When telephoning, please ask for: Member Services
Direct dial 0115 914 8481
Email memberservices@rushliffe.gov.uk

Our reference:
Your reference:
Date: 25 February 2015

To all Members of the Council

Dear Councillor

A meeting of the RUSHCLIFFE BOROUGH COUNCIL will be held on Thursday 5 March 2015 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 Monday 22 December 2014 (pages 1 - 9).

4. Mayor's Announcements.

5. Leader’s Announcements

6. Chief Executive’s Announcements

7. 2015/16 Budget and Financial Strategy

   The report of the Executive Manager – Finance and Commercial is attached (pages 10 - 102).

8. Council Tax 2015/16

   The report of the Executive Manager – Finance and Commercial will follow.

9. Proposals for a Nottingham and Nottinghamshire Combined Authority

The report of the Chief Executive is attached (pages 103 - 108).

10. Independent Review of Members' Allowances

The report of the Chief Executive is attached (pages 109 - 117).

11. Notice of Motions

a) The following Notice of Motion will be proposed by Councillor R M Jones and seconded by Councillor S J Boote:

"Council supports the retention and development of post offices throughout the urban and rural communities and especially where there is no other access to financial services. Council resolves that the Leader should inform Post Office Ltd. of this support and to work with Post Office Ltd. to ensure that all Rushcliffe residents have reasonable access to at least the present level of post office provision."

b) The following Notice of Motion will be proposed by Councillor S E Mallender and seconded by Councillor R M Jones

"Council recognises the importance of trees and woodland in helping counteract climate change, alleviating flooding and providing benefits for recreation and mental health. Council asks Cabinet to investigate, in consultation with the relevant Scrutiny Committee, the possibility of a trees and woodlands policy."

12. 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
MONDAY 22 DECEMBER 2014

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

PRESENT:

Councillor R Hetherington - Mayor
Councillor F A Purdue-Horan – Deputy Mayor

Councillors L J Abbey, R A Adair, Mrs S P Bailey, Mrs D M Boote, S J Boote, R L Butler, H A Chewings, J N Clarke, T Combellack, L B Cooper, J E Cottee, G Davidson, A M Dickinson, J E Fearon, R M Jones, I I Korn, N C Lawrence, E J Lungley, A MacInnes, Mrs M M Males, G R Mallender, S E Mallender, D J Mason, F J Mason, S J Robinson, Mrs J A Smith, P Smith, J A Stockwood, Mrs M Stockwood, B Tansley, J E Thurman, H Tipton, D G Wheeler, J G A Wheeler

ALSO IN ATTENDANCE:
38 Members of the public

OFFICERS PRESENT:

A Goodman	Member Support Officer
A Graham	Chief Executive
P Linfield	Service Manager – Finance & Commercial
R Mapletoft	Planning Policy Manager
D Mitchell	Executive Manager - Communities
V Nightingale	Senior Member Support Officer
A Pegram	Service Manager - Communities
K Powell	Chief Information Officer
D Swaine	Executive Manager - Operations and Corporate Governance

APOLOGIES FOR ABSENCE:
Councillors J R Bannister, D G Bell, N K Boughton-Smith, N A Brown, B Buschman, J E Greenwood, K A Khan, Mrs J M Marshall, G S Moore, E A Plant, T Vennett-Smith

OPENING PRAYER

Councillors, officers and members of the public observed a minute's silence in respect of Councillor John Cranswick who had recently passed away. Following this the Mayor's Chaplain led the meeting in prayer.

30. **Declarations of Interest**

There were none declared.

31. **Minutes**

The minutes of the meeting held on Thursday 25 September 2014 were received as a correct record and signed by the Mayor.

32. **Mayor's Announcements**

The Mayor informed Members that he had attended 99 engagements so far this year. He reminded Members of two forthcoming events that were being held to raise money for his Charity, The Friary.

33. **Leader's Announcements**

The Leader stated that the HS2 Board had not accepted Toton as the site for the East Midlands station and that it would be considering alternatives. He reminded Members that the Council had resolved to promote the East Midlands Parkway as a more desirable location. Consequently, he had written to the Chief Executive of the HS2 Board and had raised it at a recent meeting of the East Midlands Councils Board that East Midlands Parkway should be considered alongside Breeston. Councillor Clarke informed Members that the HS2 Chief Executive would be visiting the area in January 2015.

34. **Chief Executive's Announcements**

The Chief Executive presented a cheque for £100 for his charity. The money had been raised as part of the launch of the new Streetwise Environmental Limited at the Rushcliffe Business Partnership event held on 1 October 2014.

35. **Adoption of the Rushcliffe Local Plan Part 1: Core Strategy**

Councillor Clarke, in moving the recommendation, stated that this was a significant strategic decision for the whole of the Borough as the Core Strategy set out the Borough's developments until 2028. He was aware that this decision would not satisfy all of the residents and that it would have a major impact upon some elements of the Borough. However, as community leaders it was their responsibility to adopt the Plan. He fully recognised that some people would have severe reservations regarding the scale of the proposed development but he believed that the Plan would provide the basis for further economic prosperity and would benefit future generations.

Councillor Clarke stated that the preparation of the Core Strategy had been a long and difficult process which had resulted in some very difficult, and sometimes unpopular decisions. He said that the decisions had been limited as the Borough had very little brownfield sites and a large quantity of green belt land, which had been acknowledged by the Inspector in her report. The report had also addressed the Government's statements on the use of green belt land.

He reminded Members of the extensive consultation exercises that had taken place over a number of years. He felt that the Council had made every reasonable effort to keep people informed and to engage with as many people as possible in the process of preparing the Plan. With reference to the

Inspector's report Councillor Clarke evidenced her support of the Council's approach, especially in reference to the changes made to the documents.

Councillor Clarke acknowledged that, if Members adopted the Plan, the process would not be completed. He stated that there would have to be more work to secure the appropriate developments that were needed. Cabinet had recognised this commitment when it had recently approved the setting up of a Strategic Growth Board and sub-groups. He confirmed that this Board would work alongside the Local Development Framework Group to oversee the delivery of the Plan. It would also be necessary to continue engaging with communities, especially those affected by the strategic sites. He informed Members that he had recently met with representatives from Barton in Fabis and Gotham to hear their on-going concerns. He highlighted a few of their questions including why were the Council making this decision now and why did Rushcliffe not wait until the outcome of the legal challenge being put forward on the combined Core Strategies of Nottingham City, Gedling, Ashfield and Broxtowe Borough Councils. He had responded that it had taken eight years to reach this point and that he could not see any advantages in delaying it further. He was concerned that the Challenge would not be considered until March 2015 at the earliest and that no-one knew when the outcome would be made public. He was satisfied that if the housing numbers did alter due to the Challenge the Council would be able to instigate a review of its Plan, especially as there was a duty to co-operate, which was contained within the Inspector's report. He had stated, by quoting Clive Betts MP, that it was time to protect the whole Borough from further unwanted development by moving quickly to adopt the Local Plan.

He pointed out that, since the start of the current process in 2006, the Council had responded to many changes in the planning system including the Regional Strategies and the introduction of the National Planning Policy Framework. Councillor Clarke acknowledged the hard work of the Local Development Framework Group and the officers involved. Because of this lengthy process the Plan was supported by its own evidence base that addressed local issues and ambitions. It had used evidence from the previous Regional Plan but this had been supplemented and brought up to date with objective assessment of housing requirements including affordable housing, employment land, retail capacity, landscape, water and flooding and other environmental matters. He stated that this was an ambitious plan which would see the development of over 13,000 new homes and over 50 hectares of employment land over the plan period to 2028.

In conclusion, Councillor Clarke stated that Rushcliffe would be making a significant contribution to the needs of the Housing Market Area and more than other Greater Nottingham Councils. However, the Council was acting responsibly to meet the growth needs of Rushcliffe and the surrounding economic area. It was now the Council's duty to make strong representations to the Government, Local Enterprise Partnership and neighbouring authorities to secure the investment required to meet this commitment.

Councillor Davidson stated that the Council had been considering long term planning for over twenty years with many delays caused by Central Government. In fact, tonight Members were being asked to consider large scale development control. In his opinion every Member should make their own decision and there should not be any party political influence. At this stage in the process he felt he should be delighted, however, he was not. He supported Councillor Clarke's comments regarding the work of the Local Development Framework Group and officers but could not support the recommendations.

He was surprised at the Inspector's views on affordable housing and sustainable transport. He believed that environmental protection had been given low level importance and that the necessary infrastructure had not been adequately considered. He believed that the word sustainable was being incorrectly defined and was an alternative for profitable whereas it should mean the mitigation of environmental damage. The use of public transport is contained within the document but not how it would be achieved. Only small, minor alterations were being proposed for the A52 which would not address the current problems nor make adequate provision for the development at Newton.

In respect of Affordable Housing he stated that the current situation was an improvement on previous years, however, it was frequently evaded by developers as it undermined profitability.

He believed that there should be a tightening of the rules concerning affordable housing and that there should be more funding for the roads and railways to allow the promotion of public transport. Whereas he agreed that there were many good policies within the document, he could not support all of it and would therefore be abstaining from the vote.

Councillor MacInnes stated that although this was not an easy decision to take he would be supporting the recommendation. He highlighted the changes made to the proposed developments through the main modifications. Ultimately the decision had been taken by the Inspector that the document was sound. He felt that the number of houses required was being imposed on the Council by Government. He expressed his concerns regarding developments in the Green Belt but agreed that there was a need to meet the housing needs of the next generation.

He felt that this topic was very complicated and had been the subject of many discussions over the last ten years. However, he believed that it would be unrealistic for Councillors to vote no as this would leave a policy vacuum, leaving the Council without a voice on what facilities should be provided and unable to support infrastructure and affordable housing. He acknowledged that there was a desperate need for housing and that first time buyers had extra pressure due to the prices of properties in Rushcliffe. He outlined the comparisons between average earnings and house prices and rents, which added extra strains on the welfare system. He recognised that a boost in housing provision would not reduce prices or rents but that it would balance supply, demand and need. He welcomed Main Modification 4c in respect of affordable housing as this would significantly increase the numbers provided. Although he felt that there should be a review when the market conditions improved.

With regards to the development at Melton Road, Edwalton he welcomed the modification to the access routes for the site as the original plan to have a barrier control at one part of the site had been restrictive. He stated that the Inspector had not comprised on safety by agreeing to some public use.

Councillor S Mallender also supported the comments regarding the work undertaken by the Local Development Framework Group and officers. She stated that, as a member of the Group, she had often had it recorded that she was against some of the policies. She had become a Councillor to work for the people of Rushcliffe and not to enable developers to make money by building over green sites. She reminded Members that, in 2003, she had queried the definition of sustainable and had been disappointed that it differed from her own understanding as it was defined as economically viable.

In respect of affordable housing she believed that there should be greater proportionality on sites especially as most young people were unable to buy or rent properties in the south east of the country. It had recently been announced that Rushcliffe was the 8th most desirable place to live, with the majority of the top ten being in the south of the country.

She believed that further work was needed to the Plan to make developments carbon neutral, with higher insulation, solar panels/tiles as part of the build, ground heat pumps and more provision for walking, cycling and public transport. In respect of the development at Melton Road, Edwalton the buffer zone around the wood should be increased to protect the habitat and wildlife. In her opinion the Council was paying lip service to localism and therefore she would not be supporting the recommendations.

Councillor Robinson stated that he wished to put forward the views of the residents of the Edwalton Ward, which he and Councillor P Smith represented. He felt that people felt stressed and anxious and that they wished to move forward. He understood that not everyone would be happy or find the plan palatable, however it was the way forward. He highlighted the Inspector's comments regarding the protection of Edwalton Golf Course and how it would not be available for development before 2028 and only then if the Local Plan had been reviewed and had deemed it necessary. Also he pointed out that the Council was the landowner and it would need a decision by Cabinet and permission by the Development Control Committee for any future change of use. He recommended that, before any review of the Local Plan, the Local Development Framework Group should consider all relevant policies with regard to the Edwalton Golf Course.

Councillor Robinson stated that the majority of people would focus on the 13,500 houses that were planned, however, he felt that the focus should be on communities and how these could be enhanced. It was vital that the Council supported these communities by acquiring viable Section 106 agreements and ensuring that these were enforced.

Finally, he acknowledged the comments regarding Rushcliffe being the 8th best place to live, and stated that it had been in the top ten for many years and that this would help it to remain there.

Councillor S Boote stated that he would be supporting the recommendation, however it would be through gritted teeth. He stated that this issue had come a long way over a number of years and following some lengthy meetings. He had attended public hearings and felt that this topic had been heavily scrutinised. Finally the Council had a way forward for the next fourteen years. He felt that it was not ideal and that it would not suit everyone, however it would be best for the Rushcliffe area. He highlighted that Keyworth would grow by 20% which was higher than West Bridgford. His main reservation of the Plan was the provision of affordable housing. Historically for developments of 15 properties or more there had been a 15% requirement for affordable homes, the Local Development Framework Group had subsequently reduced this and had introduced a variety of targets. Recently the threshold had been reduced from fifteen to five properties but now Mr Pickles stated that it should be ten which would not produce the number of properties required. In his opinion there were two major challenges. Firstly, the shortage of housing, especially affordable housing for young people and the elderly who wanted to downsize and secondly employment for young people. He felt that the Council should encourage building which in turn would create jobs and homes.

Councillor Jones acknowledged that the Council required a Core Strategy but he felt that little had changed from the last time the Council had considered it when he had opposed it. He felt that the word viable needed to be correctly defined. He did support many of the policies within the Strategy but was confused about some of their implementation, especially water use. He also felt that there needed to be more consideration to drainage, especially in perpetuity as there already was pressure on the systems without any further developments.

In respect of affordable homes he stated that the number provided in a recent year had only been 4%. It was stated that 463 homes were required every year, especially as there were many people in low paid jobs now who were having to rent from private landlords. It was not 30% that was needed but 60%. He pointed out that a recent viability study had stated that 40% was achievable.

With regard to Sharphill Wood the Inspector had recognised the feature of the wood and that there was a need to protect the biodiversity, although it was ok to build the extra 300 homes which would reduce the buffer zone. The landowners would profit but so would the Council. He recommended that the windfall should be committed to offset the associated problems in West Bridgford or to build more affordable homes.

The document failed on transport measures. The A52 needed more junctions or it would become a car park. There was no park and ride provision and insufficient attention was paid to traffic calming measures.

Councillor R Mallender stated that the Council needed a Plan but not this Plan. He recognised the hard work undertaken by officers and Members but the original Plan had more closely reflected the needs of the Borough. However, the Council had to meet the outdated figures from the Regional Spatial Strategy and he did not feel that there would be sufficient brownfield sites available in the Borough. Also the neighbouring local authorities were unable to meet any of the housing requirements. Therefore, there would be a loss of Green Belt land and more urban sprawl. It was important that the Council ensured developers were held to account via Section 106 agreements of high standards.

Councillor Tansley stated that the Council had a proud record for providing affordable homes, and highlighted many examples where the Council had assisted, especially in the redevelopment of garage sites. He stated that the main modification number four and the Council's policies would help provide more homes. He also pointed out that the 457 homes that were being built in Cotgrave were being future proofed by incorporating energy efficiency measures.

Councillor D Mason stated that the Plan would not suit everyone but there had been public consultation exercises undertaken and everyone's views had been listened to. This was not the end of the Council's work and more consideration would have to be undertaken to ensure that the planning process achieved the best results for the area. She reminded Members that the Local Development Framework Group was cross party and that there had only been a great deal of consensus.

Councillor Butler felt that this was a difficult decision that needed to be taken for the good of the Borough. The Council needed to be a responsible planning authority and that without a Plan it would have no control over developments. He confirmed that the Council was committed to providing affordable homes and that, as this was the eighth best place to live it was important that it was made easier for people to be able to live in Rushcliffe. It was regrettable that some Green Belt land would be lost to development but there was little brownfield sites available. He stated that it was crucial that the Council had a sustainable Local Plan to protect the residents and businesses as without a Plan there would be no control and it would be a free for all for developers.

In conclusion Councillor Clarke stated that the Plan had been presented to the Inspector following the Council meeting on 12 December 2013. It had been fully considered and everything had been taken into account including environmental protection and affordable housing. He agreed with Councillor MacInnes that there would be a vacuum if a plan was not adopted. In response to Councillor Boote he stated that the Council had policies regarding helping young people and creating jobs and that Cabinet had recently set up a Strategic Growth Board. In respect of green energy these issues would be considered as part of the Supplementary Planning Documents. With regard to affordable housing he stated that the Local Development Framework Group would consider this in more detail and that it was important that the Council had more robust, realistic negotiations with developers to provide a mixed stock of housing. Infrastructure was important part of the process and was wider than just Section 106 agreements, he stated that he was discussing this issue with the Local Enterprise Partnership and it would be considered by a combined authority. He said that the Plan needed to be adopted and requested a recorded vote.

On being put to the vote the recommendation was won.

For

Councillors L J Abbey, R A Adair, Mrs S P Bailey, Mrs D M Boote, S J Boote, R L Butler, H A Chewings, J N Clarke, T Combellack, L B Cooper, J E Cottee, A M Dickinson, J E Fearon, R Hetherington, I I Korn, N C Lawrence, E J Lungley, A MacInnes, Mrs M M Males, D J Mason, F J Mason, F A Purdue-Horan, S J Robinson, Mrs J A Smith, P Smith, J A Stockwood, Mrs M Stockwood, B Tansley, J E Thurman, H Tipton, D G Wheeler, J G A Wheeler (32)

Against

Councillors R M Jones, G R Mallender, S E Mallender (3)

Abstained

Councillor G Davidson (1)

RESOLVED that Council

a) adopts the Rushcliffe Local Plan Part 1: Core Strategy incorporating the main modifications recommended by the Planning Inspector to make the Plan sound;

b) deletes 'saved' Policy E4 (airport related uses at Tollerton Airport) of the June 1996 adopted Rushcliffe Local Plan in accordance with Appendix B of the Core Strategy;

c) approves the amendments to the adopted policies map as a consequence of the deletion of saved policy E4 and the adoption of the Core Strategy; and

d) delegates authority to the Executive Manager – Communities, in consultation with the Portfolio Holder for Sustainability, to make any necessary final minor textual, graphical and presentational changes required to the Core Strategy and adopted policies map.

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

Question from Councillor S J Boote to Councillor J N Clarke

"What can the Council do to support communities which have lost all their local branches of banks?"

