

[customer focused indicators / maintain these standards / accept these minimum standards]

The review of the recycling promotion and advice service and introducing charges for green waste will reduce the Council's overall recycling rate.

Reduced budget for community support may have an effect on the voluntary sector and community activities.

Ceasing to employ additional cleaners in the larger villages and re-prioritising the work of streetwise teams will reduce the standard of service but this will be spread throughout the Borough.

In order to achieve the target savings in recycling2go and streetwise, it may be necessary to reduce service levels.

Year Two – 2012-2013

Business Cost reductions

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
Implement package of efficiencies by Managers identified during 2011/12 budget	Mar 2012			£185,000	2012/13	
Review alternative service delivery model for Graphic design, communications, printing, public consultation.	Dec 2012		Officer review	£23,000	2013/14	
Review of Insurance services – alternative service delivery model	Dec 2012		Officer review	£50,000	2013/14	

Income Maximisation

No income initiatives have yet been identified for this year

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required

Service Redesign

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
Review of Garage services	Dec 2012		Officer review	£45,000	2013/14	
Review of Environmental Health services. Alternative service delivery model / reduction in service levels	Dec 2012		Officer review	£93,000	2013/14	✓
Review and restructuring of Members services	Oct 2012		Officer Review in consultation with Members	£42,000	Oct 2012	
Review of legal services	Oct 2012		Officer review	£30,000	Oct 2012	
Review of temporary accommodation and homelessness prevention. Examine need for 2 lodges and possibilities of using voluntary sector	Dec 2012		Member group reporting to Cabinet	£20,000	2013/14	✓
Review of Arts & events, Energy Efficiency advice, Health development services: Possible reduction in service levels and/or working with outside voluntary agencies	Oct 2012		Member group reporting to Cabinet	£55,000	2013/14	✓
Review of Building Control and Land Charges. Alternative service delivery model	Dec2012		officer review	£20,000 (10% of non-fee earning)	2013/14	✓

Performance Measures and Standards

The review of environmental health service is likely to involve a reduction to the Council's current very high service levels. The impact will need to be assessed as part of the review.

The review of arts and events and other services in this project is likely to reduce service standards although in some cases there will be other external bodies that will continue to provide the service.

The current very high performance in building control may reduce as a result of that review.

Year Three – 2013-2014

Business Cost reductions

No business cost reduction initiatives have yet been identified for this year

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required

Income Maximisation

There is a proposal to increase home alarm charges for the 2011/12 budget. This project provides n opportunity to revisit these charges.

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
Review of Car parking charges: possible introduction of charges outside West Bridgford	Dec 2013		Member group reporting to Cabinet	£83,000 - £241,000	2014/15	✓

Service Redesign

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
Review of Dog and Pest control	Oct 2013		Officer review	£13,000	Oct 2013	✓
Review of Planning policy service once the new arrangements are in place.	Mar 2014		Officer review	£10,000	2014/15	
Review of strategic housing, community safety, domestic violence, environmental promotion, biodiversity.	Dec 2013		Officer review	£52,000	2014/15	
Reconsideration of a package of back office services. Potentially to include HR, Accountancy, Property & design, ICT, Council Tax, payroll, debtors, procurement. Alternative service delivery model	Oct 2013		Member group reporting to Cabinet	£120,000	2014/15	✓
Review of Development control. Alternative model of provision	Dec 2013		Member group reporting to Cabinet	£40,000	2014/15	✓

Performance Measures and Standards

Should the pest control service be ended (and reliance placed on the private sector), there would be a consequential impact on the dog warden service as these two services are currently integrated.

Year Four – 2014-2015

Business Cost reductions

No business cost reduction initiatives yet proposed for this year

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required

Income Maximisation

No income maximisation initiatives yet proposed for this year

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required

Service Redesign

What we are going to do	When will it be done by	Who is doing it	How will it be done	Savings target	When savings will need to come on-stream	Cabinet decision required
Review of Customer Services	Dec 2014		Member group reporting to Cabinet	£45,000	2015	✓
Review the future of the Golf course	Dec 2014		Officer review	??	2015	✓

Performance Measures and Standards

SUMMARY OF PROJECTED SAVINGS

Project	Savings				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Managers' savings					
Leased cars				170	170
Shared posts	35	89	89	89	89
vacant posts deleted	91	119	119	119	119
LC utility costs	160	160	160	160	160
new revs and bens system	45	45	45	45	45
DFGs in house	21	21	21	21	21
smaller efficiencies	173	358	358	358	358
Management costs	14	60	120	120	120
Travel, overtime and other Ts and Cs	21	76	76	76	76
Total	560	928	988	1158	1158
Third Wokshop savings					
Community Support grant	12.5	12.5	12.5	12.5	12.5
Community grants	15	15	15	15	15
Home alarm charges	6.2	6.2	6.2	6.2	6.2
Green waste charges	270	270	270	270	270
Ctax discount for second homes abolished	14	14	14	14	14
Additional cleaners not employed	28.2	37.6	37.6	37.6	37.6
shrub beds and bins	11	15	15	15	15
trade waste	41	55	55	55	55
Total	397.9	425.3	425.3	425.3	425.3
Reviews					
2011/12					
Depot Management incl recycling promotion		40	40	40	40
Revs and Bens mgt and fraud etc	20	100	100	100	100
Conservation and environmental schemes		30	30	30	30
grant aid review		10	10	10	10
Tanker services	12	16	16	16	16
Streetwise review		75	150	150	150
Recycling2go review		110	225	225	225
Community facilities review		20	40	40	40
2012/13 programme					
Graphic design, comms, printing, consultation			23	23	23
Insurance review			50	50	50
Garage services			45	45	45
Environmental Health			93	93	93
Members services, Mayoral support, etc		21	42	42	42
Legal services		15	30	30	30
Housing - homelessness, and temp accommodation			20	20	20
Arts & Events, energy efficiency advice, health			55	55	55
Building control and Land charges			20	20	20
2013/14 programme					
Car parking charges				83	83
Dog and Pest control			6.5	13	13
Planning Policy				10	10
Strategic housing community safety, env promotion and biodiversity				52	52
Back office services				120	120
Development control				40	40
2014/15 programme					
Customer services					45
Golf course					?
Total	32	437	995.5	1307	1352
TOTAL	989.9	1790.3	2408.8	2890.3	2935.3

N.B. the above targets represent that the savings are ongoing: For example the saving on utility costs of £160,000 is achieved in 2011/12 and then continues for the whole period. Further savings are not required in other years.

Specific comments made by Members in Workshop Four – consideration of savings options

In Workshop Four, Members were given the opportunity to review the savings options detailed in Table 1 of this report. Facilitating officers were asked to note down points, which Members felt strongly about. This appendix records those opinions.

Removal of shrub beds and combining dog and litter bins

One group recorded that they were only happy to consider the combining of the bins and not the removal of shrub beds.

Charging for green bins

One workshop group proposed a further option of a flat rate of £20 per green bin and one group had a split vote between options b) and c)

Car parking charging

One group noted that they would consider an option of free car parking outside West Bridgford for the first two hours and then a charge. One other group noted that a Member group had debated this issue and this work should be revisited.

Comments from the residents workshops:

I would rather pay more council tax in order to avoid cuts to services. Do not cut arts, events and community please.

Improve efficiency and share the Civic Centre with other authorities. Increase revenue from better off people e.g. through planning application.

You are doing a good job. The vulnerable should be protected, but people who use 'optional extras' like leisure, arts, car parking, etc should be expected to contribute more.

Don't cut services which [adversely affect] wellbeing. Try and encourage pride in communities. Support voluntary groups in villages.

People will be prepared to pay more for excellent services.

BASE PROJECTION

Appendix 3a

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
		£000	£000	£000	£000	£000	£000
Current Services							
Community Shaping Statutory	CSHS	1365	1292	1303	1314	1326	1338
Community Shaping Discretionary	CSHD	1863	1919	1916	1935	1954	1978
Corporate Services Statutory	CSS	523	712	299	222	-118	35
Corporate Services Discretionary	CSD	2160	2128	2140	2177	2215	2261
Environment and Waste Management Statutory	EWMS	5026	5480	5563	5635	5693	5744
Environment and Waste Management Discretionary	EWMI	103	104	18	-1	-23	-28
Financial Services Statutory	FSS	1714	1039	1046	1065	1085	1110
Financial Services Discretionary	FSD	-9	-3	-21	-25	-30	-32
Planning and Place Shaping Statutory	PPSS	845	931	933	936	938	940
Planning and Place Shaping Discretionary	PPSD	59	70	54	55	57	64
Partnerships and Performance Statutory	PPS	0	0	0	0	0	0
Partnerships and Performance Discretionary	PPD	1653	1642	1600	1646	1651	1660
Revenues, Property and ICT Statutory	SSS	1459	1558	1593	1636	1679	1724
Revenues, Property and ICT Discretionary	SSD	9	345	276	250	224	206
Total		16770	17217	16721	16846	16651	17000
Interest Receipts		-868	-1065	-940	-827	-820	-934
Reversal of Capital Charges		-2896	-3795	-3795	-3795	-3795	-3795
Contingency - unforeseen events		180	80	130	180	230	280
Savings target		0	-482	-1412	-1508	-1605	-1729
<i>Provisions</i>							
IT Reserve		30	30	30	30	30	30
Risk Management		0	0	0	0	0	0
Equal Pay		0	0	0	0	0	0
VAT Reserve		-90	-180	-90	-91	0	0
<i>Less special expenses</i>		-761	-759	-762	-771	-781	-790
Current total		12365	11046	9881	10064	9910	10061
Financed by:							
External support		7197	5649	5012	4970	4699	4563
Council Tax		4643	4660	4817	4980	5148	5321
Planned use of balances		519	687	52	114	63	177
Collection Fund surplus		59	50				
Total resource		12418	11046	9881	10064	9910	10062
Available Resource/(shortfall)		53	0	0	0	0	0

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000
General Balance available at year end:	2321	1634	1582	1468	1405	1228
Underlying Council Tax Rate		£131.14	£117.87	£122.86	£125.24	£131.67
Council Tax Rate	£113.22	£113.22	£116.62	£120.12	£123.72	£127.43
Increase		£0.00	£3.40	£3.50	£3.60	£3.71
Deficit		0	0	0	0	0

Risk and Robustness of Estimates

- Under statutory responsibilities, the section 151 Officer is required to comment on the strength of the estimates. The estimates are considered to be robust. Employee's costs are based on the approved establishment less an allowance for vacancies, interest income is based on the range provided by the Council's advisor's predictions. Support costs are calculated on the basis of the estimated work pattern for the year. The estimates have been reviewed in detail, with areas of consistent under spending deleted and provision is included in the projection for unforeseen events.
- Potential risks and their estimated impact on the projections is shown in the table below:

