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Our reference: LRJ
Your reference:
Date: 27 February 2013

To all Members of the Council

Dear Councillor

A meeting of the RUSHCLIFFE BOROUGH COUNCIL will be held on Thursday 7 March 2013 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Executive Manager, Operations and Corporate Governance

AGENDA

Opening Prayer

1. Apologies for absence

2. Declarations of Interest

3. Minutes

   To receive as a correct record the minutes of the Meeting of the Council held on Thursday 13 December 2012 and the Extraordinary Meeting of the Council held on Thursday 24 January 2013 (pages 1-9 & 10-17).

4. Mayor's Announcements

5. Leader's Announcements

6. Chief Executive's Announcements

7. Budget 2013/14 and Financial Strategy

   The report of the Executive Manager – Finance and Commercial is attached (pages 18 - 84).

8. Council Tax Resolution 2013/14

   The report of the Executive Manager - Finance is attached will follow.

9. Pay Policy Statement 2013/14 – Referral from Cabinet

   The report of the Executive Manager - Operations and Corporate Governance is attached (pages 85 - 92).

10. Notice of Motion

a) Notice of Motion to be put to Council by Councillor S Boote and seconded by Councillor S Mallender:

"Council regrets the decision by Cabinet to give £810,000 to Nottinghamshire County Cricket Club by way of converting part of a loan to a grant and by giving further amounts over 4 years. Council believes that, at a time of general austerity and belt-tightening, when the Council is continuing to look for major savings in expenditure, it is grossly inappropriate to use capital to fund the services of a professional sports club when it could be used directly to help younger residents, for example, by a stimulating a major increase in affordable housing."

b) Notice of Motion to be put to Council by Councillor R Jones and seconded by Councillor K Khan:

"As the Government has decided to go ahead with HS2, this Council wishes to ensure that the case for a station at East Midlands Parkway is fully made and considered and asks the Leader to represent those advantages to the relevant Minister."

11. To answer questions under Standing Order 11(2).

Meeting Room Guidance

Fire Alarm Evacuation: in the event of an alarm sounding please 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 are located opposite Committee Room 2.

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

Microphones: When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

MINUTES
OF THE MEETING OF THE
COUNCIL
THURSDAY 13 DECEMBER 2012

Held at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford

PRESENT:

I I Korn - Mayor

Councillors L J Abbey, R A Adair, Mrs S P Bailey, J R Bannister, D G Bell, Mrs D M Boote, S J Boote, N K Boughton-Smith, N A Brown, B Buschman, R L Butler, H A Chewings, J N Clarke, T Combellack, L B Cooper, J A Cranswick, B G Dale, G Davidson, A M Dickinson, J E Fearon, J E Greenwood, M G Hemsley, R Hetherington, R M Jones, N C Lawrence, E J Lungley, A MacInnes, G R Mallender, S E Mallender, D J Mason, F J Mason, G S Moore, B A Nicholls, E A Plant, F A Purdue-Horan, S J Robinson, D V Smith, Mrs J A Smith, P Smith, J A Stockwood, Mrs M Stockwood, B Tansley, H Tipton, T Vennett-Smith, D G Wheeler

OFFICERS PRESENT:

C Bullett	Deputy Chief Executive (CB)
A Graham	Chief Executive
V Nightingale	Senior Member Support Officer
P Randle	Deputy Chief Executive (PR)
P Steed	Director of Finance
D Swaine	Head of Corporate Services

APOLOGIES FOR ABSENCE:
Councillors J E Cottee, K A Khan, Mrs M M Males, Mrs J M Marshall

OPENING PRAYER

The Meeting was led in prayer by Councillor R Hetherington.

CHRISTMAS CAROLS

The Mayor welcomed to the Chamber, children from Heymann Primary School who sang carols for the Members of the Council. The Mayor thanked the children and their teachers and wished them a very happy Christmas and New Year.

32. **Declarations of Interest**

There were none declared.

33. **Minutes**

The minutes of the meeting held on Thursday 27 September 2012 were received as a correct record and signed by the Mayor subject to the following amendments in Minute 27 – Police and Crime Panel Arrangements:

- In paragraph 5 insert the words “politicising of the” between the words “the” and “police”

- In paragraph 6 the word “towards” be replaced with the word “against”.

34. **Mayor’s Announcements**

The Mayor informed Members that he had attended 34 engagements since the last Council meeting, which had included many church services. He had switched on the Christmas lights in West Bridgford, attended the opening of the Nottingham Goose Fair and the Antiques Roadshow at Cropwell Butler. He informed Council that the Deputy Mayor had attended a number of events on his behalf.

Finally he wished all the Members a happy Christmas and a happy and prosperous New Year.

35. **Leader’s Announcements**

The Leader was pleased to announce that the ‘Making Cotgrave Smile’ project had been recognised nationally as a worthy runner up in the non-police led category of the Tilley Awards, for the reduction of crime and anti-social behaviour. Councillor Fearon had been very proud to be the Council’s representative at the Awards.

The Leader formally thanked Colin Bullett for his dedication and hard work over 19 years of service. A number of Members concurred with these sentiments throughout the course of the meeting.

36. **Chief Executive’s Announcements**

The Chief Executive stated that the Tilley Award had been a worthy recognition of all the hard work from officers and the community. He stated that Mr Hayden and Ms Sowter had given considerable support to the residents for a number of years.

As this was Colin Bullett’s last meeting he wished him every success for the future. He stated that Mr Bullett had shown a lot of respect to Members and that this had been reciprocated. He had shown dedication to his work and had always given Members sound advice.

Finally, the Chief Executive, on behalf of all staff, wished Members a happy and peaceful Christmas and a prosperous New Year.

37. **Councillor Complaint Procedure**

Councillor Clarke presented the report which set out a proposed new Member Complaints procedure under the Localism Act 2011. This had been as a result of a report to council in June which outlined the new standards arrangements, including a request for the Monitoring Officer to draw up a revised Member Complaints Procedure to reflect the new arrangements. Councillor Clarke stated that the proposed procedure had recently been considered by the Standards Committee and had been recommended to Council for formal approval. By reference to the report he informed Council the Procedure listed a range of sanctions that could be imposed by the Standards Committee in the event of miscounduct by a councillor being found. He added that, once formally approved the Procedure and a complaint form would be published on the Council's website.

Councillor Davidson supported the procedure but was disappointed at its 'lack of teeth' as there were no legally binding sanctions that could be imposed. However, he recognised that if there were any financial improprieties that this could lead to a criminal offence. He believed that the procedure made serious efforts to resolve issues informally and that this was helped by the appointment of the Independent Person.

Councillor MacInnes also supported the procedure as he felt that the new arrangements were more streamlined and consequently would be dealt with quicker. He was pleased that there would be an increased use of informal resolutions, but only if the complainant was happy to accept this. He added that the lack of sanctions was a weak point.

Councillor S Mallender supported the recommendation as this procedure had been compiled within the spirit of the Localism Act.

Councillor Cranswick agreed that the sanctions had 'no teeth'. However, he felt it was incumbent on the Members to agree to the recommendations imposed.

Council **RESOLVED** that the Councillor Complaints Procedure in Appendix A be approved.

38. **Draft Statement of Licensing Principles Under the Gambling Act 2005**

Councillor Fearon presented a report outlining the draft Statement of Licensing Principles, which a Licensing Authority must operate under in order to be able to legally administer and determine applications under the Gambling Act 2005. He informed Members that the original Statement had been produced in 2006 and was now subject to a second review. He added that the Statement had been reviewed and a small number of minor amendments had been made following public consultation. He stated that it had been considered by the Alcohol and Entertainment Licensing Committee and was now being recommended to Council for approval as this was a statutory duty.

Councillors Davidson, MacInnes and G Mallender supported the recommendations.

Councillor S Boote stated that Council needed to consider its 'no casino' resolution, especially as gambling was not a big issue in the Borough. In response Councillor Fearon stated that considerable work had been undertaken with other Nottinghamshire authorities and that although the Council had the power to make the resolution this should be dealt with if the issue ever arose.

Council **RESOLVED** that the revised Statement of Licensing Principles under the Gambling Act 2005 be approved with effect from 3 January 2013.

39. **Notice of Motion**

a. Proposed by Councillor R M Jones and seconded by Councillor G Davidson:

"This Council deplores tax avoidance and particularly as it disadvantages local businesses and asks the Leader to encourage the Chancellor to act to end the situation where multi-national businesses operating locally avoid paying UK tax."

In proposing the motion Councillor Jones stated the businesses should be able to operate on a level playing field. He said it was well documented that many major multinational companies provided services in the United Kingdom and in Rushcliffe, whilst paying little tax, which meant they could undercut local businesses. The only recourse for consumers was to boycott these companies where possible. He reported that in the last 2½ years 60 small and medium sized businesses had been taken to court by Her Majesty's Revenues and Customs for tax avoidance, of which 51 had been successful. However, not one large corporate tax avoidance case had been brought to court since 2004.

Councillor Jones went on to say that the rules were not tough enough and the systems for enforcement were not fit for purpose. He said that all the Chancellor had done was to reduce the rate of corporate tax. He felt that it was notable that the Chancellor was surrounded by big banks, big finance companies and by big business people.

Councillor Jones stated that the Chairman of Google, who had not paid tax on UK business, was a member of the Prime Minister's Council of Business Advisors and had co-authored papers with the Chancellor. He wished that the Leader could replace the Chairman of Google however as this would not be possible he asked that the Leader strongly express, to the Chancellor, that at a local level the Council was looking for firm and fair action to right this public wrong. He hoped that all Members would support this motion.

In response Councillor Clarke said that he had no problem with the spirit of the motion, however he did have concerns about the wording of it. He added that tax avoidance could refer to people using their legitimate tax allowances. He said that by naming companies and by using the phrase tax avoidance this could potentially bring the Council into disrepute. He felt that tax dodging was a more accurate term and because of this he proposed to amend the motion to:

"This Council asks the Leader to encourage the Chancellor to act to end the situation where businesses are able to avoid paying UK corporation tax."

Councillor Jones supported the amendment and welcomed Councillor Clarke's comments.

Councillor Wheeler, speaking in support of the amendment, explained that tax avoidance schemes had been challenged by Her Majesty's Revenues and Customs, although this was for individuals and not corporate bodies. He added that the Chancellor had set aside £77 million to combat this.

On being put to the vote the amended motion was passed.

b. Proposed by Councillor J N Clarke and seconded by Councillor D G Bell:

This Council:

i. notes the Government's intention to extend permitted development rights for householder extension applications as announced by the Secretary of State on 6 September 2012.

ii. believes that this change is unnecessary and dilutes the democratic control of sustainable and suitable development in our local area.

iii. asserts that democratically elected and accountable councillors are best placed to make the right decisions on development locally, in line with spirit of the Localism Act, and evidence shows that councils across the country have a demonstrable record of achieving the correct balance between promoting sustainable and suitable development while having proper regard for residents' objections.

iv. resolves to write to the Planning Minister and our local MPs to highlight our concerns on this issue and also to propose that the Government uses the Growth and Infrastructure Bill to give councils the powers to set out permitted development rights locally, thereby allowing local policies to boost small scale development or facilitate change of use to stimulate growth in a way that caters to local needs and is accountable to local people.

In proposing the motion Councillor Clarke stated that it was the Government's belief that by extending the permitted building rights, including single storey extensions, this would increase economic growth. However, as the motion stated he felt that this would dilute the democratic control and reduce the Development Control aspect as people could build an extension without having to apply for planning permission. He recognised the fact that this would still be governed by building control regulations but he felt that it would make the system confusing. He added that although there were some restrictions, ie you could not develop over 50% of the garden, it could still lead to developments that were overlooking and too dense, which in turn could lead to neighbour disputes. It could also result in officers dealing with disputes and incurring expenditure for the Council, for a development the Council would never have agreed to, for which it could not recover any costs. Councillor Clarke stated that it was necessary for the Council to write to the Planning Minister to express its concerns over the costs and the timescales proposed, especially as it was a temporary arrangement for three years, leading to further confusion. He added that it would also be beneficial to write to the local Members of Parliament.

Councillor Jones supported the motion. He felt that the new scheme was a civil service exercise to simplify the system but it appeared that the permitted rights had just been doubled. He agreed that it would lead to neighbour disputes and that the proposal did not show that it would affect growth. He felt that it could lead to confusion where council areas met. Councillor Jones moved an amendment:

in part iv) change the word 'propose' to 'consider'. Councillor Clarke agreed to accept the change the motion.

Councillor MacInnes stated that doubling the size of extensions and conservatories was not the only proposals. He explained that another proposal related to how it could be made easier to change garages into accommodation, also known as 'parking your granny'. He added that consultation was also being undertaken on commercial and industrial units, which would affect wards with shops and bars. He went on to say that this could lead to a loss of amenity and the creation of more noise. At the moment people were informed before a development took place as part of the planning process; following this people would only find out when it was being built, which would lead to neighbourhood disputes. He believed that this was anti localism; therefore he would be supporting the motion. He stated that if the Government wanted to do anything to help the economy via planning and new builds it should look to reduce the 22% VAT on materials, or address the lack of liquidity and shortage of mortgages.

Councillor S Mallender also supported the motion. She stated that by extending permitted development rights small buildings could be over extended thereby allowing people to lose their gardens, invade the privacy of their neighbours, take away the light from neighbouring properties and over densify the urban areas. She felt that neighbours had the right to have their views taken into account and that the Development Control process with Members' involvement was a fairer method. She foresaw that a lot of extensions, including flat roofs, would be built that would never be given planning permission.

Councillor Lawrence pointed out that it was not just the urban areas that would be detrimentally affected but other areas where the houses were entwined.

Councillor Vennett-Smith expressed his disappointment with the Government over this issue in that it would allow builders to build what they wanted where they wanted without any redress. He too supported the motion.

In support of the motion several Members spoke about the Government's proposals expressing their concerns about the lack of consultation with neighbours and ward Members, the clarity the present system offered to people, the confusion it would cause and the many developments that would be allowed that would be a ‘blot on the landscape’.

Councillor Clarke clarified that no more than 50% of a garden could be used for development. In respect of the amendment he agreed to change part iv) to

“resolves to write to the Planning Minister and our local MPs to highlight our concerns on this issue and also ask the Government to consider using the Growth and Infrastructure Bill to give councils the powers to set out permitted development rights locally, thereby allowing local policies to boost small scale development or facilitate change of use to stimulate growth in a way that caters to local needs and is accountable to local people.”

On being put to the vote the amended motion was passed.

40. **To Answer Questions under Standing Order 11 (2)**

Question from Councillor S J Boote to Councillor D J Mason

Before putting his question to Councillor Mason Councillor Boote expressed his sympathies for her personal incidents of flooding.

"Given that the ground is saturated everywhere and that rain continues to fall in above-average amounts, how well prepared is the Borough to meet possible flooding problems during the next few months, how successful are the relevant partnership arrangements between the Borough Council, the County Council, the Environment Agency and Severn-Trent Water, and how well prepared is the Borough Council in respect of preparing its own properties to deal with flood events? How well is the service working where the Borough Council receives and responds to requests for sand bags."

Councillor Mason responded that the services had reacted well and the Council continued to be prepared with appropriate plans and resources in place to respond to flooding emergencies in conjunction with Local Resilience Forum Partners. The Council maintained a stock of 2,000 sandbags to deal with flooding emergencies, which was the most of any district in the County. She informed Members that Nottinghamshire County Council was also a partner of the Forum and responded to residents’ requests.

In respect of communication and arrangements to respond to flood events Councillor Mason stated that these were delivered through a strong partnership via the Local Resilience Forum which had the responsibility for county wide coordination of action in emergency type events.

With regard to the Council’s own buildings Councillor Mason informed Members that the Council, along with its insurers, were aware of any respective flood risk to properties and where this related to operational sites there were also business continuity plans in place to ensure that Council services could continue to be delivered respective to the scale and nature of the emergency. The Council also had a programme of inspection and maintenance for its property and assets.

Supplementary Question

Councillor Boote queried how well the service was working when responding to requests for sand bags.

Councillor Mason confirmed that staff had been out at 3.00 am and worked throughout the time of need. She said that officers had recorded 73 requests for sandbags between 21 - 28 November, 103 on 6 July and 16 on 28 June. However, it was recognised that more requests for sandbags were reactively dealt with on a needs basis when officers were out on site. She was sure that Councillor Vennett-Smith could confirm this from his own personal experiences.

41. **Local Government Act 1972**

It was **AGREED** that the public be excluded from the meeting for consideration of the following item of business pursuant to section 100A (4) of the above Act on the grounds that it is likely that exempt information may be disclosed as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

42. **Investment Options**

Councillor Clarke presented the report outlining the proposals, which had been considered by Cabinet on 4 December 2012. Cabinet were of the opinion that this investment opportunity would provide the Council with a better rate of return on its money than the present interest rates, with only low level associated risks.