In response Councillor Clarke stated that this was a difficult question as banks were commercial organisations which took commercial decisions. Campaigning was the only option available to the Council and he had written to the Chairman and the Chief Executive of NatWest to strongly protest against the closures that would affect Radcliffe on Trent and Keyworth; he had asked them to reconsider their decisions. He had pointed out to them that this would affect a great deal of people and that, with the extra housing proposed, there was the potential for a lot of customers. The Chairman of Radcliffe on Trent Parish Council and Councillor Boote had also written to the bank.

He had also stated that the population was ageing and the Council was encouraging investment into broadband facilities and to making people more IT proficient.

Supplementary Question

Councillor Boote thanked Councillor Clarke for his response and suggested that they could discuss a joint action. As banks were retreating from areas what could the Council do to protect the network of Post Offices and stop these from reducing.

Councillor Clarke stated that the Post Office in Radcliffe on Trent was acting as a bank agent as it had recognised that people had a difficulty in paying in cheques. As a Council, and as individuals, there were opportunities to encourage post offices to provide these services.

The meeting closed at 8.15 pm.

MAYOR

Rushcliffe Borough Council	**Council** **5 March 2015** **2015/16 Budget and Financial Strategy**	**7**

Report of the Executive Manager – Finance and Commercial

1. Background

1.1 This report presents the detail of the 2015/16 budget, the 5 year Medium Term Financial Strategy (MTFS) from 2015/16 to 2019/20; including the revenue budget, the proposed capital programme and Capital Strategy, the Transformation Programme and Treasury Management Strategy (with associated prudential borrowing indicators).

1.2 Cabinet considered the attached budget and strategies on 10 February 2015and recommended their acceptance by Council along with the resultant decisions regarding Rushcliffe's Band D Council Tax and Special Expenses for 2015/16. In addition the Corporate Governance Group has also recommended, following their meeting of 29 January, that Council adopt the Treasury Management Strategy outlined at **Annex B**.

2. Recommendations

It is RECOMMENDED that Council:

a. Notes the report of the Council's Responsible Financial Officer (as detailed at **Annex A**);

b. Agrees the budget setting report and associated financial strategies 2015/16 to 2019/20 (**Annex B**) including the Transformation Programme to deliver efficiencies over the five year period (**Appendix 3**).

c. Adopts the Capital Programme with a supporting Capital Strategy as set out in **Annex B**, **Appendices 4 and 5**.

d. Determines that Rushcliffe's 2015/16 Council Tax for a Band D property remains at its 2014/15 level of £117.99 (**Annex B**, Section 3.4 refers) and that

e. the following Band D Council Tax levels be set for the Special Expense Areas (**Annex B,** Section 3.5)**,**

i) West Bridgford £52.44 (£54.41 in 2014/15)
ii) Keyworth £1.76 (£1.46 in 2014/15)
iii) Ruddington £3.57 (£3.55 in 2014/15)
iv) Shelford £71.25 (parish precept of £41.66 in 2014/15)
v) Newton £40.74 (parish precept of £41.66 in 2014/15)

f. Adopts the Treasury Management Strategy 2015/16-2019/20 and associated prudential borrowing indicators (**Annex B, Appendix 6**)

g. Adopts the 2015/16 Pay Policy as detailed at **Annex B, Appendix 8**

3. Reasons for Recommendation

3.1 To comply with the Local Government Act (1972) and ensuring the budget enables corporate objectives to be achieved. The Council is required to set a balanced budget and that it has adequate funds and reserves to address its risks.

4. Budget and Associated Strategies

4.1 The report at **Annex B** and supporting appendices detail the following:

a. The anticipated changes in funding over the five year period;

b. The financial settlement for 2015/16 and the anticipated settlement from 2016/17 onwards and the significant budget pressures the Council must address over the Medium Term;

c. The budget assumptions that have been used in developing the 2015/16 budget and MTFS;

d. The detailed budget proposals for 2015/16 including the Transformation Programme to deliver the anticipated efficiency and savings requirement;

e. The recommended levels of Council Tax for Band D properties for the Authority and its special expense areas of West Bridgford, Ruddington, Keyworth, Shelford and Newton;

f. The projected position with the Council's reserves over the medium term;

g. Risks associated with the budget and the MTFS;

h. The proposed capital programme and an updated Capital Strategy; and;

i. The proposed Treasury Management Strategy.

4.2 The salient points within the MTFS are as follows (MTFS report (**Annex B**) references in parenthesis):

a. It is proposed that the Band D Council Tax for 2015/16 remains unchanged from 2014/15. As a result, at £117.99, Rushcliffe's Council Tax will continue to be the lowest in Nottinghamshire and one of the lowest in the country (Section 3.4).

b. Special expenses have reduced from £729k to £718k. Shelford and Newton are included for this year only as special expense areas until they are properly constituted as individual parishes after the parish council elections (Section 3.5).

c. The Council's Revenue Support Grant has reduced by £0.70m from £2.37m to £1.67m (29%). Between 2014/15 and 2019/20 the anticipated reduction is £1.52m (73%) – (Section 3.6).

d. Taking into account resource predictions and spending plans there is a savings requirement of £125k in 2015/16 and over the 5 year period £1,279k. This is frontloaded with 70% of the savings required by 2016/17 (section 5.1).

e. The Council has a number of earmarked reserves, their balance rising over 5 years from £9.95m to £16.5m (Section 6). This is largely due to projected New Homes Bonus receipts that are expected to be committed to major infrastructure projects over the MTFS period. A good example being the provision of match funding for the recently announced Growth Deal allocation for employment and housing sites alongside the A46 at Cotgrave, Bingham and RAF Newton.

f. The Transformation Strategy continues to roll forward with an updated Programme to ensure the savings required can be achieved (Section 7 and **Appendix 3**).

g. The key risks to the MTFS are highlighted, including the potential impact of Central Government policy changes on Revenue Support Grant and New Homes Bonus and volatility caused by the localisation of business rates (Section 8).

h. The capital programme demonstrates the Council's commitment to deliver more efficient services, improve its leisure facilities and facilitate economic development. Spend over the 5 years is £25.8m, a corollary of this is that the Council's capital resources diminish from £9.6m to £5m (Section 9). It should be noted since the budget was considered by Cabinet the Capital Programme has been amended by £50k to enable the replacement of the current floodlights at Bingham Leisure Centre. Due to the resultant impact on capital spend and its financing this has also resulted in minor amendments to the Treasury Management Strategy previously considered by Cabinet and the Corporate Governance Group.

i. The Council's Treasury Management Strategy and associated prudential indicators (**Appendix 5** were reviewed by the Corporate Governance Group (29 January 2015) and recommended for approval by both Cabinet and Full Council.

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

Conclusion

4.4 The MTFS has been developed at a time of significant financial challenge both nationally and locally. The process has been rigorous and thorough, with a Transformation Programme that takes into account both officers' and Members' views. Whilst the Council faces financial constraints both the revenue and capital budget delicately balances the need for efficiency and economy with the desire for growth; and the aim of encouraging economic development in the Borough.

5. Other Options Considered

5.1 Whilst a Council Tax freeze is recommended keeping the Band D Council Tax rate at £117.99, Section 11 of the MTFS provides details of the impact of increasing the Council Tax in 2015/16 by either 1.47% or 1.98%, both of which would result in marginally increased levels of funding for the Authority whilst maintaining the increase below the 2% limit above which the Council would be required to hold a referendum on their decision.

6. Risk and uncertainties

6.1 Section 8 of **Annex B** covers key risks that may impact upon the MTFS.

7. Implications

7.1 Finance

These are detailed in the attached budget report. The Council is required to set a balanced budget for the 2015/16 financial year and the proposals presented represent a balanced budget.

As detailed at **Annex A** in the opinion of the S151 Officer the proposed revenue budget and capital programme is balanced, robust and affordable, with funds and reserves, including the General Fund, adequate to address the financial risks facing the Authority at this time.

7.2 Legal

None

7.3 Corporate Priorities

The budget resources the Corporate Plan to enable corporate objectives to be met.

For more information contact:	Name; Peter Linfield Service Manager - Finance and Commercial 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Department for Communities and Local Government website, 2015/16 Financial settlement papers

List of Annexes and Appendices (if any):	**Annex A** Commentary of the Responsible Financial Officer **Annex B** Budget Setting Report 2015/16 **Appendix 1** Special Expenses **Appendix 2** Revenue Budget Service Summary **Appendix 3** Transformation Programme 2015/16 **Appendix 4** Capital Programme 2015/16 (Including Appraisals) **Appendix 5** Capital Strategy 2015/16 Annex A – Context Sheet **Appendix 6** Treasury Management Strategy 2015/16 to 2019/20 Appendix A – bail-in Risk **Appendix 7** Use of Earmarked Reserves 2015/16 to 2019/20 **Appendix 8** Pay Policy 2015/16

Annex 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 and Annex B)

Purpose

The purpose of this report is to provide information on the robustness of the Authority's budget and the adequacy of reserves so that Members have authoritative advice available when they take their budget and Council Tax decisions.

Background

Councils 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 must be made by:

- Making prudent allowance in the budget 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 when the Authority is considering its financial plans for the year ahead the Council's Responsible Finance Officer reports on the robustness of the budget and the adequacy of the reserves so that Members have authoritative advice available to them when making their decisions.

Robustness of Estimates

I am content that the Council has followed a comprehensive and detailed budget process when preparing the budget for 2015/16 which complies with both statutory requirements and best practice principles.

The Council has taken effective steps to deal with the financial pressures caused by poor economic conditions and reductions in Council funding. To meet the continuing financial challenges facing the Council has implemented a comprehensive Transformation Strategy aligned to the Medium Term Financial Strategy (MTFS). This process has enabled the Council to produce a balanced budget based upon planned service redesign and the controlled use of reserves. The use of reserves in support of on-going expenditure requirements remains a key policy decision which is addressed later in this Annex.

In developing such plans the Council has recognised that future funding and service provision is uncertain and that risks, particularly financial risks, remain high. Indeed, due to the wider financial challenges facing the UK economy and the impending general election, the MTFS outlined in this report must be considered against the backdrop of an unprecedented level of funding uncertainty. As detailed at **Section 8 of Annex B** I would highlight to Members the specific risks that exist with regards to future levels of Revenue Support Grant, New Homes Bonus and Retained Business Rates; all of which could have a significant short to medium term impact upon the Authority's finances. In order to manage such risks, the Council rightly continues to focus on the delivery of its Transformation Strategy and maintains a balanced approach to the use of reserves. In this regard both the MTFS and the Transformation Strategy are iterative in their nature and will evolve over time in response to changes in funding levels, along with the impact of the economic climate and developing corporate and service objectives.

It should be noted, however, that whilst the delivery of the Transformation Strategy reduces the level of reliance on reserves in the later years of the MTFS, the continued use of such resources to support on-going expenditure is not a sustainable long term solution to funding reductions and only defers the requirement to make savings. Therefore in the long term the Authority will need to develop strategies that enable a budget to be developed which can be financed from within the grant, income and other funding available to the Council. In order to assist with this process an additional £10m has been allocated to the Capital Programme to facilitate the development of an Investment Strategy which will balance the delivery of additional financial returns to the Council with social and economic benefits for the Borough.

Adequacy of Reserves

Reserves are held for two main purposes:

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

- To build up funds to meet known or predicted requirements (earmarked reserves).

Whilst there is no statutory guidance on reserves, the Chartered Institute of Public Finance and Accountancy recommends that each local authority should base its decisions on professional advice from its Responsible Finance Officer and its understanding of local circumstances.

Taking into account such considerations in October 2011 the Cabinet approved as part of its MTFS, 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."

This remains a prudent position which I do not recommend changing at this time.

As detailed at **Annex B**, the MTFS which supports this budget is predicated upon the planned use of reserves to support service expenditure and to deliver investment across the Borough. Over the next five years key elements of this include the use of £1.84m from the Organisational Stabilisation Reserve to support the revenue budget, and the utilisation of £13.61m of usable capital receipts and reserves in support of the Capital Programme. However, despite recent funding pressures, Rushcliffe has maintained a stable financial base and, as a result, overall revenue reserves (excluding retained New Homes Bonus) are projected to stand at £6.5m by the end of 2019/20, well above the threshold established by Cabinet in October 2011. As such, the use of reserves within the MTFS represents a proportionate and balanced approach to meeting the financial challenges that currently face the Authority

Conclusion

In conclusion it is therefore my opinion that the budget proposed in this report, along with the strategies which support it, have been properly developed and provide a proportionate approach for meeting the financial challenges facing the Authority at this time.

Peter Steed
Executive Manager – Finance and Commercial
Section 151 Officer
February 2015

ANNEX B

RUSHCLIFFE BOROUGH COUNCIL

DRAFT BUDGET SETTING REPORT AND ASSOCIATED FINANCIAL STRATEGIES 2015/16-2019/20

Contents

1. EXECUTIVE SUMMARY AND INTRODUCTION

1.1 Introduction

This budget and the associated financial strategies continue the progress made in recent years to ensure that the Council's financial plans are robust and deliverable. They have been developed at a time of significant financial challenge nationally. Whilst there is uncertainty arising from the impending national elections, the Council continues to maintain the discipline established by the original Four Year Plan through a Transformation Programme which strongly links medium term financial planning to the Authority's Corporate and Transformation Strategies.

Our budget setting process has been rigorous and thorough, involving officers in base budget reviews and Members with budget workshops. The budget enables the Authority to maintain its Council Tax for a Band D property at £117.99, this remains amongst the lowest in the country (and the lowest in Nottinghamshire). This year's financial settlement sees Revenue Support Grant (RSG) reducing by 30%. The future continues to look challenging, requiring us to continue to identify savings and new ways of working, to ensure that the Council can continue to maintain and improve service provision with fewer resources.

The Chancellor's Autumn Statement set out the likelihood of continuing reductions in Government funding over the next few years, with plans to balance the national current budget position by 2017/18. From April 2013, there was a significant shift in the basis of Government funding, moving from 'need' to 'growth' with a greater emphasis on the 'localisation' of business rates and the mainstreaming of New Homes Bonus (NHB) to support funding. The Council is well placed to take advantage of this changing emphasis and remains committed to attracting businesses to the Borough and enabling housing growth, encouraging both inward and outward investment. The Council has recently been successful in leveraging external funding for Bridgford Hall and Growth Deal funding for employment and housing sites alongside the A46. This is indicative of the Council's commitment to support housing and business growth.

Against the backdrop of austerity, the Council continues to invest in local priorities and frontline services such as Waste Collection, Economic Development, Housing and Leisure which creates opportunities for new jobs in, and improves the quality of life for, local communities.

Last year the Council introduced the Transformation Strategy which dovetails alongside both the Medium Term Financial Strategy and the Corporate Strategy. The Council has a Transformation Programme which demonstrates how, when and the value (in terms of savings) by which services will transform. It is also the vehicle upon which the Council demonstrates the innovative way it delivers services. Given the scale of the potential future budget savings that will be required; this clarity and integration will become an increasingly important factor as the Council looks to maintain and improve service quality in the Borough.

1.2 *Executive Summary*

This report outlines the Council's Medium Term Financial Strategy (MTFS) through to 2019/20 including the revenue and capital budgets, supported by a number of key associated financial policies alongside details of significant changes to fees and charges.

	2014/15	2015/16
RBC Precept	£4,646k	**£4,711k**
Council Tax Increase	0%	**0%**
Council Tax Band D	£117.99	**£117.99**
Revenue Support Grant	£2,377k	**£1,679k**
Retained Business Rates	£2,123k	**£2,021k**
Reserves (at 31 March)	£9,944k	**£8,130k**
Capital Programme	£7,383k	**£9,097k**

Special Expenses		
Total Special Expense Precept	£728k	**£718k**
West Bridgford	£54.41	**£52.44**
Keyworth	£1.46	**£1.76**
Ruddington	£3.55	**£3.57**
Shelford	£41.66	**£71.25**
Newton	£41.66	**£40.74**

It should be noted 2014/15 comparators include the council tax figures for Shelford and Newton as one parish. As they are now separate parishes, in accordance with legislation, their first year budget is set as a special expense by RBC. For comparison purposes the £728k special expense figure for 2014/15 includes £15,830 for the Shelford and Newton Parish Precept.

The Local Government Act 2003 introduced a requirement that the Chief Financial Officer reports on the robustness of the budget. The estimates have been prepared in a prudent manner, although it should be recognised that there are a number of elements outside of the Council's control. A number of risks have been identified in Section 8 of this report and these will be mitigated through the budget monitoring and risk management processes of the Council.

2. BUDGET ASSUMPTIONS

2.1 Table 1 - Statistical assumptions which influence the five year financial strategy

Assumption	Note	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Budgeted inflation	1	0%	0%	0%	0%	0%	0%
Pay costs increase		1%	1%	1%	1%	1%	1%
Pension contribution rate	2	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
Return on cash investments	3	0.60%	0.60%	0.60%	1.25%	1.50%	1.75%
Tax base increase	4	1.09%	1.40%	1.0%	1.50%	1.50%	1.50%

Notes to Assumptions

1. Whilst inflation does impact on services, the Council's managers are expected to deliver within cash limited budgets which require them to absorb the cost of inflation. As such, the net effect of inflation is reduced to zero within the estimates.

2. The latest Pension Triennial Valuation has indicated that the pension contribution rate relating to the future service of employees increased by 0.1% in 2014/15. In addition the Council is required to allocate funding to address the estimated deficit position on the Pension Fund arising from the difference between historic contributions and projected future liabilities. Such costs are expected to amount to £480k in 2014/15, £560k in 2015/16, £640k in 2016/17, £730k in 2017/18 and £820k from 2018/19 onwards and, as they relate to existing liabilities, are unavoidable.

3. Based on projections consistent with the Council's Treasury Management Strategy.

4. Tax base increases reflect the anticipated growth in housing within the Borough in future years.

3. RESOURCES

3.1 When setting its annual budget the Council has, traditionally, had certainty about the majority of resources it would receive each year. However the introduction of retained business rates from 1 April 2013 has exposed the Council to a greater level of variation in its income and, along with an anticipated continued decline in resources, has made the forecasting of spending plans more challenging.

3.2 This section of the report outlines the resources available to the Council under six headings, Business Rates, Council Tax (RBC and Special Expenses), Revenue Support Grant, New Homes Bonus, Fees Charges and Rents, and Other Income.

3.3 Business Rates

The forecast position on business rates is shown below.