Risk	Probability	Impact on resources
Interest rates 0.5% less than budgeted	Medium	Average loss of £101,000p.a. Equivalent to Band D Council Tax of £2.45. This is mitigated by the interest equalisation reserve in the short term.
General inflation 1% higher	Low	A further 1% adds £123,000 or £2.99 at Band D
Reduction in income levels from planning, land charges or additional charges	Medium	An impact of £100,000 will increase Council Tax by £2.43 at Band D
Larger cuts in external support after 2013/14	Medium	The impact of a further reduction of £200,000 will increase Council Tax by £4.86 at Band D in later years
Not achieving the savings detailed in the four year plan	Medium	Need to consider further cuts in the future

- Other factors could improve the financial position. These are shown below with their estimated impact on the projections:

Factor	Probability	Impact on resources
Better RSG settlement – unwinding ceilings	Low	The impact of a less severe cut of £150,000+ p.a. is equivalent to £3.64 at Council Tax Band D in years 3,4 and 5
Pay awards lower than estimated	Low	A reduction of 1% saves £105,000 or £2.55 at Council Tax Band D. This is only possible from 2013/14 onwards
Interest rates 0.5% greater than budgeted	Low	Average gain of £101,000p.a. Equivalent to Band D Council Tax of £2.45

- Following the experience of recent years, when new unforeseen spending pressures have been imposed on the Council, the contingency provision in future years has been progressively increased to recognise such factors and their continuing nature. This also serves to improve the robustness of the projections. However the rate at which this increases has been reduced to reflect the current practice of finding funding from developments from existing provisions.

Appendix 5

CALCULATION OF BUDGET REQUIREMENT **(EXCLUDING ANY SAVINGS OPTION)**

	2010/11 Budget	2011/12 Budget
	£	£
Community Shaping - Statutory	1,364,900	1,292,410
Community Shaping - Discretionary	1,862,650	1,918,730
Corporate Services - Statutory	522,890	712,140
Corporate Services - Discretionary	2,159,880	2,128,280
Environment and Waste Management - Statutory	5,025,770	5,480,180
Environment and Waste Management - Discretionary	102,970	103,520
Financial Services - Statutory	1,713,970	1,039,120
Financial Services - Discretionary	(9,310)	(3,170)
Planning and Place Shaping - Statutory	844,840	931,390
Planning and Place Shaping - Discretionary	59,660	69,780
Partnerships and Performance - Discretionary	1,652,890	1,642,310
Revenues , Property and ICT - Statutory	1,458,760	1,558,060
Revenues , Property and ICT - Discretionary	8,530	344,880
SERVICE EXPENDITURE	16,768,400	17,217,630
Net Interest Receipts	(903,530)	(1,065,934)
Reversal of Capital Charges	(2,895,840)	(3,794,910)
General Contingency	180,000	80,000
Direct Expenditure	13,149,030	12,436,786
APPROPRIATIONS TO/FROM RESERVES		
Transfer to IT Reserve	30,000	30,000
Transfer from VAT Reserve	-	(180,000)
Total	13,179,030	12,286,786
Less Special Expenses	(760,610)	(758,510)
Borough Expenditure	12,418,420	11,528,276
Plus Parish Precepts/Sp Expenses	2,530,015	2,526,940
	14,948,435	14,055,216
Adjustments to previous years' external support		
Use of Balances	(519,253)	(1,168,939)
Total	14,429,182	12,886,277

Reserves

	2010/11 £'000	2011/12 £'000	2012/13 £'000
Revenue provision for capital programme	2,091	1,811	1,811
Information Technology	337	257	177
Superannuation	257	257	257
Risk Management	66	46	26
Equal pay	344	344	344
Interest equalisation	538	88	0
Invest to save	1,259	779	679
Civil emergencies	75	75	75
Property Rationalisation Fund	250	250	250
TOTAL	5,217	3,907	3,619

Projected year end balances on special reserves

- **Capital Reserve:** This reserve will be used to finance those elements of the capital programme that are technically considered to be revenue in nature. The balance is adequate for the current programme.
- **Information Technology Reserve:** This reserve is used to support the information systems strategy and initiatives in the longer term.
- **Superannuation Reserve:** This reserve is available to fund costs of pension strain arising from early retirements. Expenditure from this reserve is very unpredictable, although experience has shown this level to be adequate provided any use can be ultimately restored as planned in the strategy.
- **Risk Management Reserve:** This reserve exists in order to fund initiatives designed to reduce risk of service disruption, insurance claims or harm to property and persons.
- **Equal Pay Reserve:** This reserve was set up to fund transitional liabilities following pay restructuring.
- **Interest Equalisation Reserve:** This reserve exists to “top up” interest receipts in those years when these show an adverse variance at outturn. It will be particularly important to support the new treasury management strategy which implies a potentially more volatile rate of return. .
- **Invest to Save Reserve:** This reserve was originally set up when all authorities were given Business Growth Incentives to maintain economic development. The money is to be used for invest to save initiatives.
- **Civil Emergencies Reserve:** This reserve was set at £75,000 and is available to provide for costs arising from emergencies that would not be covered by the “Bellwin” scheme. These are very difficult to predict, but this modest balance is considered to be adequate.
- **Property Rationalisation Reserve:** This reserve was set at £250,000 to facilitate the implementation of future property rationalisation decisions.

Appendix 7**SPECIAL EXPENSES**

	2010/11 Budget £	2011/12 Budget £
WEST BRIDGFORD		
Parks Playing Fields and Open Spaces	411,760	415,000
West Bridgford Town Centre	48,990	51,300
Community Halls	58,860	44,250
Miscellaneous (Seats and Bins)	3,010	1,840
Contingency	5,150	13,270
Burial Subsidy for West Bridgford Residents	19,130	19,320
Notional Loan Charges/Annuity	107,140	106,880
Provision from revenue financing of capital expenditure	100,000	100,000
Total West Bridgford	754,040	751,860
RUDDINGTON		
Cemetery - maintenance and loan charges	6,570	6,650
Total Special Expenses	760,610	758,510

Collection Fund – Council Tax Element

The opening balance for the Council tax element of the Collection Fund on 1 April 2010 showed a surplus of £859,232. When setting the Council Tax level for 2010/11, the balance was estimated to be a surplus of £242,376. This surplus therefore needs to be accounted for in the 2011/12 Council Tax. A new calculation for 2010/11 shows an overall estimated surplus of £151,139.

This surplus on the Collection Fund will be shared, as shown below, between Nottinghamshire County Council, the Police Authority, the Fire Authority and the Borough Council in proportion to their respective precepts on the Fund as shown below.

Authority	Share of (surplus) / deficit		
	2009/10 £	2010/11 £	Total £
Rushcliffe Borough Council	(33,997)	(16,544)	(50,541)
Nottinghamshire County Council	(236,199)	(112,859)	(349,058)
Nottinghamshire Police Authority	(30,252)	(15,144)	(45,396)
Nottm City & Notts Fire Authority	(13,408)	(6,592)	(20,000)
Total	(313,856)	(151,139)	(464,995)

Numbers of Chargeable Properties

	Current Council Tax Band D £113.22	Number	%	cumulative %
Band X	62.90	17	0	0
Band A	75.48	5,690	12.5	12.5
Band B	88.06	9,140	20.0	32.5
Band C	100.64	10,148	22.2	54.7
Band D	113.22	8,606	18.9	73.6
Band E	138.38	6,053	13.3	86.9
Band F	163.54	3,710	8.1	95.0
Band G	188.70	2,168	4.8	99.8
Band H	226.44	105	0.2	100.0

COUNCIL TAX TO BE LEVIED WITHIN THE BOROUGH FOR THE YEAR ENDING 31ST MARCH 2012

PARISH AREA (1)	TAX	Expenditure	PRECEPT	SPECIAL	TAX RATE		BOROUGH
	BASE	Requirement		CHARGES	Parish/Area	Borough	AND PARISH
	(2)	(3)	(5)	(6)	=(5)+(6)/(2)		COUNCIL
		£	£	£	£	£	BAND D
							£
							(9)
Aslockton	353	9,543	9,543	-	27.03	113.22	140.25
Barton-in-Fabis	118	3,325	3,325	-	28.18	113.22	141.40
Bingham	3,319	250,735	250,735	-	75.55	113.22	188.77
Bradmore	164	2,700	2,700	-	16.46	113.22	129.68
Bunny	284	17,000	17,000	-	59.86	113.22	173.08
Car Colston	83	-	-	-	-	113.22	113.22
Clipston	31	100	100	-	3.23	113.22	116.45
Colston Bassett	123	8,000	8,000	-	65.04	113.22	178.26
Costock	292	12,000	12,000	-	41.10	113.22	154.32
Cotgrave	2,094	180,000	E 180,000	-	85.96	113.22	199.18
Cropwell Bishop	647	84,575	84,575	-	130.72	113.22	243.94
Cropwell Butler	325	10,300	10,300	-	31.69	113.22	144.91
East Bridgford	812	32,464	32,464	-	39.98	113.22	153.20
East Leake	2,330	145,000	E 145,000	-	62.23	113.22	175.45
Elton-on-the-Hill	44	-	-	-	-	113.22	113.22
Flawborough	26	-	E -	-	-	113.22	113.22
Flintham	209	10,300	10,300	-	49.28	113.22	162.50
Gotham	613	35,000	E 35,000	-	57.10	113.22	170.32
Granby cum Sutton	165	10,000	10,000	-	60.61	113.22	173.83
Hawksworth	64	5,400	E 5,400	-	84.38	113.22	197.60
Hickling	250	7,000	E 7,000	-	28.00	113.22	141.22
Holme Pierrepoint & Gamston	1,114	43,610	43,610	-	39.15	113.22	152.37
Keyworth	2,662	172,300	172,300	-	64.73	113.22	177.95
Kingston-on-Soar	118	3,600	3,600	-	30.51	113.22	143.73
Kinoulton	414	7,000	7,000	-	16.91	113.22	130.13
Kneeton	23	-	-	-	-	113.22	113.22
Langar cum Barnstone	356	41,000	E 41,000	-	115.17	113.22	228.39
Normanton-on-Soar	191	11,575	11,575	-	60.60	113.22	173.82
Normanton-on-the-Wolds	145	4,575	4,575	-	31.55	113.22	144.77
Orston	205	8,000	8,000	-	39.02	113.22	152.24
Owthorpe	46	-	-	-	-	113.22	113.22
Plumtree	121	4,000	E 4,000	-	33.06	113.22	146.28
Radcliffe-on-Trent	3,286	278,061	278,061	-	84.62	113.22	197.84
Ratcliffe-on-Soar	55	-	-	-	-	113.22	113.22
Rempstone	202	4,900	4,900	-	24.26	113.22	137.48
Ruddington	2,640	256,000	E 256,000	6,650	99.49	113.22	212.71
Saxondale	15	-	-	-	-	113.22	113.22
Scarrington	77	750	750	-	9.74	113.22	122.96
Screveton	66	-	E -	-	-	113.22	113.22
Shelford	233	10,000	E 10,000	-	42.92	113.22	156.14
Shelton	62	400	400	-	6.45	113.22	119.67
Sibthorpe	58	800	E 800	-	13.79	113.22	127.01
Stanford-on-Soar	57	1,500	E 1,500	-	26.32	113.22	139.54
Stanton-on-the-Wolds	205	4,632	4,632	-	22.60	113.22	135.82
Sutton Bonington	623	21,100	21,100	-	33.87	113.22	147.09
Thoroton	62	-	-	-	-	113.22	113.22
Thrumpton	75	3,400	E 3,400	-	45.33	113.22	158.55
Tollerton	794	27,000	27,000	-	34.01	113.22	147.23
Upper Broughton	155	9,700	E 9,700	-	62.58	113.22	175.80
West Bridgford	13,626	-	-	751,860	55.18	113.22	168.40
West Leake	67	2,000	2,000	-	29.85	113.22	143.07
Whatton-in-the-Vale	365	10,885	E 10,885	-	29.82	113.22	143.04
Widmerpool	175	3,200	3,200	-	18.29	113.22	131.51
Willoughby-on-the-Wolds	276	7,000	7,000	-	25.36	113.22	138.58
Wiverton & Tithby	48	-	E -	-	-	113.22	113.22
Wysall & Thorpe	194	8,000	8,000	-	41.24	113.22	154.46
TOTAL	41,157	1,768,430	1,768,430	758,510	-	-	-