RESOLVED that Council:

a. Agree to the acquisition of the named office accommodation as an investment opportunity at the price indicated in the report;

b. Allocate the sum indicated in the report to the 2012/13 Capital Programme from the Council's reserves to meet the acquisition costs, fees and Section 106 commitments.

43. **Confirmation of Actions from the Management Review**

Councillor Clarke presented the report which confirmed the actions taken from the Management Review. Members were reminded that they had previously considered the review at their meeting on 27 September 2012. Following Council's agreement the Chief Executive had undertaken a rigorous selection process and the results were now before Members to consider.

RESOLVED that Council:

a. notes the outcome of the selection process to appoint Executive Managers;

b. appoints Mr Peter Steed, Executive Manager Resources and Efficiency, as the officer appointed to have responsibility for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972;

c. appoints Mr Daniel Swaine as the Council's Monitoring Officer; and

d. agree the recommendations of the Interviewing Committee regarding the appointment to the role of Executive Manager Operations.

The meeting closed at 9.15 pm.

MAYOR

MINUTES
OF THE MEETING OF THE
COUNCIL
THURSDAY 24 JANUARY 2013

Held at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford

PRESENT:

I I Korn – Mayor

Councillors R A Adair, Mrs S P Bailey, J R Bannister, Mrs D M Boote, S J Boote, N K Boughton-Smith, N A Brown, B Buschman, R L Butler, H A Chewings, J N Clarke, T Combellack, L B Cooper, J E Cottee, J A Cranswick, G Davidson, A M Dickinson, J E Fearon, J E Greenwood, R Hetherington, R M Jones, K A Khan, E J Lungley, A MacInnes, Mrs M M Males, G R Mallender, S E Mallender, Mrs J M Marshall, D J Mason, F J Mason, G S Moore, B A Nicholls, E A Plant, F A Purdue-Horan, D V Smith, Mrs J A Smith, P Smith, J A Stockwood, Mrs M Stockwood, B Tansley, H Tipton, T Vennett-Smith and D G Wheeler

ALSO IN ATTENDANCE:
1 Member of the public

OFFICERS PRESENT:

A Graham	Chief Executive
L Reid Jones	Democratic Services Manager
D Swaine	Executive Manager Operations & Corporate Governance
P Steed	Executive Manager Finance

APOLOGIES FOR ABSENCE:
Councillors L J Abbey, D G Bell, B G Dale, M G Hemsley, N C Lawrence, S J Robinson

OPENING PRAYER

The Meeting was led in prayer by the Mayor's Chaplain.

1. **Declarations of Interest**

Councillor Mrs J Smith declared a pecuniary interest in item 5.

2. **Council Tax Support Scheme**

Councillor Cranswick presented a report which proposed a new Council Tax Reduction scheme to replace Council Tax Benefit from 1 April 2013. He informed Members that consultation on a scheme (set out as option 1 in the report) had been carried out, and that during this period the Government had announced transitional funding for a scheme that met certain criteria. He stated that in order for the Council to take advantage of the transitional funding a different scheme would need to be adopted, as set out in option 2 of the report. He drew Members' attention to the consultation findings on option 1, and also to the responses from the Members' Budget Workshops.

By reference to the report Councillor Cranswick set out option 2 which was a new scheme to meet the transitional grant criteria as follows:-

- Those currently entitled to 100% support should not be worse off by more than 8.5%
- The taper withdrawing support as income rises should not be more than 25%
- There should be no sharp reduction for those entering work so those affected would not be worse off by more than 8.5%.

He added that the scheme which would satisfy the above criteria while still making a reduction in the support available was to limit the change to a reduction of 8.5% with no other factors being amended, as follows:-

- Based on the current scheme but with changed factors
- Pensioners protected
- Support calculated on 91.5% of Council Tax Bill (Families with dependent children would still be protected).
- No changes to the savings limit (currently £16,000).
- Backdate claims for up to 3 months, (currently 6 months)
- No change to second adult rebate
- No change to non-dependent deductions.

Councillor Cranswick went on to outline option 3 which was to adopt the Government's 'default' scheme as a local scheme for one year. He explained that if this was the Council's preferred option it would still be necessary to adopt this in order to gain the transitional relief funding.

Councillor Cranswick stated option 2 was the least costly option for this year as detailed in paragraph 15 of the report. He added that of the remaining deficit of £42,000 only £3,500 would impact on Rushcliffe as it was shared between the major precepting bodies. He drew Members' attention to the advantages and disadvantages of each option and stated that whilst option 2 had not been consulted upon it was a more beneficial scheme than option 1. Therefore Cabinet recommended option 2 for approval.

In relation to military compensation payments Councillor Cranswick stated these should be disregarded for council tax reduction and housing benefit purposes.

Councillor Davidson stated that on considering the options, he was content to support option 2 because it reduced the impact on claimants at this stage and was not as costly because of the transitional relief. He added that it was the least, worst option.

Councillor MacInnes moved an amendment to recommendation (a):
'Delete option 2 and replace with option 3'. The recommendation would thus read: 'option 3, as laid out in this report, be adopted as the Council Tax

Reduction scheme to operation in Rushcliffe from 1 April 2013.

In moving the amendment Councillor MacInnes stated that option 3 was by far the best scheme, and option 1 was not an option as it was outside the criteria set for the scheme. He stated that option 3 had the advantage that there would be no changes for claimants in 2013/14, except for a small alternation to the council tax. Furthermore it utilised the full benefit of the transitional grant scheme and was simpler and would be understood by claimants and staff. In continuing Councillor MacInnes stated that the deficit could be absorbed within existing budgets and that the Government should not be targeting vulnerable and poor people in this way.

In response to the amendment Councillor Clarke explained that option 3 was the most expensive, with the overall deficit being £192,000, of which £15,500 would impact on Rushcliffe.

Councillor Boughton-Smith stated that option 3 resulted in no further burden to the claimant and Members had been informed at the Budget Workshop that the cost of the deficit could be absorbed. He was surprised that this was now considered to be an issue.

Councillor Cranswick stated that he did not support the amendment as the deficit was significant. He explained that a scheme had been devised to minimise the impact on claimants, however the scheme being proposed was only for one year and the transitional funding was unlikely to be available in future. He added that the £3,500 was able to be absorbed in the budget, whilst this was not the case for the deficit of £15,500.

Councillor MacInnes stated that option 3 was the best scheme for the beneficiaries and added that £15,500 could be easily recouped within budgets. He stated that option 2 was the most bureaucratic and therefore it was 'tight and mean' not to agree option 3.

The amendment was put to the vote and lost.

Councillor S Mallender commended officers for their hard work in developing a scheme. She understood the difficulties placed on the Council, but deplored the government's austerity programme and cuts being passed on to already vulnerable people. She stated that she would not be supporting the scheme.

Councillor Plant asked Council to vote against option 2, and as such the government's default scheme would automatically become Rushcliffe's scheme. She stated that the default scheme was more beneficial than option 2. She requested a recorded vote.

Councillor Cranswick confirmed that the default scheme would be adopted if the Council did not adopt option 2, however he reminded Members that the Budget Workshops and Cabinet had supported option 2.

Recorded vote:

Votes for:

R A Adair	E J Lungley
S P Bailey	Mrs M M Males
Mrs D M Boote	Mrs J M Marshall
S J Boote	D J Mason
N A Brown	F J Mason
R L Butler	G S Moore
J N Clarke	B A Nicholls
T Combellack	F A Purdue-Horan
L B Cooper	D V Smith
J E Cottee	Mrs J A Smith
J A Cranswick	P Smith
G Davidson	J A Stockwood
A M Dickinson	Mrs M Stockwood
J E Fearon	B Tansley
J E Greenwood	H Tipton
R Hetherington	T Vennett-Smith
R M Jones	D Wheeler
K A Khan	

Votes against:

J R Bannister	G R Mallender
N K Boughton-Smith	S E Mallender
H A Chewings	E A Plant
A MacInnes	

Abstentions:

B R Buschman	I I Korn

Council **RESOLVED** that:

a. The Council Tax Reduction Scheme for Rushcliffe Borough Council for the period 1 April 2013 to 31 March 2014 shall be the Default Scheme set out in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (Statutory Instrument 2012 No.2886), except for the amendments to paragraphs 29 and 112 and schedules 6 and 8 as set out in Appendix 4 of the report; and

b. Military compensation scheme payments as laid out in the proposed scheme be disregarded for council tax reduction and housing benefit purposes.

3. **Council Tax Reduction Scheme Funding – Parish Councils**

Councillor Cranswick presented a report regarding the Council Tax Reduction Scheme funding and its impact on parish councils. He explained that concern had been expressed nationally regarding the impact that changes to the Council Tax Benefit scheme would have on parish councils. The report set out how it had been proposed that parish councils be treated the same way as billing authorities and major precepting authorities, meaning that their tax base would be reduced and without a share of the funding being made available there would be a significant adverse impact on parish council tax rates. Councillor Cranswick informed Council that the Government was lobbied to introduce a mechanism whereby billing authorities would absorb the impact leaving parishes unaffected by the changes and published a consultation on this option. He continued by saying that Government had retained the original approach and that Councils were expected to work with parish councils to mitigate the impact on parish council tax rates. He drew Members' attention to Appendix 1 of the report which set out the potential effects of the reductions in the council tax base without any relief funding and showed that Band D council tax would need to increase in a range up to £12.46 or 14.3%.

Councillor Cranswick informed Council that the best estimate of funding for the parishes from the draft settlement was £128,114 with £3,400 from the additional transitional funding from the Council Tax Reduction Scheme. He proposed that this sum be allocated to the parishes in proportion to their individual loss of income experienced through the changes to the council tax support discounts. Furthermore in order to retain equality of treatment it was necessary to treat the special expense areas in the same manner. This, he added, would result in funding of £49,988 being allocated to the special expense areas which would be met from the transitional grant allocated to the Council. Members were informed that Appendix 2 showed the results of these allocations

Councillor Cranswick informed Members that the funding would only apply to 2013/14 and as a result, it was proposed that this scheme be reviewed prior to 2014/15, with no guarantee of any additional transitional funding in subsequent years.

Councillor Davidson queried how the figures in Appendices 1 and 2 had been achieved, was this based on current or last year's figures. The Executive Manager, Finance and Commercial explained that the figures showed the difference in funding in 2013/14 for a parish looking to freeze its Band D Council Tax between the new Council Tax Reduction Scheme arrangements and the Council Tax Base if this scheme had not been introduced.

Councillor Davidson went on to state that he was puzzled about the impact of the reduction, and why it was significantly different in some areas than others. He added that he was not proposing to object but felt that it would be difficult for parishes next year.

Councillor MacInnes stated that there was no alternative other than to accept the proposal given that it had to be agreed by 31 January. He added that the Coalition Government had complicated the scheme, and that it would have been preferable to have had the detail mid-December. He felt it was a fair response to passport the money to the parishes. He reminded Council that West Bridgford was also affected by this through the special expense. He congratulated officers on their work.

Councillor S Boote said he was pleased that support funding measures had been put in place as there had been uncertainty and anxiety amongst parish councils. He stated that the funding would provide relief this year and that it was important that the Council kept this going in future if possible.

The Chief Executive clarified that the proposal was based on a technical calculation which provided an equitable way to address the Government's changes across the parishes. He added that parishes had been invited to seminars the following week to receive an explanation of the changes and impact on the parish councils. Councillor MacInnes stated that he believed these should also be provided for West Bridgford Councillors as it was important for them.

In response to Councillor S Boote's comment regarding the future of the scheme Councillor Clarke stated that it was not known what the Government would do in future years.

Councillor Cranswick stated that the figures were complicated and had changed regularly, and added that he had relied on officers to deal with it in the most fair and equitable way. He reminded Members that the transitional funding was being passed on to the parishes although the Council did not have to do this.

Council **RESOLVED** that in 2013/14 the funding support for parishes and special expense areas be provided as set out in appendix 2 of the report.

4. **Council Tax Discounts**

Councillor Mrs Smith left the room for this item as she had declared a pecuniary interest.

Councillor Cranswick presented a report regarding Council Tax Discounts. He explained that the Local Government Finance Act 2012 abolished the Council Tax exemptions for certain classes of empty property and granted Billing Authorities the power to charge Council Tax on them with the discretion to set a level of discount which may be anything between 0 and 100%. He added that the current discretion to set a discount of 10% – 50% on second homes was extended to a range of 0% - 50% and that the Act also empowered Billing Authorities to charge a premium of up to 50% on long term empty properties (empty for more than 2 years), although there were certain qualifications to it. Furthermore he stated that homes empty for more than 2 years would continue to be charged at the full rate rather than exercising the discretion to apply a 50% premium on top of the full charge (thereby charging 150% of the normal total bill).

Councillor Cranswick stated that by setting the levels of charges and discounts an estimated £496,000 of additional income would be raised and shared between the Borough Council and precepting bodies in the usual way. He added that in doing so, the income would offset the additional cost of the Council Tax Reduction scheme, even though the Council's share was likely to amount to £41,000. He continued saying that collecting the income in respect of the charges from "absent" owners would be more difficult than collecting from resident householders resulting in the risk of losses on collection and/or attempts by owners to avoid the charge.

Councillor Davidson supported the scheme.

Councillor MacInnes stated that it was essential to bring in discounts to fund the Council Tax Reduction Scheme.

Councillor S Mallender stated that it was outrageous that properties lay empty so that owners could get additional income from them, when there were homeless people in the Borough. She added that young people could not afford the rents and that the scheme did not go far enough. She added that those with sufficient money should be able to afford to pay full council tax.

Councillor Clarke stated that he did not disagree with the sentiment being expressed however added that it was the choice of the owner. He added that it was better if homes were occupied and the scheme did go some way to address this.

Council **RESOLVED** that from 1 April 2013:

a. Properties that formerly would receive a current class A exemption (uninhabitable and exempt for up to 12 months) would in future be chargeable with a 50% discount applied, the net charge to be 50%;

b. Properties that formerly would receive a current class C exemption (empty and unfurnished and exempt for up to 6 months) will in future be chargeable with a 50% discount applied, the net charge to be 50%; and

c. Second Homes currently charged at 90% will in future be charged at the full rate.

5. Approval of the Non-Domestic Rates Baseline

Councillor Cranswick presented a report informing Members that as part of the localisation on non-domestic rates the Council would, from 2013/14 onwards, have to agree the level of business rates that it anticipated receiving during the financial year. The estimate would inform the budgeted allocation of funding from the Collection Fund to Rushcliffe and the other major precepting bodies with final allocations being determined by receipts across Rushcliffe and the seven other council in Nottinghamshire.

Councillor Cranswick drew Members' attention to the report which explained that the Non Domestic Rates Baseline took the number of properties and the resultant rateable values at 30 September as its starting point. These were then adjusted for a number of areas including reliefs and collection adjustments. He stated that the estimated business rates yield for 2013/14 was £26,857,376. He went on to explain that the estimate must be finalised and provided to the DCLG by 31 January. He proposed that in future the completing of the estimate be delegated to the Section 151 Officer and be included in the Annual Budget Setting report.

Council **RESOLVED** that:

a. a draft Non-Domestic Rates Baseline of £26,857,376 be adopted for 2013/14; and

b. finalisation of the Non-Domestic Rates Baseline for 2013/14 onwards be delegated to the Section 151 Officer and reported to Council as an element of the Annual Budget Report.

The meeting closed at 7.55 pm.

MAYOR

Rushcliffe Borough Council	**Council** **7 March 2013** **Budget 2013/14 and Financial Strategy**	**7**

Report of the Executive Manager (Finance and Commercial)

Purpose of the Report

1. The purpose of the report is to: -

   i. Report to Full Council the recommendations from Cabinet to enable a formal decision to be made in respect of the following;

      - The General Fund budget 2013/14;
      - Special Expenses for 2013/14;
      - The 2013/14 Council Tax;
      - The Capital Programme 2013/14 – 2017/18.

   ii. The report also includes the Treasury Management Strategy statutory Prudential Borrowing Indicators, which although a technical issue, need to be approved by Council in accordance with statutory requirements.