Table 2 Business Rates

£'000	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Retained Business Rates	2,123	**2,021**	2,598	2,598	2,598	2,598
Increase / (reduction)[1]	(29)	**(102)**	577	0	0	0
Increase / (reduction) (%)	-1.3%	**-4.8%**	28.5%	0	0	0

Business Rate assumptions reflect experience to date with regard to the award of additional reliefs, successful ratings appeals, and Government decisions limiting future increases to the capped limit of 2%. Due to the levels of Business Rate volatility the MTFS does not at this stage include any projected growth from 2017/18 onwards. The Chancellor's Autumn Statement announced a number of changes to Business Rates that include:

- The extension into 2015/16 of the small business rates relief scheme; and
- The increase in Business Rates in 2015/16 has been capped at 2%.

[1] The 2015/16 figure has reduced due to issues such as downward valuations at the power station which, as an entity, represents over 20% of the Borough's overall rateable value.

The Secretary of State for Communities and Local Government has confirmed that local authorities will be fully refunded for the loss in revenue that will result from the changes introduced. We have included estimates for the grants in the figures going forward for business rates. Whilst the Council anticipates business growth, the volatility caused by the power station and other larger businesses such as supermarkets (via rating appeals) has resulted in a prudent approach with future years' figures remaining constant.

The impact in 2014/15 from the pooling of business rates within Nottinghamshire will be calculated once forecasts from the relevant authorities have been produced and assimilated into the pooling model. Due to the previously mentioned volatility created by a small number of businesses having a high proportion of business rates the 2015/16 reduction in business rates results in a Collection Fund deficit as more business rates were estimated to be collected than actually were in both 2013/14 and 2014/15.

3.4 Council Tax

As identified at Table 1 between 2014/15 and 2015/16 Rushcliffe's Council Tax base has increased by 1.40% and this trend is forecast to continue throughout the remainder of the MTFS, as housing growth is anticipated in the Borough.

As a result of the strong growth in the tax base, the Government's announcements with regards to Council Tax Freeze Grant, and planning assumptions outlined in the 2014/15 MTFS agreed by Council in March 2014 it is proposed that the Band D Council Tax for 2015/16 be frozen at its 2014/15 level of £117.99 followed by 2% per annum increases from 2016/17 onwards. If adopted, such an approach will result in a Council Tax Freeze Grant being paid by the Government equivalent to 1% for 2015/16 after which an equivalent level of funding will be included with the Revenue Support Grant. The movement in Council Tax (and Council Tax Freeze grant), the tax base, precept and use in Council Tax Collection Fund surplus are shown in Table three.

Table 3. Council Tax

	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Council Tax Base (a)	**39,923**	40,322	40,927	41,541	42,164
Council Tax £:p (b)	**£117.99**	£120.34	£122.75	£125.21	£127.71
£ Annual Increase	**£0**	£2.35	£2.41	£2.46	£2.50
% increase	**0%**	2%	2%	2%	2%
Gross Council Tax collected (a x b)	**£4,710,526**	£4,852,389	£5,023,810	£5,201,357	£5,384,966
Increase in Precept	**£64,906**	£141,863	£171,421	£177,547	£183,609
Council Tax Freeze Grant[2]	**£58,600**	0	0	0	0
Collection Fund Surplus	**£83,800**	0	0	0	0

[2] The Freeze Grant calculation includes adjustments for Special Expense Areas and the Council Tax Support Scheme and, as a result, is slightly higher than a one per cent increase on Rushcliffe's basic level of Council Tax.

3.5 Special Expenses

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 2014/15, special expenses will be levied in West Bridgford, Ruddington and Keyworth.

In addition, from 2015/16 onwards Shelford and Newton will become separate parishes and, in accordance with legislation, their first year budgets (for 2015/16) have also been levied as a special expense. These have been calculated in conjunction with the existing parish clerk. For budget purposes they are treated as a special expense and set by the Council. In future years, the charges for Shelford and Newton will no longer be a special expense and will instead be set by the two parish councils. The increase in the Keyworth special expense is due to increased maintenance works at the cemetery. **Appendix 1**, summarised at Table 4, details the Band D element of the precepts for the special expense areas.

Table 4 Special Expenses

	2014/15		**2015/16**	
	Cost	**Band D**	**Cost**	**Band D**
	£	£	**£**	**£**
West Bridgford	700,840	54.41	684,706	52.44
Ruddington	8,650	3.55	8,730	3.57
Keyworth	3,630	1.46	4,439	1.76
Shelford (***2014/15 is Shelford and Newton***)[3]	15,830	41.66	7,567	71.25
Newton			12,133	40.74
Total	**728,950**		**717,575**	

3.6 Revenue Support Grant and Other Specific Grants

In line with national projections, significant reductions for Revenue Support Grant (RSG) in future years have been forecast in the MTFS, and based upon current projections RSG is likely to be significantly reduced for Rushcliffe by 2020 with council tax freeze grant mainstreamed into RSG.

[3] Included in 2014/15 for 'like for like' comparison (ie the parish council precept was not a special expense in 2014/15), excluded Shelford and Newton special expenses for the remaining three areas (West Bridgford, Ruddington and Keyworth) have reduced from £713,120 in 2014/15 to £697,875 in 2015/16.

Table 5 Revenue Support Grant

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	2,377	**1,679**	1,435	1,210	993	859
Reduction from previous year £'000	754	**698**	244	225	217	134
Reduction from previous year (%)	24%	**29%**	15%	16%	18%	13%
Reduction from 2013/14 (%)	24%	**49%**	56%	63%	70%	73%

The Council may also receive a one off New Homes Bonus (NHB) Adjustment Grant based on an estimated refund due to local authorities (where DCLG has removed more than it needs to from RSG to fund NHB). This figure is £7,000. A further £17,000 is due in relation to New Burdens as a result of the Localism Act.

There are other business rate reliefs, such as compensation due to the cap on Business Rates multiplier £32,000 and Small Business Rate Relief estimated to be around £500,000. This is included as part of business rates funding at Section 3.3.

3.7 New Homes Bonus

The New Homes Bonus (NHB) emerged following consultation on providing a housing incentive scheme for local authorities. When a new home is first occupied; it triggers a non-ring fenced grant payment to the local authority on an annual basis for the first six years of the new home's life. Payment is also made when empty homes are brought back into use. Estimates for future allocations are provided at Table Six. Potential commitments include £1m per annum over 10 years to fund the Leisure Strategy. It has been confirmed that the Council has been successful with 'Growth Deal 1.5' (which includes the regeneration of Cotgrave Town Centre). The full details are to be confirmed but it is anticipated to give rise to a commitment of £2.5m and a call on the NHB Reserve. At present exact details of the level and timing of funding are not available and, as a result, once provided relevant amendments will need to be made to the Council's budgets which will be reported and approved as part of the normal budget monitoring cycles.

Table 6 – New Homes Bonus

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
New Homes Bonus Received in Year	1,474	**1,864**	2,265	2,567	3,265	4,317

There is some uncertainty regarding the future of the NHB. Future year's sums are not guaranteed and, as a result, following the election the Government may introduce initiatives that would amend the amount received.

3.8 Fees, Charges and Rents

The Council is dependent on direct payment for many of its services. This income, from various fees, charges and rents, is a key element in recovering the costs of providing services which, in turn, assists in keeping the Council Tax at its current low level. This income is shown in Table Seven.

Table 7 - Fees, Charges and Rental Income

	2014/15 £'000	**2015/16 £'000**	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Rents e.g. Investment Properties	1,087	**1,213**	1,196	1,236	1,236	1,236
Green Waste Bins	892	**965**	970	970	970	970
Planning Fees	599	**890**	790	790	790	790
Car Parking Income	450	**450**	450	450	450	450
Service Charges	281	**406**	406	406	406	406
Non-Sporting Facility Hire	155	**167**	167	167	167	167
Licences	135	**213**	213	213	213	213
Market Stall Fees	38	**38**	38	38	38	38
Other Fees & Charges	823	**757**	757	757	757	757
TOTAL	**4,460**[4]	**5,099**	**4,987**	**5,027**	**5,027**	**5,027**

Income assumptions are determined by a number of factors including current performance, decisions taken already and known risks. Examples of such adjustments include increases in charges for green waste, changes in investment property rents based on our knowledge of asset use, and additional planning income as new businesses and housing sites come to fruition.

[4] in the 2014/15 budget, £244k was included for Building Control income which is now collected by South Kesteven and therefore the total figure was £4,704k

Except where current or previous decisions will affect future income yields, the MTFS does not make any provision for future inflationary increases in fees and charges. This will be an option for addressing future budget gaps and forms part of the Transformation Strategy.

3.9 Other income

In addition to fees and charges the Council also receives a range of other forms of income, the majority of which relates to Housing Benefit Subsidy which is used to meet the costs of the national housing benefit scheme. These are shown in Table Eight.

Table 8 – Other income

	2014/15 £'000	**2015/16 £'000**	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Housing & Council Tax Benefit Admin Grant	382	**340**	340	340	340	340
Other Local Authorities Contribution	298	**256**	257	257	257	257
Interest on Investments	260	**157**	118	192	253	341
Other Government Grants	113	**113**	113	113	113	113
Recycling Credits	130	**130**	130	130	130	130
Costs Recovered (Legal, Council Tax)	113	**113**	123	123	123	123
Edwalton Golf Course	102	**105**	107	77	27	27
Other Grants	18	**2**	2	2	2	2
Other Income	329	**266**	266	266	266	266
TOTAL excl: Housing Benefit Subsidy	**1,745**	**1,482**	**1,456**	**1,500**	**1,511**	**1,599**
Housing Benefit Subsidy	17,284	**17,373**	17,373	17,373	17,373	17,373
TOTAL	**19,029**	**18,855**	**18,829**	**18,873**	**18,884**	**18,972**

3.10. Summary

Table 9 – All sources of income

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Retained Business Rates and SBRR	2,123	**2,021**	2,598	2,598	2,598	2,598
Revenue Support Grant	2,377	**1,679**	1,435	1,210	993	859
Council Tax Freeze Grant	55	**59**	-	-	-	-
Specific grants for 2014/15 settlement	107	**56**	-	-	-	-
Total Funding Excluding NHB	**4,662**	**3,815**	**4,033**	**3,808**	**3,591**	**3,457**
New Homes Bonus[5]	1,474	**1,864**	2,265	2,567	3,265	4,317
Total Funding Including NHB	**6,136**	**5,679**	**6,298**	**6,375**	**6,856**	**7,774**
Council Tax (RBC)	4,646	**4,711**	4,852	5,024	5,201	5,385
Council Tax (Special Expenses)	713	**718**	740	765	792	820
Collection Fund Surplus	100	**84**	**-**	**-**	**-**	
Fees, charges and rental income	4,704	**5,099**	4,987	5,027	5,027	5,027
Other income	19,029	**18,855**	18,829	18,873	18,884	18,972
Net Transfer from Reserves[6]	-	**-**	-	-	-	
Total Budget Funding	**35,328**	**35,146**	**35,706**	**36,064**	**36,760**	**37,978**

[5] NHB is transferred to reserves and is contained in the spending plan analysis of expenditure (section 4)
[6] Transfer 'to' reserves is within the expenditure analysis

4. 2015/16 SPENDING PLANS

4.1 The Council's spending plans for the next five years are shown in Table 10 and take into account the assumptions in Section 2. Going forward, as Transformation Programme savings are delivered (such as in relation to the Leisure Strategy and Bridgford Hall) the spending profile will change.

Table 10 – Spending Plans

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Employees	9,397	**9,273**	9,647	9,880	10,125	10,282
Premises	1,447	**1,642**	1,657	1,675	1,675	1,675
Transport	1,037	**1,286**	1,287	1,288	1,291	1,295
Supplies & Services	5,285	**5,411**	5,468	5,326	5,326	5,408
Transfer Payments[7]	17,444	**17,504**	17,411	17,411	17,411	17,411
Capital Charges	1,513	**1,503**	1,503	1,503	1,503	1,503
Third Party	3,056	**2,453**	2,373	2,381	2,406	2,406
Net recharges	-4,781	**-4,952**	-4,952	-4,952	-4,952	-4,952
Gross Service Expenditure	**34,398**	**34,120**	**34,394**	**34,512**	**34,785**	**35,028**
Change from Previous Year	**-516**	**-278**	**+274**	**+119**	**+273**	**+243**
Net Contribution to Reserves[8]	1,280	**993**	2,050	2,352	3,100	4.102
Revenue Contribution to Capital	276	**158**	158	158	127	127
Overall Expenditure	**35,954**	**35,271**	**36,602**	**37,022**	**38,012**	**39,257**

[7] Includes Housing Benefit Payments
[8] The net contribution to reserves is significantly influenced by the receipt and retention of New Homes Bonus. Without the New Homes Bonus the Council would see a net transfer from reserves, i.e. reserves being utilised to support expenditure, for each of the years in the MTFS.

4.2 Some of the key decisions that have recently been taken and their impact on the above are summarised below:

- Transfer Payments– as agreed by Cabinet in January 2014 allocations for Parish Council Support Grant have been reduced in line with the reduction in Central Government support. Under current arrangements 2015/16 will be the final year of support.
- Third Party Payments have reduced as garage costs with Nottingham City Council have been reclassified as Transport payments (£282,000) and charitable business rates relief savings of £168,000 in relation to Parkwood have reduced the contract payments in relation to the Council's leisure centres.
- Revenue contribution to capital – the reduction is largely as a result, of the removal of the A453 from the Capital Programme, and therefore the Council's £125,000 commitment is not required.

4.3 While the planned transfers to reserves appear high, this is due to the majority of New Homes Bonus being initially placed in an earmarked reserve prior to the identification of appropriate schemes. Such receipts are offset by funding pressures met from reserves, most notably the annual transfer of funding from the Organisation Stabilisation Reserve.

5 BUDGET REQUIREMENT

5.1 The budget requirement is formed by combining the resource prediction and spending plans. **Appendix 2** gives further detail on the Council's five year Medium Term Financial Strategy.

Table 11 – Budget Requirement

	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £'000
Retained Business Rates	2,123	**2,021**	2,598	2,598	2,598	2,598
Revenue Support Grant	2,377	**1,679**	1,435	1,210	993	859
Council Tax Freeze Grant	55	**59**	-	-	-	-
Specific grants for 2014/15 settlement	107	**56**	-	-	-	-
New Homes Bonus	1,474	**1,864**	2,265	2,567	3,265	4,317
Council Tax (RBC)	4,646	**4,711**	4,852	5,024	5,201	5,385
Council Tax (Special Expenses)	713	**718**	740	765	792	820
Collection Fund Surplus	100	**84**	**-**	**-**	**-**	
Fees, charges and rental income	4,704	**5,099**	4,987	5,027	5,027	5,027
Other income	19,029	**18,855**	18,829	18,873	18,884	18,972
Net Transfer from Reserves	-	**-**	-	-	-	
Total Income	**35,328**	**35,146**	**35,706**	**36,064**	**36,760**	**37,978**
Gross Expenditure	35,954	**35,271**	36,602	37,022	38,012	39,257
New Savings Required (assumed on-going)	624	**125**	771	62	294	27
Cumulative Savings over the MTFS period	624	**125**	896	958	1,252	1,279

5.2 In order to deliver a balanced budget for 2015/16 the Council will draw on £125,000 from its Organisation Stabilisation Reserve unless other in year efficiencies are identified (see section seven). The current level of reserves is sufficient to meet this demand (Section Six).

6. RESERVES

6.1 In order to comply with the requirements of the Local Government Act 2003, a review has been undertaken of the Council's reserves, including a review of current and future risks. This has included an assessment of risk registers, pressures upon services, inflation and interest rates. In previous budgets, the Council has supported the controlled release of reserves to support service delivery and this remains the approach over the next five years with the use of £1.84m over the life of the MTFS funded from the Organisation Stabilisation Reserve. To ensure that sufficient resources are available to support the budget for the long term (via the Organisation Stabilisation Reserve), it is proposed that £700k from the 2014/15 projected revenue budget underspend is used to replenish this reserve (based upon current projections). As detailed below, following these adjustments it is estimated that by 2020, the balance on the Organisation Stabilisation Reserve will be £920k.

6.2 Table 12 details the estimated balances on each of the Council's specific reserves over the 5 year MTFS. **Appendix 7** details the movement in reserves for 2015/16 which also includes capital commitments. It should be noted that Investment and Corporate Reserves are anticipated to decline as the Leisure Strategy progresses. All of the above reserves have specifically identified uses including some of which are held primarily for capital purposes namely the Council Assets and Service Delivery; Invest to Save; and Regeneration and Community Projects reserves.

6.3 It is anticipated that the New Homes Bonus Reserve will be called upon in future years as major infrastructure projects come to bear as part of the Council's Asset Investment Strategy and the potential for investment in economic development through arrangements such as the Combined Authority and opportunities like the 'Growth Deal' albeit that as details of the latter are yet to be finalised no allocations towards this scheme have been included within these budget papers. The above projections also reflect the potential allocation of £1m per annum from the New Homes Bonus Reserve towards the cost of the Arena redevelopment. As with figures elsewhere in this budget relating to this project, such allocations are still subject to final decisions regarding the design of the project. Further details on current commitments from the New Homes Bonus Reserve are discussed at section 3.7.

6.4 It should be noted, in the professional opinion of the Council's Section 151 Officer, the General Fund Reserve position of £2.6m will remain adequate given the financial and operational challenges (and opportunities) the Council faces.

Table 12: Specific Reserves

£'000	Balance 31.3.15	Balance 31.3.16	Balance 31.3.17	Balance 31.3.18	Balance 31.3.19	Balance 31.3.20
Investment Reserves						
Regeneration and Community Projects	1,171	**996**	996	996	996	996
Cotgrave Regeneration project	137	**212**	287	362	437	512
The Point Enhancements	0	**30**	60	90	120	150
Local Area Agreement	274	**122**	122	122	122	122
Invest to Save	150	**150**	150	150	150	150
Corporate Reserves						
Organisation Stabilisation[9]	4,508	**2,334**	1,716	1,559	1,186	920
Risk and Insurance	100	**100**	100	100	100	100
Planning Appeals	350	**350**	350	350	350	350
Elections	200	**88**	88	88	138	138
Operating Reserves						
Planning	203	**203**	203	203	203	203
Leisure Centre Maintenance	147	**97**	977	97	97	97
Lottery	55	**55**	55	55	55	55
Planned Maintenance	100	**100**	100	100	100	100
Total Excluding NHB Reserve	**7,395**	**4,837**	**4,324**	**4,272**	**4,054**	**3,893**
New Homes Bonus	2,549	**3,293**	5,538	7,085	9,330	12,627
Total Earmarked Reserves	**9,944**	**8,130**	**9,862**	**11,357**	**13,384**	**16,520**
General Fund Balance	2,604	**2,604**	2,604	2,604	2,604	2,604
Total	**12,548**	**10,734**	**12,466**	**13,961**	**15,988**	**19,124**

[9] Includes projected transfer of resources identified at 6.1.