TREASURY MANAGEMENT STRATEGY 2011/12**REPORT OF THE HEAD OF FINANCIAL SERVICES****Introduction**

The annual Treasury Management Strategy is required as part of the Treasury Management Policy. It details the framework within which borrowing and other treasury management activities will take place in 2011/12. The Prudential Code does not specifically cover investment activity. Instead, the Department for Communities and Local Government (DCLG) has offered guidance on how local authorities should conduct their investment activities rather than by primary or secondary legislation. The resultant Annual Investment Strategy has been incorporated within the overall Treasury Management Strategy and both are presented in the following paragraphs.

1. Executive summary

The Borough's treasury management strategy aims to maximise the income from investments, without taking significant risk with the available capital. In order to achieve this, the treasury management policy determines the constraints within which the strategy must operate, while the strategy determines the operational parameters for the year. In particular:

- The Council has considered diversification of the assets and the underlying risk in its investment portfolio to provide the potential for enhanced returns over the medium term. The reasons for doing so are the continuing importance of investment returns in the Council's overall finances as well as a recognition that investment returns purely from cash or near cash instruments that the Council has utilised up until the current time will be lower in the future
- The Council will potentially utilise investments which under current statute constitute capital expenditure. The Council envisages a maximum of £4 million would be invested on this basis; it will be financed from usable capital receipts and will therefore be included within the Capital Programme for 2011/12. The pooled funds performance and continued suitability in meeting the Council's investment objectives are regularly monitored.
- The Section 151 Officer, under delegated powers, will undertake with advice from the Council's treasury advisor, Arlingclose Ltd, the most appropriate form of investments in keeping with the Council's income and risk management requirements and Prudential Indicators.
- The Council will maintain a counterparty list based on credit criteria. The Council has determined a 'high credit rating' as a long term of A-/A3 or better, short term F1/P-1 or better. Counterparty limits will also apply. While this is the proposed formal position, a tighter restriction will apply during the current period of instability in the Banking system. This will have

an effect on the level of interest achieved which is reflected in the revenue budget.

- A limit of 60% of the Council's overall investments will apply for investments which exceed one year which will include pooled funds/collective investment schemes which the Council may invest in.
- Any borrowing will be for short term only, pending receipt of income or investments on maturity. The Council sets an absolute limit of £11.5m for 2011/12 in respect of temporary borrowing, which represents a possible, but not worst case, scenario. It is anticipated that borrowing would be actively managed within the operational boundary based on accurate cash flow forecasting.
- The capital programme will be funded from existing usable resources and not from borrowing. Cash for this purpose will be drawn from investments.
- Cash available for investment will be shared between the cash manager and the in-house team. The level of investments is set to enable the capital programme to be funded leaving day to day cash flows to be managed by the in-house team.

2. Scope of the Strategy

The suggested strategy for 2011/12 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser. The strategy covers:

- the current treasury position;
- prospects for interest rates;
- treasury limits in force which will limit the treasury risk and activities of the Council;
- Prudential Indicators;
- The Borrowing Strategy;
- In-House Investment Strategy;
- External Investment Managers;
- any extraordinary treasury issues

3. Treasury Limits For 2011/12 to 2013/14

It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the authorised limit represents the legislative limit specified in section 3 of the Local Government Act 2003.

The Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

4. Prudential Indicators for 2011/12 – 2013/14

The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

	2011/12	2012/13	2013/14
Authorised limit for external debt -			
Borrowing	£11.5m	£12.5m	£13.0m
Other long term liabilities	Nil	Nil	Nil
Operational boundary -			
Borrowing	£3.5m	£4.0m	£4.5m
Other long term liabilities	Nil	Nil	Nil
Fixed interest rate exposure, expressed as either:-			
Upper limit on fixed interest rate exposures	100%	100%	100%
Upper limit on variable interest rate exposures	100%	100%	100%
Total principal sums invested for longer than 364 days (per maturity date)	60% of £39.1m	60% of £36.4m	60% of £33.1m

Maturity structure of borrowing -	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 to 24 months	Nil	Nil
24 months to 5 years	Nil	Nil
5 years to 10 years	Nil	Nil
Over 10 years	Nil	Nil

5. Borrowing

As the Council is debt free and has set aside proceeds from the housing stock transfer to support capital expenditure over the next few years, it is envisaged there will be no requirement to take new long term loans. However, the Council’s debt free status does not preclude the need for short term borrowing to cover cash flow requirements.

Whilst under the old regime the short term borrowing limit was set at a level to provide for “worst case scenario”, the Prudential Code advises that the Authorised Limit should be set at a realistic level. The authorised limit for external debt in the table above is therefore set at a level to provide for insufficient investments being realised in time to fulfil the obligation of payment

to Major Precepting Authorities and net Formula Grant and business rate pooling payments together with routine commitments.

The operational boundary is set at levels to accommodate the predicted peaks and troughs of cash flow during the year. It rises over the three year period to reflect less cash being available for investment overall and the increased use of longer dated maturities, both factors giving rise to a reduction in liquidity.

6. Prospects for Interest Rates

The Council appointed Arlingclose Ltd in July 2006 as treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates.

The table below gives Arlingclose Ltd's central view for interest rate movement and their economic commentary is attached at Appendix 1:

Year	Interest Rate
2011/12	1.5%
2012/13	2.7%
2013/14	3.5%
2014/15	4.0%
2015/16	4.0%

7. Permitted Investments

The Council may use any approved investment for the prudent management of its treasury balances during the financial year under the heads of Specified Investments and Non-Specified Investments. The Council will only use the following:

Specified Investments:

Specified Investments will be those that meet the criteria in the DCLG Guidance, i.e. the investment:

- Is sterling denominated
- Has a maximum maturity of 1 year
- Meets the "high" credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.
- The making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

"Specified" Investments for the Council's use are:

- Deposits in the DMO's Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts: (bonds issued by the UK government)
- *Bonds issued by multilateral development banks

- AAA-rated Money Markets Funds with a Constant Net Asset Value (Constant NAV) investing in predominantly in government securities
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing in instruments issued primarily by financial institutions
- Other Money Market Funds and Collective Investment Schemes – i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

**Investments in these instruments will be on advice from the Council's treasury advisor.*

For Credit rated counterparties, the minimum criteria will be the short-term/long-term ratings assigned by one or more of the following agencies (Moody's Investor Services, Standard & Poor's, and Fitch Ratings)

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

Non-Specified Investments

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council'

Investment	Maximum Maturity	Capital	In-House	Fund Managers
Deposits with banks and building societies	5 yrs	X	√	√
Certificates of Deposit with banks and building societies	5yrs	X	√	√
Gilts	10 yrs	X	√*	√
Bonds issued by multilateral development banks	10 yrs	X	√*	√
Bonds issued by financial institutions guaranteed by the UK government	10 yrs	X	√*	√
Sterling denominated bonds by non-UK sovereign governments	10 yrs	X	√*	√
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573) but which are not credit rated	N/A	X	√*	X
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	10 yrs	√	√	X
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	10 yrs	√	√	X
Collective Investment Schemes (Pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573	N/A	√	√*	X

**Investment only on advice from treasury advisor*

In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

The Debt Management Agency Deposit Facility (DMADF) is run by the Debt Management Office which is an Executive Agency of Her Majesty's Treasury; investments in the DMADF are therefore considered very secure.

Not all collective investment schemes (i.e. pooled funds) are credit rated; however the investments in the funds are well diversified and the exposure to individual names and, consequently, credit risk is low. Collective investment schemes include Corporate and Property Bonds, explained in more detail in paragraph 15.

The table below shows the maximum periods together with maximum amount for which funds may be prudently invested in term deposits with any one institution:

Institution	Short Term Credit Rating	Long Term Credit Rating	Up To 365 Days		Over 365 Days	
			Maximum Amount	Maximum Period	Maximum Amount	Maximum Period
Money Market Funds		AAA	£10M	1 YEAR	N/A	N/A
Debt Management Account			£55M	1 YEAR	N/A	N/A
English Local Authorities			£3M	1 YEAR	£3M	5 YEARS
UK and Foreign Banks and building societies	F1 or equivalent	A-, A, A+, AA- or equivalent	£10M	1 YEAR	£3M	2 YEARS
UK and Foreign Banks and building societies	F1+ or equivalent	AAA, AA+, AA or equivalent	£10M	1 YEAR	£3M	5 YEARS

There are no aggregate limits per market sector. Lower limits may be operated by the Section 151 Officer determined by reference to other ratings available in support of the main credit rating. However, while this is the proposed formal position, the Council has currently restricted its investment activity to:

- The Debt Management Agency Deposit Facility (The rates of interest from the DMADF are below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure)

- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
- Deposits with other local authorities
- Business reserve accounts and term deposits. *These have been primarily restricted to UK institutions that are rated at least AA- long term, and have access to the UK Governments' 2008 Credit Guarantee Scheme (CGS)*
- Bonds issued by Multilateral Development Banks

8. Investment Objectives

All investments will be in sterling. The general policy objective is the prudent investment of its treasury balances, which may include monies borrowed for the purpose of expenditure in the reasonably near future. The Council's investment priorities are:

- (a) the security of capital and
- (b) liquidity of its investments.