Recommendations

2. It is RECOMMENDED that Council receives: -

   i. The report of the Council's Responsible Finance Officer (as detailed in **Appendix A**);

   ii. The Medium Term Financial Forecast (as detailed at **Paragraph 30**);

3. It is RECOMMENDED that Council approve: -

   i. The General Fund Budget for 2013/14 (as detailed at **Appendix B and Appendix C**);

   ii. The Special Expenses for West Bridgford, Ruddington and Keyworth (as detailed at **Appendix D**);

   iii. A 2013/14 Band D Council Tax for Rushcliffe Borough Council of £117.99 (as detailed at **Paragraph 27**);

   iv. The Capital Programme 2013/14 – 2017/18 (as detailed at **Appendix F**);

   v. The Prudential Borrowing Indicators 2013/14 (contained within the Treasury Management Strategy as detailed in **Appendix I)**;

Background

4. The background for the Council's 2013/14 budget continues to be difficult. In overall terms local government funding continues to contract and, as demonstrated in the Medium Term Financial Forecast at **paragraph 30**, it is projected that this position will continue until at least 2017/18. Alongside this reducing level of resources 2013/14 sees two of the most significant changes to impact upon the financing of local government in the last 20 years, the localisation of non-domestic rates and the replacement of council tax benefit with a locally determined council tax reduction scheme. Both of these changes have not only had a financial impact upon the council but also introduce a degree of financial uncertainty that has not previously existed. As a result developing an understanding of these issues will be an important priority for the Executive Management Team during 2013/14.

5. Alongside the changing national environment the revenue and capital position for the current year provides useful context for members when considering the budget and medium term financial projections. The Revenue and Capital Monitoring Report considered by Cabinet on the 12 February 2013 demonstrated the successful efforts of the Authority's staff to maintain expenditure within the funding envelope approved by Council. As a result that report detailed a projected year end underspend on revenue budgets of £295,000. In addition the capital programme is estimated to outturn £1,793,000 below budget with the main variances relating to planned expenditure on the Cotgrave and Alford Road projects which is now forecast to occur in 2013/14.

6. Member budget workshops were held in October 2012, November 2012 and January 2013 which considered the following:

   i. The Financial Outlook and Budget Context;
   ii. Options for Maintaining a Balanced Budget;
   iii. Options for replacing Council Tax Benefit with a Council Tax Reduction Scheme;
   iv. Potential changes to Council Tax Discounts for empty properties and second homes.

7. Arrangements relating to the Council Tax Reduction Scheme and changes to Council Tax Discounts were agreed by Council at its meeting on the 24 January 2013. These decisions have been fully reflected in this report.

8. The January workshops focussed on establishing a collective understanding of the options available to the Council for balancing its 2013/14 budget and the Medium Term Financial Forecast. In particular Members were asked to consider the options available to them for bridging the 2013/14 funding gap.

9. In summary there was a preference for the Authority to make the maximum available council tax increase to help address the significant funding gaps that exist for 2013/14 and the Medium Term Financial Forecast. Alongside this there was some support for requiring the immediate realisation of additional efficiencies but concerns were expressed about the Council's ability to make such savings without impacting on service quality. As a result there was an emerging focus on maximising income streams and developing business /

housing growth. There was less support for using new homes bonus to support core activity but a recognition that this did not preclude its use to promote growth or that the council may not be forced to rely on it to provide revenue funding for services in future budget rounds

10. On 12 February 2013, the Cabinet considered *the Budget 2013/14 and Financial Strategy Report* which outlined spending plans for 2013/14, the Medium Term Financial Forecast and the Capital Programme to 2017/18. The outcomes from this meeting, including a recommended level of Council Tax for 2013/14, are dealt with in this report.

11. **Appendix A** contains a statutory report from the Council's Responsible Finance Officer under Section 25 of the Local Government Act 2003. The report provides commentary on the robustness of the Councils budgets and the adequacy of its reserves and balances.

Revenue Budget 2013/14

12. Details of the Council's revenue budget for 2013/14 are attached at **Appendix B** and **Appendix C** and summarised below.

	2013/14 Original Estimate
	£'000
Corporate Governance and Operations	1,431
Communities	3,431
Neighbourhood	5,028
Finance and Commercial	4,366
Transformation	(122)
Gross Budget	**14,134**
Capital Accounting Adjustments	(2,475)
Grant Income	(974)
Revenue Contribution to Capital	390
Interest on Balances & Expenses	(250)
Transfer to/from reserves	(214)
Total Net Service Expenditure	**10,611**

13. The budget has been developed in line with the four year plan adopted in 2011/12 and this plan remains central to the council's need to maintain a balanced financial position in the medium term. In addition to the four year plan, all budgets have been reviewed to identify areas where additional savings can be made or where additional inflationary pressures have occurred. Resultant changes have been incorporated into the budget outlined at **Appendix B** and **Appendix C**.

14. These budgets have also been amended to reflect the decision taken by the Cabinet on the 12 February 2013 to increase the level of funding for the Community Support Scheme from £25,000 to £50,000 enabling the budget to be increased from £500 to £1,000 per Councillor. This change, combined with an adjustment to the Grant Income budget of £35,000 and other minor

adjustments, has resulted in the required Transfer from Reserves reducing from £224,000 to £214,000.

Special Expenses 2013/14

15. The Council sets a special expense to cover any expenditure it incurs in a part of the borough which elsewhere is undertaken by a town or parish council. These costs are then levied on the taxpayers of that area. As with 2012/13 the three areas where special expenses are levied are West Bridgford, Ruddington and Keyworth.

16. **Appendix D**, summarised below, details the special expenses budgets for 2013/14. These figures reflect the decision made by Council on the 24 January 2013 to provide additional support to Parish and Special Expense Areas to mitigate the impact of the Council Tax Reduction Scheme from April 2013. Whilst this support has reduced overall costs this has been done to compensate for the impact on the ability to generate income caused by the introduction of the council tax reduction scheme. As the table below demonstrates this has enabled the Band D element of the precepts for the special expense areas to remain broadly similar to that charged in 2012/13.

	2012/13		2013/14	
	Cost £	Band D £	Cost £	Band D £
West Bridgford	742,800	54.20	698,646	54.68
Ruddington	6,650	2.50	5,350	2.21
Keyworth	3,970	1.49	3,632	1.47
Total	**753,420**		**707,628**	

Use of Reserves

17. The 2013/14 Budget and the Medium Term Financial Forecast both include figures for the proposed use of reserves. This usage of reserves comprises a number of adjustments relating to one off events and the treatment of funding from central government. Details of the current and proposed Earmarked Reserves are detailed at **Appendix E**. In addition to these reserves the Council also has a General Fund Balance of £2,604,000.

18. The use of Earmarked Reserves to support the budget was considered by Cabinet on the 12 February 2013 and the following was agreed:

- To combine the Interest Reserve, the Organisational Development Reserve and £500,000 from the Invest to Save Reserve to create an Organisational Stabilisation Reserve. This reserve will be used to support the on-going provision of services. In 2013/14 £855,000 will be utilised from this reserve, £450,000 of which represents funding that has been carried forward from 2012/13 to meet costs associated with the review of the Council's senior management arrangements which will now occur in 2013/14. From 2014/15 it is anticipated that usage of this reserve will be £279,000 per annum.

- Utilisation of the Election Reserve of £200,000 in full during 2015/16.

- That £250,000 be allocated from the New Homes Bonus Reserve as an initial contribution towards the A453 widening project with £25,000 being utilised to increase Community Support Scheme allocations from £500 to £1,000 per Councillor. It is anticipated that the remaining £250,000 contribution to the A453 project will be drawn down in 2014/15 and 2015/16.

- Utilising £40,000 from the Regeneration and Community Projects Reserve to meet costs associated with the Multi Use Games Area (MUGA) at the Hook.

19. The potential impact on the earmarked reserves of these changes is a net transfer from reserves of £214,000. A detailed analysis of the changes is provided at **Appendix E.** Appendix E also identifies the impact of the planned future use of reserves detailed above which reduces available resources from £8,185,000 to £6,619,000.

20. It is important to note that the use of earmarked or general reserves to support on-going expenditure is not a sustainable long term solution to funding reductions and only defers the requirement to make savings. However the Council has sufficient earmarked reserves to enable a controlled usage to support services in the medium term. In this context it is important to note that should such reserves not be replenished then the Council will have to identify additional savings by 2017/18 and 2018/19 to meet the resultant funding shortfalls.

Council Tax Setting 2013/14

21. In determining the budget and resultant council tax levels Members also need to consider the government's referendum criteria and the potential additional funding that will be made available to those councils who choose to freeze or reduce their council tax.

22. The Government has announced that it intends to provide additional grant funding to local authorities that freeze their council tax for 2013/14. The grant will be the equivalent of a 1.0% council tax increase paid in both 2013/14 and 2014/15. For Rushcliffe this grant would be payable at £55,000 per annum for each of these years, after which continued funding is not guaranteed. To be eligible for this grant Rushcliffe would have to maintain its Band D Council Tax at the same level as in 2012/13, £113.22. Any council tax reduction would also make the Authority eligible for the freeze grant.

23. For those authorities who choose to increase council tax the Government has replaced the previous capping regime with local referenda. Under the new regime, councils that set an "excessive" council tax increase would be required to undertake a referendum of its council tax payers to sanction, or otherwise, their proposed tax increase. The DCLG has now published these principles along with technical exemplifications of the calculations that would need to be undertaken. These principles have confirmed that the Authority has been given additional flexibilities with regard to its Council Tax increase but, due to the calculations involved, the maximum council tax increase which Rushcliffe could introduce without triggering a referendum would be **£4.77**

rather than the headline £5.00 which had been announced by the DCLG in December.

24. The relaxation in the referendum criterion for low billing District Councils had not been anticipated and reflects the government's recognition that authorities such as Rushcliffe have worked hard to deliver efficiencies to keep the council tax down but, as a result, they are finding it increasingly difficult to find the further savings that are required. It is not known whether this flexibility will be made available in future years.

25. The financial ramifications of a council tax referendum are still unknown but have previously been estimated at between £150,000 and £200,000. This alone equates to a 4% increase in council tax and would represent a significant additional charge on the Council's reserves.

26. For Rushcliffe a £4.77 increase would result in the district element of the council tax bill (at Band D) increasing from £113.22 to £117.99. This would yield Rushcliffe an additional £186,000 per annum, £131,000 more than is available from the council tax freeze grant. In addition, unlike the freeze grant, this funding would be a guaranteed element of the Council's funding moving forward. The table below outlines the different financial impact of a £4.77 increase compared to a Council Tax freeze.

Change to Band D	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Freeze	55	55	0	0	0
£4.77 Increase	186	191	195	200	205

27. On the 12 February 2013 Cabinet, having considered the immediate and long term benefits of an increase, recommended that the 2013/14 Council Tax be set at £117.99, an increase of £4.77. For the average Rushcliffe property (Band C) this will result in a Council Tax increase of just over eight pence per week.

28. In cumulative terms over the five years this will yield £977,000 (assuming two per cent per annum council tax increases from 2014/15 onwards), £867,000 above the guaranteed freeze grant income of £110,000.

29. The differential impact on individual taxpayers is shown below.

Band	Proposed Council Tax	Annual Increase	Increase per Week
A	£78.66	£3.18	6 pence
B	£91.77	£3.71	7 pence
C	£104.88	£4.24	8 pence
D	£117.99	£4.77	9 pence
E	£144.21	£5.83	11 pence
F	£170.43	£6.89	13 pence
G	£196.65	£7.95	15 pence
H	£235.98	£9.54	18 pence

Medium Term Financial Forecast 2013/14 to 2017/18

30. The Medium Term Financial Forecast detailed below was agreed by Cabinet on the 12 February 2013 and reflects a £4.77 increase in Band D Council Tax for 2013/14 followed by indicative future council tax increases of 2% per annum from 2014/15 onwards.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Net Service Expenditure					
Council Services	**9,427**	**10,199**	**9,545**	**9,373**	**9,246**
Special Expense Areas	**708**	**730**	**740**	**750**	**760**
Projected Growth	0	415	497	500	500
One Off Allocations:					
• Contingency	550	80	80	80	80
• Revenue Contribution to Capital	390	225	200	200	200
• Elections	0	0	200	0	0
• Interest Receipts	(250)	(250)	(250)	(300)	(350)
• Use of Earmarked Reserves	(214)	(279)	(479)	(274)	(274)
Total Expenditure	**10,611**	**11,120**	**10,533**	**10,329**	**10,162**
Funding					
Central Government Grant	(3,131)	(2,399)	(2,010)	(1,642)	(1,292)
Localised Business rates	(2,152)	(2,216)	(2,282)	(2,350)	(2,420)
Collection Fund Surplus	(25)	0	0	0	0
Council Tax Income					
• Rushcliffe	(4,595)	(4,706)	(4,832)	(4,961)	(5,094)
• Special Expense Areas	(708)	(730)	(740)	(750)	(760)
Council Tax Freeze Grant	0	0	0	0	0
Total Funding	**(10,611)**	**(10,051)**	**(9,864)**	**(9,703)**	**(9,566)**
Gross Budget Deficit	**0**	**1,069**	**669**	**626**	**596**
Current Four Year Plan Savings	0	(479)	(100)	0	0
Addition Four Year Plan Savings	0	(590)	(569)	(626)	(596)
Net Budget Deficit	**0**	**0**	**0**	**0**	**0**

31. As noted from paragraph 20 onwards the Medium Term Financial Forecast is predicated on the controlled use of reserves over the next five years and the continued achievement of savings against the current four year. The Gross Budget Deficit outline the scale of the challenges to be met as the Council looks to maintain a balanced budget in the medium term and the requirement for an extension of the current four year plan to ensure that a balanced budget is maintained in the medium term.

Risk Analysis

32. The development of the 2013/14 budget has been hindered by an unprecedented level of uncertainty driven from changing approaches to funding, support for council tax benefit claimants and wider financial pressures. Whilst some clarity has now been established there are a still a number of areas where uncertainty remains or where the Council's financial position is subject to increased levels of uncertainty. An analysis of these issues has been undertaken and is detailed at **Appendix H**.

Capital Programme 2013/14 to 2017/18

33. Capital appraisals are attached at **Appendix G** with planned expenditure on the Council's Capital Programme at **Appendix F** and summarised below:

Capital Expenditure	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Transformation	1.123	0.825	0.025	4.025	0.025
Corporate Governance & Operations	0.320	0.220	0.100	0.100	0.100
Finance & Commercial	2.596	0.362	0.275	0.150	0.150
Communities	0.222	0.163	0.164	0.165	0.165
Neighbourhoods	1.737	1.911	1.691	1.692	1.503
Total	**5.998**	**3.481**	**2.225**	**6.132**	**1.943**

34. As demonstrated below, based on current projections, the Council's current capital reserves will be fully committed in 2016/17. This position will be managed through a number of activities including rescheduling of the capital programme and identifying additional capital disposals. It may also be appropriate for some future capital schemes to be fully or partially supported by the earmarked reserves identified at **Appendix D**. This will be assessed on a project by project basis reducing pressure on the Council's capital reserves minimising or eliminating the need for alternate funding requirement for 2016/17.

Capital Financing	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Capital receipts	4.982	2.879	1.810	2.669	1.623
Government Grants	0.726	0.377	0.220	0.220	0.220
Revenue contributions	0.290	0.225	0.225	0.100	0.100
Total Financing	**5.998**	**3.481**	**2.255**	**2.989**	**1.943**
Funding Requirement	Nil	Nil	Nil	3.143	Nil
Total Financing and Funding	**5.998**	**3.481**	**2.255**	**6.132**	**1.943**

35. The table below sets out the available capital funding for the life of the capital programme:

Capital Receipts Position	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Capital Reserve B/Fwd	11.440	7.259	4.413	2.636	Nil
Projected receipts	0.801	0.033	0.033	0.033	4.033
Total Available receipts	12.241	7.292	4.446	2.669	4.033
Planned Use of Receipts	4.982	2.879	1.810	2.669	1.623
Capital Reserve C/Fwd	**7.259**	**4.413**	**2.636**	**Nil**	**2.410**

36. This demonstrates that the Council has sufficient available and potential capital resources to deliver its planned investment until at least 2017/18. In addition the Council has earmarked investment revenue reserves which currently total just over £5m, a figure which is likely to increase as additional New Homes Bonus is received. As identified at paragraph 34 it may be appropriate for elements of future projects to be supported from this additional resource enabling the council to maintain its debt free status past 2017/18.

Treasury Management Strategy & Prudential Indicators 2013/14

37. The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. This requires the Cabinet to annually consider the Council's Treasury Management Strategy and set Prudential Borrowing Indicators at the same time as setting the budget.

38. The indicators are a technical accounting requirement and are based upon a range of different external borrowing scenarios that may happen during the medium term. These are reviewed and updated annually by the Council and provide a statutory framework for officers to work within during the year.

39. The Treasury Management Strategy for 2013/14, which contains the Prudential Indicators, was approved by Cabinet on 12 February 2013 and is attached at **Appendix I**.

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:

- Budget 2013/14 and Financial Strategy, Cabinet 12 February 2013
- Revenue and Capital Monitoring Report, Cabinet 12 February 2013
- Minutes of Cabinet, 12 February 2013

Appendix A

Commentary of the Responsible Financial Officer

REPORT UNDER SECTION 25 OF LOCAL GOVERNMENT ACT 2003
(To be read in conjunction with the Council budget report to which it is appended)

Purpose:
The purpose of this report is to provide Members with information on the robustness of the Councils estimates and the adequacy of reserves so that Members have authoritative advice available when they take their Budget and Council Tax decisions.