7. THE TRANSFORMATION STRATEGY AND EFFICIENCY PLAN

7.1 Since 2010 the Council has had a four year plan which has successfully driven change and efficiency activity. However, in light of the scale of the financial challenges facing the Council, this plan was reviewed last year and a new five year Transformation Strategy introduced, details of which are provided in **Appendix 3**. Alongside this work the Executive Management Team has undertaken a review of all Council budgets resulting in savings which have been fed into the MTFS. The Transformation Strategy focuses on the following themes:

(a) Service efficiencies and management challenge as an on-going quality assurance process;
(b) Areas of review arising from Member budget workshops; and
(c) Longer term reviews with further work being required and particularly impacting upon the Council's asset base.

7.2 This Programme will form the basis of how the Council meets the financial challenge summarised at Table 13.

Table 13 – Savings targets

	2015/16 £'000	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**Total £'000**
Annual Budget Saving required	**125**	771	62	294	27	
Cumulative Savings required	**125**	896	958	1,252	1,279	
Projected Transformation Savings	**0**	578	523	79	134	
Cumulative savings achieved	**0**	578	1,101	1,179	1,313	
Additional Transfer (to) / from Reserves[8]	**125**	318	(143)	73	(34)	339

7.3 In order to deliver a balanced budget for 2015/16 the Council has looked to constrain Council spend and increase income (particularly as it encourages growth). The Council continues to review how it delivers its services, (for example, further collaboration with partners such as the Building Control partnership with South Kesteven and creating social enterprises such as Streetwise), to identify innovative ways of delivering its services more economically, efficiently and effectively.

[8] The MTFS assumes that a transfer of £300k per annum will be made from the Organisation Stabilisation Reserve to support on-going services. These amounts represent the additional call on (or in 2017/18 and 2019/20 the reduction to the requirement from) the Organisation Stabilisation Reserve.

7.4 Moving forward, this momentum must continue and the Council's key transformation projects need to be reviewed on an on-going annual basis. While the Council has identified a range of projects that can be used to deliver the anticipated savings required, this will still be a challenging exercise. The current identified transformation projects which will be worked upon for delivery from 2015/16 are given at **Appendix 3**. Some of the more significant projects include:

- Bridgford Hall development;
- Leisure and accommodation strategy;
- Cyclical reviews of all service areas; and
- Reviewing fees and charges.

7.5 The impact of the recently announced successful Growth Deal to develop stalled employment sites at Cotgrave, Bingham and RAF Newton will be built into the future MTFS.

8. RISK AND SENSITIVITY

8.1 The following table shows the key risks and how we intend to treat them through our risk management practices. Further commentary on the higher level risks is given below the table.

Table 14 - Key Risks

Risk	Likelihood	Impact	Action
Fluctuation in business rates	High	High	Growth plans and accurate monitoring
Central Government policy changes eg changes to NHB allocation	High	High	Engagement in consultation and policy creation
Reductions in Government Funding	High	High	Lobbying and service transformation
Inadequate capital resources	Medium	High	Proportionate spending and sale of surplus assets, maximising pooled funding opportunities eg DFGs; external funding such as for the Hall and Growth Deal Funding
Fee income volatility	Medium	Medium	Early monitoring of deviations
Inflationary pressures, particularly utility costs	Medium	low	Budget reporting processes
Increased demand for services particularly as housing and business growth develops in the Borough	Medium	Medium	A robust performance management framework
Failure to deliver the required Transformation Strategy	Low	High	Effective programme and project management
With the introduction of 'Bail-in' (see Section 10) there is a greater likelihood of losing capital from cash investments	Medium	High	Continuing monitoring of counterparties credit ratings, advice from the Council's treasury advisors, and more investment diversification with a wider range of institutions and considering property investments.

8.2 The changing environment of local authority finance means that the Council is facing increasing risks and uncertainty in respect of available resources. While predicting and controlling the level of external funding resources remains a challenge, wherever possible the Council uses its budget management processes, reserves and general balances to mitigate these risks. Such pressures will also be mitigated through changes in service delivery and the use of assets. For example, the purchase of The Point not only delivers a rental income in excess of that available to the Council through treasury management investments, is an appreciating asset and, also facilitates economic growth in the borough.

8.3 Whilst the Medium Term Financial Strategy presents a balanced budget for the five years from 2015/16 to 2019/20 it must be noted that this has been achieved against a background which contains an unprecedented level of funding uncertainty. In this regard it should be noted that particular risks exist with regards to:

- Revenue Support Grant. The MTFS projects reductions in Revenue Support Grant of between 13% and 19% per annum between 2015/16 and 2019/20 with funding from this route reducing from £1,679,000 in 2015/16 to £859,000 in 2019/20. However, with the exception of 2015/16 no funding announcements have been made for future years and hence, depending upon the approach taken to local government funding by the new government, there could be further changes to these projections the significance of which cannot be assessed at this time;
- New Homes Bonus. As identified at 3.7 with on-going housing growth in the Borough the New Homes Bonus represents an increasing resource to the Council which, as it is not currently earmarked to support on-going revenue budgets, can be utilised to deliver specific projects and investment within Rushcliffe. Again there is a risk that the incoming government could replace or reform the current funding mechanism reducing allocations to the Council and hence the ability to make discretionary investment in specific projects which will deliver social and economic benefits to the Borough. If such reductions were significant then contingency plans for the financing of the Arena redevelopment would see the Council extending the repayment period from the planned ten years and/or accessing Public Works Loan Board funding to finance the project; and
- Retained Business Rates. As identified at 3.3 income through retained Business Rates has proven volatile, not least due to the small number of high rateable value premises that represent over a quarter of the tax base for the Borough. Whilst both enhanced forecasting models and the Nottinghamshire Pooling arrangements continue to mitigate such risks the Council cannot eliminate the short to medium term impact of unexpected significant changes to one or more of these premises.

9. CAPITAL PROGRAMME

9.1 The Council's proposed five year capital programme is included at **Appendix 4** and summarised below.

Table 15.1 – Five year capital programme, funding and resource implications

	2015/16	2016/17	2017/18	2018/19	2019/20	
	Indicative Estimate	**Indicative Estimate**	**Indicative Estimate**	**Indicative Estimate**	**Indicative Estimate**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Transformation	682	1,543	2,500	0	0	4,725
Neighbourhoods	1,741	1,555	1,167	920	939	6,322
Communities	200	200	110	110	110	730
Corporate Governance	369	77	55	110	121	732
Finance and Commercial	6,105	6,025	810	250	150	13,340
Total	**9,097**	**9,400**	**4,642**	**1,390**	**1,320**	**25,849**
FUNDED BY						
Usable Capital Receipts	(2,061)	(2,688)	(3,900)	(1,048)	(978)	(10,675)
Disabled Facilities Grants	(292)	(292)	(292)	(292)	(292)	(1,460)
Use of Reserves	(2,732)	(50)	(50)	(50)	(50)	(2,932)
Grants and Contributions	(500)	(495)	0	0	0	(995)
Section 106 Monies	(87)	0	0	0	0	(87)
Internal Borrowing	(3,425)	(5,875)	(400)	0	0	(9,700)
Total	**(9,097)**	**(9,400)**	**(4,642)**	**(1,390)**	**(1,320)**	**(25,849)**
Capital Resources at start of year*	12,891	9,615	7,331	6,336	5,676	
Additions	2,396	1,241	3,247	730	667	
Used (-)	(5,672)	(3,525)	(4,242)	(1,390)	(1,320)	
Capital Resources at end of year[10]	**9,615**	**7,331**	**6,336**	**5,676**	**5,023**	

[10] Capital Resources include capital receipts, capital grants and the Councils Investment Reserves (NHB Reserve is the committed capital element only)

9.2 The Council's five year capital programme shows the Council's commitment to deliver more efficient services, improve its leisure facilities and facilitate economic development. The major projects in the 2015/16 Programme include:

- Bridgford Hall refurbishment (£500K of a total investment of £2.3m, funded by a combination of Heritage Lottery Funding £1.495m and £0.815m by RBC);
- On-going vehicle replacement (£877K and approximately £2m over the next four years)
- Support for Registered Housing Providers (£369K and a further £862K over the next four years);
- Disabled Facilities Grants (£375k and a further £1,500k over the next four years);
- Information Systems Strategy (£369K plus four further annual provisions); and
- Leisure Strategy/Office Accommodation (£5.9m of a total planned investment of £14.2m).

9.3 After 2015/16, there is a continued focus on rolling provisions for Capital investment (vehicle replacement, Disabled Facilities Grants, Investment in Social Housing plus annual support for Improvements to Play Areas (Special Expense) and Capital Grant Funding to third parties. The programme will also see completion of the ambitious Leisure Strategy/Office Accommodation scheme which will give rise to modern leisure facilities and operational office accommodation. This scheme totals £14.2million and will be funded from use of reserves (£4.5m) together with a programme of internal borrowing (£9.7m). In addition, the programme contains a provision of £2.5m for development of a new depot in 2017/18 which it is anticipated that this will be funded from a capital receipt from the disposal of the Abbey Road site. The impact of the recently announced Growth Deal funding will be built into the future Capital Programme.

9.4 As Table 15.1 demonstrates the Council's capital resources are diminishing and that the Programme includes no assumption regarding the disposal of the Civic Centre until a decision has been made upon its future. The Council's currently identified capital resources will have diminished substantially from £12.8m to £5m over the five year life of the Programme. This position must be viewed in the context of the funding of the Leisure Strategy project which sits within Table 15.1 but is financed via an internal borrowing figure of £9.7m. It is planned to repay this 'internal debt' from the future income stream provided by the New Homes Bonus.

9.5 Appendix 5 gives a revised Capital Strategy with a focus on the Council moving toward a more proactive approach towards investing in properties where a business case exists that can demonstrate the generation of additional income alongside wider community benefits. As demonstrated at Table 15.2 £10m has been allocated within the capital programme to finance such opportunities the funding for which will come from external borrowing. Due to the need to consider opportunities when they arise, this allocation has not been allocated by year, but remains available for drawdown as required.

9.6 Detailed governance arrangements for the Asset Investment Strategy, including appraisal criteria for the consideration of opportunities, will be developed following the agreement of the budget. Section 11 of the Capital Strategy (Appendix 5) gives further information.

Table 15.2 – Impact on the Capital Programme of the Asset Investment Strategy

Appendix 4 Appraisal Ref	Commentary	£’000
13	Total identified expenditure	25,849
	Agreed investment Strategy	10,000
	Total Programme	**35,849**
	Funding:	
	External Borrowing	10,000
	Other Funding	25,849
	Total Funding	**35,849**

10. TREASURY MANAGEMENT

10.1 Attached at **Appendix 6** is the Treasury Management Strategy Statement which integrates capital investment decisions with cash flow information and revenue budgets. The key assumptions in the Treasury Strategy are summarised in the following table:

Table 16 – Treasury Assumptions

%	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Average Interest rate	0.60	0.60	1.25	1.50	1.75
Expected interest from investments	136,700	97,900	172,800	232,700	321,200
Other interest	20,000	20,000	20,000	20,000	20,000
Total Interest	**156,700**	**117,900**	**192,800**	**252,700**	**341,200**

As the MTFS forecasts that the Council will still have £5m of useable capital resources available to it at 31 March 2020 the Treasury Strategy includes no specific plans for future external borrowing but does provide that such borrowing could be undertaken in order to fund the Investment Strategy outlined at 9.5 and 9.6. However investments are expected to reduce significantly in 2016/17 as the Authority makes provision to 'internally borrow' to fund the Leisure project at the Arena.

10.2 A further risk covered in Section 8 of this report (and paragraph 45 onwards in Appendix 6) is that as a result of 'bail-in' there is a greater risk to capital with cash investments. In the past the Government has 'bailed out' banks at risk of making a loss. In the future investors would lose a proportion of their investment if the institution they have invested with made a loss. The implications of this are that investments are likely to be more widely spread with a number of institutions, over a shorter term and the impact is likely to be a poorer rate of return on investments.

11. OPTIONS

11.1 As part of its consideration of the budget, the Council is encouraged to consider the strategic aims contained within the Corporate Strategy and, in this context, to what extent they wish to maintain existing services, how services will be prioritised, and how future budget shortfalls will be addressed.

11.2 Instead of freezing the Council Tax, the Council could choose to increase its Council Tax. Table Seventeen provides details of the impact on budgets of a 1.98% (£2.34) and a 1.47% (£1.73) increase on the 2015/16 Band D Council Tax both of which would be below the 2% limit at which a referendum would be required.

<u>Table 17: Alternate Council Tax Levels</u>

£'000	2015/16	2016/17	2017/18	2018/19	2019/20
Band D £117.99 Freeze in 2015/16					
Council Tax (RBC)	4,711	4,853	5,024	5,201	5,385
CT Freeze Grant	59	59	59	59	59
Total CT Income	**4,770**	**4,912**	**5,083**	**5,260**	**5,444**

Total for 1.47% increase (Band D £119.72)	4,780	4,924	5,098	5,278	5,464

Total for 1.98% increase (Band D £120.33)	4,804	4,949	5,124	5,305	5,492

Difference (£'000)						**Total**
Freeze vs 1.47%	-10	-12	-15	-17	-20	-74
Freeze vs 1.98%	-34	-37	-41	-44	-48	-204

11.3 The above figures indicate that a 1.47% increase would provide an additional £10k per annum of income to the Council in 2015/16 compared to £34k for a 1.98% increase. Assuming a Council Tax Freeze in 2015/16 and increases of two per cent per annum thereafter by 2019/20 this gap increases to £20k per annum for a 1.47% increase and £48k for a 1.98% increase.

11.4 Other than the above options for Council Tax increases there are no alternate proposals concerning the Budget, Medium Term Financial Strategy or Transformation Strategy

Appendix 1

Funding Analysis for Special Expense Areas

	2014/15 £	2015/16 £	% Change
West Bridgford			
Allotments	2000	2000	
Parks and Playing Fields	380,800	382,700	
West Bridgford Town Centre	36,500	35,400	
Community Halls	98,200	101,900	
Seats & Bins	1,000	300	
Burial Subsidy	22,700	0	
Contingency	25,000	25,000	
Previous Year Deficit	25,062	14,600	
Annuity Charges	101,568	108,446	
Revenue Contributions Capital	50,000	50,000	
Total	**742,830**	**720,346**	
Council Tax Reduction Support	(41,990)	(35,640)	
Total	**700,840**	**684,706**	
Tax Base	**12,881**	**13,056**	
Special Expense Tax	**£54.41**	**£52.44**	**-4%**
Keyworth			
Cemetery & Annuity Charges	3,900	4,669	
Council Tax Reduction Support	(270)	(230)	
Total	**3,630**	**4,439**	
Tax Base	**2,482**	**2,526**	
Special Expense Tax	**£1.46**	**£1.76**	**20.1%**
Ruddington			
Cemetery & Annuity Charges	9,200	9,200	
Council Tax Reduction Support	(550)	(470)	
Total	**8,650**	**8,730**	
Tax Base	**2,438**	**2,444**	
Special Expense Tax	**£3.55**	**£3.57**	**1%**
Shelford and Newton			
Budget	15,830		
Tax Base	380		
Special Expense	£41.66		
Shelford			
Budget		7,567	
Tax Base		106.2	
Special Expense		£71.25	
Newton			
Budget		12,133	
Tax Base		297.8	
Special Expense		£40.74	
TOTAL SPECIAL EXPENSES	**728,950**	**717,575**	

REVENUE BUDGET SERVICE SUMMARY

APPENDIX 2

	2014/15 ESTIMATE £	2015/16 ESTIMATE £	2016/17 ESTIMATE £	2017/18 ESTIMATE £	2018/19 ESTIMATE £	2019/20 ESTIMATE £
Communities	2,649,000	2,477,000	2,667,300	2,578,900	2,590,900	2,696,500
Corporate Governance & Operations	1,370,100	1,217,600	1,263,100	1,290,300	1,317,700	1,345,400
Finance & Commercial	3,796,730	3,609,800	3,818,700	3,909,600	4,035,900	3,994,200
Neighbourhood	4,355,200	4,187,200	4,234,200	4,330,300	4,409,600	4,454,100
Transformation	6,300	155,400	96,600	5,000	23,600	42,300
Net Service Expenditure	**12,177,330**	**11,647,000**	**12,079,900**	**12,114,100**	**12,377,700**	**12,532,500**
Shelford and Newton Budget		19,700				
Capital Accounting Adjustments	(1,513,900)	(1,502,600)	(1,502,600)	(1,502,600)	(1,502,600)	(1,502,600)
Revenue Contribution to Capital	276,600	158,450	158,450	158,450	126,820	126,820
Transfer to/from Reserves	1,279,000	993,000	2,050,000	2,352,000	3,100,000	4,102,000
Total Net Service Expenditure	**12,219,030**	**11,315,550**	**12,785,750**	**13,121,950**	**14,101,920**	**15,258,720**
Funding						
Central Government Grant	(2,377,000)	(1,679,000)	(1,434,600)	(1,209,600)	(992,600)	(858,600)
Localised Business Rates, includes SBRR	(2,123,000)	(2,021,000)	(2,598,000)	(2,598,000)	(2,598,000)	(2,598,000)
Collection Fund Surplus	(100,000)	(83,800)	0	0	0	0
Council Tax Income						
- Rushcliffe	(4,645,620)	(4,710,530)	(4,852,390)	(5,023,810)	(5,201,360)	(5,384,970)
- Special Expenses Areas	(713,100)	(717,580)	(739,510)	(765,340)	(792,190)	(820,340)
Specific grants (and NHB)	(1,581,000)	(1,920,000)	(2,265,000)	(2,567,000)	(3,265,000)	(4,317,000)
Council Tax Freeze Grant	(55,280)	(58,600)	0	0	0	0
Total Funding	**(11,595,000)**	**(11,190,510)**	**(11,889,500)**	**(12,163,750)**	**(12,849,150)**	**(13,978,910)**

Gross Budget Deficit / (surplus)	624,030	125,040	896,250	958,200	1,252,770	1,279,810
Additional Four Year Plan Savings	(624,030)	(125,040)	(896,250)	(958,200)	(1,252,770)	(1,279,810)
Net Budget Deficit		**0**	**0**	**0**	**0**	**0**
Annual Savings	624,030	125,040	771,210	61,950	294,570	27,040