The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

Borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

9. Security of Capital by the use of Credit Ratings

The Council receives creditworthiness advice from its treasury advisors. The credit crisis has refocused attention on the treasury management priority of security of capital monies invested. The Council will continue to maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength (for example, statements of potential government supports). The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

10. Investment balances and liquidity

The table below shows the balance of funds available for investment. The diminishing level in later years is a result of the need to support the current capital programme.

1/4/2009	31/3/2010	31/3/2011	31/3/2012	31/3/2013	31/3/2014
£40.7m	£38.1m	£36.7m	£34.3m	£33.4m	£32.7m

Giving due consideration to the Council's level of balances over the next 3 years, the need for liquidity, its spending commitments and provisioning for contingencies, a limit of 60% of the Council's overall investments will apply for investments which exceed one year which will include pooled funds/collective investment schemes which the Council may invest in.

11. Investments defined as capital expenditure

The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investments would have to be funded from capital or revenue resources and be classified as 'non-specified investments'.

A loan or grant by this Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by this Council. It is therefore important to identify clearly if the loan is made for policy reasons (e.g. to the registered social landlord for the construction/improvement of dwellings) or if it is an investment for treasury management purposes.

Investments meeting the definition of capital expenditure can be funded from capital or revenue resources (as well as being subject to the Department of Communities and Local Government's Guidance on "non-specified investments") Placing of such investments have accounting, financing and budgetary implications.

It is important to note that on maturity of such an investment the principal sum is classed as a capital receipt. Capital receipts can only be used for specific purposes as set out in the capital finance regulations (SI 3146/2003 as amended by SI 521/2006) i.e. to finance capital expenditure or to redeem loans. If revenue resources or reserves are used to finance the capital investment, these resources are not replenished on maturity.

In view of this, the Council has determined a maximum of £4m limit to investments which constitute capital expenditure.

If £4 million is invested in 2011/12, it will be financed from usable capital receipts and will therefore be included within the Capital Programme for 2011/12.

12. Provisions for credit-related losses

If any of the Council's investments appeared at risk of loss due to default, i.e. the demise of the counterparty, and not one resulting from a fall in market value due to movements in interest rates, the Council will make appropriate provisions from its resources.

13. In-house investment strategy

The Council's shorter-term investments will be made with reference to the outlook for money market rates. For these monies, the Council will mainly utilise term deposits, business reserve accounts and money market funds.

The global financial market storm in 2008 and 2009 has forced investors of public money to reappraise the question of risk versus yield. Income from investments is a key support in the Council's budget.

The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates are likely to remain at very low levels which will have a significant impact on investment income. The Council's strategy must

however be geared towards this development whilst adhering to the principal objective of security of invested monies.

The Council will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators.

14. External Cash Fund Management

The Council has appointed a cash manager, Tradition (UK) Limited, who manages the funds on a discretionary basis. The fund management agreements between the Council and the managers formally document the instruments they can use within pre-agreed limits.

The monies managed by Tradition are currently £20m.

15. Balanced Budget Requirement

The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

16. End of Year Report

Activities during the year will be submitted to Corporate Governance Group in the form of an Annual Treasury Management Activities report.

Economic Background

- The recovery in growth is likely to be slow and uneven.
- The initial reaction to the CSR is positive, but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.

Underlying assumptions:

- The framework and targets announced in the Comprehensive Spending Review (CSR) to reduce the budget deficit and government debt will be put to the test; meeting the 2010 borrowing target of £149bn will be crucial to the gilt market's confidence in the credibility of the deficit reduction plans.
- Despite Money Supply being weak and growth prospects remaining subdued, the MPC has gravitated towards increasing rates in the new year as global inflation continues to rise along with household inflation.
- Consumer Price Inflation is stubbornly above 3% and is likely to spike above 4% in the first quarter of 2011 as a result of VAT, Utilities and Rail Fares.
- Unemployment remains near a 16 year high, at just over 2.5 Million, and is set to increase as the Public Sector shrinks. Meanwhile employment is growing but this is mainly due to part time work, leaving many with reduced income.
- Recently announced Basel III capital/liquidity rules and extended timescales are positive for banks. Restructuring of UK banks' balance sheets is ongoing and expected to take a long time to complete. This will be a pre-condition for normalisation of credit conditions and bank lending.
- Mortgage repayment, a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore the outlook for growth.
- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

GLOSSARY OF TERMS

Actively managed funds	Funds in which the aim is to outperform a benchmark by asset allocation, market timing or stock selection (or a combination of these) rather than passively following the benchmark
Asset backed security (ABS)	A type of bond which is for which the collateral is made up of assets (such as automobile loans, credit card receivables, home equity loans, student loans, etc. ABS enables institutions such as finance companies or corporations to raise capital by borrowing against these assets.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". Until recently this rate was also referred to as the 'repo rate'.
Bid-offer spread	The difference between the selling price and the buying price of an asset or commodity
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund)
Credit Ratings	Formal assessments by registered agencies of a counterparty's future ability to meet its liabilities
Collective Investment Schemes	Funds in which several investors collectively hold units. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
Discretionary fund management	Fund management where the investment manager is given total authority to manage the assets as the fund manager sees fit within pre-agreed guidelines and limits.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
ECB	European Central Bank
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting

Income distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'
Investment Grade Securities	Securities where the probability of default is considered to be low. Investments with long-term ratings between AAA and BBB are considered investment grade.
Maturity	The date when an investment is repaid or the period covered by a fixed term investment
Money Market Funds	MMFs invest in a range of short term assets with the highest level of credit worthiness and provide low risk with high liquidity. Specifically approved for LA use by SI 2002 no. 451.
Non-Specified Investments	Any investment for periods greater than one year. Investment with bodies that do not have a high credit rating, use of which must be justified.
Pooled funds	See <i>Collective Investment Schemes</i> (above)
Property Funds	Collective Investment Schemes whose assets predominantly comprise commercial and industrial property and shares in companies which own or operate real estate.
Quantitative Easing	In March 2009, the Monetary Policy Committee announced that, in addition to setting Bank Rate at 0.5%, it would start to inject money directly into the economy in order to meet the inflation target. The instrument of monetary policy shifted towards the quantity of money provided rather than its price (Bank Rate). But the objective of policy is unchanged – to meet the inflation target of 2 per cent on the CPI measure of consumer prices. Influencing the quantity of money directly is essentially a different means of reaching the same end
Short Term Credit Rating	Indicates capacity for timely payment of financial commitments. This rating has a time horizon of less than 12 months. The range of ratings for investment grade institutions is F1+ (highest) to F3 (lowest), all other ratings being of a speculative grade.
Specified Investments	Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK Government, local authorities and bodies that have a high credit rating.
Supranational Bonds	Instruments issued by organisations created by governments through international treaties. Either carries an AAA rating in their own right or guaranteed by the parent government.
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest)



CABINET

8 FEBRUARY 2011

ELECTORAL REVIEW OPPORTUNITY

5

REPORT OF THE CHIEF EXECUTIVE

CABINET PORTFOLIO HOLDER – COUNCILLOR J N CLARKE

Summary

Following receipt of a letter from the Local Government Boundary Commission for England, regarding electoral reviews this report seeks Cabinet's approval to recommend to Council the submission of a formal request to the Commission for a future electoral review for the Borough of Rushcliffe.

Recommendation

That Cabinet recommends to Council that a request be made to the Local Government Boundary Commission for England to undertake a future electoral review the Borough of Rushcliffe.

Background

1. The Local Government Boundary Commission for England (LGBCE) is the body responsible for electoral arrangements in England. The Commission keeps under review the levels of electoral representation to ensure that equality of representation is maintained in light of population changes within areas. The Commission has a programme of periodic electoral reviews, the last of which for Nottinghamshire was undertaken in 1999-2000 and implemented in 2003.
2. In December 2010 the Commission wrote to local authorities regarding a review of its policies and procedures. As part of the review the Commission had produced a document setting out proposals for updating its policies and procedures for undertaking electoral reviews, in order to support Councils to improve their effectiveness and their ability to represent people fairly. The review was also being undertaken to ensure that the Commission could accommodate a higher number of reviews whilst reducing the time each review would take. The Commission's letter also indicated that due to the current financial environment it would welcome requests from Councils for electoral reviews of their area, in order that it could assist local authorities in making the necessary savings they are required to make.
3. The proposals of the LGBCE will aim to implement an approach enabling them to undertake a review following a request from a Council, for a reduction in the number of Councillors and wards, to be completed within a 22 to 34 week period. This is in comparison to the previous 58 week, four stage process. Whilst the proposals will hopefully enable a speedier, more responsive review, it must be stressed that the revised process is not yet in

operation. However the Commission has indicated that the revised process will be in place for its 2011-12 work programme.

4. Under Section 57 of the Local Democracy, Economic Development and Construction Act (2009), a local authority can request a review to consider the appropriate number of Councillors required to provide for effective and convenient local government in an area. Local authorities can also request an electoral review with the objective of having single member wards. At present these reviews are carried out following the same process as a scheduled periodic review undertaken as part of the Commission's periodic electoral review programme. However the Commission indicates in its proposals for updating its policies and procedures for undertaking electoral reviews that any such requests could be dealt in line with the revised shorter timescale.
5. When undertaking a review the Commission has regard to a statutory criteria based around three broad principles. These are:-
 - a) The need to reflect the identities and interests of local communities
 - b) The need to secure effective and convenient local government
 - c) The need to secure equality of representation.
6. In summary the objective of an electoral review is to provide for good or improved levels of electoral representation across a local authority area. This means ensuring that, as far as possible, each councillor represents the same number of electors as his or her colleagues. In the Borough of Rushcliffe there is a mix of single and multi member wards and a review would offer the opportunity to simplify representation on the Borough Council whilst making it easier for the electorate to understand who their local representative is. This could be achieved, for example by the introduction of single member wards across the Borough.
7. Currently Rushcliffe has one member for every 1,727 electors. Compared with neighbouring authorities this means Rushcliffe has less electorate per Councillor than any other Council which therefore means it has a high number of Councillors. The table below sets out the ratio of electors to Councillors across other Nottinghamshire authorities.