Background:
Local authorities decide each year how much council tax they need to raise. The decision is based upon a budget that sets out estimates of what they plan to spend on each of their services.

The decision on the level of council tax is taken before the year begins and cannot be changed once set. It follows that an allowance for risks and uncertainties, that could adversely impact on net service costs, must be made by : -

- making prudent allowance in the estimates for each of the services, and in addition;

- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

Section 25 of the Local Government Act 2003 requires that an authority's responsible finance officer reports to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals so that members have authoritative advice available to them when making their decisions.

Robustness of Estimates
The Council has followed a comprehensive and detailed budget process when preparing the budget for 2013/14. To the best of my knowledge this complies with both Statutory and Best Practice requirements.

At a time when income and service budgets were already under pressure because of the poor economic conditions the Council recognised that the Comprehensive Spending Review would signal significant cuts in the Authority's funding. The Council responded proactively by identifying some initial efficiency measures, which were to be supplemented by a full programme of service re-design. Whilst the funding cuts have been much greater than originally anticipated the efficiency measures and service re-design programme has delivered significant savings enabling the 2013/14 budget to be balanced with a limited recourse to reserves. The use of reserves in support of on-going expenditure is an issue addressed in greater depth later in this Appendix.

It has become apparent that while significant savings have been achieved in 2011/12 and 2012/13 the Council faces significant additional financial pressures from 2014/15 onwards and planned activity will need to be enhanced and extended to meet the overall medium term funding gap. The Council has recognised that future funding and service provision is uncertain and that risks and particularly financial risks are at an all-time high. The re-design programme must therefore be sufficiently flexible to respond to changes in funding levels or the impact of the economic climate.

Budget issues have been addressed via the Cabinet and member budget workshops. Statutory consultation has also been undertaken with business ratepayers.

Members are reminded that the budget is a paper exercise and, whilst I believe the estimates are robust, the financial landscape remains turbulent especially with the introduction of new uncertainties around the Council Tax Reduction Scheme and localisation of Business Rates. Indeed, as **Appendix H** identifies, alongside future levels of government funding these two areas present the highest levels of financial risk to the Authority at this time. As such successful management of the Council's finances in the year ahead will require a great deal of commitment and hard work.

Adequacy of Reserves

The CIPFA Local Authority Accounting Panel has issued a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 77) to assist local authorities. This guidance is not statutory, but compliance is recommended in CIPFA's Statement on the Role of the Finance Director in Local Government. It would be best practice to follow this guidance.

The guidance states that no case has yet been made to set a statutory minimum level of reserves either as an absolute amount or a percentage of budget. Each local authority should take advice from its Responsible Finance Officer and base its judgment on local circumstances. A well run authority, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves.

Reserves can be held for two main purposes:

- A working balance to help cushion the impact of uneven cash flows and unexpected events emergencies (General Fund Balance);

- Reserves used to build up funds to meet known or predicted requirements (Earmarked Reserves).

In October 2011 the Cabinet approved, as part of its Medium Term Financial Strategy, the following guiding principle.

"General Fund balance should not fall below £1.25m and overall revenue reserves should not fall below 20% of net revenue expenditure."

While the proposed budget includes a significant use of reserves to support Capital and Revenue expenditure it does not represent a spending pattern that would cause either of these thresholds to be breached by 2017/18 and, as such, I am satisfied that this usage represents a fair and proportionate approach to utilising resources to maintain current levels of service delivery. In particular I note that whilst at £855,000 the use of the Organisational Equalisation reserve in 2013/14 is high these costs are driven by the one off pressures identified at Paragraph 18 relating to the delivery of savings from senior management changes and a lower level of expenditure will be restored from 2014/15 onwards.

In my view, if the Council were to accept the Cabinet's recommended budget and council tax proposals then the level of risks identified in the budget process alongside the authority's financial management arrangements mean that the current level of reserves is adequate. It is, however, important to note that the use of earmarked or general reserves to support on-going expenditure is not a sustainable long term solution to funding reductions and only defers the requirement to make savings. This is of particular importance as the proposed Medium Term Financial Forecast utilises both the capital and revenue reserves in each of the next five years. Ultimately such an approach will not be sustainable and so in developing its long term financial strategy the Authority will need to deliver solutions that enable a budget to be developed which can be financed from within the overall funding envelope available to the Council.

Peter Steed
Executive Manager (Finance and Commercial)
26 February 2013.

Appendix B

Outline Revenue Budget for 2013/14 – SerCOP Analysis

The table below outlines the 2013/14 budget in line with the activity definitions required by the Service Reporting Code of Practice (SerCOP).

	Corporate Governance and Operations	Community	Neighbourhood	Finance and Commercial	Transformation	Total
	£	£	£	£	£	£
Central Services	**1,346,600**	**281,200**	**105,500**	**2,567,100**	**(577,300)**	**3,723,100**
Central Services to the Public	342,000	230,700		1,418,600		1,991,300
Corporate & Democratic Core	1,004,600	50,500		394,400	31,000	1,480,500
Non Distributed Costs				533,500		533,500
Precepts & Levies				220,600		220,600
Trading Services			105,500		(608,300)	(502,800)
Contingency				**550,000**		**550,000**
Direct Restructure Costs				450,000		450,000
General Contingency				100,000		100,000
Corporate & Democratic Core	**84,500**					**84,500**
Corporate & Democratic Core	84,500					84,500
Cultural & Related		**1,365,622**		**1,270,400**	**338,200**	**2,974,222**
Culture & Heritage		154,200				154,200
Open Spaces		670,022			338,200	1,008,222
Recreation & Sport		541,400		1,270,400		1,811,800
Direct Managed	**0**			**0**	**0**	**0**
Direct Managed	0			0	0	0
Environmental Services		**205,400**	**4,070,200**		**113,811**	**4,389,411**
Cemetery, Cremation & Mortuary Services					40,811	40,811
Community Safety		136,800				136,800
Flood Defence & Land Drainage					36,600	36,600
Regulatory Services		68,600	1,090,200		36,400	1,195,200
Street Cleansing			684,200			684,200
Waste Collection			2,295,800			2,295,800
Highways Roads & Transport			**24,100**	**(197,100)**		**(173,000)**
Environmental Safety & Routine Maintenance			24,100			24,100

	Corporate Governance and Operations	Community	Neighbourhood	Finance and Commercial	Transformation	Total
	£	£	£	£	£	£
Parking Services				(197,100)		(197,100)
Housing Services			**872,100**	**175,400**		**1,047,500**
Homelessness			227,100			227,100
Housing Advice			48,700			48,700
Housing Benefits				175,400		175,400
Housing Enabling			111,800			111,800
Housing Services			(26,900)			(26,900)
Housing Strategy			26,600			26,600
Private Sector Housing Renewal			484,800			484,800
Planning & Development		**1,578,300**			**34,700**	**1,613,000**
Building Control		216,200				216,200
Business Support		0				0
Community Development		111,800				111,800
Development Control		491,700				491,700
Economic Development					34,700	34,700
Environmental Initiatives		163,800				163,800
Planning Policy		594,800				594,800
Support Services	**0**		**(43,500)**	**0**	**(31,000)**	**(74,500)**
Rechargeable Services			(43,500)			(43,500)
Support Services	0			0	(31,000)	(31,000)
Grand Total	**1,431,100**	**3,430,522**	**5,028,400**	**4,365,800**	**(121,589)**	**14,134,233**

Appendix C

Outline Revenue Budget for 2013/14 – Service Analysis

The tables below outline the 2013/14 budget in line with the Council's operational structure at Lead Specialist Level.

	Corporate Governance and Operations					
	Performance and Reputation	Human Resources	ICT	Democratic Services	Legal Services	Total
	£'000	£'000	£'000	£'000	£'000	£'000
01 Employee Expenses	114	171	349	1,065	166	1,865
02 Premises Related Expenses	0	0	0	7	1	8
03 Transport Related Expenses	0	2	2	27	0	31
04 Supplies & Services	8	70	551	568	34	1,231
05 Contracted Services	28	0	0	0	0	28
06 Transfer Payments	0	0	0	0	0	0
07 Support Services	52	57	131	547	71	858
08 Capital Financing Costs	0	0	264	1	0	265
09 Income	(155)	(273)	(1,297)	(858)	(272)	(2,855)
Grand Total	**47**	**27**	**0**	**1,357**	**0**	**1,431**

	Development Control	Cultural Services	Community Community Engagement	Building Control	Planning Policy	Total
	£'000	£'000	£'000	£'000	£'000	£'000
01 Employee Expenses	704	475	146	395	185	1,904
02 Premises Related Expenses	4	132	0	1	0	137
03 Transport Related Expenses	15	34	2	23	0	74
04 Supplies & Services	148	615	535	71	179	1,548
05 Contracted Services	0	4	0	27	0	31
06 Transfer Payments	0	0	0	0	0	0
07 Support Services	295	234	131	134	157	951
08 Capital Financing Costs	2	258	0	1	0	261
09 Income	(601)	(300)	(152)	(423)	0	(1,476)
Grand Total	**567**	**1,452**	**662**	**229**	**521**	**3,431**

	Neighbourhood Services	Waste and Fleet Management	Neighbourhoods Strategic Housing	Protection and Safety	Total
	£'000	£'000	£'000	£'000	£'000
01 Employee Expenses	1,252	1,609	253	461	3,575
02 Premises Related Expenses	54	294	34	6	388
03 Transport Related Expenses	246	886	7	3	1,142
04 Supplies & Services	1,138	298	375	703	2,514
05 Contracted Services	64	14	22	4	104
06 Transfer Payments	0	0	0	0	0
07 Support Services	405	466	195	112	1,178
08 Capital Financing Costs	88	592	12	3	695
09 Income	(1,870)	(1,943)	(511)	(244)	(4,568)
Grand Total	**1,377**	**2,216**	**387**	**1,048**	**5,028**

	Finance and Commercial				
	Contingency	Leisure Contracts	Financial Services	Revenue Services	Total
	£'000	£'000	£'000	£'000	£'000
01 Employee Expenses	0	89	1,106	834	2,029
02 Premises Related Expenses	0	271	273	1	545
03 Transport Related Expenses	0	0	1	8	9
04 Supplies & Services	550	30	413	443	1,436
05 Contracted Services	0	950	240	0	1,190
06 Transfer Payments	0	0	0	16,813	16,813
07 Support Services	0	90	464	968	1,522
08 Capital Financing Costs	0	314	0	0	314
09 Income	0	(671)	(1,348)	(17,473)	(19,492)
Grand Total	**550**	**1,073**	**1,149**	**1,594**	**4,366**

	Transformation			
	Property Services	Partnerships and Projects	Customer Services	Total
	£'000	£'000	£'000	£'000
01 Employee Expenses	341	302	457	1,100
02 Premises Related Expenses	482	0	0	482
03 Transport Related Expenses	9	3	2	14
04 Supplies & Services	483	101	200	784
05 Contracted Services	117	0	0	117
06 Transfer Payments	0	0	0	0
07 Support Services	368	139	160	667
08 Capital Financing Costs	188	0	211	399
09 Income	(2,110)	(545)	(1,030)	(3,685)
Grand Total	**(122)**	**0**	**0**	**(122)**

Appendix D

Funding Analysis for Special Expense Areas

	2012/13 £	2013/14 £
West Bridgford		
Parks and Playing Fields	417,980	392,000
West Bridgford Town Centre	50,990	39,400
Community Halls	39,300	89,300
Seats & Bins	1,840	1,800
Burial Subsidy	19,330	22,700
Contingency	15,550	1,822
Annuity Charges	97,810	101,600
RCCO	100,000	100,000
Total	**742,800**	**748,622**
Council Tax Reduction Support	**N/A**	**(49,976)**
Total	**742,800**	**698,646**
Keyworth		
Cemetery Maintenance	3,970	3,902
Council Tax Reduction Support	**N/A**	**270**
Total	**3,970**	**3,632**
Ruddington		
Cemetery & Annuity Charges	6,650	5,909
Council Tax Reduction Support	**N/A**	**559**
Total	**6,650**	**5,350**
TOTAL SPECIAL EXPENSES	**753,420**	**707,628**

Appendix E

Use of Earmarked Reserves in 2013/14

	Projected Opening Balance £'000	Projected Income £'000	Projected Expenditure £'000	Net Change in Year £'000	Projected Closing Balance £'000	Identified Future Expenditure £'000	Available Balance £'000
Investment Reserves							
Regeneration & Community Projects	2,101	0	-40	-40	2,061	0	2,061
Council Assets & Service Delivery	656	0	0	0	656	0	656
Local Area Agreement	294	0	0	0	294	0	294
New Homes Bonus	785	+956	-275	+681	1,466	-250[1]	1,216
Invest to Save	661	0	0	0	661	0	661
Total	**4,497**	**+956**	**-315**	**+641**	**5,138**	**-250**	**4,888**
Corporate Reserves							
Organisational Stabilisation	2,683[2]	0	-855	-855	1,828	-1,116[3]	712
Risk & Insurance	100	0	0	0	100	0	100
Planning Appeals	349	0	0	0	349	0	349
Elections	200	0	0	0	200	-200[4]	0
Total	**3,332**	**0**	**-855**	**-855**	**2,477**	**-1,316**	**1,161**
Operating Reserves							
Planning	203	0	0	0	203	0	203
Building Control	0	0	0	0	0	0	0
Leisure Centre Maintenance	213	0	0	0	213	0	213
Lottery	54	0	0	0	54	0	54
Planned Maintenance	100	0	0	0	100	0	100
Total	**570**	**0**	**0**	**0**	**570**	**0**	**570**
Total	**8,399**	**+956**	**-1,170**	**-214**	**8,185**	**-1,566**	**6,619**

[1] Projected Support for A453 in 2014/15 and 2015/16
[2] Assumes transfer of £295,000 underspend on 2012/13 revenue budgets
[3] Revenue Budget Support - £279,000 per annum 2014/15 to 2017/18
[4] Election Expenditure 2015/16

Appendix F

2013/14 to 2017/18 Capital Programme

	2013/14	2014/15	2015/16	2016/17	2017/18
	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
	£000	£000	£000	£000	£000
EXPENDITURE SUMMARY					
Transformation & Innovation	1,123	825	25	4,025	25
Neighbourhoods	1,737	1,911	1,691	1,692	1,503
Communities	222	163	164	165	165
Corporate Governance	320	220	100	100	100
Finance and Commercial	2,596	362	275	150	150
Total	**5,998**	**3,481**	**2,255**	**6,132**	**1,943**
FUNDED BY					
Usable Capital Receipts	(4,982)	(2,879)	(1,810)	(2,669)	(1,623)
Disabled Facilities Grants	(220)	(220)	(220)	(220)	(220)
Use of Reserves	(290)	(225)	(225)	(100)	(100)
Grants and Contributions	(256)	0	0	0	0
Section 106 Monies	(250)	(157)	0	0	0
Other Funding	0	0	0	(3,143)	0
Total	**(5,998)**	**(3,481)**	**(2,255)**	**(6,132)**	**(1,943)**

CAPITAL PROGRAMME 2013/14

Ref	Scheme	Risk Rating	2013/14 Indicative Estimate £000	2014/15 Indicative Estimate £000	2015/16 Indicative Estimate £000	2016/17 Indicative Estimate £000	2017/18 Indicative Estimate £000
	Transformation						
1	Civic Centre Enhancements	**M**	631	0	0	0	0
2	Community Contact Centre - Spokes	**H**	150	300	0	0	0
3	Carbon Management Plan Lighting	**M**	72	0	0	0	0
4	Bridgford Hall Refurbishment	**H**	0	500	0	0	0
5	Footpath Enhancement	**L**	25	25	25	25	25
6	Nottinghamshire Broadband	**M**	245	0	0	0	0
	New Depot	**H**	0	0	0	4,000	0
	Sub total		**1,123**	**825**	**25**	**4,025**	**25**
	Neighbourhood						
7	Wheeled Bins	**L**	60	60	60	60	60
8	Vehicle Replacement	**L**	827	1,001	781	782	593
	Support for Registered Housing Providers	**H**	250	250	250	250	250
	Disabled Facilities Grants	**M**	600	600	600	600	600
	Sub total		**1,737**	**1,911**	**1,691**	**1,692**	**1,503**
	Communities						
	Partnership Grants	**H**	62	63	64	65	65
9	Play Areas - Special Expense	**L**	0	100	100	100	100
10	The Hook M.U.G.A. - Special Expense	**M**	40	0	0	0	0
11	RCP Play Area	**L**	120	0	0	0	0
	Sub total		**222**	**163**	**164**	**165**	**165**

CAPITAL PROGRAMME 2013/14

Ref	Scheme	Risk Rating	2013/14 Indicative Estimate £000	2014/15 Indicative Estimate £000	2015/16 Indicative Estimate £000	2016/17 Indicative Estimate £000	2017/18 Indicative Estimate £000
	Corporate Governance						
12	Information Systems Strategy	**M**	320	220	100	100	100
	Sub total		**320**	**220**	**100**	**100**	**100**
	Finance and Commercial						
13	Nottinghamshire Cricket Club	**L**	2,000	0	0	0	0
14	Contribution to the A453	**M**	250	125	125	0	0
15	Pitch Upgrade Keyworth LC	**M**	25	0	0	0	0
16	Changing Room Supply and Extraction Unit - Rushcliffe LC	**M**	14	0	0	0	0
17	Warm Air Unit - Rushcliffe Gym Hall	**H**	17	0	0	0	0
18	Car Park Surfacing - Rushcliffe LC	**M**	0	29	0	0	0
19	Bowls Rink Cloth – Arena	**L**	36	0	0	0	0
20	Sports Hall Floor – Arena	**L**	0	58	0	0	0
21	Roof Replacement Bingham LC	**M**	104	0	0	0	0
	Contingency		150	150	150	150	150
	Sub total		**2,596**	**362**	**275**	**150**	**150**
	PROGRAMME TOTAL		**5,998**	**3,481**	**2,255**	**6,132**	**1,943**

Appendix G

Capital Appraisals

Project Name: Civic Centre Enhancements	**Cost Centre: 0383**	**Ref: 1**

Detailed Description: There is a programme of enhancement works, both exterior and interior, to be carried out at the Civic Centre in 2013/14. These include:
External Works: £286,000. This includes repairs to the roof and external render.
Boiler: £130,000
Boiler Room Insulation: £10,000. As part of the Council's Carbon Management Plan, this project includes the installation of calorifiers, heat exchangers, boilers, pipework, valves and flanges not already or fully insulated.
Lifts: £150,000
Access Control: £45,000
Intruder Alarms: £10,000

Location: Civic Centre	**Executive Manager:** Transformation & Innovation

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio. Maintaining the Civic Centre as a viable asset for future use or sale.