Transformation Programme 2015/16 - 2019/20						Appendix 3
Savings (£'000)	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	
Service Efficiencies and Management Challenge	**1,028**	**1,266**	**1,409**	**1,477**	**1,600**	
<u>Thematic Reviews - With Potential Savings</u>						
Wheeled bin charges for new houses	12	23	23	23	23	
Bridgford Hall	-70	0	120	120	120	
Printing for Member Meetings	5	11	11	11	11	
Council Publications and Promotion	9	9	9	9	9	
Grants and Support	25	25	25	25	25	
Planning pre-application Advice		10	10	10	10	
Leisure Strategy		150	350	350	350	
Travel costs		50	50	50	50	
Burial Provision	22.7	23	23	23	23	
	3.7	**301**	**621**	**621**	**621**	
<u>Income Reviews</u>						
Fees and charges Generally	82.1	100	110	120	130	
Street Trading Licences	5	5	5	5	5	
Car Parking - Rural		25	25	25	25	
Car Parking - West Bridgford			50	50	50	
	87.1	**130**	**190**	**200**	**210**	
Overall	**1,119**	**1,697**	**2,220**	**2,298**	**2,432**	**Total**
Additional savings		**578**	**523**	**79**	**134**	**1,313**
Cumulative Savings (A)	**0**	**578**	**1,101**	**1,179**	**1,313**	
Funding Gap	125	771	62	294	27	
Cumulative Gap (B)	125	896	958	1,252	1,279	
(Shortfall) / Surplus (A)-(B)	**(125)**	**(318)**	**143**	**(73)**	**34**	
(In addition to £300k committed from Org Reserve)						
Transfer to/ (From) Organisation Stabilisation Reserve	**(125)**	**(318)**	**143**	**(73)**	**34**	**(339)**
Plus £300k support	(425)	(618)	(157)	(373)	(266)	
<u>Strategic Assets - savings to be determined</u>						
Edwalton Golf Course						
Office Accomodation						
Abbey Road Depot						
<u>Other Reviews (savings tbd)</u>						
Collaboration						

Appendix 4

CAPITAL PROGRAMME 2015/16

Ref	Scheme	2015/16 Indicative Estimate £000	2016/17 Indicative Estimate £000	2017/18 Indicative Estimate £000	2018/19 Indicative Estimate £000	2019/20 Indicative Estimate £000
	Transformation					
1	Colliers Way Industrial Units	20	0	0	0	0
2	Cotgrave Town Centre Regeneration	0	300	0	0	0
3	Bridgford Hall Refurbishment	500	1,160	0	0	0
4	Nottinghamshire Broadband	162	83	0	0	0
	New Depot	0	0	2,500	0	0
	Sub total	**682**	**1,543**	**2,500**	**0**	**0**
	Neighbourhoods					
5	Wheeled Bins	60	60	60	60	60
6	Vehicle Replacement	877	870	482	235	392
	Support for Registered Housing Providers	369	250	250	250	112
7	Hound Lodge Enhancements	60	0	0	0	
	Disabled Facilities Grants	375	375	375	375	375
	Sub total	**1,741**	**1,555**	**1,167**	**920**	**939**
	Communities					
	Capital Grant Funding	60	60	60	60	60
	Nottinghamshire Cricket Club Grant	90	90	0	0	0
8	Play Areas - Special Expense	0	50	50	50	50
9	Alford Road Fencing/Infrastructure (Spec Exp	50	0	0	0	0
	Sub total	**200**	**200**	**110**	**110**	**110**
	Corporate Governance					
10	Information Systems Strategy	369	77	55	110	121
	Sub total	**369**	**77**	**55**	**110**	**121**
	Finance and Commercial					
	BLC Artificial Turf Pitch	0	0	165	0	0
11	BLC Floodlights	50	0	0	0	0
	KLC Pool Filters	0	0	20	0	0
	CLC Pool Handling Ventilation System	0	0	0	100	0
	EGC Upgrade Facilities	0	0	75	0	0
12	Leisure Strategy/Office Accommodation	5,905	5,875	400	0	0
	Contingency	150	150	150	150	150
	Sub total	**6,105**	**6,025**	**810**	**250**	**150**
	PROGRAMME TOTAL	**9,097**	**9,400**	**4,642**	**1,390**	**1,320**

PROJECT APPRAISAL FORM

Project Name: Colliers Way Industrial Units	**Cost Centre: 0368**	**Ref: 1**

Detailed Description:
The 4 units at Colliers Way do not currently have mains sewerage, gas or Broadband. An opportunity has arisen to address this by commissioning Barratts to connect up the units whilst they are carrying out their work to implement these services on the wider development.
It is unlikely that the cost of this work will be able to be reclaimed through existing tenants' rents or service charges but, it may mean that future tenants will be able to pay a higher rent if this can be negotiated.

Location: Colliers Way, Cotgrave	**Head of Service:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Transforming the Council to enable the delivery of efficient, high quality services.
- Supporting economic growth to ensure a sustainable, prosperous and thriving local economy by ensuring that our industrial stock is of a high standard.

Community Outcomes:
- Property owned by the Council is used to generate income for the Council enabling it to keep Council Tax as low as possible.
- The Borough is a more prosperous area with improved employment opportunities and thriving local businesses.

Other Options Rejected and Why:
By not undertaking the suggested works, the units run the risk of becoming out-dated and undesirable which may, in turn, lead to a downturn in their income generation capacity.

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

Start Date: July 2015	**Completion Date:** December 2015

Capital Cost (Total) :	**Year 1:15/16**	**Year 2: 16/17**	
£20,000	£20,000	**£0**	

Capital Cost (Breakdown) £:

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

Revenue cost per annum:	**Year 1: 15/16**	**Year 2: 16/17**
Year 3: 17/18	**Year 4: 18/19**	**Year 5: 19/20**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 5	**New/Replacement:** New
Depreciation per annum: £4,000	**Capital Financing Costs:** £150 p.a.
Residual Value: N/A	**Category of Asset:** Infrastructure

PROJECT APPRAISAL FORM

Project Name: Cotgrave Town Centre Regeneration	**Cost Centre: 0348**	**Ref: 2**

Detailed Description:
Provision of £300,000 in 2016/17 is provisionally earmarked as a contribution for the development of a Customer Service Point in Cotgrave as part of the creation of a multi-service centre. It is hoped that this centre will facilitate partnership working with Nottinghamshire County Council, GPs, NHS, the Police and RBC. It is a key part of the wider regeneration scheme planned for Cotgrave and linked to the housing growth in the town.

Location: Cotgrave	**Executive Manager:** Transformation

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.
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. Delivery of regeneration of Cotgrave town centre

Community Outcomes:
Residents are able to access Council services and information at convenient locations.
Supports the regeneration of Cotgrave town centre.

Other Options Rejected and Why:
Failure to provide investment to develop strategic 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.

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

Start Date: April 2016	**Completion Date:** March 2017

Capital Cost (Total) :	**Year 1: 15/16**	**Year 2: 16/17**	
£300,000		£300,000	

Capital Cost (Breakdown):

Works	**Equipment**	**Other** £300,000	**Fees**

Revenue cost per annum:	**Year 1: 15/16** £0	**Year 2: 16/17** £0
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/20** £0

Proposed Funding

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

Useful Economic Life (years): to be determined	**New/Replacement:** New
Depreciation per annum: to be determined	**Capital Financing Costs:** £2,280
Residual Value: N/A	**Category of Asset:** to be determined potentially Operational Land and Buildings

PROJECT APPRAISAL FORM

Project Name: Bridgford Hall Refurbishment		**Cost Centre: 0382**	**Ref: 3**
Detailed Description: Bridgford Hall is a Grade II listed building, owned by the Borough Council. It has been leased to Nottinghamshire County Council (NCC) who have now vacated but wish to return in Jan 2017 to operate the registry office from the building. A tenant has been secured to operate an aparthotel in the rest of the building. The Council also has an obligation to ensure the building is appropriately maintained as a Grade II listed property. Following their temporary vacation of the building, NCC has agreed to make a contribution to the dilapidations of £150,000. A successful application has been made to the Heritage Lottery Fund (HLF) for a major grant towards the cost of this refurbishment project. The sum of £1,495,000 has been awarded. Proposed works include: refurbishment of the building, conversion of the first and second floors to 7 apartments, small extension to include a lift.			
Location: West Bridgford Town Centre	**Executive Manager:** Transformation		
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 2015		**Completion Date:** Jan 2017	
Capital Cost (Total) :	**Prior Year**	**Year 1: 15/16**	**Year 2: 16/17**
£2,310,000	£650,000	£500,000	£1,160,000
Capital Cost (Breakdown) :			
Works £2,060,000	**Equipment** £0	**Other** £0	**Fees** £250,000
Revenue cost per annum:	**Year 1: 15/16** £0	**Year 2: 16/17** £0	
Year 3: 17/18 (£120,000)	**Year 4: 18/16** (£120,000)	**Year 5: 19/20** (£120,000)	
Proposed Funding			
External: Contribution Nottinghamshire County Council £150,000 Heritage Lottery Fund £1,495,000		**Internal:** Capital Receipts £665,000	
Useful Economic Life (years): 25		**New/Replacement:** Replacement	
Depreciation per annum: N/A		**Capital Financing Costs:** £17,560	
Residual Value: N/A		**Category of Asset:** Investment Property	

PROJECT APPRAISAL FORM

Project Name: Nottinghamshire Broadband	**Cost Centre: 0410**	**Ref: 4**

Detailed Description:
Capital contribution towards Nottinghamshire County Council led project to provide 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 (i.e. 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

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: 15/16**	**Year 2: 16/17**	
£245,000	£162,000	£83,000	

Capital Cost (Breakdown):

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

Revenue cost per annum:	**Year 1: 15/16** £0	**Year 2: 16/17** £0
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/20** £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:** £1,860
Residual Value: N/A	**Category of Asset:** Revenue expenditure funded from capital under Statute

PROJECT APPRAISAL FORM

Project Name: Wheeled Bins	**Cost Centre: 0310**	**Ref: 5**

Detailed Description:
This funding is used to facilitate the provision and replacement programme for domestic wheeled bins 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 programme which also deals with bins that become defective through accidental damage or loss. Looking into the future, work will commence to explore the opportunity to charge developers for the cost of providing wheeled bins for residual waste on new developments. If this is a feasible option, a revised programme will be put forward for future years.

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: 15/16**	**Year 2: 16/17**	
£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: 15/16** £0	**Year 2: 16/17** £0
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/2** £0

Proposed Funding

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

Useful Economic Life (years): 10	**New/Replacement:** New/Replacement
Depreciation per annum: £6,000 p.a.	**Capital Financing Costs:** £460 p.a.
Residual Value: N/A	**Category of Asset:** Equipment

PROJECT APPRAISAL FORM

Project Name: Vehicle Replacement	**Cost Centre: 0680**	**Ref: 6**

Detailed Description:
The authority owns vehicles ranging from large refuse freighters to small vans and items of mechanical plant. 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, undertake refurbishments to extend vehicle life and value and to purchase second hand vehicles and plant as and when appropriate.

For 2014/15 onwards the programme has been significantly revised to take into account the creation of Streetwise Environmental Limited in 2014 which has now taken on the ownership and replacement of the existing Streetwise fleet of equipment and vehicles.

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 Transformation Programme 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. 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 and will refurbish vehicles to extend their life and value.

Risk Rating High (H)/Medium (M)/ Low (L): L			
Start Date: Ongoing		**Completion Date:**	
Capital Cost (Total) :	**Year 1: 15/16**	**Year 2: 16/17**	
£1,747,000 (2 years)	£877,000	£870,000	
Capital Cost (Breakdown)			
Works £0	**Equipment** £1,747,000	**Other** £0	**Fees** £0
Revenue cost per annum :	**Year 1: 15/16** £0	**Year 2: 16/17** £0	
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/20** £0	
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.			
Proposed Funding:			
External: N/A		**Internal:** Capital Receipts	
Useful Economic Life (years): Various		**New/Replacements:** New and Replacements	
Depreciation per annum: Various		**Capital Financing Costs:** £13,280	
Residual Value: Various		**Category of Asset:** Vehicle and Plant	

PROJECT APPRAISAL FORM

Project Name: Hound Lodge Enhancements	**Cost Centre: 0308**	**Ref: 7**
Detailed Description: Replacement of windows, kitchens and sanitary ware at Hound Lodge. Hound Lodge is the Council's temporary accommodation for homeless families whom the Council has a duty to accommodate. It consists of sixteen flats, which share kitchen and bathroom facilities, one between each pair of flats. N.B. further, less urgent works are planned for 2016/17 (£16,000) and 2017/18 (£19,000), and will be proposed for inclusion in the maintenance revenue budget in those years. This appraisal covers only capital works proposed for 2015/16.		
Location: Hound Road, West Bridgford	**Head of Service:** Neighbourhoods	
Contribution to the Council's aims and objectives: Investing in and extending the useful life of Hound Lodge will contribute to the following objectives of the Council's Corporate Strategy 2012 – 2016: **Corporate themes**: • Maintaining and enhancing our residents' quality of life. • Transforming the Council to enable the delivery of efficient high quality services. **Strategic tasks:** • Deliver the Council's Four Year Plan to reduce costs, generate income and adopt more effective delivery models. • Examine the future viability of all Council owned property including equipment.		
Community Outcomes: • Windows replaced with new, efficient uPVC units in 10no bedrooms, 3no kitchens and the health visitor's office. • 9no sets of kitchen units replaced. • WC seats and bathroom taps replaced throughout building, and 4no wash hand basins replaced in annexe flats. The overall outcome will be a building with modern, safe facilities, allowing the Council to meet its duty to provide suitable temporary accommodation for homeless people, and to continue to generate income by letting vacancies to neighbouring authorities. **Other Options Rejected and Why:** Failing to replace building elements that are at the end of their useful life will lead to increasing expenditure on day to day maintenance budgets. Kitchens and bathrooms that are degrading over time are more likely to harbour infectious pathogens, which is a potential risk in a building that is home to a number of young children, babies and pregnant women. Allowing windows to fail would be a security risk, and potentially a physical risk to young children, as well as increasing the cost to the Council of heating the premises. Ultimately, failing to invest in the building would lead to its deterioration to the point that it could no longer be considered suitable accommodation within the meaning provided by homelessness legislation. This would have two significant financial		

risks. First, neighbouring authorities that currently refer homeless households to vacancies at Hound Lodge may stop doing so, reducing the income generated. Second, there would be the risk of a legal challenge from an applicant who considers the accommodation to be unsuitable. As well as the costs involved, this could require the Council to source alternative temporary accommodation for them, which is likely to be very costly, and a poor use of resources compared to investing in the existing asset.

Risk Rating High (H)/Medium (M)/ Low (L): Low			
Start Date: 1 April 2015		**Completion Date:** 31 March 2016	
Capital Cost (Total) :	**Year 1: 15/16**	**Year 2: 16/17**	
£60,000	£60,000		
Capital Cost (Breakdown) £:			
Works £54,000	**Equipment**	**Other**	**Fees** £6,000
Revenue cost per annum:	**Year 1: 14/15** £0	**Year 2: 15/16** £0	
Year 3: 16/17 £0	**Year 4: 17/18** £0	**Year 5: 18/19** £0	
Proposed Funding			
External:		**Internal:** Capital Receipts	
Useful Economic Life (years):		**New/Replacement:** Replacement	
Depreciation per annum:		**Capital Financing Costs:** £460	
Residual Value:		**Category of Asset:** Operational Land and Buildings	

PROJECT APPRAISAL FORM

Project Name: Play Areas (Special Expense Area)	**Cost Centre: 0664**	**Ref: 8**

Detailed Description:
In 2016/17 the focus will be on undertaking consultation with users of the Boundary Road wooden cycle track to establish whether to remove and replace with grass or replace with a small gravel cycle track. In addition, the aim is to replace the worn out carpeted football five a side facility at Greythorne Drive and replace with a robust and low maintenance multi-use games area.

Location: Greythorne Drive, Compton Acres	**Executive Manager:** Communities

Contribution to the Council's aims and objectives:
Corporate Theme: Maintaining and enhancing our residents' quality of life.
Strategic Task: a) Facilitate activities for Children and Young People to enable them to reach their potential.
b) Activate the Leisure Strategy to best provide leisure facilities and activities

Community Outcomes:
Residents continue to be able to access a wide range of leisure facilities and activities supporting them to lead healthy and active lifestyles. Young people living in the Borough are healthy, active, confidant, and engaged in the communities they live in.

Other Options Rejected and Why:
Doing nothing would result in the continued deterioration of the facilities, adversely affecting the reputation of the Council and leading to potential health and safety liability if accidents result from the condition of equipment.
Both facilities could be removed permanently; however, this would still incur a cost and would result in the loss of facility to residents which would be at odds with the council's aims/objectives as stated above.

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

Start Date: Consultation commence April 2016	**Completion Date: March 2017**

Capital Cost (Total) :	**Year 1:15/16**	**Year 2: 16/17**	
£50,000		£50,000	

Capital Cost (Breakdown) £:

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

Revenue cost per annum:	**Year 1: 15/16** £0	**Year 2: 16/17** £0
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/20** £0

Proposed Funding

External:	**Internal:** Regeneration and Community Projects Reserve (Special Expense)

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £3,330	**Capital Financing Costs:** £380 p.a.
Residual Value: Nil	**Category of Asset:** Infrastructure

PROJECT APPRAISAL FORM 2015/16

<table>
<tr><td>Project Name: Alford Road Fencing (Special Expense)</td><td>Cost Centre: 0663</td><td>Ref: 9</td></tr>
<tr><td colspan="3">Detailed Description:

To undertake a cost benefit assessment of two options of improving site security and safety at Alford Road recreation ground.

Option 1 is to install a soil ‘bund’ around the perimeter of the site which would create a deterrent to young people running out onto the road chasing footballs. This would also make access by traveller caravans much more difficult.

Option 2 would involve installation of recycled plastic boundary fence (high level knee rail style with intermediate rails to prevent balls passing through) approximately 800mm above ground level. This style and material would be very durable and wouldn’t require any on-going maintenance (other than countering abuse).

Both options would require the installation of a new height restrictor barrier with secure encased padlock to enable maintenance vehicles to access the site but prevent access by other unauthorised vehicles.</td></tr>
<tr><td>Location: Alford Road, Edwalton</td><td colspan="2">Executive Manager: Communities</td></tr>
<tr><td colspan="3">Contribution to the Council’s aims and objectives:

Corporate Theme: Maintaining and enhancing our residents’ quality of life.