Authority	Electorate	Number of Councillors	Number of Electorate per Councillor
Ashfield	90322	33	2737
Bassetlaw	86396	48	1800
Broxtowe	84546	44	1922
Gedling	88440	50	1769
Mansfield	81653	36	2268
Mansfield *Pre electoral review	81653	46	1773
Newark and Sherwood	85846	46	1866
Rushcliffe	86351	50	1727

8. As Councillors will be aware Mansfield District Council have recently undergone an electoral review, which commenced in July 2008 leading, to

changes being implemented from the local government elections in May 2011. This review led to a reduction in the number of Councillors from 46 members in multi and single member wards to 36 single member wards. As the above table illustrates this increased the number of electorate per Councillor from 1773 to 2268, giving Mansfield the second highest Councillor to electorate ratio in Nottinghamshire. If a similar electorate per Councillor ratio were applied to Rushcliffe it would indicate that a reduction in the number of Councillors would be required.

9. To request a review it will require a decision by Council, following this a letter would be sent to the Commission outlining the Council's request. The Council's request would then be considered by the Commission at a preliminary stage for analysis if selected for a review. The stages of the review process are set out in the following table:

Stage	Activity and timescale
Preliminary	Desk research, information gathering. Meeting with Local Authority and production of draft recommendations. 8 weeks
Consultation on draft recommendations	Public consultation on draft proposals for specific area (ie addressing issues of electorate imbalances through boundary changes or adding / taking away number of Elected Members). 10 weeks
Supplementary consultation <i>(If necessary)</i>	Further consultation in targeted areas. 6 weeks Analysis of responses. 4 weeks
Preparation of final recommendations	Analysis of responses and preparation of final recommendations. 4 weeks
Anticipated total	22-32 weeks <i>(Dependant on whether supplementary consultation is required)</i>

10. As the table indicates the review process can take between 22 to 32 weeks subject to the potential requirement to undertake supplementary consultation targeting a specific area. Determination of the review would also be subject to when the Commission decided it could be integrated into their work programme. The Commission indicate that local authorities submitting requests for electoral reviews should identify the most appropriate time for the review to be undertaken giving consideration to the electoral cycle. On this basis 2012 could present an appropriate time for an electoral review to be undertaken in Rushcliffe, subject to this being consistent with the time at which the Commission adds any such request to its work programme. This could enable any changes to be in place for the local elections in 2015 and any savings arising from a reduction in the annual expenditure on Councillors' allowances to come into force from May that year.

11. Whilst the Commission proposals for streamlining the review process reduce the timescale extensive work would be required to develop further any proposals in line with the Commission's criteria. Furthermore this work would also need to give regard to potential housing growth figures in order to help establish the five year electorate forecast. An early decision by the Council would assist in workload planning to accommodate a review in 2012.

12. Risk and uncertainties

Failure to ensure electoral representation is fair and equitable restricts the Council's ability to deliver services reflective of local need, demand and choice. Disproportionate electorate to Councillors numbers reduces capacity to ensure understanding of local representation and limits the opportunity to reduce the financial burden on the electorate.

Financial implications

At this stage it is not possible to determine the exact financial impact of any electoral review, as it is not possible to predict the number of Councillors or Wards it might recommend. However, if an electoral review of Rushcliffe were to change the number of Councillors, an indication of the financial impact would be as follows (this is based on the electorate of 86,351).

Number of Councillors	Number of Electorate per Councillor	£ Saving of basic members' allowance
50	1,727	0
45	1919	22,350
40	2158	44,760
35	2467	67,140
30	2878	89,520
25	3454	111,900

Section 17 Crime and Disorder Act

Having arrangements in place which provide for proportionate and equitable electorate to Councillor numbers supports the Councils responsibilities in relation to crime and disorder reduction through effective and accessible representation.

Diversity

Ensuring a proportionate and equitable electorate to Councillor numbers underpins the Councils commitment to local communities through diverse, equitable and accessible representation.

Background Papers Available for Inspection:

Local Government Boundary Commission – Striking the Right Balance – A consultation on policy and procedures for electoral reviews

REPORT OF THE CHIEF EXECUTIVE

CABINET PORTFOLIO HOLDER – COUNCILLOR J CRANSWICK

Summary

Following the recent planning decision on the Cotgrave Colliery site and confirmation from Government Office that it will not call the planning decision in, it is now evident there is significant support to facilitate and deliver the regeneration of Cotgrave Town Centre.

The purpose of this report is to update Cabinet on the required leadership from Rushcliffe Borough Council and its partners to champion and support the community in delivering the regeneration of Cotgrave Town Centre as part of the delivery of new housing on the colliery site. Following extensive engagement and consultation involving the Cotgrave community, Cotgrave Town Council and other key partners the scheme is now being recognised nationally as an example of best practice by the Homes and Communities Agency (HCA).

To assist in providing a complete picture of the ambition and vision for Cotgrave it is intended that the Chief Executive will make a short presentation at the Cabinet meeting regarding identified options for the Cotgrave Town Centre Masterplan and Rushcliffe Borough Council's input and role to date.

Recommendation

It is RECOMMENDED that Cabinet:-

- (i) Endorses the principle of Rushcliffe Borough Council working in partnership to secure an improved town centre environment for Cotgrave through regeneration of the area in conjunction with the development of the Cotgrave colliery site;
- (ii) Supports the need to minimise the risk to the town centre regeneration project by RBC working towards assembling the required site with its public sector partners;
- (iii) Receives a future report detailing the feasibility and acquisition options to procure the shopping centre;
- (iv) Supports the inclusion of this scheme within the Council's 2011/12 -2015/16 capital programme;
- (v) Supports the proposed use of the RBC/Spirita partnership funding for housing acquisitions in the town centre area.

Background

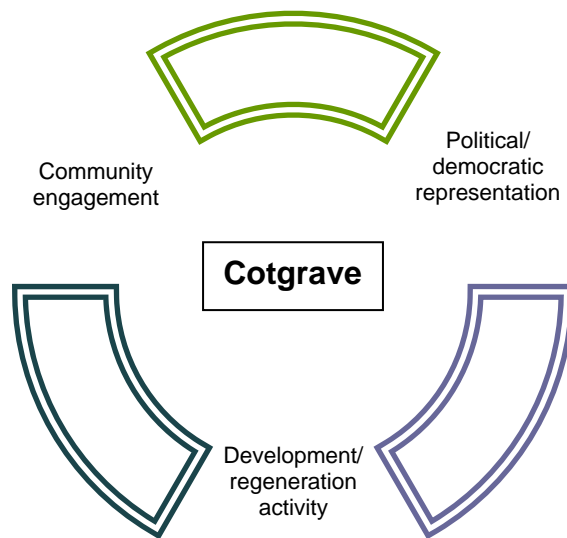
1. The Cotgrave Town Centre Masterplan was developed following an approach from Cotgrave Town Council in August 2008. The premise was to look at how a “heart” could be created in the town and how the shopping centre, which currently turns its back on the town, could be improved to better maintain links between it and various settlements in Cotgrave, including the proposed development of the colliery site. Attached is a background paper which accompanied the Colliery site planning application which Members considered. The appendix outlines the background to a Cotgrave Masterplan being suggested by East Midlands Development Agency (EMDA) and the Homes and Communities Agency (HCA).
2. Rushcliffe Borough Council officers have co-ordinated the necessary work and funding to deliver a final Cotgrave Masterplan and implementation strategy. A copy of the document can be obtained from the Head of Community Shaping. An essential feature of the work to date has been the involvement and support of Cotgrave Town Council, the Cotgrave community and Nottinghamshire County Council. These positive, supportive and productive relationships will be a key requirement to ensuring the regeneration progresses and becomes reality. It is also essential that it is acknowledged that this will be a long term project with delivery likely to be between five and ten years.

Implementation of the Town Centre Masterplan

3. A critical part of the brief for developing the town centre masterplan was to ensure that an implementation strategy was produced. The proposals that were consolidated and consulted upon with local residents had a phased approach for delivery that include several key assumptions:
 - For an enhanced shopping centre to become economically viable, the population base would need to increase;
 - The development of a new supermarket is required in the town centre to lever investment to the site. This approach should attract more shoppers which would in turn support existing businesses;
 - To enable the shopping centre to be opened out to make it more inviting and increase linkages to the colliery site a new “high street” would ideally be developed;
 - Siting all the public sector organisations present in a new multi-service would free up space and assist in opening up the site (police, health, library). This would also reduce public sector spend and operating costs in the area;
 - There may be implications for the Scotland Bank housing – ie some or all of the properties may need to be removed.
4. The timescales of the scheme have been closely linked in to the development of the colliery site. It is currently anticipated that regeneration funding from the Homes and Communities Agency for the town centre masterplan scheme will be made available as the colliery site is built out. This could take from two to ten years and will be included in a Section 111 agreement between the Borough Council and the Homes and Communities Agency.

Stakeholders involved and the Cotgrave Strategic Board

5. As well as the residents of Cotgrave there are various stakeholders that will be involved in any such regeneration project. Public sector bodies include Cotgrave Town Council, Nottinghamshire County Council, Rushcliffe Borough Council, the police, NHS, library services, schools and highways. Locally, the input of the welfare and Coal Industry Social Welfare Organisation (CISWO), and Grantham Canal Partnership will be encouraged. Similarly, local businesses and a private sector developer will also become partners in the project. As can be seen there is a myriad of organisations to link into any successful regeneration project in the town.
6. A Cotgrave Strategic Board was set up in November 2010 and is currently led by the Chief Executive and with membership at officer level from various key organisations as detailed in the appendix. The Rushcliffe Community Partnership Board (local strategic partnership) has received a presentation from the Chief Executive on the Cotgrave Town Centre Masterplan and the Cotgrave Strategic Board and has recorded its support for option 3.3 of the masterplan.
7. The remit of the Cotgrave Strategic Board is to provide strategic leadership to the development and delivery of the Cotgrave regeneration project which encompasses four inextricably linked phases:
 - The mixed use redevelopment of the Colliery site;
 - The redevelopment of Cotgrave Town Centre;
 - The balancing of existing social housing stock ;
 - The partnership delivery of actions to address underlying socio economic issues (including an audit of the existing assets and intervention programmes operating in Cotgrave).
8. These four phases highlight the need for the project to link requirements for hard infrastructure related to the town's existing and future needs, and the softer side of regeneration activity around employment opportunities and future prosperity. Existing projects that have seen enormous success such as the Positive Futures work with young people at risk of offending, and the Cotgrave Area Based Initiative (community safety and anti-social behaviour work) will link into the wider scheme.
9. The following diagram shows how different dimensions of the project need to flow together at all times. Community engagement, political representation and the co-ordination of both the development and regeneration aspects at the same time are crucial for the success of the project.