Community Outcomes:
Property owned by the Council is utilised to its full potential and running costs of the building are minimised.

Other Options Rejected and Why: Not spending any money on maintaining the building are rejected because we need to protect the asset and maintain rental income. No decision made at this point to sell or vacate the property.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: April 2013	**Completion Date:** March 2014

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£631,000	£631,000	£0	

Capital Cost (Breakdown):

Works £388,000	**Equipment** £161,000	**Other**	**Fees** £82,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): Various	**New/Replacement:** New and replacement
Depreciation per annum: Various	**Capital Financing Costs:** £6,310
Residual Value: N/A	**Category of Asset:** Various

Project Name: Community Contact Centre - Spokes	**Cost Centre: 0348**	**Ref: 2**

Detailed Description:
This provision of £150,000 in 2013/14 is to support the development of rural Community Contact Centres working in partnership with others to increase local accessibility of services reducing the need for residents to travel to West Bridgford.
Identification and enhancement of such facilities will underpin improved service accessibility through the use of new technology and provide opportunities to develop partnership working and collaborative service delivery.
Provision of £300,000 in 2014/15 is provisionally earmarked for development of a Customer Service Centre in Cotgrave as part of the creation of a multi-service centre.
The ability to provide new Contact Centres is reliant upon premises and opportunities being identified and so this carries a high risk rating.

Location: Various	**Executive Manager:** Transformation & Innovation

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Develop the use of technology to improve customer access and reduce costs by working in partnership to share staff, applications and best practice.

Community Outcomes:
Residents are able to access Council services and information at convenient locations.

Other Options Rejected and Why:
Failure to provide investment to develop remote Customer Contact Centres will not satisfy the Council's aim to improve access to its services or to be able to work collaboratively to improve service delivery. Each potential investment opportunity will be assessed in order to ensure that it is capable of delivering the desired outcome.

Risk Rating High (H)/Medium (M)/ Low (L): H

Start Date: April 2013	**Completion Date:** March 2015

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£450,000 (2 years)	£150,000	£300,000	

Capital Cost (Breakdown):

Works £390,000	**Equipment**	**Other**	**Fees** £60,000

Revenue cost per annum:	**Year 1: 13/14**	**Year 2: 14/15** to be determined

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): to be determined	**New/Replacement:** Either
Depreciation per annum: to be determined	**Capital Financing Costs:** £4,500
Residual Value: N/A	**Category of Asset:** to be determined

Project Name: Carbon Management Plan Lighting	Cost Centre: 0380	Ref: 3

Detailed Description:
As part of the Carbon Management Plan, the Council aims to reduce carbon emissions from its own operations. The lighting project will include upgrading lighting across the Council's portfolio, including lighting rationalisation, active labelling scheme, mirror reflector fittings, T5 upgrades, high frequency to electronic switch start, and controls where feasible.

Location: Various	**Executive Manager:** Transformation & Innovation

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio.

In March 2010 Cabinet approved the Climate Change Strategy and Action Plan. One of the key actions identified within the plan is the development and implementation of a Carbon Management Plan. In September 2010 Rushcliffe Borough Council began work with Climate East Midlands to put together a Carbon Management Plan with the support of the Carbon Trust. Under the Climate Change Act 2008, government has certain obligations to meet to reduce the carbon emissions from the UK. Local Authorities are encouraged to act as community leaders in this work and lead by example by working to reduce the carbon emissions from their operations. The Carbon Management Plan sets out the Council's intentions to reduce carbon emissions from its own estate, thereby leading by example.

Community Outcomes: Property owned by the Council is utilised to its full potential.
The Council will work to embed Carbon Management across the organisation, changing attitudes and culture. To this end, the Carbon Management Plan will become the responsibility of all managers and they will work towards the target of reducing the Council's carbon emissions by 15 percent by 2015.

Other Options Rejected and Why: Failure to take action will not support plans to reduce carbon emissions.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: April 2013	**Completion Date:** March 2014

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£72,000	£72,000	£0	

Capital Cost (Breakdown):

Works	Equipment	Other	Fees
£62,000			£10,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £7,200	**Capital Financing Costs:** £720
Residual Value: N/A	**Category of Asset:** Equipment

Project Name: Bridgford Hall Refurbishment	Cost Centre: 0382	Ref: 4

Detailed Description:
Bridgford Hall is a Grade II listed building, owned by the Borough Council, which is currently leased to Nottinghamshire County Council (NCC).
The Council is currently looking for a new leaseholder to take the Hall on a long leasehold. The £500k allocation may be required for remediation and/or access works as part of securing a new tenant.

Location: West Bridgford Town Centre	**Executive Manager:** Transformation & Innovation

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio.

Community Outcomes:
Property owned by the Council is utilised to its full potential or used to generate income for the Council enabling it to keep Council Tax as low as possible.

Other Options Rejected and Why:
The option of not carrying out any works will result in this asset falling into serious disrepair, thus making the asset uninhabitable for occupation and unable to generate an income stream.

Risk Rating High (H)/Medium (M)/ Low (L): H

Start Date: April 2014	**Completion Date:** March 2015

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£500,000	£0	£500,000	

Capital Cost (Breakdown) :

Works £435,000	**Equipment** £0	**Other** £0	**Fees** £65,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: N/A	**Internal:** Capital Receipts
Useful Economic Life (years): 25	**New/Replacement:** Replacement
Depreciation per annum: £20,000	**Capital Financing Costs:** £5,000
Residual Value: N/A	**Category of Asset:** Investment Property

Project Name: Footpath Enhancement	Cost Centre: 0943	Ref: 5

Detailed Description:
The Borough is responsible for many footpaths and hard standings within open areas, mainly inherited from the Large Scale Voluntary Transfer (LSVT) of housing stock to a Registered Housing Provider. A survey of footpaths was carried out in 2009/10 to identify a prioritised rolling programme of footpath enhancements.

Location: Various	**Executive Manager:** Transformation & Innovation

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio.

Community Outcomes:
Property owned by the Council is utilised to its full potential.

Other Options Rejected and Why:
The footpaths are in need of resurfacing and improvement works to maintain a good quality, safe surface for users. In some cases, they are not safely accessible by disabled people.
The option not to undertake the works was rejected as this would not maintain the Council's assets which may lead to insurance claims and action against the Council under DDA legislation.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: On-going	**Completion Date**: On-going

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£50,000 (2 years)	£25,000	£25,000	

Capital Cost (Breakdown)

Works £44,000	**Equipment** £0	**Other** £0	**Fees** £6,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External:	**Internal:** Capital Receipts
Useful Economic Life (years): 15	**New/Replacement**: Replacement
Depreciation per annum: £1,670	**Capital Financing Costs:** £500
Residual Value: N/A	**Category of Asset:** Infrastructure

Project Name: Nottinghamshire Broadband	**Cost Centre: 0410**	**Ref: 6**

Detailed Description:
Capital contribution towards Nottinghamshire County Council's bid to get broadband infrastructure across Rushcliffe. This is to upgrade telecoms cabinets across the county where it is not commercially viable for the private sector to do so (ie there is market failure).
The whole project is anticipated to cost £17m county wide. This comprises £4.25m public sector funding from NCC and the districts, £4.25m public sector funding from Broadband Delivery UK (BDUK) and £8.5m from the private sector.
Rushcliffe Borough Council has been asked to contribute £245,000 to the project. This has been calculated based on the number of premises in Rushcliffe that currently do not have access to superfast broadband – around 13,000.
NCC will lead on procuring the private sector delivery partner.
It is proposed that £152,000 is provided from the LAA reward grant and £93,000 is provided from the Council's own capital resources.

Location: Rushcliffe	**Executive Manager:** Transformation & Innovation

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services. Supporting economic growth to ensure a sustainable, prosperous and thriving local economy.
Strategic Task: Develop the use of technology to improve customer/business access.

Community Outcomes:
Residents/businesses are able to access Council and other services as Broadband will be available for all Rushcliffe residents and businesses if they choose to purchase it.

Other Options Rejected and Why:
Failure to take up this investment opportunity will lead to Rushcliffe Borough falling behind other Districts in relation to broadband infrastructure. This could lead to economic decline as businesses and potentially residents move elsewhere to access broadband.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: Whole project 2013/14	**Completion Date:** Whole project 2015/16

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£245,000	£245,000	£0	

Capital Cost (Breakdown):

Works	**Equipment**	**Other** £245,000	**Fees**

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: LAA Reward Grant £152,000	**Internal:** Capital Receipts £93,000

Useful Economic Life (years): N/A	**New/Replacement:** New
Depreciation per annum: N/A	**Capital Financing Costs:** £2,450
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from capital under Statute

Project Name: Wheeled Bins	Cost Centre: 0310	Ref: 7

Detailed Description:
This funding is used to facilitate the replacement domestic wheeled bin programme for all residents across the borough. All wheeled bins are fixed assets which have a finite lifespan and it is important that the Council maintains a replacement programme which also deals with bins that become defective through accidental damage or loss.

Location: Central Works Depot/Borough	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Examine the future viability of all Council owned property including equipment.

Community Outcomes:
Residents of the Borough continue to receive the council services they require.

Residents provided with wheeled bins that are in good repair and condition resulting in high standards of customer satisfaction.

Compliance with health and safety legislation as it is important that operatives do not empty bins that are damaged or defective.

Other Options Rejected and Why:
Failure to invest in new wheeled bins could give rise to health and safety issues for residents and staff. Customer satisfaction may be affected giving rise to additional complaints to the Council.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: Ongoing	**Completion Date:** Ongoing

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£120,000 (2 years)	£60,000	£60,000	

Capital Cost (Breakdown)

Works	**Equipment**	**Other**	**Fees**
£0	£120,000	£0	£0

Revenue cost per annum:	**Year 1: 13/14**	**Year 2: 14/15**
	£0	£0

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** New/Replacement
Depreciation per annum: £6,000	**Capital Financing Costs:** £1,200
Residual Value: N/A	**Category of Asset:** Equipment

Project Name: Vehicle Replacement	Cost Centre: 0680	Ref: 8

Detailed Description:
The authority owns vehicles ranging from large refuse freighters to small vans and items of mechanical plant such as mowers, shredders, graffiti machine etc. As these vehicles and plant age and become uneconomic to maintain and run, they are replaced on a new for old basis. Although there is a programme for replacements for the next ten years, each vehicle or machine is assessed annually and the programme continually adjusted to take into account actual performance. This provision will be used to acquire new vehicles and plant and also to purchase second hand vehicles and plant as and when appropriate.
Provision in 2014/15 appears higher than in previous years. This is because a number of the larger items are due for replacement in the same year. These included three refuse freighters, a vacuum tanker and sweeper.

Location: Central Works Depot	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task: Examine the future viability of all Council owned property including vehicles and plant to maximise the potential of the Council's portfolio. To work in close alignment with the Council's Four Year Plan in order to deliver services more efficiently.

To reduce waste and increasingly reuse and recycle to protect the environment for the future.

The replacement of vehicles is critical to the performance of the front line services (recycling 2 go and streetwise). Regular vehicle and plant replacement with new updated engines helps to meet climate change and national indicator targets for emissions and helps maintain a cleaner air quality within the Borough.

Community Outcomes:
Property owned by the Council is utilised to its full potential.
The introduction of new euro standard engines will lower emissions. The new vehicles will also reduce maintenance costs on the vehicles they replace however it should be noted that the remainder of the fleet ages and therefore the fleet profile and maintenance costs overall remain stable.

Other Options Rejected and Why:
In 2004 the authority considered the leasing and hiring in of vehicles. The conclusion was that it was uneconomic to do either of the two options. There are also distinct advantages in direct purchase:-
a) The authority has control over the maintenance of the vehicles.
b) It is difficult to change the terms and conditions of a lease.
c) High performing vehicles can have their lifespan lengthened.
d) Poor performing vehicles can have their lifespan shortened.
Not being tied in to lengthy lease/hire contracts means the service can react and adapt to change quickly.

The Council now actively looks at the possible purchase of 2nd hand vehicles.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: Ongoing	**Completion Date:** Ongoing

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£1,828,000 (2 years)	£827,000	£1,001,000	

Capital Cost (Breakdown)

<table>
<tr><td>Works
£0</td><td colspan="2">Equipment
£1,828,000</td><td colspan="2">Other
£0</td><td>Fees
£0</td></tr>
<tr><td colspan="2">Revenue cost per annum :</td><td colspan="2">Year 1: 13/14 £0</td><td colspan="2">Year 2: 14/15 £0</td></tr>
<tr><td colspan="6">As each vehicle replaces an existing vehicle there is no increase in the running costs the fleet profile remains constant, service budgets remain the same.</td></tr>
<tr><td colspan="6">Proposed Funding:</td></tr>
<tr><td colspan="3">External: N/A</td><td colspan="3">Internal: Capital Receipts</td></tr>
<tr><td colspan="3">Useful Economic Life (years): Various</td><td colspan="3">New/Replacements: New and Replacements</td></tr>
<tr><td colspan="3">Depreciation per annum: Various</td><td colspan="3">Capital Financing Costs: £18,280</td></tr>
<tr><td colspan="2">Residual Value: Various</td><td colspan="2">Replaces Fleet No:
Various</td><td colspan="2">Category of Asset: Vehicle and Plant</td></tr>
</table>

Project Name: Play Areas and Facilities for Older Children (Special Expense)	**Cost Centre: 0664**	**Ref: 9**

Detailed Description:
The capital programme usually contains annual provisions of £100,000 each year for investment in Children's Play Areas and Facilities for Older Children.
There is no provision in 2013/14 as a larger project is planned for Alford Road.
In 2014/15 the focus will be on remedial works spread across a number of sites in the play portfolio.

Location: Rushcliffe	**Executive Manager:** Communities

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Facilitate activities for Children and Young People to enable them to reach their potential.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles.
Young people living in the Borough are healthy, active, confident, and engaged in the communities they live in.

Other Options Rejected and Why:
Doing nothing would result in further deterioration and thereby, reduction of good quality play facilities in the Borough adversely affecting the reputation of RBC and ultimately leading to potential Health and Safety problems.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: April 2014	**Completion Date:** February 2015

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£100,000	£0	£100,000	

Capital Cost (Breakdown)

Works £35,000	**Equipment** £55,000	**Other**	**Fees** £10,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: N/A	**Internal:** Regeneration and Community Projects Reserve
Useful Economic Life (years): 10	**New/Replacement:** New/Replacement
Depreciation per annum: £10,000	**Capital Financing Costs:** £1,000
Residual Value: Various	**Category of Asset:** Equipment

Project Name: The Hook MUGA – (Special Expense)	Cost Centre: 0666 Ref: 10

Detailed Description:
To replace an existing worn out carpeted 5-a-side football pitch with a new multi-use games area.

Location: The Hook, West Bridgford	**Executive Manager:** Communities

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Facilitate activities for Children and Young People to enable them to reach their potential.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles.
Young people living in the Borough are healthy, active, confident, and engaged in the communities they live in.