Strategic Task: a) Facilitate activities for Children and Young People to enable them to reach their potential.

b) Activate the Leisure Strategy to best provide leisure facilities and activities</td></tr>
<tr><td colspan="3">Community Outcomes:
The new boundary bund/fence would reduce the risk of a road traffic accident that is present due to the relatively close proximity of the sports pitches to a road. It will reduce the number of footballs going on to the road and provide a barrier which will make it less likely that a child would run out to retrieve a ball without thinking about passing traffic.

The Alford Road recreation ground is the RBC site most vulnerable to unauthorised use by travellers. Installing a perimeter bund/fence will act as a deterrent to this type of misuse, which minimises disruption to local residents and the legal and clean-up costs incurred by the Council following a travellers visit.</td></tr>
<tr><td colspan="3">Other Options Rejected and Why:
1. Do nothing –

Although there has been no road traffic accidents reported to RBC as a result of football use of this site, users of the site have requested that a fence is installed to improve safety (particularly young people). If no action is taken then there remains a possibility that a serious road traffic accident could</td></tr>
</table>

occur, with subsequent potential liability.

There was an unauthorised traveller encampment in August 2014. There has been an increased level of traveller movement within the Rushcliffe Area through the year. The site is currently completely open and vehicles can simply drive over a drop kerb to access the site. Improved security measures have been implemented at other RBC open space sites, which means that without improving security at Alford Road it could become the default site for future traveller visits.

Doing nothing has been discounted as the improvement works would be recovered through savings in legal fees and clean-up costs if future traveller visits are avoided over future years (depending on the length of stay and clear-up requirements one visit by travellers can result in around £6,000-£8,000 of costs and lost income).

2. Install 2 metre high perimeter fence which could prevent a greater number of footballs from going on to the road. This has been discounted as it would make the site feel very enclosed and reduce its attractiveness as a public open space and recreational area for dog walkers and other general use. This option would also be more costly to install.

Risk Rating High (H)/Medium (M)/ Low (L): L			
Start Date: May 2015		**Completion Date:** May 2015	
Capital Cost (Total) :	**Year 1:15/16**	**Year 2: 16/17**	
Up to £50,000	Up to £50,000		
Capital Cost (Breakdown) £:			
Works £44,000	**Equipment** £	**Other**	**Fees** £6,000
Revenue cost per annum:	**Year 1: 15/16** £0	**Year 2: 16/17** £0	
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/20** £0	
Proposed Funding			
External:		**Internal:** Regeneration and Community Projects Reserve (Special Expenses)	

Useful Economic Life (years):15	**New/Replacement:** New
Depreciation per annum: £3,330	**Capital Financing Costs:** £380 p.a.
Residual Value: Nil	**Category of Asset:** to be determined

PROJECT APPRAISAL FORM

Project Name: Information Systems Strategy	Cost Centre: 0596	Ref: 10

Detailed Description:
On 16 October 2012, Cabinet adopted a new ICT Strategy to run from 2012-2016. 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: 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
- a secure environment for customers data

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 not 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: On-going		**Completion Date:** On-going	
Capital Cost (Total) :	**Year 1: 15/16**	**Year 2: 16/17**	

£446,000 (2 years)	£369,000	£77,000	
Capital Cost (Breakdown):			
Works	**Equipment**	**Other** £409,000	**Fees** £37,000

Revenue cost per annum:	**Year 1: 15/16** £81,500	**Year 2: 16/17** £70,000
Year 3: 17/18 £70,000	**Year 4: 18/19** £70,000	**Year 5: 19/20** £70,000
Proposed Funding		

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

Useful Economic Life (years): 3 years	**New/Replacement:** New and Replacement
Depreciation per annum: To be determined	**Capital Financing Costs:** £3,800
Residual Value: Nil	**Category of Asset:** to be determined

PROJECT APPRAISAL FORM

Project Name: BLC Floodlights	**Cost Centre: 0397**	**Ref: 11**

Detailed Description: Replace the floodlight systems to the lower artificial turf pitch (ATP) and to the athletics track. Both systems were installed in the early 1990's and have reached the end of their useful life, repairs are very costly and in many instances cannot be undertaken as parts are now obsolete. New floodlighting systems are more energy efficient with longer bulb life, lowering running costs for maintenance and energy used.
The floodlight system on the track needs to be redesigned to better light the track and field event areas at the two ends of the track where activity takes place rather than the area in the centre of the track.

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

Contribution to the Council's aims and objectives:
Corporate Themes:

- Maintaining and enhancing our residents' quality of life and
- Transforming the Council to enable the delivery of efficient, high quality services.

Community Outcomes:

- Facilitate activities for children and young people to enable them to reach their potential;
- Young people living in the Borough are healthy, active, confident and engaged in the communities in which they live:

  The main users of the track and ATP are clubs whose base is largely young people. The athletics club has seen a significant increase in membership since the Olympics in 2012 and the ATP is used by a number of clubs for junior training and matches.

Other Options Rejected and Why:
For the last 5 years repairs to both systems have been required on a regular basis. These have often been unsatisfactory because the component parts are not available or cannot be installed alongside other parts. The option of renewing elements of the system has been explored but, when compared to the costs of full scale replacement does not offer value for money.

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

Start Date: April 2015	**Completion Date: May 2015**

Capital Cost (Total) :	**Year 1:15/16**	**Year 2: 16/17**	
	£50,000		

Capital Cost (Breakdown) £: to be determined

Works	**Equipment**	**Other**	**Fees**

Revenue cost per annum:	**Year 1: 15/16** No extra cost	**Year 2: 16/17**
Year 3: 17/18	**Year 4: 18/19**	**Year 5: 19/20**

Proposed Funding

External:	**Internal:** Joint Use Leisure Centres' Maintenance Reserve

Useful Economic Life (years): 15	**New/Replacement: Replacement**
Depreciation per annum: £3,330	**Capital Financing Costs:** £380 p.a.
Residual Value: Nil	**Category of Asset:** Equipment

PROJECT APPRAISAL FORM

Project Name: Leisure Strategy and Office Accommodation	**Cost Centre: 0415**	**Ref: 12**
Detailed Description: This ambitious project will consolidate existing leisure facilities within West Bridgford on the Rushcliffe Arena Site. The project will also include extensive works to support the re-location of the Civic Centre to the Arena site. The development will encompass contemporary, flexible office accommodation, alongside the enhanced leisure facilities, meeting modern standards with regard to space and energy consumption. Key elements of the new leisure facility comprise: • A six lane 25 metre pool, with separate learner pool • Sports Hall • A six lane indoor bowling arena • A gym capable of providing at least 150 stations • Dedicated dance and studio spaces • Café and leisure space The project may also involve contributions to Rushcliffe School to enable elements of Rushcliffe Leisure Centre to be remodelled to support continued community use.		
Location: The Arena Site, West Bridgford	**Executive Manager:** Finance and Commercial	
Contribution to the Council's aims and objectives: **Corporate Theme:** Maintaining and enhancing our residents' quality of life. **Corporate Theme:** Transforming the Council to enable the delivery of efficient high quality services. **Strategic Task:** Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise. **Strategic Task:** Facilitate activities for Children and Young People to enable them to reach their potential. **Strategic Task:** Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio. **Strategic Task:** Deliver the Council's Four Year Plan to reduce costs, generate income and adopt more effective delivery models.		
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. 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. Savings arising from the new leisure facility, new Civic offices and the alternate use or disposal of the Civic Centre will provide a major contribution towards the Council's Medium Term Financial Strategy.		
Other Options Rejected and Why: Relocation of leisure facilities to the Arena site is in line with the council's current Leisure Strategy which has considered a range of alternate delivery options. With regard to its office requirements: the Council could, should it wish, choose to stay at the current Civic Centre and undertake a refurbishment programme to enable it to further reduce the space taken up by its services. Whilst may be cheaper, in terms of capital investment, it would result in the building being retained in the medium to long term with three or four floors permanently unavailable for letting. As a result this is, in the long term, likely to be the least cost effective option available for the Authority.		

Risk Rating High (H)/Medium (M)/ Low (L): M				
Start Date: 2014/15 January 2015		**Completion Date:** October 2016		
Capital Cost (Total) :	**Prior Year**	**Year 1: 15/16**	**Year 2: 16/17**	**Year 3: 17/18**
£14,200,000	£2,020,000	£5,905,000	£5,875,000	£400,000

Capital Cost (Breakdown) £: To be determined			
Works	**Equipment**	**Other**	**Fees**

Revenue cost per annum:	**Year 1: 15/16** £0	**Year 2: 16/17** £0
Year 3: 17/18 £0	**Year 4: 18/19** £0	**Year 5: 19/20** £0

Proposed Funding	
External: £1million New Homes Bonus	**Internal:** £4.5million from Reserves (including £1million from New Homes Bonus). The balance of £9.7million from internal borrowing

Useful Economic Life (years): 40	**New/Replacement:** New and replacement
Depreciation per annum: £355,000	**Capital Financing Costs:** £107,920
Residual Value: Nil	**Category of Asset:** Operational Land and Buildings

PROJECT APPRAISAL FORM

<table>
<tr><td colspan="2">Project Name: Investment Strategy</td><td colspan="2">Cost Centre:</td><td>Ref: 13</td></tr>
<tr><td colspan="5">Detailed Description:
As with other local authorities Rushcliffe faces the challenge of meeting on-going service demands at a time of reducing resources. The investment strategy presents a mechanism through which the Council can develop a balanced portfolio of investments that provide additional income to the Authority whilst also providing opportunities for wider positive economic and social impacts across the Borough.

Due to the nature of these opportunities funding has not been requested for specific years but has instead been allocated in total enabling it to be drawn down as and when schemes are identified and approved. In order to ensure that such schemes do not impact on the availability of capital for core activities it is proposed that funding for investments would be drawn from external (i.e. Public Works Loan Board) borrowing and hence any returns will need to exceed the resultant repayment costs.

Consideration will also need to be given to the governance mechanisms for the approval and monitoring of such investments and these requirements will be addressed following the agreement of this business case.</td></tr>
<tr><td colspan="2">Location: Borough Wide</td><td colspan="3">Executive Manager (Finance and Commercial)</td></tr>
<tr><td colspan="5">Contribution to the Council’s aims and objectives:
Corporate Themes:
Supporting economic growth to ensure a sustainable, prosperous and thriving local economy.</td></tr>
<tr><td colspan="5">Community Outcomes:
To be assessed and determined for each individual investment opportunity.</td></tr>
<tr><td colspan="5">Other Options Rejected and Why:
The Council could chose to not allocate funding to the acquisition and development of commercial and social assets resulting in lost opportunities for the delivery of additional income and associated social / economic benefits to the Borough. Alternately the Council could maintain a reactive stance which may enable some opportunities to be addressed but these would sit outside a long term planning framework.</td></tr>
<tr><td colspan="5">Risk Rating High (H)/Medium (M)/ Low (L):</td></tr>
<tr><td colspan="2">Start Date: 1/4/15</td><td colspan="3">Completion Date: 31/3/20</td></tr>
<tr><td>Capital Cost (Total) :</td><td>£10,000,000</td><td colspan="3">Any asset acquisitions will give rise to asset values</td></tr>
<tr><td>Revenue Cost per annum:</td><td colspan="4">To be determined and will involve the need to make a Minimum Revenue Provision (MRP) for any loan repayments together with associated interest charges. As stated above, any returns on the investments will need to exceed the resultant repayment costs.</td></tr>
<tr><td colspan="5">Proposed Funding</td></tr>
<tr><td colspan="2">External:
£10,000,000 (Borrowing)</td><td colspan="3">Internal:
Nil</td></tr>
</table>

Appendix 5

CAPITAL STRATEGY 2015-16

SECTION A – BACKGROUND

1. Introduction

1.1 Capital expenditure represents major investment in new and improved assets such as operational land, buildings and equipment, infrastructure, investment properties, and intangible assets primarily pertaining to information technology. It therefore plays a key part in the provision and development of the Council's services.

1.2 The aim of the Capital Strategy is to provide a clear framework for capital funding and expenditure decisions. This is in the context of the Council's vision, values, objectives and priorities, financial resources and spending plans. This will be updated on an annual basis.

2. The Borough

2.1 Rushcliffe Borough Council is a District Council situated in the County of Nottinghamshire. It provides services to more than 100,000 residents (47,000 households) and over 2,000 businesses. The Borough spreads across an area of 158 square miles/409.2 square kilometres and is made up of West Bridgford Town Centre and 59 Parished areas - the largest of which comprise: Bingham, Cotgrave, Keyworth, Radcliffe-on-Trent, Ruddington, and Tollerton.

2.2 Rushcliffe owns a portfolio of operational land and buildings within the Borough from which it delivers, supports and enables services to be provided. The total net book value of these assets was £20 million as at 31 March 2014. In addition, a range of Investment Property is also owned which is used for either capital appreciation or the generation of a revenue income stream and includes industrial units, quality office accommodation, agricultural land, and a few miscellaneous rentable properties. The total fair value of these assets was £10 million as at 31 March 2014.

3. Objectives of the Capital Strategy

3.1 It provides a clear framework for the planning, financing, monitoring and review of capital investment within Rushcliffe Borough Council.

3.2 It describes the key elements of the Council's approach to allocating capital resources to support the needs and aspirations of the local community. Emphasis is placed upon consulting with stakeholders, working with partners, ensuring that opportunities for external funding are identified and overall, achieving Best Value in the use of Resources.

3.3 It sets out:

- the Council's priorities and looks at how capital expenditure can contribute to their achievement;
- the current processes for arriving at capital spending plans;
- how funding for capital schemes is generated;
- how progress on schemes is monitored and how performance is assessed once schemes are completed,
- The Council's processes for managing its assets, and
- Risk assessment.

4. Links to Other Documents and Strategies

4.1 Corporate Strategy

Capital development proposals need to contribute towards the following strategic goals, contained with the Council's Corporate Strategy 2012-2016:

- Supporting economic growth to ensure a sustainable, prosperous and thriving local economy
- Maintaining and enhancing our residents' quality of life
- Transforming the Council to enable the delivery of efficient, high quality services.

In pursuit of these strategic goals, the Council aims to:

- Maintain its operational assets to an appropriate standard to ensure that current service needs are adequately met, subject to evaluation of assets needs arising from The Asset Management Plan, Service Re-designs and the Transformation agenda.
- Provide capital investment to improve or transform services and help reduce operating costs.
- Provide capital investment to improve energy efficiency and reduce carbon emissions as part of the Carbon Management Plan.
- Recognise the needs of the community by working with partners, parishes, local communities, and the voluntary sector it identify and make proposals for addressing local issues.
- Take steps to examine the future viability of all Council owned property to ensure that it is utilised to its full potential or used to generate income for the Council enabling it to keep Council Tax as low as possible.
- Maximise the capital resources available by actively seeking external funds and working in partnership with other organisations.
- Maintain its debt free status in the medium term, accepting that future financial pressures are likely to lead external borrowing.

4.2 Medium Term Financial Strategy

The Capital Strategy is closely linked to the Medium Term Financial Strategy (MTFS), where available funding and projected levels of expenditure are set out. The revenue implications of the capital programme are also included in the MTFS, and the affordability of the impact on Council Tax is demonstrated. The vehicle to help deliver a balanced budget and affordable capital programme is the Transformation Strategy and resulting Transformation Programme which includes both capital and revenue related schemes. There is both a ’top-down’ and ‘bottom-up’ approach where the demands of the Capital Programme feed into service planning; and likewise service demands are represented in both the revenue budget and capital programme.

4.3 Prudential Code

The Capital Strategy sets out the framework for prioritisation of capital investment decisions. The strategy for funding this investment is underpinned by the introduction of the ‘Prudential’ framework for local authority capital finance from 1 April 2004. The Prudential Code has the following key objectives:

- That capital investment plans are affordable, prudent, and sustainable.
- That Treasury Management decisions are taken in accordance with good professional practice.
- That local strategic planning, asset management and proper options appraisal are supported.

To demonstrate that these objectives have been fulfilled, the Prudential Code details the indicators that must be set and monitored. These are designed to support and record local decision making, and not to be comparative performance indicators. The Prudential indicators must be approved by full Council.

4.4 Treasury Management Strategy

The Treasury Management Strategy links to the Capital Strategy, in determining the Council’s approach to borrowing and investment. It includes, where appropriate, borrowing to fund capital expenditure and it is closely related to the Prudential Code and Prudential indicators as set out in 4.3 above.

The Treasury Management Strategy deals with investment arising as a consequence of all the financial transactions of the authority, not exclusively those arising from capital spending. The Strategy also covers borrowing but, it should be noted that, Rushcliffe Borough Council has been debt free since May 2003 following the transfer of its Housing Stock to a Registered Housing Provider in January 2003.

4.5 Statement of Accounts

The Capital Expenditure carried out in the year is reflected in the Balance Sheet of the Statement of Accounts. This document is externally audited at the end of each financial year to certify that it presents fairly the financial position of the Council.

4.6 Asset Register and Asset Management Plan(AMP)

These documents provide important links with the Capital Strategy. The Asset Register, maintained by Financial Services, contains all necessary financial details pertaining to assets held by the Authority. The AMP, prepared by Property Services and in conjunction with all other service areas, assesses the condition of assets and future plans for their management, including repairs and maintenance.

4.7 **Procurement Strategy**

This document, together with the Council's Financial Regulations and Standing Orders relating to Contracts covers the way in which capital provisions can be spent. These documents are supported by a specific Code of Practice (number 12) – Capital Schemes and other projects.

Capital schemes are delivered through a variety of procurement and tendering methods set out in Standing Orders relating to Contracts. These methods are designed to assist in selecting appropriate methods relative to contract requirements, size, scope and complexity in order to obtain value for money. Where appropriate, the Borough will use partnering arrangements in line with the Procurement Strategy.

4.8 The Capital Strategy is intended to be a working document, which can be read in conjunction with the above strategies and plans, and provided guidance and direction on the setting and delivery of the Capital Programme.

SECTION B – PLANNING CAPITAL EXPENDITURE

5. Objectives of Capital Budgeting

5.1 The purpose of the capital budgeting process is to ensure that the money available for capital expenditure is prioritised in the way which best meets the Council's objectives. This must be achieved within the constraints of the capital funding available.

5.2 Officers submit schemes to be included in a draft Capital Programme which is prepared each October. These submissions comprise new/development projects together with rolling programmes for enhancement to play areas and replacement of vehicles and equipment. Also included are on-going provisions to support: Disabled Facilities Grants, investment in Social Housing, and Partnership Grants This draft programme is then discussed by the Executive Management Team (EMT) along with supporting information and business cases where appropriate.