10. It is important to recognise and acknowledge that as the scheme is shaped and progressed the project should include and be led by elected members and representatives of the key partners.

Key stages for progress

11. To drive the project forward there are several key issues to pursue and areas for the board to consider with direction from Cabinet:
- A concordat to be drawn up by public sector partners based on the principle that there is agreement for a shared multi service centre in Cotgrave to free up space and operate more efficiently. This concordat would be an indication of political intent and support for the project and include an outline of inputs and outcomes from sharing assets;
 - The acquisition of the shopping centre by public sector partners should be investigated. This would facilitate the implementation of the town centre masterplan and could provide a revenue income for the public sector during the early stages of the project;
 - A partnership to be entered into by the public sector organisations with a private sector developer. The Cotgrave Strategic Board members have agreed to investigate appointing one developer to lead on both the town centre and colliery sites. One key advantage of this approach would be the guarantee that the two sites continue to be linked, a key concern of Members when determining the colliery site planning application.

Financial Implications

12. When the town centre masterplan was developed it was with the proviso that it needed to be economically feasible to implement the recommendations and that Rushcliffe Borough Council would not be expected to provide any “gap funding”. Any capital contribution from Rushcliffe Borough Council would need to be considered on the basis of an investment opportunity with an appropriate exit strategy. A £2m provision has been included in the Council’s capital programme to facilitate the implementation of the masterplan, with the assumption that external funding will be received to cover this potential expenditure.

13. As part of the section 106 agreement for the Colliery site development there will be a sum of money assigned to the town centre regeneration (around £900,000). In addition, officers have secured up to £650,000 of Growth Point funding towards strategic acquisitions for the project. This funding has a deadline of January 2012 to be drawn down.
14. The coalfield regeneration money that is attached to the Colliery site is to be allocated in a section 111 agreement between the Homes and Community Agency and Rushcliffe Borough Council. Up to £2million will be available towards the regeneration programme from this funding stream but this will become available as capital receipts come in for land on the colliery site. It will therefore take some time to accumulate this fund.
15. There is the potential for a private sector developer or a supermarket to also invest or bring a capital receipt to the project.
16. It is proposed that a further report be prepared for Cabinet with feasibility and acquisition options to procure the shopping centre and this report will contain indicative financial modelling for the financing of the town centre masterplan project.
17. As stated in paragraph 3 above, properties on Scotland Bank will be affected by the implementation of option 3.3 of the masterplan. Residents have been consulted and some are interested in selling their properties at this point to Spirita. It is proposed that the RBC/Spirita partnership fund be made available to underwrite any such acquisitions in the short term to enable Spirita to proceed with acquisitions on Scotland Bank.

Conclusions

18. Planning permission has been granted for the Cotgrave Colliery site, subject to the Section 106 agreement being signed off. The Cotgrave Town Centre Masterplan project has always been about linking the different parts of old and new Cotgrave and advancing the project is crucial to ensure that the Colliery site is truly linked to the rest of the town.
19. There is a major opportunity in Cotgrave now for a change of approach with all partners working together to provide “total place” improvements for the town that ultimately involve more efficient and effective working together by the public sector. The goal of the Cotgrave Strategic Board is to guide and drive forward the regeneration opportunity and for this to ultimately be owned by the local community.

Financial Comments

The financial implications are described in the body of the report. It is envisaged that the project would be cost neutral from a capital point of view. Contributions have already been secured up to £1.55m and further funds will become available later in the project.

The capital programme, included in the Financial Strategy for 2011/12 to 2015/16 elsewhere on this agenda, includes provision for this project together with the funding. Further detailed financial modelling will be conducted when the acquisition options are considered.

Section 17 Crime and Disorder Act

RBC has been working with partners on an area based initiative in Cotgrave over the past 18 months which has seen significant reductions in crime and anti social behaviour. This work will be linked in to the regeneration project.

Diversity

There are no diversity implications at this point. If and when the shopping centre is regenerated and redesigned it will be with the proviso that it will be fully accessible.

Background Papers Available for Inspection:

Cotgrave Masterplan and Implementation Strategy, Final Report, BroadwayMaylan
February 2010

Background Relating to Cotgrave Colliery Site and the Cotgrave Town Centre Masterplan

1. Background

Cotgrave Colliery opened in 1954 and as a result Cotgrave increased about 10 times in size. Closure of the colliery in 1993 resulted in lasting socio-economic consequences. Local unemployment has badly affected the town centre. Over the last 17 years there has been a modest recovery but Cotgrave remains the highest concentration of deprivation in Rushcliffe.

2. The Cotgrave Regeneration Strategy

English Partnerships (now Homes and Communities Agency) and EMDA commissioned a report in 2006 "The Cotgrave Regeneration Strategy" (Colin Warnock Associates, Final report, 2007) which concluded that

"1. The town suffers from a lack of housing integration in terms of the location of social housing and private housing.

2. It is disconnected inter generationally as older children go to secondary school in other towns, have insufficient appropriate play space where they live and, in what is otherwise an active community, some of them struggle to integrate socially.

3. The town centre is disconnected from the rest of Cotgrave, not because of its central location but its poor design, reputation for crime and visual unattractiveness. The centre turns its back on the town, fails to maximise the potential linkages between the residential areas of the town, shops and the nearby public services. This has a negative impact on community cohesion and vibrancy.

4. Cotgrave's residents are remote from their place of work as 80% of the population leave the town each day to work elsewhere. Daytime usage of the town centre is therefore limited further compounding the lack of income retained in Cotgrave and the daily commutes are unsustainable in environmental terms."

The Cotgrave Regeneration Strategy provides an overarching strategic framework within which regeneration needs are to be taken forward with 4 priority aims:

- Prosperous - Enhance levels of education (potential for secondary pupils 'extended school' at Candleby Lane), enhance adult skills and qualifications, encourage existing businesses to grow (Business Link), increase self employment and reduce unemployment (Job Centre Plus, CRT, and Family Employment Initiative);
- Connected – inclusion of affordable homes, services for young people (NCC), remove under-utilised social housing stock, redevelop Cotgrave Shopping Centre (discussions with most organisations involved), employment creation;
- Balanced – Increase market housing, careful balance of size and mix, review management service;
- Delivering for Cotgrave - through a Regeneration Forum to drive forward the process (Cotgrave Regeneration Strategy).

3. Coalfields Regeneration Trust

Cotgrave has a Town Plan prepared in July 2006 with support from the Coalfields Regeneration Trust. In April 2008 further funding from the Coalfields Regeneration Trust was concluded due to the area's relative lack of deprivation compared to other eligible coalfield areas. From April 2009 – March 2010 HCA/EMDA supported a Community Development Worker in Cotgrave.

4. Trent Link Green Infrastructure Masterplan

In March 2009 a report commissioned by a number of organisations was published. This was the "Trent Link Green Infrastructure Masterplan" (Scott Wilson) which looked at a vision for the Grantham Canal and the viability of its restoration between the River Trent and Cotgrave.

5. Town Centre Masterplan and Implementation Strategy

The Borough Council led the commissioning of a Town Centre Masterplan and Implementation Strategy in July 2009 (Broadway Malyan, February 2010) with the support of partners Cotgrave Town Council, Nottinghamshire County Council, Nottingham Regeneration Ltd, emda and HCA. Also, in July 2009 the Homes and Communities Agency (which replaced English Partnerships) set up a Leadership of Place project. An initial report in December 2009 recommended a Strategic Partnership Board to oversee a coordinated multi agency approach to take forward the Masterplan and to manage assets. The Homes and Communities Agency has also established an Employment Partnership.

6. Working in Partnership

"Working in Partnership" a place based solution has been developed with 4 interlinked elements that will be overseen by the Strategic Partnership Board in a Cotgrave Regeneration Project. The elements are summarised as:

Element 1: Foresees the mixed use redevelopment of Cotgrave Colliery, a derelict pit head site which forms part of the National Coalfields Programme (Tranche 1 site) utilising the Homes and Communities Agency developer panel.

Element 2: The Town Centre Masterplan for Cotgrave identifies three objectives:

- Reduce the decline in the centre and increase the retail and services offer for the residents of Cotgrave;
- Increase visibility of the centre which, given the current configuration is easy to bypass as there is a distinct lack of signage or retail frontage;
- Improve accessibility for retailers and shoppers.

The redevelopment of Cotgrave Town Centre would provide a significantly enhanced retail offer with a supermarket anchor, a number of smaller retail units, a multi service centre co locating existing public service providers (library, police and doctor's surgery) and enhanced affordable housing. The scheme would also substantially improve the town centre environment and associated public realm.

Element 3: Involves the collaboration of the stakeholders in driving forward and delivering solutions relating to the socio economic issues. The stakeholders group,

consisting of the Principals in the County, Borough and Town Councils, the Police, Health Service, Registered Housing Provider and community representatives as well as the Homes and Communities Agency will be ensuring that the different initiatives are co-ordinated and aligned.

Element 4: the strategy to deliver a solution to the current housing issues including management, supporting people and rented private sector landlords.

7. Former Colliery Site Redevelopment Process

Following the Planning White Paper, "Planning for a Sustainable Future"(2007), the "Planning Performance Agreement: a new way to manage large scale applications. Government response to consultation replies" (CLG, November 2007) and the "Guidance Note Implementing Planning Agreements" (CLG and ATLAS, 2008) set out a framework for managing large applications. It was agreed that a Planning Performance Agreement would provide a framework within which to manage the process of submitting an outline planning application for the Colliery Site. An Inception Day was held on 11 December 2009 to identify issues and a shared vision. Subsequently in February 2010 the Council, emda and the HCA entered into a Planning Performance Agreement to govern a project plan and programme leading to a determination of the outline application.

In May 2009 Cabinet confirmed Rushcliffe Borough Council's commitment to the social and economic regeneration of Cotgrave through the appropriate redevelopment of the colliery site as the catalyst to securing National Coalfield monies for the area.