Other Options Rejected and Why:
Doing nothing would result in further deterioration leading to potential Health and Safety problems due to existing slippery and inappropriate surface.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: April 2013	**Completion Date:** October 2014

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£40,000	£40,000	£0	

Capital Cost (Breakdown) £:

Works £15,000	**Equipment** £20,000	**Other**	**Fees** £5,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: N/A	**Internal:** Regeneration and Community Projects Reserve

Useful Economic Life (years): 12	**New/Replacement:** New/Replacement
Depreciation per annum: £3,300	**Capital Financing Costs:** £400
Residual Value: N/A	**Category of Asset:** Equipment and/or Infrastructure

Project Name: Play Area – Rushcliffe Country Park	Cost Centre: 0412	Ref: 11

Detailed Description:
Redesign of children's play area incorporating removal and replacement of some items of equipment whilst re-siting others as deemed necessary.

Location: Rushcliffe Country Park	**Executive Manager:** Communities

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Facilitate activities for Children and Young People to enable them to reach their potential.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles.
Young people living in the Borough are healthy, active, confident, and engaged in the communities they live in.

Other Options Rejected and Why:
Doing nothing would result in further deterioration and thereby, reduction of good quality play facilities in the Borough adversely affecting the reputation of RBC and ultimately leading to potential Health and Safety problems. Green Flag assessors have identified the children's play area as the one area in the park that has fallen below expected standards.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: April 2013	**Completion Date:** March 2014

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£120,000	£120,000	£0	

Capital Cost (Breakdown) £:

Works £35,000	**Equipment** £70,000	**Other**	**Fees** £15,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £12,000	**Capital Financing Costs:** £1,200
Residual Value: N/A	**Category of Asset:** Equipment

Project Name: ICT Strategy	Cost Centre: 0596	Ref: 12

Detailed Description:
On 16th October 2012, Cabinet adopted a new ICT Strategy to run from 2012-2016. The Strategy identifies potential spend of £700k over a period of four years which will require clarification and amendment as individual projects are identified and moved forward.
The new strategy embraces the wider ICT partnership established in July 2011 between Rushcliffe Borough Council, Broxtowe Borough Council and Newark and Sherwood District Council. A Technical Delivery Plan has been produced to support the ICT Strategy.

Location: Civic Centre	**Executive Manager:** Corporate Governance

Contribution to the Council's aims and objectives:
Corporate Theme: Transforming the Council to enable the delivery of efficient high quality services.
Strategic Task ST21: Develop the use of technology to improve customer access and reduce costs.

Community Outcomes:
Residents are able to readily access Council services and information from any location and at a time by using a method that suits them.

The ICT Strategy is closely aligned to the Council's "Four Year Plan" reviews and ICT will be instrumental in delivering the outcomes identified during these reviews**.** The Strategy will deliver:

- the implementation of tools to improve integration between front and back office systems
- IT solutions offering a wider choice of access channels that support improved standards of service for customers i.e. customer self-serve portals at RCCC
- an improved ICT infrastructure that will deliver cost savings and reductions in energy usage
- improved information and support for Members through electronic channels
- efficiency savings, alignment of policies and technologies and a more resilient service through working in partnership with other authorities
- an agile approach in order to be responsive to emerging technologies

Other Options Rejected and Why: Every project is the subject of a business case to be presented to and approved by the corporate ICT Projects Commissioning Group (EMT) in order to ensure that the most appropriate IT solution is chosen, having due regard to the alignment of technologies across the partnership and value for money. The option of no doing so would lead to out dated or incompatible technology which would result in lower performance, higher maintenance costs and hinder the drive for greater efficiencies.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: April 2013	**Completion Date:** Ongoing

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£540,000 (2 years)	£320,000	£220,000	

Capital Cost (Breakdown):

Works	**Equipment**	**Other** £430,000	**Fees** £110,000

Revenue cost per annum:	**Year 1: 13/14** £10,000	**Year 2: 14/15** £30,000

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): To be determined	**New/Replacement:** New and Replacement
Depreciation per annum: To be determined	**Capital Financing Costs:** £5,400
Residual Value: N/A	**Category of Asset:** Intangible Assets and Equipment

Project Name: Nottinghamshire Cricket Club	Cost Centre: 0653	Ref: 13

Detailed Description:
A loan to provide further financial assistance towards the building of a new stand that is required so that the Club can retain the Ashes Test in 2015. Notts County Cricket Club have requested funding from Rushcliffe, the County and City Councils of just over £2m each. Repayments on the loan would be made at a commercial rate benefitting the Council's cashflow.

Location: West Bridgford	**Executive Manager:** Finance and Commercial

Contribution to the Council's aims and objectives:
Corporate Theme: Supporting economic growth to ensure a sustainable prosperous and thriving local economy.

Community Outcomes:
The Borough is a more prosperous area with improved employment opportunities and thriving local businesses.

Other Options Rejected and Why:
Based on a recent study by EMDA, the local economy has benefitted by £6.2m from the Twenty20 in 2009 and an Ashes test would provide greater benefits than this. The Club believes that the economic benefits 2012-2016 arising from the matches would be in the region of £30m. Direct impact within Rushcliffe is not known. Such benefits would not be achieved in future if the Ashes test and other future significant matches are not secured due to lack of capacity at the ground.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: April 2013	**Completion Date:** June 2013

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£2,000,000	£2,000,000	£0	

Capital Cost (Breakdown)

Works	**Equipment**	**Other** £2,000,000	**Fees**

Revenue income per annum:	**Year 1: 13/14** £45,000	**Year 2: 14/15** £60,000

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): N/A	**New/Replacement:** N/A
Depreciation per annum: N/A	**Capital Financing Costs:** £20,000
Residual Value: N/A	**Category of Asset:** Long Term Debtor

Project Name: Dualling of A453 - Contribution	Cost Centre: 0654	Ref: 14

Detailed Description:
To support the delivery of the dualling of the A453. This was originally discussed at Cabinet in October 2011. It was agreed to set the amount of £500,000 aside from the New Homes Bonus to support this project provided that physical work commenced before the end of 2015/16 and that funds had been received and were available.

Location: Junction 24 M1 to Clifton	**Executive Manager:** Finance and Commercial

Contribution to the Council's aims and objectives:
Corporate Theme: Supporting economic growth to ensure a prosperous and thriving local economy.

Community Outcomes:
The Borough is a more prosperous area with improved employment opportunities and thriving local businesses.

Other Options Rejected and Why:
This is a partnership arrangement with Notts County Council to support early construction of this vital road link encouraging economic growth within the county.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: 2013/14	**Completion Date:** 2015/16

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	**Year 3: 15/16**
£500,000	£250,000	£125,000	£125,000

Capital Cost (Breakdown)

Works	**Equipment**	**Other** £500,000	**Fees**

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: New Homes Bonus	**Internal:** N/A

Useful Economic Life (years): N/A	**New/Replacement:** N/A
Depreciation per annum: N/A	**Capital Financing Costs:** £5,000
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from capital under statute

<table>
<tr><th colspan="2">Project Name: Pitch Upgrade - Keyworth Leisure Centre</th><th colspan="2">Cost Centre: 0403 Ref: 15</th></tr>
<tr><td colspan="4">Detailed Description:
To support a contribution towards costs of replacing the artificial turf pitch carpet. The scheme will be managed by the South Wolds school.</td></tr>
<tr><td colspan="2">Location: Keyworth Leisure Centre</td><td colspan="2">Executive Manager: Finance and Commercial</td></tr>
<tr><td colspan="4">Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Tasks: Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.</td></tr>
<tr><td colspan="4">Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles.</td></tr>
<tr><td colspan="4">Other Options Rejected and Why:
Not replacing the carpet would lead to a diminished quality and would be likely to see a drop in usage at the site.</td></tr>
<tr><td colspan="4">Risk Rating High (H)/Medium (M)/ Low (L): M</td></tr>
<tr><td colspan="2">Start Date: April 2013</td><td colspan="2">Completion Date: March 2014</td></tr>
<tr><td>Capital Cost (Total) :</td><td>Year 1: 13/14</td><td>Year 2: 14/15</td><td></td></tr>
<tr><td>£25,000</td><td>£25,000</td><td>£0</td><td></td></tr>
<tr><td colspan="4">Capital Cost (Breakdown):</td></tr>
<tr><td>Works</td><td>Equipment</td><td>Other
£25,000</td><td>Fees</td></tr>
<tr><td>Revenue cost per annum:</td><td colspan="2">Year 1: 13/14</td><td>Year 2: 14/15</td></tr>
<tr><td colspan="4">Proposed Funding</td></tr>
<tr><td colspan="2">External: N/A</td><td colspan="2">Internal: Capital Receipts</td></tr>
</table>

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: N/A	**Capital Financing Costs:** £250
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from capital under statute.

Project Name: Changing Room Supply and Extraction Unit – Rushcliffe Leisure Centre	Cost Centre: 0399	Ref: 16

Detailed Description: Removal of existing system and replace with modern, more energy efficient system.

Location: Rushcliffe Leisure Centre	**Head of Service:** Finance & Commercial

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Activate the leisure strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles.

Improved air quality, temperatures better controlled with lower running costs and CO2 emissions.

Other Options Rejected and Why:
The changing rooms must have a ventilation system which is capable of providing sufficient air changes to meet legislative requirements and provide both heating and cooling as required.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: April 2013	**Completion Date:** March 2014

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£14,000	£14,000	£0	

Capital Cost (Breakdown)

Works	**Equipment** £12,000	**Other**	**Fees** £2,000

Revenue cost per annum:	**Year 1:** £0	**Year 2:** £0

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): 7	**New/Replacement:** Replacement
Depreciation per annum: N/A	**Capital Financing Costs:** £140
Residual Value: N/A	**Category of Asset:** Plant

Project Name: Warm Air Unit – Rushcliffe Gym Hall	Cost Centre: 0407	Ref: 17

Detailed Description: Replace the Air Handling Unit which provides heating and ventilation to the East Midlands Gymnastics Centre.

Location: Rushcliffe Leisure Centre	**Executive Manager:** Finance and Commercial

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles.
If the scheme goes ahead it will improve training conditions for all users of the centre particularly the elite athletes.
The new unit will be more efficient to operate and lower costs and CO^2 emissions.

Other Options Rejected and Why:
The gym hall needs to have an efficient air handling unit to provide heating and ventilation to the hall as required. Failure to provide such a system would result in a fall in the standard of the facility which could result in fewer numbers using the gym hall.

Risk Rating High (H)/Medium (M)/ Low (L): H

Start Date: June 2013	**Completion Date:** October 2013

Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£17,000	£17,000	£0	

Capital Cost (Breakdown):

Works	**Equipment**	**Other**	**Fees**
	£15,000		£2,000

Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: N/A	**Capital Financing Costs:** £170
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from Capital under Statute

Project Name: Car Park Resurfacing – Rushcliffe Leisure Centre		**Cost Centre: 0413 Ref: 18**	
Detailed Description: To provide remedial works to the worst affected areas of the car park at Rushcliffe Leisure Centre.			
Location: Rushcliffe Leisure Centre		**Executive Manager:** Finance and Commercial	
Contribution to the Council's aims and objectives: **Corporate Theme:** Maintaining and enhancing our residents' quality of life. **Strategic Task:** Activate the leisure strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.			
Community Outcomes: Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles. A safer surface with optimised car parking spaces.			
Other Options Rejected and Why: The car park requires a new surface to ensure the continuing safety of users.			
Risk Rating High (H)/Medium (M)/ Low (L): M			
Start Date: April 2014		**Completion Date:** March 2015	
Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£29,000	£0	£29,000	
Capital Cost (Breakdown)			
Works £25,000	**Equipment**	**Other**	**Fees** £4,000
Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0	
Proposed Funding			
External: N/A		**Internal:** Capital Receipts	

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: N/A	**Capital Financing Costs:** £290
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from Capital under Statute

Project Name: Bowls Rink Cloth - Arena		Cost Centre: 0409	Ref: 19
Detailed Description: Replacement of the indoor bowls carpet to maintain the quality of the facility. This item falls within the scope of Landlord responsibilities following the transfer of leisure management to Parkwood.			
Location: Rushcliffe Arena		**Executive Manager:** Finance and Commercial	
Contribution to the Council's aims and objectives: **Corporate Theme:** Maintaining and enhancing our residents' quality of life. **Strategic Task:** Activate the leisure strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.			
Community Outcomes: Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles. Social inclusion issues – most bowls players are aged over 60 years and many are women.			
Other Options Rejected and Why: Not replacing the carpet would lead to a diminished quality and would be likely to see a drop in bowls membership and activity at the Arena. Within the Leisure Contract Landlord/Tenant split the Council are responsible for the costs of wholesale replacement of large items of equipment such as the bowls carpet. The Council's Leisure Facilities Addendum approved by Cabinet in January 2012 identifies the Rushcliffe Arena as a site that will, potentially, be developed and be the Councils flagship leisure centre.			
Risk Rating High (H)/Medium (M)/ Low (L): L			
Start Date: August 13		**Completion Date:** August 13	
Capital Cost (Total) :	**Year 1: 13/14**	**Year 2: 14/15**	
£36,000	£36,000	£0	
Capital Cost (Breakdown):			
Works	**Equipment** £31,000	**Other**	**Fees** £5,000
Revenue cost per annum:	**Year 1: 13/14** £0	**Year 2: 14/15** £0	
Proposed Funding			
External: N/A		**Internal:** Capital Receipts	

Useful Economic Life (years): 7	**New/Replacement:** Replacement
Depreciation per annum: £5,140	**Capital Financing Costs:** £360
Residual Value: N/A	**Category of Asset:** Equipment

Project Name: Sports Hall Floor - Arena	Cost Centre: 0411	Ref: 20

Detailed Description:
Replacement of the original floor which has now reached the end of its anticipated life.

Location: Rushcliffe Arena	**Executive Manager:** Finance and Commercial

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Activate the leisure strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them maintain healthy and active lifestyles.

Other Options Rejected and Why:
Not replacing the floor would lead to a diminished facility which could result in a reduction in the number of attendees. The Council's Leisure Facilities Addendum approved by Cabinet in January 2012 identifies the Rushcliffe Arena as a site that will, potentially, be developed and be the Council's flagship leisure centre.

Risk Rating High (H)/Medium (M)/ Low (L): L

Start Date: August 2014	**Completion Date:** September 2014

Capital Cost (Total) :	Year 1: 13/14	Year 2: 14/15	
£58,000	£0	£58,000	

Capital Cost (Breakdown):

Works	Equipment £50,000	Other	Fees £8,000

Revenue cost per annum:	Year 1: 13/14 £0	Year 2: 14/15 £0

Proposed Funding

External: N/A	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £5,800	**Capital Financing Costs:** £580
Residual Value: N/A	**Category of Asset:** Equipment

Project Name: Roof Replacement - Bingham Leisure Centre	Cost Centre: 0414	Ref: 21

Detailed Description:
Replacement of the existing roof which is in poor condition with leaks in several areas that affect internal decoration and activity areas. This project is being financed by Nottinghamshire County Council but managed by Rushcliffe Borough Council.

Location: Bingham Leisure Centre	**Head of Service:** Finance and Commercial

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: Activate the leisure strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise.

Community Outcomes:
Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them maintain healthy and active lifestyles.

Other Options Rejected and Why:
If the project was not undertaken, the roof would continue to deteriorate resulting in a fall in standard of facility. This could lead to a reduced number of attendees at the centre.