5.3 The draft Capital Programme is further refined following these discussions and, at this stage, each scheme within the programme has to be supported by a detailed appraisal as set out in the Council's Financial Regulations. Capital appraisals have to address the following matters:

- A detailed description of the project;
- How the project contributes to the Council's aims and objectives;
- Anticipated outcomes;
- A consideration of alternative solutions;
- An estimate of the capital costs and sources of funding;
- An estimate of the revenue implications including any savings and/or future income generation potential;

- Any other aspects relevant to the appraisal of the scheme as the S151 Officer may determine.

The appraisal requirement applies to all schemes except where there is regular grant support such as Disabled Facilities Grants and Support for Registered Housing Providers (these are covered by separate grant procedures). The above process is subject to any future changes in the Council's Financial Regulations.

5.4 The draft Capital Programme is submitted to Member Budget Workshops during the Budget Cycle: October – January and is also subject to public consultation when reported to Cabinet (on the Council's website).or specific reports where there are significant changes. The final Capital Programme is ratified by Full Council in March as part of Council Tax setting. See **Annex A** for the draft capital programme 2015/16 and future years.

5.5 From time to time, unforeseen opportunities may arise or new priorities may emerge which require swift action and inclusion in the Capital Programme. These schemes are still subject to the appraisal process outlined above and the programme contains a contingency sum to allow such schemes to progress without disrupting other planned capital activity.

SECTION C – CAPITAL FINANCING

6. Sources of Capital Financing

6.1 Funding for the Capital Programme comes from a number of sources. The main ones are:

- Capital receipts from the sale of assets
- Government Grants
- Other Grants and Contributions
- Developer Contributions in the form of Section 106 monies
- Use of specific reserves
- Revenue contributions
- Prudential Borrowing (may be important in the medium to long-term for Rushcliffe Borough Council)
- Leasing, although not currently undertaken.

See **Annex A** for the proposed funding of the Capital Programme 2015/16 and future years.

6.2 The need to identify and exploit sources of external funding is crucial to the delivery the Capital Strategy.

6.3 **Capital Receipts**

Capital receipts arising from the sale of the Council's assets can provide a significant input into capital funding. These can be generated from: the disposal of significant assets (operational and investment property and land), minor assets (small areas of land, surplus vehicles and equipment), and negotiated access rights.

Rushcliffe Borough Council also has a steady capital receipts income stream from the Right to Buy claw back Agreement put in place at the time of the Housing Stock Transfer to a Registered Housing Provider in January 2003. This document imposes a sharing agreement between the two parties on the proceeds of subsequent Right to Buy property disposals. Capital receipts generated this way totalled £129,000 in 2013/14 and £107,000 in 2012/13 and estimated to be £150,000 in 2014/15.

Surplus assets are actively considered by the Executive Management Team as part of the Asset Management Plan. They are reviewed in terms of their ability to generate capital receipts or their use, in future, to provide value for money services to the Community. Surplus assets are defined and managed as set out in the Council's Acquisition and Disposal Policy. Significant properties disposed of under this policy in the last year comprise: Gresham old pavilion (£665,000), Park Lodge (£345,000), and Rushcliffe Lodge (£313,000). A further disposal of an investment property bungalow has been approved (£205,000) and this is expected to go through in 2015/16.

6.4 Government Grants

Grants issued directly by the Government which may be specific or non-ring fenced. Currently Rushcliffe Borough Council is only in receipt of a government grant to support its expenditure on disabled adaptations to private dwellings.

6.5 Other Grants and Contributions

Other Grants and Contributions from external bodies are an increasingly important source of capital funding and rising in prominence given the current focus on partnership working. Examples include contributions from Nottingham County Council towards work at Joint Use Leisure Centres and Bridgford Hall (to address dilapidations). Officers are pro-active in identifying available sources of funding and submission bids are made as and when appropriate. This work has recently resulted in the successful award (December 2014) of a significant grant from the Heritage Lottery Fund (£1.495million) to support the major redevelopment of Bridgford Hall.

6.6 Developer Contributions/S106 monies

Section 106 Agreements set out the contributions payable by developers and are tied in with new construction projects. These agreements are complex and comprise funding for a range of public services: affordable housing, transport, health, education, and leisure. Each agreement specifies certain trigger points at which contributions become either payable or when they are released and also have time constraints embedded within them.

Significant sums of S106 monies can be held at any one time by the Council. However, they have to be separately identifiable and have interest accredited to them. Only a portion of such receipts will be specifically available for the Council to use directly and, for Rushcliffe, these largely comprise of those lodged for affordable housing and leisure.

Community Infrastructure Levy (CIL) arrangements allow new Local Plans/Core Strategies to have the opportunity to introduce detailed CIL policies based on future infrastructure requirements. Rushcliffe is currently investigating options for implementations of CILs.

6.7 Use of Specific Reserves

Rushcliffe Borough Council holds significant sums in earmarked reserves to support future capital investment (and on-going revenue budget commitments). Such reserves are being actively and efficiently managed in order to control the impact of future spending commitments in the light of significantly reducing external funding sources.

The application of such reserves is approved either by: full Council (as part of the Council Tax Setting report), specific Cabinet reports, or by officers in accordance with the Council's Scheme of Delegation.

6.8 Revenue Contributions

These are sums used either directly from revenue to fund capital expenditure in the year or by sums transferred to specific reserves at the end of each financial year to fund future capital expenditure. The use of such sums has to be given serious consideration as the pressures on the revenue budget continue to rise.

There is a growing and sustained emphasis on the need to make the connection between capital investment and future revenue income generation. Rushcliffe Borough Council has a strong ethos of "Invest to Save" and this is invoked at budget challenge sessions held as part of the budget setting process. This concept now sees the transfer of set provisions from the revenue budget to reserves for future outlay on Investment property (taken from the revenue income stream) and for Cotgrave Precinct, an economic development asset, again taken from the rental income stream.

6.9 Prudential Borrowing

Following the introduction of the 'Prudential' framework for local authority capital finance from 1 April 2004, external borrowing has become a more accessible source of funding for Local Authorities. Some of this borrowing is supported by Central Government (although this is very tightly controlled). For the remainder, repayments have to be met from revenue and further tighten constraints on the budget.

Currently the Council is debt free and has been since May 2003 following the transfer of its Housing Stock in January 2003. The publication of the Capital Programme for 2015/16 and future years sees the Council move from this position to one of internal borrowing (use of internal reserves and investments to support the Capital Programme) to one of potential external borrowing. This move has been considered in the light of the Prudential Code. Under this code, the Council has a degree of freedom to determine its own borrowing but, it must always ensure that this is at a level which is affordable, prudent and sustainable. If any external borrowing is undertaken, this would be monitored through bi-annual reports to the Corporate Governance Group.

SECTION D – MONITORING CAPITAL EXPENDITURE

7. Objectives of Capital Monitoring

7.1 Capital expenditure is monitored to ensure that:

- Money is spent only on schemes approved by Members.
- Members and the Executive Management Team (EMT) are updated on the physical and financial progress of schemes.
- expenditure occurs on time, in line with progress plans;
- any overspends and underspends are identified and minimised;
- Budgets reflect the latest known position, and are regularly reviewed and updated where necessary.
- Forecast actual expenditure is realistic.
- slippage on schemes is identified and reported with budget adjustments made accordingly;
- Capital expenditure and funding are correctly recorded and accounted for.

8. Capital Budget Monitoring Process

8.1 Monitoring of the Capital Programme and individual schemes is a corporate activity and takes place at Performance Clinics, Corporate Governance and Cabinet Meetings. Capital monitoring is carried out between Service areas and Financial Services.

8.2 The Council has adopted a project management framework and this is applied to significant capital projects. For larger schemes, special groups are drawn from sponsoring service areas and other relevant services and these groups are charged with ensuring that projects are delivered on time, within estimated costs and that outputs are properly delivered.

8.3 Financial Services prepare monitoring reports to coincide with service area Performance Clinic dates. The reports are despatched, reviewed and updated by Commissioning officers before inclusion in clinic papers. Performance Clinics are presented to EMT on a rolling weekly basis. A Total Performance Clinic is held quarterly which co-ordinates all financial data and performance on both the Capital and Revenue budgets.

8.4 Quarterly monitoring reports are then taken through Corporate Governance and Cabinet for assessment and review. The Cabinet reports address any amendments which need to be made to the Capital Programme during the course of the year.

8.5 At year end, Financial Services produce the Capital Outturn report. This shows the final expenditure and funding position and provides explanations for any variances. Variances arise from underspends, overspends, budget no longer being required, slippage and acceleration. Slippage arises where schemes need to be deferred to the following year. Acceleration arises when expenditure has occurred in advance of the approved budget provision.

8.6 Following on from this report, the Asset Register and the Statement of Accounts are updated to reflect capital activity in the year.

8.7 Upon completion of projects, and after a period of operation, Code of Practice number 12 – Capital Schemes and Other Projects, sets out the requirement to review the success of the scheme against the state projected outcomes and submit to the relevant scrutiny group.

SECTION E – ASSET MANAGEMENT

9. The Asset Register

9.1 Assets purchased and constructed by the Council under the Capital Programme are recorded in the Asset Register. This register serves a largely financial purpose recording: assets under construction, additions, disposals, transfers and revaluation of assets. This information is the basis for calculating depreciation and impairment charges made to revenue accounts for the use of assets in service delivery. This information is also used to calculate the change in Fair Value of Investment Properties.

9.2 Assets recorded in the Asset Register fall into the following categories reported on the Council's Balance Sheet in the Statement of Accounts:

- Property, plant and equipment comprising: operational land and building; vehicles, plant and equipment; infrastructure assets; community assets; surplus assets; and assets under construction.
- Heritage Assets
- Investment Property
- Intangible Assets.

See **Annex A** for the main operational land and building and investment property holdings and their associated values.

9.3 In addition to the Asset Register maintained by Financial Services, a Database (IDOX) is administered by Property Services. This contains data and mapping records for the Council's assets.

10. The Asset Management Plan (AMP)

10.1 The AMP provides a five year framework for the management of the Council's land and property portfolio.

10.2 The overall aim of Rushcliffe's AMP is to enable high quality services to be provided to the residents of Rushcliffe and driving local prosperity, both now and in the future.

10.3 The stated aims of the AMP are to:

- ensure overall efficient and effective use of assets;
- encourage the use of innovative property solutions including: transfer of assets, sharing assets, partnership working, alternative ways of working;
- improve the customer/end user experience, including co-location with partners, increased access and use of property to meet the needs of the community;

- locate in areas best suited to the community: catering for all sections of the community;
- use assets to stimulate local growth and unlock development potential in other non-Council owned sites
- optimise income and return from investment property whilst meeting wider policy objectives such as regeneration the local economy;
- release capital where assets are not used to full potential, either by disposal or generating revenue from under-utilised or surplus space;
- ensure any property related projects are necessary and represent value for money through appropriate control and monitoring measures; and
- Support Rushcliffe's corporate strategy, operational requirements and performance objectives.

10.4 The AMP includes an Action Plan which identifies the work required in order to achieve its aims. This includes actions related to property usage, condition and performance.

10.5 The AMP is supported by the Council's Disposal and Acquisition Policy for Land and Buildings. This document provides the guidelines by which the Council shall consider the disposal of surplus assets to:

- deliver the Council's priorities;
- release capital for reinvestment in service delivery;
- reduce running costs and liabilities, and
- be consistent with the Council's corporate objectives and delivering improved value for money for residents.

10.6 Surplus assets are identified through a rolling programme which reviews: asset use, opportunity cost in use, and other related measures. The council uses an agreed options appraisal in determining whether an asset is surplus to the Council's requirements in order to be fair, transparent and equitable to all. Any resultant disposals are to be to the Council's advantage, financially and/or by furthering corporate objectives. Such disposals are to be for the best consideration and made by following proper disposal procedures. In the event that a disposal is made at 'an undervalue' it must fall within the acceptable grounds of the Local Government Act 1972, General Disposal Consent (England) 2003.

Stewardship and Maintenance of Assets

10.7 The Asset Register and AMP are key tools in ensuring that the Authority takes appropriate care of the assets it holds. The Asset Register identifies the assets held and the AMP assesses their condition and the need for repairs and maintenance.

11. Asset Investment Strategy

11.1 The Council is committed to becoming self-sustainable as central government funding reduces. This includes ensuring the Council maximises any income return from existing assets and, where there is a business case, invests in assets where there is a commercial return. At the same time the Council is also committed to delivering social benefits which may also arise from investment and development of assets. The governance arrangements surrounding such decisions will be developed and agreed during 2015/16.

SECTION 6 – RISK ASSESSMENT

12. Risk Assessment

12.1 There are a number of risks to the Council arising from issues raised in the Capital Strategy, particularly pertinent are:

- Failure to maximise revenue;
- Failure to minimise costs;
- Failure to protect and utilise assets.

12.2 Other specific risks include:

- Failure to meet corporate priorities through capital expenditure.
- Failure to ensure expenditure is in line with the agreed Capital Programme.
- Failure to minimise underspends, overspends and slippage.
- Failure to deliver outcomes identified in capital appraisals.
- Failure to secure funding to deliver the Capital Programme.
- Failure to adequately monitor funding.

12.3 A failing in any of these areas may result in either a reputational or financial impact which could be detrimental to the Authority. Implementation of this Capital Strategy will give substantial assurance that the Council's resources are being deployed in an effective and efficient way.

CONTEXT SHEET **Annex A**

Assets

The table below summarises the Council's assets and their values as at 31.03.14.

Type of Asset	Number	Value £'000
Leisure Centres	5*	4,023
Civic Centre	1	3,412
Parks, playing fields and open spaces, including Golf Course, Country Park and allotments	37	3,867
Community Halls	3	1,097
Car Parks	10	4,849
Industrial Areas (Investment)	5	3,023
Investment land and properties	21	7,300
Depot	1	993
Others	9	2,437
TOTAL General Fund	87	31,001

* 3 are owned by NCC but RBC deliver Leisure Services from these premises.

Capital Programme

The Council's proposed five year capital programme is summarised below.

	2015/16 Indicative Estimate	2016/17 Indicative Estimate	2017/18 Indicative Estimate	2018/19 Indicative Estimate	2019/20 Indicative Estimate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Transformation	682	1,543	2,500	0	0	4,725
Neighbourhoods	1,741	1,555	1,167	920	939	6,322
Communities	200	200	110	110	110	730
Corporate Governance	369	77	55	110	121	732
Finance and Commercial	6,105	6,025	810	250	150	13,340
Total	9,097	9,400	4,642	1,390	1,320	25,849
FUNDED BY						
Usable Capital Receipts	(2,061)	(2,688)	(3,900)	(1,048)	(978)	(10,675)
Disabled Facilities Grants	(292)	(292)	(292)	(292)	(292)	(1,460)
Use of Reserves	(2,732)	(50)	(50)	(50)	(50)	(2,932)
Grants and Contributions	(500)	(495)	0	0	0	(995)
S106 Monies	(87)	0	0	0	0	(87)
Internal Borrowing	(3,425)	(5,875)	(400)	0	0	(9,700)
Total	(9,097)	(9,400)	(4,642)	(1,390)	(1,320)	(25,849)
Capital Resources at start of year	12,891	9,615	7,331	6,336	5,676	
Additions	2,396	1,241	3,247	730	667	
Used (-)	(5,672)	(3,525)	(4,242)	(1,390)	(1,320)	
Capital Resources at end of year*	9,615	7,331	6,336	5,676	5,023	

* Includes capital receipts, capital grants and the Council's Investment Reserves

Appendix 6

TREASURY MANAGEMENT STRATEGY 2015/16 – 2019/20

The Capital Prudential Indicators 2015/16 to 2019/2020

Introduction

1. The Local Government Act 2003 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out capital and treasury management activities.

2. The CIPFA Prudential Code establishes a framework designed to support local strategic planning, local asset management planning and option appraisal. The objectives of the CIPFA Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.

3. The overall prudential framework also has an impact on the Council's treasury management activities as it directly impacts borrowing and investment activity. The Treasury Management Strategy for 2015/16 to 2019/20 is included from paragraph 19.

The Capital Prudential Indicators

4. The Council's capital expenditure plans are summarised below and forms the first of the prudential indicators. Capital expenditure needs to have regard to:

   - Corporate objectives (e.g. strategic planning);
   - Stewardship of assets (e.g. asset management planning);
   - Value for money (e.g. option appraisal);
   - Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
   - Affordability (e.g. implications for council tax and rents); and
   - Practicability (e.g. the achievability of the Corporate Plan)

Capital Expenditure Estimates

5. Capital expenditure can be financed immediately through the application of capital resources, for example, capital receipts, capital grants or revenue resources. However, if these resources are insufficient or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need. Table 1 summarises the capital expenditure projections and anticipated financing, with capital expenditure increasing with regards to anticipated spend in relation to the accommodation and leisure strategy.

Table1: Projected Capital Expenditure

£'000	2014/15 Estimate	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Capital Expenditure	7,383	7,625	9,097	9,400	4,642	1,390	1,320
Financed by:							
Capital Receipts	3,891	3,414	2,061	2,688	3,900	1,048	978
Capital Grants/ Contributions	383	1,690	879	787	292	292	292
Reserves	3,109	2,521	2,732	50	50	50	50
Net Financing Need for the Year (Internal Borrowing)	**0**	**0**	**3,425**	**5,875**	**400**	**0**	**0**
Total	**7,383**	**7,625**	**9,097**	**9,400**	**4,642**	**1,390**	**1,320**

6. The key risks to the capital expenditure plans are that the level of grants estimated is subject to change, anticipated capital receipts are not realised in the medium term and the sustainability of New Homes Bonus in its current guise.

The Council's Borrowing Need (the Capital Financing Requirement)

7. The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow for capital expenditure which has not yet been paid for by either revenue or capital resources. The capital expenditure above which has not been financed will increase the CFR from a negative to a positive position (i.e. the use of internal borrowing). Note MRP in later years is as a result of internal borrowing in relation to the Leisure Strategy.

Table 2: CFR Projections

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Capital Financing Requirement						
Opening Balance	(505)	(505)	2,920	8,795	9,195	8,195
Movement in CFR	0	3,425	5,875	400	(1,000)	(1,000)
Closing Balance	(505)	2,920	8,795	9,195	8,195	7,195
Movement in CFR represented by						
Net financing need for the year	0	3,425	5,875	400	0	0
Less MRP/VRP and other financing movements	0	0	0	0	(1,000)	(1,000)
Movement in CFR	**0**	**3,425**	**5,875**	**400**	**(1,000)**	**(1,000)**

8. CLG Regulations have been issued which require the Corporate Governance Group to consider a Minimum Revenue Provision (MRP) Statement in advance of each year. Further commentary regarding financing of the debt is

provided within the Treasury Management Strategy Statement (paragraphs 30-33). A variety of options are provided to Councils, so long as there is prudent provision. The following MRP Statement is recommended (taking advice from our Treasury Advisors).