8. Cotgrave Employment Partnership includes

Homes and Communities Agency
Skills Funding Agency
National Apprenticeship Service
Construction Skills
Job Centre Plus
East Midlands Development Agency

9. Cotgrave Strategic Partnership Board

Allen Graham	Chief Executive, RBC
Diana Gilhespy	Executive Director of Regeneration, EMDA
Graham Dobbs	Head of Area, Homes and Communities Agency
Ann Ellis Cotgrave	Town Council Clerk, Cotgrave Town Council
Steve Calvert	Service Director, Nottinghamshire County Council
Sheila Hyde	Managing Director, Spirita
Mona Walsh	Nottingham Regeneration Ltd

10. Associated Expert Contributors/Organisations that could contribute to the Strategic Board include

Primary Care Trust, Nottinghamshire Police, Candleby Lane School, Cotgrave C of E Primary, South Notts College, East Park Developments, Future owner/investor of shopping centre, Developer Partner, RCAN (Lead on CTC Town Plan), Grantham Canal Partnership, Rushcliffe Community Partnership, Principia, Cotgrave Residents and Tenants, Businesses and residents on the shopping centre
This list is not exhaustive.



CABINET

8 FEBRUARY 2011

**REVIEW OF THE TERMS OF REFERENCE FOR
THE EMPLOYMENT APPEALS COMMITTEE AND
THE OFFICER EMPLOYMENT PROCEDURE
RULES**

7

REPORT OF THE HEAD OF CORPORATE SERVICES

CABINET PORTFOLIO HOLDER – COUNCILLOR J CLARKE

Summary

This report sets out proposed revised terms of reference for the Council's Employment Appeals Committee and revised Officer Employment Procedure Rules in line with the recommendation agreed by Council following the review of the Constitution.

Recommendation

That Cabinet:-

- (i) endorse the revised terms of reference for the Council's Employment Appeals Committee as set out at paragraph 7 of the report, and
- (ii) endorse the amended Officer Employment Procedure Rules at Appendix A, and
- (iii) recommend these revisions to Council for approval.

Detail

1. At its meeting on 18 January the Corporate Governance Group considered a report setting out revised terms of reference for the Council's Employment Appeals Committee and also amended Officer Employment Procedure Rules as contained within Part 4 of the Council's Constitution.
2. The report indicated that the Constitution Review Member Panel had considered the role of the Council's Employment Appeals Committee as part of its work reviewing the Constitution. The Panel had formed the view that the Committee's existing terms of reference were too far reaching and beyond what was originally expected. As such the Panel recommended they be reviewed. The Panel also recommended that the Officer Employment Procedure Rules, Part 4 within the Constitution, be reviewed to ensure consistency with the existing structures and practices. These recommendations were agreed by Council in December 2010.
3. The Head of Corporate Services has subsequently reviewed both the Employment Appeal Committee's Terms of Reference and the Officer Employment Procedure Rules. The findings of this review were presented to

4. *Employment Appeal Committee Terms of Reference*

The present terms of reference for the Committee, which are contained within Article 8, Part 2 of the Constitution, are set out below:

Hear and determine appeals in accordance with the Council's procedures in respect of grievances, discipline, grading, and other appeals where the right of appeal to an Employment Tribunal exists or where the appeal is against dismissal.

5. These existing terms of reference include provision for an appeal on matters within the remit of operational management in relation to grievances and grading. Such appeals are actually covered by internal procedures consistent with the scheme of delegation, which gives power on all staffing matters including recruitment and dismissal to the Chief Executive. Therefore the terms of reference for the Committee are inconsistent with established and accepted internal procedures and practices.
6. The internal appeal stage to a senior officer not previously involved in the case, on grievance and grading matters is consistent with the ACAS¹ Code of Practice. This code states that such appeals should be dealt without delay by a person independent of the case. On this basis the revised terms of reference for the Committee should reflect that its role no longer includes appeals regarding grievance or grading.
7. The present terms of reference for the Committee also refer to '*other appeals where the right of appeal to an Employment Tribunal exists*' which is unclear and ambiguous as this right is separate to any internal procedures as it forms part of employment law. On this basis it is proposed to remove these words from the Committee's terms of reference as the right to appeal to Employment Tribunal is separate from that of any Council appeal procedures.
8. It is proposed that Appeals regarding redundancy will not be within the remit of the Employment Appeals Committee. Such appeals will be dealt with internally in line with the Council's Managing Organisation Change Policy and its internal appeal procedures. Research undertaken as part of the review established that appeals to the Committee had only been made on the basis of dismissal for misconduct and capability and as such the Committee's terms of reference were outside its established and accepted purpose. In view of this, and the issues outlined in previous paragraphs, the following revised terms of reference are recommended them to Cabinet prior to consideration by Council.

Hear and determine appeals in accordance with the Council's procedures in respect of dismissal arising from misconduct and capability only

9. These revised terms of reference will help to clarify the Committees role and prevent contradiction with internal appeal procedures or delegated authority. As a consequence of the revised terms of reference minor changes will need

¹ Advisory, Conciliation and Arbitration Service – which aims to improve organisations and working life through better employment relations – April 2009

to be made to appeal procedure documentation produced by the Council's Strategic Human Resources Manager to reflect the revisions.

10. The review of the terms of reference also recommended that the procedure document, previously provided to Committee Members, clarifying the role of the Committee, be re-issued. This document should also be included within amendments to be made to the appeal procedure documentation by the Strategic Human Resources Manager.
11. At present the Employment Appeals Committee comprises of five Councillors and no changes are proposed to its composition at this time. However future changes to the governance arrangements for local authorities may require this to be reviewed if any such changes were to impact on the decision making structure of the Council.
12. *Officer Employment Procedure Rules*
The review also considered the Officer Employment Procedure Rules contained within Part 4 – Rules of Procedure of the Constitution. As such Appendix A amends the Officer Employment Procedure Rules with changes to bring them up to date.
13. Cabinet are advised that regulations made under the Local Government and Housing Act 1989 include sections that relate to the process for the appointment and dismissal of the Chief Executive. These regulations also set out the notification procedures for dismissal and appointment of certain officers as set out at appendix 1 in the rules. These notifications procedures are distinct from the process for appointment and dismissal of the Chief Executive as they relate to the 'notification' of Cabinet Members only.
14. The process for the appointment and dismissal of the Chief Executive reflects the statutory requirement specific to the Head of Paid Service. This process differs from all other employees for a number of reasons. The Councils scheme of delegation gives power on all staffing matters, including recruitment and dismissal, to the Chief Executive. However, a Chief Executive cannot appoint or dismiss themselves, and as such there are distinct procedures for this.
15. **Risk and uncertainties**
The review process identified that the terms of reference for the Employment Appeals Committee were too far reaching and conflicted with the Council's scheme of delegation and also its established internal procedures for appeal on grading or grievance matters. As such the existing terms of reference were unclear and unhelpful.
16. The review process also highlighted that the Committee's terms of reference made reference to the right of appeal to Employment Tribunal which sits independently to any internal appeal processes the Council has. As such the inclusion of reference to Employment Tribunal created ambiguity and was unclear.
17. The application of the appointment and dismissal processes for the post of Chief Executive to that of the Deputy Chief Executives would be in direct contravention of the Councils Scheme of Delegation, as it gives power on all staffing matters, including recruitment and dismissal to the Chief Executive.

Furthermore such a practice would remove the right of Deputy Chief Executives to appeal to the Employment Appeals Committee against dismissal. As such a distinction between the appointment and dismissal processes for the Chief Executives and Deputy Chief Executives should remain.

Financial Comments

There are no direct financial implications arising from this report.

Section 17 Crime and Disorder Act

There are no direct implications from this report.

Diversity

There are no direct equality and diversity implications arising from this report. However in order for the Council to effectively fulfil its obligations and expectations with regard to diversity and equality it is essential it has in place proper, fair and clear appeal processes for employment matters.

Background Papers Available for Inspection:

Rushcliffe Borough Council Constitution

PROCEDURE RULES***OFFICER EMPLOYMENT***

These procedure rules incorporate (in paragraphs 5 to 10) the provisions which authorities are required to include in their Standing Orders relating to staff under the Local Authorities (Standing Orders) (England) Regulations 2001 and shall be interpreted in accordance with those Regulations.

1. Recruitment and Appointment**(a) Declarations**

- (i) The Council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are related to an existing Councillor or senior officer of the Council; or of the partner of such persons.
- (ii) No candidate so related to a Councillor or a senior officer will be appointed without the authority of the Chief Executive or a Deputy Chief Executive or an officer nominated by him/her.

(b) Seeking support for appointment

- (i) Subject to (iii), the Council will disqualify any applicant who directly or indirectly seeks the support of any Councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information.
- (ii) Subject to paragraph (iii), no Councillor will seek support for any person for any appointment with the Council.
- (iii) This would not preclude a Councillor from providing an official reference for an applicant, provided the Councillor did not participate or seek to influence in any other way in the appointment.

2. Recruitment of Head of Paid Service and Deputy Chief Executives

Where the Council proposes to appoint a Chief Executive or Deputy Chief Executive and it is not proposed that the appointment be made exclusively from among their existing officers, the Council will:

- (a) draw up a statement specifying:
 - (i) the duties of the officer concerned; and
 - (ii) any qualifications or qualities to be sought in the person to be appointed;
- (b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
- (c) make arrangements for a copy of the statement mentioned in paragraph (a) to be sent to any person on request.

3. Appointment of Head of Paid Service, Monitoring officer and Section 151 officer

The full Council or a committee appointed by the Council for this purpose will approve the appointment of the head of paid service, and appointment to the roles of Monitoring officer and the Section 151 officer.

4. Appointment of Deputy Chief Executives

A committee of the Council will appoint Deputy Chief Executives.

5. Appointment and Dismissal of Head of Paid Service

Where a committee, sub-committee or officer is discharging on behalf of the Council the function of the appointment or dismissal of the Head of Paid Service, the Council must approve the appointment before an offer of appointment is made to him/her or, as the case may be, must approve the dismissal before notice of dismissal is given to him/her.

6. Notification Procedures – Appointments

- (1) In this paragraph, “appointor” means, in relation to the appointment of a person as an officer of the authority, the Council, where a committee, sub-committee or officer is discharging the function of appointment on behalf of the Council, that committee, sub-committee or officer, as the case may be.
- (2) An offer of an appointment as an officer referred to in Appendix 1 must not be made by the appointor until–
 - (a) the appointor has notified the proper officer of the name of the person to whom the appointor wishes to make the offer and any other particulars which the appointor considers are relevant to the appointment;
 - (b) The proper officer has notified every Member of the Cabinet of–
 - (i) the name of the person to whom the appointor wishes to make the offer;
 - (ii) any other particulars relevant to the appointment which the appointor has notified to the proper officer; and
 - (iii) the period within which any objection to the making of the offer is to be made by the Leader on behalf of the Cabinet to the proper officer; and
 - (c) either–
 - (i) the Leader has, within the period specified in the notice under sub-paragraph (b) (iii), notified the appointor that neither he nor any other Member of the Cabinet has any objection to the making of the offer;
 - (ii) the proper officer has notified the appointor that no objection was received by him within that period from the Leader; or
 - (iii) the appointor is satisfied that any objection received from the Leader within that period is not material or is not well-founded.