Risk Rating High (H)/Medium (M)/ Low (L): M

Start Date: April 2013	**Completion Date:** October 2013

Capital Cost (Total) :	Year 1: 13/14	Year 2: 14/15	
£104,000	£104,000	£0	

Capital Cost (Breakdown):

Works £90,000	**Equipment**	**Other**	**Fees** £14,000

Revenue cost per annum:	Year 1: 13/14	Year 2: 14/15

Proposed Funding

External: Capital contribution from Nottinghamshire County Council	**Internal:** N/A

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: N/A	**Capital Financing Costs:** £1,040
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from capital under statute

Appendix H

Medium Term Risk Assessment

Risk	**Likelihood**	**Implication**
Future government funding levels varying from those projected in this report.	High	The figures included in this report are based on the 2013/14 local government settlement. As such they provide a reasonable baseline for projections but may be subject to change (beneficial or negative) which will need to be dealt with in future iterations of the Medium Term Financial Forecast. Projections for 2015/16 onwards are based on a projected annual funding reduction of 7% per annum. However these are assumptions for long term planning purposes and will be amended as better indications are provided to the Authority in the future
Locally Retained Non-Domestic Rates varying from the levels in this report.	High	This is a new system incorporating a funding stream that can be volatile due to the reliance on a small number of sites with large rateable values. Risks are mitigated by the Authority's membership of the Nottinghamshire Pool which will provide support to cap the loss of income at five percent should yields reduce. The Pool also provides potential benefits for the Council due to the retention and sharing of additional income in instances where Non-Domestic Rates levels increase above inflation.
Variations to levels of support required through the Council Tax Reduction Scheme.	High	The Council Tax Reduction Scheme is being introduced from April 2013 transferring responsibility for such support from the Government to the Council. As such Rushcliffe will have to absorb any changes in entitlements and support levels that arise in year. Rushcliffe's Council Tax Reduction Scheme is also reliant upon additional funding that was provided by the DCLG to cap increases in taxpayer liabilities to 8.5%. There is no guarantee that this funding will remain available in 2014/15 which may result in a new scheme being required from April 2014 which would impact on the levels of liability for individual taxpayers and further changes to the Council Tax property base.
Insufficient efficiencies being delivered and / or impacts on service delivery.	Medium	As the Medium Term Financial Forecast demonstrates, in order to maintain a balanced budget the Council will have to deliver significant efficiencies in each of the

		next five years. Due to the scale of these requirements there is an increasing risk that the resultant changes will result in a diminution of some service areas.
Material reduction in Council Tax collection rates	Low	The introduction of the Council Tax Reduction Scheme will extend liability to a range of individuals whose Council Tax bill is currently paid in full through benefit. While such changes could have an impact on overall collection rates these are unlikely to be material.
Council investments held by a failing financial institution.	Low	The Treasury Strategy at **Appendix I** outlines how the Council manages the risks associated with investment activity in the current market. Through taking a cautious approach linked to professional advice the risks of exposure to an Icelandic scenario are minimised.

Appendix I

Treasury Management Strategy and Prudential Indicators

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Corporate Governance Group and for the execution and administration of treasury management decisions to Executive Manager Finance and Commercial, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Corporate Governance Group to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

Treasury Management Strategy Statement and Investment Strategy 2013/14 to 2015/16

1. Summary

1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.

1.2. In accordance with the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code at a meeting of its Council on 7 March 2013.

1.3. The purpose of this TMSS is, therefore, to approve:

- Treasury Management Strategy for 2013/14 including the Annual Investment Strategy
- Prudential Indicators for 2013/14, 2014/15 and 2015/16
- MRP Statement

1.4. Rushcliffe Borough Council has a healthy reserves position in excess of £26m is expected to remain a feature of the Authority's financing until at least 2017/18. The Authority does not have external debt but has a sizeable investment portfolio which currently totals £49m and which is expected to average £35m in 2013-14. The successful identification, monitoring and control of credit risk and interest rate risks as well as legal/regulatory risks, are therefore central to the Authority's treasury management strategy.

1.5. With an interest rate outlook of UK base rates expected to remain low for even longer, there is relatively little meaningful scope to secure additional yield from short-dated money market deposits and investments in Money Market Funds. The Authority will explore the potential to use collective investment schemes (pooled funds) to provide a diversified portfolio of fixed income assets with the potential to achieve a higher return than from call accounts and deposits.

2. Capital Financing Requirement

2.1 An Authority's underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR).

2.2 The Authority is currently debt free and whilst its capital expenditure plans do identify the need to utilise internal balances in 2016/17 the overall position does not currently imply any external borrowing requirement prior to 2018/19. The Authority has sufficient balances and reserves to avoid the need for external borrowing.

Table 1: Balance Sheet Summary Analysis

	31/3/2012 Estimate £m	31/3/2013 Estimate £m	31/3/2014 Estimate £m	31/3/2015 Estimate £m	31/3/2016 Estimate £m
A. Capital Financing Requirement	**(£ 0.505)**	**(£ 0.505)**	**(£ 0.505)**	**(£ 0.505)**	**(£ 0.505)**
Less: B. Existing Profile of Borrowing	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Less: C. Other Long Term Liabilities	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
D. Cumulative Maximum External Borrowing Requirement [A – (B+C)]	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
E. Available Resources	**(£21.809)**	**(£14.974)**	**(£10.097)**	**(£6.969)**	**(£5.067)**
F. Cumulative Net Borrowing Requirement/(Investments) [D + (E)]	**(£21.809)**	**(£14.974)**	**(£10.097)**	**(£6.969)**	**(£5.067)**

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INVESTMENT BALANCES AND LIQUIDITY		**31/3/2013 Estimate £m**	**31/3/2014 Estimate £m**	**31/3/2015 Estimate £m**	**31/3/2016 Estimate £m**
Cash and Investments		**£27.428**	**£21.430**	**£17.949**	**£15.694**

3. Interest Rate Forecast

3.1 Forecasts provided by the Council's Treasury Advisors, Arlingclose, show that interest rates will remain low. Indeed, the forecast is for official UK interest rates to remain at 0.5% until 2016 given the moribund outlook for economic growth and the extension of austerity measures announced in the Chancellor's Autumn Statement. Until there is a credible resolution of the problems in the Eurozone – then the UK's safe haven status and minimal prospect of increases in official interest rates will continue to combine and support the theme within the forecast.

3.2 The economic and interest rate forecast provided by Arlingclose is attached at ***Appendix iii***. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

4. Annual Investment Strategy

4.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments is secondary, followed by the yield earned on investments which is a tertiary consideration.

4.2 The Authority and its advisors remain vigilant for signs of credit or market distress that might adversely affect the Authority.

4.3 Investments used by the Authority are categorised as "Specified" or "Non-Specified" within the investment guidance issued by the CLG. Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the "high credit quality" as determined by the Authority or are those made with the UK government or a local authority in England, Scotland and Wales, and are not deemed capital expenditure investments under Statute (i.e. these are not 'share capital in a body corporate'). Non specified investments are, effectively, everything else.

4.4 The types of investments that can be used by the Authority and whether they are 'specified' or 'non-specified' are in the table below. The table provides the scope for their use, rather than an indication that these will feature as part of the investment portfolio at all times.

4.5 The Executive Manager - Finance and Commercial, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Corporate Governance Group.

Table 2: Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers of Social Housing (housing associations)	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	×
Bonds issued by Multilateral Development Banks	✓	✓
Commercial Paper	✓	×
Corporate Bonds	✓	✓
AAA-Rated Money Market Funds	✓	×
Collective Investment Schemes (Pooled Funds)	✓	✓
Debt Management Account Deposit Facility	✓	×

4.5 Giving due consideration to the Authority's spending commitments and diminishing level of balances over the next three years, the need for liquidity and provisioning for contingencies, a limit of 60% of overall investments will apply for investments whose maturity exceed one year in 2013/14. Further details can be found in Appendix iv & v.

4.6 Registered Providers of Social Housing (RPs) have been included within specified and non-specified investments for 2013/14. Investments with RPs will be analysed on an individual basis and discussed with Arlingclose prior to investing.

4.7 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For 'specified investments' the minimum long term rating for counterparties is A- (or equivalent). As detailed in non-specified investments in Appendix v, the Executive

Manager – Finance and Commercial will have discretion to make investments with counterparties that do not meet the specified criteria on advice from Arlingclose.

4.8 The other credit characteristics, in addition to credit ratings, that the Authority monitors are listed in the Prudential Indicator on Credit Risk (PI 12, page 21).

4.9 Any institution will be suspended or removed should any of the factors identified above give rise to concern. Specifically credit ratings are monitored by the Authority on a weekly basis. Arlingclose advises the Authority on ratings changes and appropriate action to be taken.

4.10 The countries and institutions that currently meet the criteria for investments are included in Appendix iv.

4.11 **Authority's Banker** – The Authority banks with HSBC. At the current time, the bank's ratings meet the Authority's minimum credit criteria. Should the ratings happen to fall below the Authority's minimum criteria A- HSBC will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

5 Investment Strategy

5.1 With short term interest rates low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. However, the problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk.

5.2 In order to diversify a portfolio largely invested in cash, investments will be placed with approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.

5.3 Money market funds (MMFs) will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to mitigate operational risk by utilising a number of MMFs. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government MMFs, the Council will ensure exposure to each Fund does not exceed 2% of the net asset value of the Fund.

Collective Investment Schemes (Pooled Funds):

5.4 Investment returns continue to be important to the Council's overall finances, however seeking a higher return by taking higher credit is not deemed prudent by the Authority.

5.5 Returns earned from cash instruments (term deposits and call accounts, Constant Net Asset Value Money Market Funds) which the Council has utilised up until the current time have fallen significantly over the past 24 months and are expected the remain low. To given an example, the rate for a 12-month deposit with the UK banks used by the Council range from 0.6% to just under 1%.

5.6 The Authority will evaluate the use of Pooled Funds which operate on a Variable Net Asset Value (VNAV) basis and determine the appropriateness of their use within the investment portfolio. Such pooled funds will enable the Authority have a more diversified portfolio of fixed income assets than is the case at the current time with the potential to achieve a higher return than from call accounts and deposits. As the funds operate on a VNAV basis, capital values can move up as well as down, an investment time frame of 18-24 months to ride out periods of potential market volatility is recommended.

5.7 Investments in pooled funds will be undertaken with advice from Arlingclose about their performance and continued suitability in meeting the Authority's investment objectives will be regularly monitored.

5.8 The advantages and disadvantages of collective investment schemes can be summarised below:

Advantages	Disadvantages
• Potentially enhanced investment returns • Minimum investment thresholds generally £1m upwards • Diversifies opportunity and risk • More appropriate to prevailing economic conditions • Access to fund manager resources • Unitised approach can work regardless of scale • Resource efficient management of funds	• Volatility of returns may increase as capital values may move up as well as down • Some funds may use more complex investment instruments • There may be new accounting treatments to consider • There may be liquidity restrictions in some funds

6. Policy on Use of Financial Derivatives

6.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

6.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk.

6.3 Derivatives are complex; the Authority will only use derivatives after seeking expertise, a legal opinion and ensuring that officers have the appropriate training and skills for their use.

7 2013/14 MRP Statement

7.1 The Council is required to set an annual policy on the way it calculates the prudent provision for the repayment of borrowing (MRP). This year's policy can be found in Appendix vi of this report.

8 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

8.1 The Executive Manager – Finance and Commercial will report to the Corporate Governance Group on treasury management activity/performance and Performance Indicators as follows:

- Six monthly against the strategy approved for the year.
- The Authority will also produce an outturn report on its treasury activity to the Corporate Governance Group no later than 30th September after the financial year end.

- Corporate Governance Group will be responsible for the scrutiny of treasury management activity and practices.

9 Other Items

Training

9.1 CIPFA's Code of Practice requires that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

9.2 Arlingclose run periodic training courses on Treasury Management principles and final accounts workshops. CIPFA also hold courses on Prudential Indicators and Treasury Management.

Treasury Management Advisors

9.3 The Authority uses Arlingclose as Treasury Management Advisors and receives the following services:

– Credit advice
– Investment advice
– Technical and treasury accounting advice
– Economic and interest rate forecasts, market intelligence
– Workshops and training events.

9.4 The Authority maintains the quality of the service with its advisors by holding quarterly meetings and tendering periodically.

Appendix i

Existing Investment & Debt Portfolio Position (Section 2.2)

	31/1212 Actual Portfolio £m	31/12/12 Average Rate %
External Borrowing	**Nil**	**Nil**
Other Long Term Liabilities	Nil	Nil
Total Gross External Debt	Nil	Nil
Investments: *Managed in-house* Short-term investments Long-term investments	 £40.725 Nil	 0.62% Nil
Total Investments	£40.725	0.62%
Net Debt / Investments	£40.725	0.62%

Prudential Indicators 2013/14 – 2015/16

1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross Debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.
The Executive Manager - Finance and Commercial reports that the Authority had no difficulty meeting this requirement in 2012/13, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.
Where **the gross debt is greater than the capital financing requirement the reasons** for this should be clearly stated in the annual treasury management strategy.

3. Estimates of Capital Expenditure:

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
General Fund	4.263	7.520	5.998	3.481	2.225
Total	**4.263**	**7.520**	**5.998**	**3.481**	**2.225**

Capital expenditure will be financed or funded as follows:

Capital Financing	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	2.212	4.356	4.982	2.879	1.810
Government Grants	1.230	2.999	0.726	0.377	0.220
Revenue contributions	0.821	0.165	0.290	0.225	0.225
Total Financing	**4.263**	**7.520**	**5.998**	**3.481**	**2.255**
Supported borrowing	Nil	Nil	Nil	Nil	Nil
Unsupported borrowing	Nil	Nil	Nil	Nil	Nil
Total Funding	Nil	Nil	Nil	Nil	Nil
Total Financing and Funding	**4.263**	**7.520**	**5.998**	**3.481**	**2.255**

Table 1 shows that the capital expenditure plans of the Authority can be funded entirely from sources other than external borrowing.

4. **Ratio of Financing Costs to Net Revenue Stream:**
This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.
The ratio is based on costs net of investment income and is negative as the result of investment yields exceeding borrowing costs (nil).

Ratio of Financing Costs to Net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
General Fund	-4.75	-2.92	**-2.35**	-2.24	-2.37
Total	**-4.75**	**-2.92**	**-2.35**	**-2.24**	**-2.37**

5. **Capital Financing Requirement:**
The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
General Fund	(0.505)	(0.505)	(0.505)	(0.505)	(0.505)
Total CFR	(0.505)	(0.505)	(0.505)	(0.505)	(0.505)

6. **Incremental Impact of Capital Investment Decisions:**
This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	-0.17	**0.21**	-0.09	-0.24

The Council's capital plans, as estimated in forthcoming financial years, have a neutral impact on council tax and/or housing rents. This reflects the fact that capital expenditure is predominantly financed from internal resources (grants, contributions, revenue and capital receipts) and that any increase in the underlying need to borrow is supported through the Revenue Support Grant system.

7. **Authorised Limit and Operational Boundary for External Debt:**
The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.
The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

	2012/13 Approved £m	**2012/13 Revised £m**	**2013/14 Estimate £m**	**2014/15 Estimate £m**	**2015/16 Estimate £m**
Authorised Limit for Borrowing	12.500	12.500	**13.000**	13.500	14.500
Authorised Limit for Other Long-term Liabilities	Nil	Nil	**Nil**	Nil	Nil
Authorised Limit for External Debt	**12.500**	**12.500**	**13.000**	**13.500**	**14.500**
Operational Boundary for Borrowing	4.000	4.000	**4.500**	5.000	5.500
Operational Boundary for Other Long-term Liabilities	Nil	Nil	**Nil**	Nil	Nil
Operational Boundary for External Debt	**4.000**	**4.000**	**4.500**	**5.000**	**5.500**

8. Adoption of the CIPFA Treasury Management Code:

This indicator demonstrates that the Authority has adopted the principles of best practice. The Authority has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Full Council Meeting 7 March 2013.

9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / net interest paid (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).
Due to the Authority's debt free nature these indicators, as calculated would result in a nil return. Therefore the details below outline the extent to which the Council is willing to enter into fixed and variable interest rate investments.

	2013/14 Estimate	**2014/15 Estimate**	**2015/16 Estimate**

	%	%	%
Upper Limit for Fixed Interest Rate Exposure	35%	35%	35%
Upper Limit for Variable Interest Rate Exposure	100%	100%	100%

The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Authority's treasury management strategy.

10. Maturity Structure of Fixed Rate borrowing:

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment. As the Council has no current need or plans to borrow within 2013/14 any borrowings would need to be made for specific and defined purposes and would result in a proportion of borrowing of up to 100% for each element of maturity.

Maturity structure of fixed rate borrowing	**Existing level (or Benchmark level) at 31/03/12 %**	**Lower Limit for 2013/14 %**	**Upper Limit for 2013/14 %**
under 12 months	Nil Borrowing	0	100
12 months and within 24 months	Nil Borrowing	0	100
24 months and within 5 years	Nil Borrowing	0	100
5 years and within 10 years	Nil Borrowing	0	100
10 years and within 20 years	Nil Borrowing	0	100
20 years and within 30 years	Nil Borrowing	0	100
30 years and within 40 years	Nil Borrowing	0	100
40 years and within 50 years	Nil Borrowing	0	100
50 years and above	Nil Borrowing	0	100

11. Credit Risk:

The Authority considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);

– Economic fundamentals, such as a country's net debt as a percentage of its GDP);
– Corporate developments, news, articles, markets sentiment and momentum;
– Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

12. Upper Limit for total principal sums invested over 364 days:

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	**2012/13 Approved £m**	**2012/13 Revised £m**	**2013/14 Estimate £m**	**2014/15 Estimate £m**	**2015/16 Estimate £m**
	18.400	**16.500**	**12.900**	**10.800**	**9.400**

Economic & Interest Rate Forecast (Sections 4.1 & 5.1)

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Official Bank Rate													
Upside risk			0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month LIBID													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.90	0.90	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	0.80	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.20	1.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
Central case	1.90	1.90	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	2.80	2.80	2.80	2.80	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
Central case	3.30	3.30	3.30	3.40	3.40	3.40	3.50	3.50	3.50	3.50	3.60	3.60	3.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

Underlying Assumptions:

- Consumer Price Inflation has fallen to 2.7% from a peak of 5.2%. Near term CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated.
- Strong Q3 growth data has provided encouragement with the larger than expected 1% rise in GDP. Consumers are yet to loosen purse strings and businesses are still reticent to make long-term investments. The momentum in growth is unlikely to be sustained whilst uncertainty over the economic outlook persists.
- In the absence of large, unexpected decline in growth, QE is likely to remain on hold at £375bn for now. The availability of cheaper bank borrowing and subsequently for corporates through the Funding for Lending Scheme (FLS) is a supporting factor.
- The US Federal Reserve's shift in its rate guidance from a date-based indication to economic thresholds (6.5% unemployment, inflation 1 – 2 years out projected to remain below 2.5%, longer term inflation expectations remain well anchored) is likely to increase market uncertainty around the highly volatile US employment data releases.
- The US 'fiscal cliff' still remains unresolved. (A last minute agreement on 1st January between the US President and Congressional Republicans to increase taxes on higher earning Americans partly averted the fiscal cliff, which would have meant automatic tax hikes and spending cuts. However the issues of spending cuts, cutting the budget deficit and raising the country's debt ceiling remained unresolved. A failure to address these by March 2013 could lead to a similar showdown and risks a downgrade to the US sovereign credit rating by one or more agencies.)