7. Notification Procedures – Dismissals

- (a) In this paragraph, “dismissor” means, in relation to the dismissal of an officer of the authority, the authority or, where a committee, sub-committee or another officer is discharging the function of dismissal on behalf of the Council, that committee, sub-committee or other officer, as the case may be.
- (b) Notice of the dismissal of an officer referred to in Appendix 1 must not be given by the dismissor until-
 - i. the dismissor has notified the proper officer of the name of the person who the dismissor wishes to dismiss and any other particulars which the dismissor considers are relevant to the dismissal;
 - ii. the proper officer has notified every Member of the Cabinet of-
 - A. the name of the person who the dismissor wishes to dismiss;
 - B. any other particulars relevant to the dismissal which the dismissor has notified to the proper officer; and
 - C. the period within which any objection to the dismissal is to be made by the Leader on behalf of the Cabinet to the proper officer; and
 - iii. either-
 - A. the Leader has, within the period specified in the notice under sub-paragraph (b) (iii), notified the dismissor that neither he nor any other Member of the Cabinet has any objection to the dismissal;
 - B. the proper officer has notified the dismissor that no objection was received by him within that period from the Leader; or
 - C. the dismissor is satisfied that any objection received from the Leader within that period is not material or is not well-founded.

8. Cabinet Member on Committees

Where a committee or sub-committee is discharging, on behalf of the Council, the function of the appointment or dismissal of any officer referred to in Appendix 1, at least one Member of the Cabinet must be a Member of the committee or sub-committee.

9. Member Involvement

- (a) Save as provided for in sub-paragraphs (b) and (c) below, the function of the appointment and dismissal of, and taking disciplinary action against, a member of staff must be discharged, on behalf of the Council, by the head of paid service or by an officer nominated by him.
- (b) The above requirement shall not apply to the appointment or dismissal of, or disciplinary action against an officer referred to in Appendix 1.
- (c) Sub-paragraph (a) above shall not prevent any Member from serving as a Member of the Employment Appeals Committee.

10. Disciplinary Action – Head of Paid Service, Monitoring Officer and Section 151 Officer

- (a) No disciplinary action in respect of the head of paid service, the Monitoring officer or the Chief Finance officer (Section 151 officer), except action described in sub-paragraph (b) below, may be taken by the Council, or by a committee, a sub-committee, a joint committee on which the Council is represented or any other person acting on behalf of the Council, other than in accordance with a recommendation in a report made by a designated independent person under regulation 7 of the Local Authorities (Standing Orders) (England) Regulations 2001.
- (b) The action referred to in sub-paragraph (a) above is suspension of the officer for the purposes of investigating the alleged misconduct occasioning the action; and any such suspension must be on full pay and terminate no later than the expiry of two months beginning on the day on which the suspension takes effect.

APPENDIX 1

The posts listed in paragraph 3 of Part II of Schedule 1 to the Local Authorities (Standing Orders) (England) regulations 2001, namely:

- (a) The head of paid service (Chief Executive)
- (b) Statutory chief officer (Section 151 officer)
- (c) Non-statutory chief officer (Deputy Chief Executives)
- (d) Deputy chief officer (Heads of Service)
- (e) Assistant for a political group

Note: the above posts are defined more specifically in the Regulations and the Strategic Human Resources Manager will be able to advise which posts on the establishment fall within the definitions.

REPORT OF THE HEAD OF FINANCIAL SERVICES

CABINET PORTFOLIO HOLDER – COUNCILLOR CRANSWICK

Summary

At the end of December, after nine months of the financial year, the difference between the gross Capital Budget and the expected final spend for the year equates to £519,636. The detailed capital monitoring position was reviewed at the Corporate Governance meeting on 18 January 2011.

Recommendation

It is RECOMMENDED that the capital programme is adjusted for the amendments to the capital programme highlighted in table 1 relating to the Community Contact Centre Spokes, Decent Homes Funding, West Bridgford Environmental Improvements and Vehicle replacement.

Detail

1. The monitoring process has identified that projected gross expenditure will be 90% of this year's budget with the majority of the underspend within the high risk category. After eight months, 39% of the budget has been spent. Plans are in place for the majority of projects to make the projected expenditure by the end of the year. In the last quarter of the year, it is projected that, on high risk schemes, £740,000 will be spent on the Customer Contact Centre, £253,000 on Decent Homes Funding and £209,000 on Disabled Facility Grants, all of which have been committed. On the medium risk schemes, £260,000 is still to be paid out on the West Bridgford Town Centre, which is now complete and £193,000 on ongoing IT investments, and £100,000 on environmental improvements, all of which are already committed.

CAPITAL MONITORING 2010/11 - Period 09

	This Year's Budget £	Profiled Budget £	This Year's Actual (inc accruals) £	Difference from Profiled Budget £	Projected Actual £	Difference from This Year's Budget £
HIGH	2,909,550	1,283,930	1,183,468	(100,462)	2,516,502	(393,048)
MEDIUM	1,327,500	661,870	751,753	89,883	1,513,450	185,950
LOW	983,080	465,600	436,119	(29,481)	670,542	(312,538)
TOTAL GROSS EXPENDITURE	5,220,130	2,411,400	2,371,341	(40,059)	4,700,494	(519,636)
Contributions	(800,615)	(545,110)	(545,147)	(37)	(805,647)	(5,032)
NET EXPENDITURE	4,419,515	1,866,290	1,826,194	(40,096)	3,894,847	(524,668)

2. Detailed below, in table 1, are the schemes for which a significant variance is anticipated at the end of the year.

TABLE 1

Risk Category	Scheme	Amount	Action
High	Community Contact Centre	£96,000 potential underspend	To be returned to contingency at the end of the year
High	Community Contact Centre Spokes	£450,000 projected underspend	Rephase to 2011/12
High	Decent Homes Funding	£250,000 projected overspend	Accelerate provision from 2011/12
Medium	West Bridgford Environmental Improvements	£260,000 projected overspend	Accelerate provision from 2011/12
Low	Vehicle Replacement	£198,490 underspend	Rephase to 2011/12

3. The tender for the Community Contact Centre may generate a saving on the build of the new centre at the Police Station. This will be monitored during the course of the contract and, if not required to meet any unforeseen expenditure, the sum can be returned to contingency at the end of the year. The works on the Community Contact Centre Spokes will follow the completion of the Contact Centre and will now take place in 2011/12. It is proposed that this provision will be rephased into 2011/12. The demand for Decent Homes Funding will result in an overspend and this will be financed through bringing forward all of the £250,000 budget provision from 2011/12. The final tranche of the West Bridgford Environmental Improvements scheme was included in the capital programme for 2011/12. However, this project was accelerated by Nottinghamshire County Council and has now been completed during this year requiring the capital provision to be brought forward. Council approved the first and second year capital programme as part of the Financial Strategy to permit this type of flexibility to move funding between the first two

Financial Comments

These are included in the body of the report.

Section 17 Crime and Disorder Act

There are no section 17 issues

Diversity

There are no diversity issues

Background Papers Available for Inspection: Nil

REPORT OF THE HEAD OF FINANCIAL SERVICES

CABINET PORTFOLIO HOLDER – COUNCILLOR CRANSWICK

Summary

The detail of the budget monitoring shows an overall underspend as at the end of December of £506,046. This includes interest income which is showing a favourable variance of £46,448 and a current underspend on services of £459,598. The detailed revenue budget monitoring position was scrutinised by Corporate Governance Group on 18 January 2011.

Recommendation

It is RECOMMENDED that Cabinet endorse the action being taken.

Details

1. The table below summarises the direct actual net expenditure or income on services at the end of December 2010 compared with the profiled budget, that is the proportion of the annual estimate that was expected to have been incurred by that time.
2. The position for interest receipts is also provided. As at the end of December, after nine months, the net interest receipts are showing a favourable £46,448 variance.

Service Area	Profiled Budget 9 months to December £	Actual 9 months to December £	Variance £ - () shows favourable
Corporate services	1,585,310	1,511,135	(74,175)
Community Shaping	1,025,408	860,413	(164,995)
Environment and Waste Management	2,921,261	2,854,054	(67,206)
Financial Services	2,239,970	2,222,426	(17,544)
Partnership & Performance	1,263,293	1,216,596	(46,697)
Planning & Place Shaping	117,920	114,915	(3,005)
Revenues & IT	2,090,744	2,010,297	(80,447)
Housing Benefits	10,924,242	10,918,713	(5,529)
Interest Receipts	(309,858)	(356,306)	(46,448)
Total Expenditure	21,858,290	21,352,243	(506,046)

3. It should be noted that the overall variance, after nine months of the year is lower than last year when the favourable variance was £659,000. This year, the underspend on services is currently £460,000. This suggests that the budgets are more in line with actual expenditure and officers are ensuring that budgets are being managed at a detail level to ensure the total expenditure is contained within the overall budget. There are a number of favourable variances at the end of December but projections indicate that the budgets will be spent at the end of the end. The largest of these is a current favourable variance on Planning income, which is due to just receiving another large fee for land at RAF Newton. Without any further large fees, it is projected that planning income will be close to budgeted levels. A summary of the anticipated savings at the end of the year is given below.

Service	Saving/(Overspend)
Staff welfare	£20,000
Community Partnership	£9,000
Environmental Promotion	£17,000
Community Shaping Holding Ac	£19,000
Refuse	(£75,000)
Streetwise	£43,000
Partnerships & Performance Holding Ac	£20,000
Land Charges	(£80,000)
Planning & Place Shaping Holding Ac	£20,000
NNDR and Council Tax	£9,000
Revenues & ICT Holding Ac	£21,000
Total	£23,000

4. The major adverse variances relate to Land Charges and Refuse. In respect of Land Charges, the Government has concluded that personal searches relate to Environmental information and should be provided free. It has therefore cancelled the previously mandatory fee for personal searches. The cost of refuse is over budget due to increases across a number of cost categories including agency and fuel costs but this is mitigated by savings on the streetwise service. Overall costs are being managed so that there is an anticipated small forecasted underspend at the end of the year.

Financial Comments

The financial comments are included within the body of the report.

Section 17 Crime and Disorder Act

There are no section 17 issues.

Diversity

There are no diversity issues.

Background Papers Available for Inspection: Nil