- The Eurozone is making slow headway (the European Stability Mechanism is now operational, announcements on the OMT programme, slow progress towards banking union) which has placated markets and curtailed some of the immediate risks although peripheral countries continue to struggle. Full-fledged banking and fiscal union is still some years away.

Appendix iv

Current Recommended Sovereign and Counterparty List as at 31/12/2012 (Section 8)

Country/ Domicile	**Counterparty**	**Maximum Counterparty Limit %**	**Maximum Group Limit** (if applicable) **%**	**Maximum Maturity Limit (term deposits and instruments without a secondary market)**[5]	**Maximum Maturity Limit (negotiable instrument)**[6]
UK	Santander UK Plc (Banco Santander Group)	15%		2 years	2 years
UK	Bank of Scotland (Lloyds Banking Group)	15%	22.5%	2 years	2 years
UK	Lloyds TSB (Lloyds Banking Group)	15%		2 years	2 years
UK	Barclays Bank Plc	15%		2 years	2 years
UK	HSBC Bank Plc	15%		5 years	5 years
UK	Nationwide Building Society	15%		2 years	2 years
UK	NatWest (RBS Group)	15%	22.5%	2 years	2 years
UK	Royal Bank of Scotland (RBS Group)	15%		2 years	2 years
UK	Standard Chartered Bank	15%		2 years	2 years
Australia	Australia and NZ Banking Group	15%		2 years	2 years
Australia	Commonwealth Bank of Australia	15%		2 years	2 years
Australia	National Australia Bank Ltd (National Australia Bank Group)	15%		2 years	2 years
Australia	Westpac Banking Corp	15%		2 years	2 years
Canada	Bank of Montreal	15%		2 years	2 years
Canada	Bank of Nova Scotia	15%		2 years	2 years
Canada	Canadian Imperial Bank of Commerce	15%		2 years	2 years
Canada	Royal Bank of Canada	15%		5 years	5 years
Canada	Toronto-Dominion Bank	15%		2 years	2 years
Finland	Nordea Bank Finland	15%		2 years	2 years
France	BNP Paribas	15%		2 years	2 years
France	Credit Agricole CIB (Credit Agricole Group)	15%	22.5%	2 years	2 years
France	Credit Agricole SA (Credit Agricole Group)	15%		2 years	2 years
France	Société Générale	15%		2 years	2 years

[5] *2 years is the maximum approved duration for term deposits and illiquid investments (those without a secondary market), although in practice the Authority may be investing on a shorter term basis depending on operational advice of the authority's treasury management adviser.*
[6] *5 years is the maximum approved duration for negotiable instruments such as Certificates of Deposits, Medium Term Notes and Corporate Bonds, although in practice the Authority may be investing for shorter periods depending on operational advice of the authority's treasury management adviser.*

Germany	Deutsche Bank AG	15%		2 years	2 years
Netherlands	ING Bank NV	15%		2 years	2 years
Netherlands	Rabobank	15%		2 years	2 years
Netherlands	Bank Nederlandse Gemeenten	15%		2 years	2 years
Sweden	Svenska Handelsbanken	15%		2 years	2 years
Switzerland	Credit Suisse	15%		2 years	2 years
US	JP Morgan	15%		2 years	2 years

Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools or a new suitable counterparty comes into the market. Alternatively, if a counterparty is downgraded, this list may be shortened.

Group Limits - For institutions within a banking group, the Authority executes a limit of 1.5 times the individual limit of a single bank within that group.

Non-Specified Investments

Instrument	**Maximum maturity**	**Max % of portfolio**	**Capital expenditure?**
Term deposits with banks, building societies which meet the specified investment criteria (on advice from TM Adviser)	2 years	100	No
Term deposits with local authorities	2 years	20	No
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	5 years	50	No
Investments with banks and building societies which **do not meet** the specified investment criteria (on advice from TM Adviser and authority from S151 Officer)	3 months	10	No
Deposits with registered providers of social housing	5 years	10	No
Gilts	10 years	10	No
Bonds issued by multilateral development banks	5 years	25	No
Sterling denominated bonds by non-UK sovereign governments	5 years	25	No
Money Market Funds and Collective Investment Schemes	1 year	100	No
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	2 years	10	No
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 and subsequent amendments	These funds do not have a defined maturity date	£5M	Yes

The Authority will have a maximum of 68% of its investment portfolio in non-specified investments.

MRP Statement 2013/14

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2013/14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) capital expenditure funded from borrowing. Methods of making prudent provision for unsupported capital expenditure include Options 3 and 4 (which may also be used for supported capital expenditure if the Authority chooses).

The MRP Statement will be submitted to Council before the start of the 2013/14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.

The Authority's CFR at 31st March 2013 is estimated to be nil and as such under Option 2 (the CFR Method) there is no requirement to charge MRP in 2013/14.

Rushcliffe Borough Council	**Council** **7 March 2013** **Pay Policy Statement 2013/14 - Referral From Cabinet**	**9**

REPORT OF THE EXECUTIVE MANAGER OPERATIONS & CORPORATE GOVERNANCE

Summary

Section 38 of the Localism Act 2011 requires local authorities to publish a Pay Policy Statement by 31 March each year. This report sets out the Council's Pay Policy Statement 2013/14 as recommended by Cabinet for referral to Council for approval.

Recommendation

It is RECOMMENDED that Council approve the Pay Policy Statement, 2013/14.

Background

1. The Localism Act 2011 received royal assent on 15 November 2011. Section 38 of the Act placed a new requirement on local authorities to publish a Pay Policy Statement by 31 March each year. The Statement must set out the Council's policies relating to the:

   a) remuneration of its Senior officers;
   b) remuneration of its lowest-paid employees; and
   c) relationship between the remuneration of its Senior officers and the remuneration of its employees who are not Senior officers.

2. Senior officers have been defined as the posts of Chief Executive, Deputy Chief Executives and the seven Heads of Service under the old structure and Chief Executive and Executive Managers under the new structure for the purposes of the Pay Policy Statement.

3. At the Council meeting on 27 September 2012 a report was approved that agreed a re-structure of the Senior Management Team. This was to accomplish the Chief Executive's commitment to achieve cost savings in line with the Council's four year plan. The subsequent changes have resulted in cost savings over and above those highlighted within the four year plan resulting in ongoing future revenue savings of approximately £254,000.

4. Attached as appendix A to this report is the proposed Pay Policy Statement 2013-14. The Statement sets out the Council's policies in relation to the pay of its workforce, particularly its senior officers. It does not supersede the responsibilities and duties placed on the Council in its role as an employer and under employment law. These responsibilities and duties have been considered when formulating the Statement.

5. This Statement aims to ensure the Council's approach to pay attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.

6. The Statement has been put together taking into account the relevant sections within Chapter 8 'Pay Accountability' of the Localism Act 2011. In its development consideration has also been given to the draft guidance produced by the Department for Communities and Local Government (DCLG) entitled 'Openness and Accountability in local pay – draft guidance under section 40 of the Localism Act'. Additionally consideration has been given to the Code of Recommended Practice for Local Authorities on Data Transparency published by the DCLG in September 2011.

7. The Council is required to approve the Statement before 31 March each year and as soon as possible publish it on its website demonstrating an open and transparent approach to pay policy.

Financial Comments

There are no direct financial implications arising from this report as the Pay Policy Statement sets out the Council's policies relating to remuneration. It does not serve to set or agree specific rates or numerical amounts.

Section 17 Crime and Disorder Act

There are no direct implications arising from this report.

Diversity

This Pay Policy Statement aims to ensure the Council's presents and open and transparent approach to pay which attracts and retains a high performing and diverse workforce whilst ensuring value for money.

Background Papers Available for Inspection:

Openness and Accountability in local pay – draft guidance under section 40 of the Localism Act - Department for Communities and Local Government (DCLG)

Code of Recommended Practice for Local Authorities on Data Transparency by the DCLG - September 2011 (DCLG)

Localism Act 2011 – Chapter 8 'Pay Accountability'

Pay Policy Statement 2013/14 – report to Cabinet 12 February 2013

Appendix A

Rushcliffe Borough Council

Pay Policy Statement 2013 / 14

1. Introduction

1.1 This Statement sets out the Council's policies in relation to the pay of its workforce, particularly its Senior Officers, in line with Section 38 of the Localism Act 2011. The Statement is approved by full Council each year and published on the Council's website demonstrating an open and transparent approach to pay policy.

1.2 This Statement draws together the Council's policies relating to the payment of the workforce particularly:

- Senior Officers
- its lowest paid employees; and
- the relationship between the pay of Senior Officers and the pay of other employees

1.3 For the purposes of this statement 'pay' includes basic salary, pension and all other allowances arising from employment.

2. Objectives of this Statement

2.1 This Statement sets out the Council's key policy principles in relation to pay evidencing a transparent and open process. It does not supersede the responsibilities and duties placed on the Council in its role as an employer and under employment law. These responsibilities and duties have been considered when formulating the Statement.

2.2 This Statement aims to ensure the Council's approach to pay attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency. Further details of this information can be found on the Council's website at the following address:

http://www.rushcliffe.gov.uk/councilanddemocracy/aboutthecouncil/seniorofficers/roleandremuneration/

3. Senior Officers

3.1 For the purposes of this Statement Senior Officers are defined as those posts with a salary above £58,200 which is the current Senior Civil Service minimum pay band. This definition is in line with the Code of Recommended Practice for Local Authorities on Data Transparency published in September 2011. Following the restructure in 2012 Senior Officers within Rushcliffe currently consists of 6 posts out of a current establishment of 365. The posts are as follows:-:

Chief Executive

Executive Manager Finance and Commercial (Section 151 Officer)

Executive Manager Operations and Corporate Governance (Monitoring Officer)

Executive Manager Transformation

Executive Manager Neighbourhoods

Executive Manager Communities

The posts under the previous structure were as follows:-

Chief Executive

Deputy Chief Executive Section 151Officer

Deputy Chief Executive

Head of Corporate Services

Head of Environment and Waste Management

Head of Community Shaping

Head of Financial Services

Head of Planning and Place Shaping

Head of Revenues and ICT Services

Head of Transformation

3.2 The policies the Council consults in setting pay for all employees is shown at Appendix One. The Council will meet or reimburse authorised travel, accommodation and subsistence costs for attendance at approved business meetings and training events. The Council does not regard such costs as remuneration but as non-pay operational costs.

4. Pay of the Council's Lowest Paid Employees

4.1 The total number of Council employees is presently 365. The Council has defined its lowest paid employees by taking the average salary of five permanent staff (employed on a part-time basis) on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. On this basis the lowest paid full-time equivalent employee of the Council earned £12,145 in 2013/1 which continues to be above the minimum wage.

5. Pay Relationships

5.1 The Localism Act 2011 requires the Council to set out its policy relating to the relationship between the pay of its Senior Officers and the pay of the rest of its employees. This relationship is demonstrated by the Council's grading structure and the information is available from the Council's Website.

5.2 The Council does not explicitly set the pay of any individual or group of posts by reference to a pay multiple. The Council feels that pay multiples cannot capture the complexity of a dynamic and highly varied workforce in terms of job content, skills and experience required. In simple terms, the Council sets different levels of basic pay to reflect differences in levels of responsibility. Additionally the highest paid employee of the Council's salary does not exceed 10 times that of the lowest paid group of employees.

5.3 The Head of paid service, or this delegated representative, will give due regard to the published Pay Policy Statement before the appointment of any Officers. Full Council will have the opportunity to discuss any appointment exceeding £100,000 before an offer of appointment is made, in line with the Council's Officer Employment procedure rules within Part 4 of the Council's Constitution.

Appendix One

Policies on other aspects of pay

Process for setting the pay of Senior Officers

The pay of the Chief Executive is based on an agreed pay scale which is agreed by Council prior to appointment. Changes to this are determined by the Leader, Deputy Leader and Leader of the Opposition, who are advised by an agreed external professional and the Monitoring Officer.

The pay of all Officers including Senior Officers is determined by levels of responsibility, job content and the skills and experience required. Consideration is also given to benchmarking against other similar roles, market forces and the challenges facing the authority at that time and to maximise efficiency. The pay of these posts is determined through the Chief Executive, or his nominated representative, in consultation with the Strategic Human Resources Manager and in line with the Council's pay scales and its agreed scheme of delegation.

The Council moved away from the national conditions of service in 1990 and pay scales are set locally.

As with all employees, the Council would look to appoint on the lowest point of the scale to secure the best candidate. However, there are factors that could influence the rate offered to an individual, including the relevant experience of the candidate, their current rate of pay and market forces.

All Senior Officers are expected to devote the whole of their service to the Authority and are excluded from taking up additional business, ad hoc services or additional appointments without consent as set out in the Councils code of conduct.

Terms and Conditions – All Employees

All employees are governed by the local terms and conditions as set out in the Employee handbook.

Local Government Pension Scheme

All employees may join the Local Government Pension Scheme. The Scheme is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the local government pension scheme see: http://www.lgps.org.uk/

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee and the same terms apply to all staff. It is not normal Council policy to enhance retirement benefits but there is flexibility contained within the policy for enhancement of benefits and the Council will consider each case on its merits.

Car Lease Scheme - Discontinued

The Council operated a car lease scheme until March 2011 which provided a scaled contribution towards the annual cost of a lease car. The scheme was discontinued as part of a review of management costs across the authority resulting in a phased withdrawal of contributions with all contributions being withdrawn by April 2014.

Car Allowances

The Council pays car allowances in accordance with the National Joint Council scales which are the same for the Senior Officers and other staff. These rates can be found on the Council's website.

The car allowances and mileage rates are reviewed in line with the publication of the nationally agreed scales.

Pay Increments

The Executive Manger posts are on a spot salary without incremental progression. Increments for all other employees are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or his nominated representative, has the discretion to award and remove increments of officers' dependant on satisfactory or unsatisfactory performance in consultation with the Strategic Human Resources Manager.

Relocation Allowance

Where it is necessary for a newly appointed employee to relocate to take up appointment, the Council may make a contribution towards relocation expenses. The same policy applies to Senior Officers and other employees. Payment will be made against a range of allowable costs for items necessarily incurred in selling and buying a property and moving into the area. The costs include estate agents fees, legal fees, stamp duty, storage and removal costs, carpeting and curtains, short term rental etc. The Council will pay 80% of some costs and 100% of others or make a fixed sum available. If an employee leaves within two years of first employment, they may be required to reimburse a proportion of any relocation expenses.

Professional fees

The Council currently meets the cost of professional fees and subscriptions for employees where it is a requirement of their employment or their contract. Only one professional fee or subscription is paid.

Returning Officer Payments

In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of returning officer, acting returning officer, deputy returning officer or deputy acting return officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

Fees for returning officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties they are distinct from the process for the determination of pay for Senior Officers.

Managing Organisational Change Policy

The original Managing Organisation Change Policy was agreed by Council in March 2007. The Council's policy on the payment of redundancy payments is set out in this policy. The redundancy payment is based on the length of continuous local government service which is used to determine a multiplier which is then applied to actual pay.

The policy provides discretion to enhance the redundancy and pension contribution of the individual and each case would be considered taking into account individual circumstances. Copies of the policy are available on the Council's website.

Payments on termination

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued leave which by agreement is untaken at the date of leaving or payments that are agreed or negotiated in line with current employment law practices.

Publication of information relating to remuneration of Senior Officers

The Pay Policy Statement will be published annually on the Council's website following its approval by full Council each year.