9. Rushcliffe Borough Council has fully financed its capital expenditure incurred before 1 April 2014. In the event of an MRP charge being required the policy for approval is:

- *Option 3 Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).*

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

This option provides for a reduction in the borrowing need over approximately the asset's life.

The Use of the Council's Resources and the Investment Position

10. The application of resources (capital receipts, reserves etc) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Table 3 details estimates of the year end investment balance and anticipated day to day cash flow balances. It should be noted that resources decline over time as capital expenditure is funded from internal resources.

Table 3: Expected Investment Position

Year End Resources £'000	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Expected year-end balances	31,500	24,500	18,500	19,500	21,500	25,000
Expected Average Investments over the year	38,000	35,000	28,500	26,000	27,500	32,000

Prudential Indicators for External Debt

Authorised Limit for External Debt

11. The authorised limit is the "affordable borrowing limit" required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited. It shows the maximum amount the Council could afford to borrow in the short term to maximise treasury management opportunities and either cover temporary cash flow shortfalls or use for longer term capital investment. The limit has been increased reflecting pressures in relation to the Leisure Strategy and potential use of borrowing with regards to the purchase of property as investment opportunities.

Table 4: The Authorised Limit

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Authorised Limit	9,000	22,000	30,000	30,000	30,000	30,000

Operational Boundary for External Debt

12. The operational boundary is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit and actual borrowing can be either below or above the boundary subject to the authorised limit not being breached. The changes correlate with the Authorised Limit and the reasons stated at paragraph 11.

Table 5: The Operational Boundary

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Operational Boundary	4,000	17,000	25,000	25,000	25,000	25,000

Prudential Indicator for Prudence

13. The framework established by the CIPFA Prudential Code is designed to ensure that the objective of keeping external debt within sustainable, prudent limits is addressed each year.

Gross Borrowing and the Capital Financing Requirement

14. This is a key indicator of prudence. In order to ensure that over the medium term gross borrowing will only be for a capital purpose, the Council needs to ensure that debt does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional increases to the CFR for the current and following two financial years.

Table 6: CFR versus Gross External Debt

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Gross Borrowing at 1 April	0	0	0	0	0	0
Other long term liabilities	0	0	0	0	0	0
Gross Borrowing at 31 March	0	0	0	0	0	0
Capital Financing Requirement						
Total CFR	(505)	2,920	8,795	9,195	8,195	7,195

15. The Executive Manager – Finance and Commercial reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in this budget report.

Prudential Indicators for Affordability

16. Affordability indicators provide details of the impact of capital investment plans on the Council's overall finances.

Actual and estimates of the ratio of net financing costs to net revenue stream

17. This indicator identifies the trend in net financing costs (borrowing costs less investment income) against net revenue income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs (a credit indicates interest earned rather than cost) is changing over time. The trend below is consistent with the fact that our investments will decline due to the investment in the Leisure Strategy and Accommodation project, as will the Councils net budget, but in the later years projected interest rate rises means the proportion of interest earned increases.

Table 7: Ratio of Financing Costs to Net Revenue Stream

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	-2.66%	-1.42%	-1.00%	1.71%	1.18%	0.44%

Incremental Impact of Capital Investment Decisions

18. This is an indicator of affordability that shows the incremental impact of capital investment decisions on Council Tax. The indicator identifies the revenue costs associated with the capital programme for a particular year. A negative figure is indicative of the assumed benefits from the Leisure Strategy and Accommodation changes.

Table 8: Capital Expenditure – Annual Impact on Council Tax

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Impact on Council Tax – Band D	1.60	1.74	1.76	(9.75)	(10.03)	(9.87)

Treasury Management Strategy Statement 2015/16 to 2019/20

19. The CIPFA Code of Practice for Treasury Management in the Public Services (the "CIPFA Treasury Management Code") and the CIPFA Prudential Code require local authorities to produce a Treasury Management Strategy Statement on an annual basis. This Strategy Statement includes those indicators that relate to the treasury management functions.

20. The CIPFA Treasury Management Code defines treasury management activities as:

"The management of the local authority'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."

Statutory and Professional Requirements

21. The above definition highlights that the treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators (paragraphs 1-18) consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets its balanced budget requirement under the Local Government Finance Act 1992. Furthermore the Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council has gone beyond this requirement, so that Members are fully informed of the implications on the 5 year Medium Term Financial Strategy of its Capital Programme.

22. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act, included from section 45); this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, and accords with the CIPFA Treasury Management Code of Practice 2011 ('the Code').

23. The primary requirements of the Code are as follows:

    1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a Mid- Year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of the treasury strategy and policies to a specific named body. For this Council the delegated body is the Corporate Governance Group.

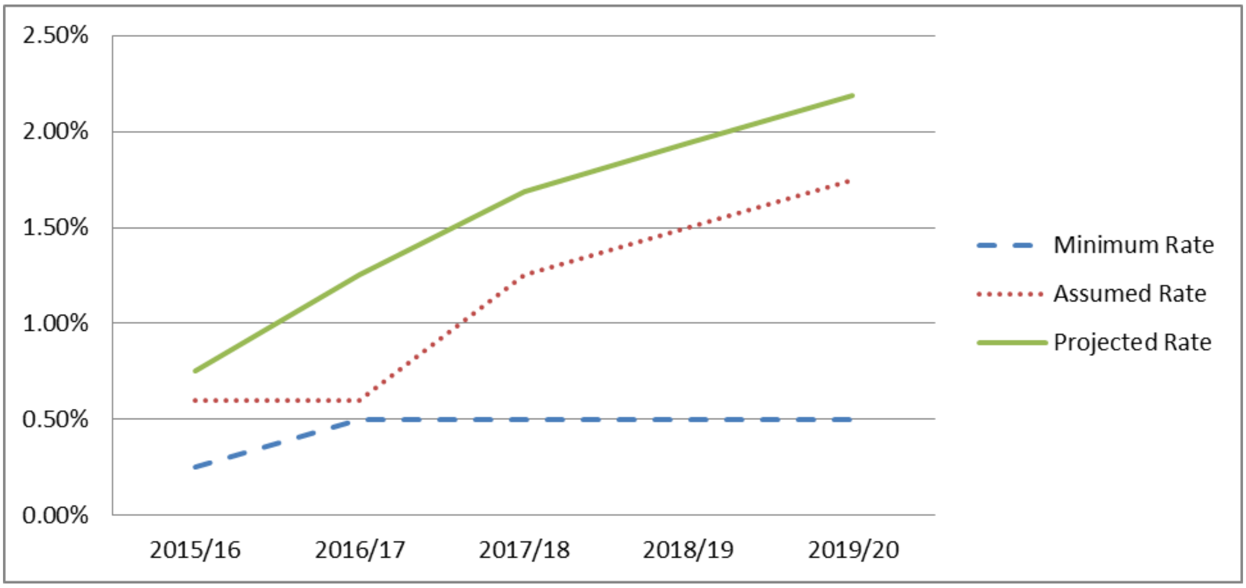
24. The suggested strategy for 2015/16 in respect of the following aspects of the treasury management function is based upon interest rate forecasts provided by the Council's treasury advisor, Arlingclose, combined with our expected cashflow position.

The Current Economic Climate and Prospects for Interest Rates.

25. The Council is facing increasing difficulty in securing higher interest rates on its investments due to the advised duration limits on unsecured investments. Furthermore the deterioration of growth in the Eurozone has affected the interest rate on investments. For example, the advised duration limit for investments with Lloyds Bank has reduced from 12 months to 6 months which has resulted in the interest rate on investments reducing from 0.95% to 0.63%.

26. For any treasury decisions, whether to borrow or invest, the Council must pay due regard to both the economic climate and expectations going forward. The graph below shows that short-term rates are expected to remain low until 2016/17 then steadily rising thereafter. We have assumed rates in between the minimum and maximum expectation and consider this to be prudent. The Strategy has to be reactive to changing market conditions as such forecasts can quickly change and this could impact on future decision making.

Expected Movement in Interest rates



27. Growth in the UK economy has continued to strengthen but this is not expected to continue at the same rate due to weaknesses in the Eurozone. The Bank Rate is expected to increase in quarter 3 of 2015 but this is not expected to be immediately reflected in interest rates. The table below shows the assumed average interest rates that investments will be made at over the next five years for budget setting purposes.

Table 9: Budgetary Impact of Assumed Interest Rate Going Forward

%	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Average Interest rate	0.60	0.60	1.25	1.50	1.75
Expected interest from investments	136,700	97,900	172,800	232,700	321,200
Other interest	20,000	20,000	20,000	20,000	20,000
Total Interest	**156,700**	**117,900**	**192,800**	**252,700**	**341,200**

28. In the Treasury Management Update Mid-Year report on 13 November 2014 Corporate Governance Group were informed that the UK will be implementing bank bail-in from January 2015 so in the event that a bank suffers a loss, rather than Central Government 'bailing-out' the bank, shareholders, bond holders and unsecured creditors which includes Local Authorities will be 'bailed in' to assist with the recovery process. The impact of a bail-in depends on the size of the loss incurred by the bank or building society, the amount of equity capital and junior bonds that can be absorbed first and the proportion of insured deposits, covered bonds and other liabilities that are exempt from bail-in. Appendix A details the bail-in losses that the Council would incur with different banks and building societies against different percentage losses for a £1m investment.

29. The management of bail-in risk could be aided by more investment diversification with, for example, Building Societies. There are also proposals for EU regulatory reform to Money Market Funds which could result in these funds moving to variable net asset value and losing their credit ratings.

Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important with these developments.

External Debt and Investment Projections 2015/16 to 2019/20

Debt Projections

30. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be refinanced. The following table shows the effect on the treasury position over the next five years. The expected maximum debt position each year represents the operational boundary indicator and so may be different from the year end position. Whilst we are not expected to externally borrow, this enables the Council to have the flexibility to borrow, if it is deemed appropriate.

Table 10: Debt Projections

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt at 1 April	0	0	0	0	0	0
Debt at 31 March	0	0	0	0	0	0
Operational Boundary	4,000	17,000	25,000	25,000	25,000	25,000

31. The capital programme assumes internal borrowing of:

- £3,425,000 in 2015/16;
- £5,875,000 in 2016/17; and
- £400,000 in 2017/18

32. This additional borrowing relates to the development at the Arena site which will result in a reduction in the level of investments which, in turn, will reduce the interest receivable from investments. It should be noted that over the life of the Treasury Management Strategy the Council may invest up to £10m in property investments. If such investments materialise it will be reported in future finance reports.

33. For the Arena development, amounts of £1,000,000 are planned to be set aside in 2018/19 onwards which will be financed by the New Homes Bonus for the repayment of this debt in accordance with the statutory provisions as detailed in the MRP policy set out in section 9.

Investment projections

34. The following table highlights the expected change in investment balances

Table 11: Investment Projections

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Investments at 1 April	33,000	31,500	24,500	18,500	19,500	21,500
Expected change in investments	(1,500)	(7,000)	(6,000)	1,000	2,000	3,500
Investments at 31 March	31,500	24,500	18,500	19,500	21,500	25,000

Borrowing Strategy 2015/16 to 2019/20

35. As indicated in paragraph 7 above based on the current funding model the Council would internally borrow a total of £9.5m from 2015/16 to 2017/18 to finance the development at the Arena site and office accommodation. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use internal resources.

36. By doing this, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.

37. The approved sources of long-term and short-term borrowing are:

- Internal borrowing
- Public Works Loan Board (or the body that will replace the PWLB in the future)
- Local authorities
- Commercial banks
- Money markets
- Leasing
- Special purpose companies created to enable local authority bond issues

Treasury Management limits on activity

38. The purpose of these indicators is to contain the activity of the treasury function within certain limits and therefore reduce the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position. As suggested in the CIPFA Treasury Management Code, all investments (whether fixed or variable rate) with a period of less than twelve months to maturity are regarded as variable rather than fixed rate investments as they are potentially subject to movements in interest rates when they mature. Likewise, any fixed rate borrowing that is due to mature within twelve months is regarded as being at a variable rate as the rate to be paid on any replacement loan could differ from the rate currently being paid.

Upper Limits for Fixed and Variable Rate Exposure

39. These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

Table 12: Interest Rate Exposure

%	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Fixed						
Upper Limit for Fixed Interest Rate Exposure on Debt	100	100	100	100	100	100
Upper Limit for Fixed Interest Rate Exposure on Investments over 1 year	25	25	25	25	25	25
Upper Limit for Fixed Interest Rate Exposure on Investments up to I year	100	100	100	100	100	100
Variable						
Upper Limit for Variable Interest Rate Exposure on Debt	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure on Investments	100	100	100	100	100	100

Maturity Structure of Fixed Rate Borrowing

40. This indicator highlights the existence of any large concentrations of fixed rate debt that will need to be replaced. It is designed to protect against excessive exposures to interest rate changes in any one period, with particular emphasis on the next ten years.

Table 13: Maturity structure of Fixed Rate Borrowing

%	Existing Level	Lower Limit	Upper Limit
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

As the Council does not have existing fixed rate external borrowing, the upper limits have been set at 100% to allow scope for loans to be taken in the appropriate maturity band.

Upper Limit for Total Principal Sums Invested over 1 year

41. This limit is intended to contain exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment has to be repaid before its natural maturity date due to cash flow requirements then, if market conditions are unfavourable, there could be an adverse impact upon the Council. As the level of overall investments declines so does the amount that would be expected to invest over 1 year.

Table 14: Principal Sums Invested over 1 year

£'000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Upper Limit for Total Principal Sums Invested over 365 days	8,250	6,125	4,625	4,875	5,375	6,250

Credit Risk

42. The Council 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.

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

- Published credit ratings of the financial institution
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Corporate development, news, articles, market sentiment and momentum
- Subjective overlay

44. The only indicators with prescriptive values are credit ratings. The other indicators of credit worthiness are considered in relative rather than absolute terms.

Investment Strategy 2015/16 to 2019/20

45. Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return. The Council's objective when investing money is to strike an appropriate balance between risk and

return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitable low investment income.

46. The Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring of their security which is set out in the Specified and Non Specified investments sections below.

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for funds may prudently be committed. These procedures will also apply to the Council's prudential indicators covering the maximum principal sums invested.

47. The CIPFA Treasury Management Code recommends that organisations should clearly specify the minimum acceptable credit quality of its counterparties, however they should not rely on credit ratings alone and should recognise their limitations. Credit ratings should only be used as a starting point when considering credit risk and organisations should make their investment decisions based on all ratings issued by the main credit rating agencies.

48. Credit rating information is provided by Arlingclose on all active counterparties that comply with the criteria below. A counterparty list will be maintained from this information and any counterparty not meeting the criteria will be removed from the list.

49. Should a body be removed from the Council's counterparty list then any extant investment will normally be retained until the earliest date under the agreement upon which it can be reclaimed. During such a period no further investments will be made with the counterparty.

Current investments

50. Surplus funds are invested based on the most up to date forecasts of interest rates and in accordance with the Council's cash flow requirements in order to gain the maximum benefit from the Council's cash position throughout the year. Funds are separated between specified and non-specified investments as detailed below.

Specified investments

51. The CLG guidance defines specified investments as those:

- Denominated in pound sterling,
- Due to be repaid within 12 months of arrangements,
- Not defined as capital expenditure by legislation, and
- Invested with one of:
  - o The UK Government
  - o A UK local authority, parish council, or community council, or
  - o A body or investment scheme of "high credit quality"

52. Members will recall in the Council's Treasury Management Mid-Year report (13 November 2014) that the impact of bail-In is likely to result in the potential for a large scale downgrading in credit ratings. Consequently the Council now defines "high credit quality" organisations as those having a credit rating of A- and above.

Non-specified investments

53. Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and scheme not meeting the definition on high credit quality.

54. The Council may invest its surplus funds with the counterparties detailed in the following table:

Table 15: Counterparty Details

	Rating body (Fitch or equivalent)	Money Limit (maximum)	Time Limit (up to)	Specified	Non-specified
UK domiciled Banks and Building Societies Unsecured	A- and above BBB+	£5m £5m	2 years 6 Months	Y N	Y Y
UK domiciled Banks and Building Societies Secured	BBB+ to AAA	£5m	6 months to 5 years based on rating	Y	Y
Non-UK domiciled Banks	A and above	£5m	1 year	Y	N
Unrated Building Societies	Not rated	£1m	100 days	Y	N
UK Central Government	Government Secure		50 years	Y	Y
UK Local Authorities	Highly Secure Not Rated	£5m	5 years	Y	Y
UK Registered Providers of Social Housing	A-	£5m	5 years	Y	N
Money Market Funds and other pooled funds	Likely to lose credit ratings (para. 29)	£5m	N/A*	Y	Y
Corporate Bonds and bond funds	A-	£5m	5 Years	Y	Y
Funding Circle	N/A	£0.5m	5 years	N	Y
CCLA Property Fund	N/A	£2.0m	N/A**	N	Y

*Pooled funds do not have a defined maturity date. Monies in Money Market Funds can be withdrawn on the same date, monies in other pooled funds can be withdrawn giving the requisite notice, generally between 1 and 7 days.

**Monies in the CCLA Property Fund can be withdrawn on each monthly redemption date, if required; it is the Council's intention to hold its investment over a reasonable time frame for property investments, which is 5 years.

55. Although the above table details the counterparties that the Council could invest funds with it would not invest funds with counterparties against the advice of Arlingclose even if they met the criteria above.

56. Changes to any of the above can be authorised by the Section 151 Officer or the Deputy Section 151 Officer and thereafter will be reported to the Corporate Governance Group. This is to cover exceptional circumstances so that instant decisions can be made in an environment which is both fluid and subject to high risk.

Treasury Management Advisors

57. The Council uses Arlingclose as its treasury management advisors. The company provides a range of services which include:

- Technical support on treasury matters and capital finance issues
- Economic and interest rate analysis
- Generic investment advice on interest rates, timing and investment instruments; and
- Credit ratings/market information service comprising the three main credit rating agencies.

58. Whilst the treasury management advisors provide support to the internal treasury function, the current market rules and the CIPFA Treasury Management Code confirms that the final decision on treasury management matters rests with the Council. The service provided by the Council's treasury management advisors is subject to regular review.

Member and Officer Training

59. The increased member consideration of treasury management matters and the need to ensure that officers dealing with treasury management are trained and kept up to date requires a suitable training process for members and officers. The Council will address this important issue by:

- Periodically facilitating workshops for members on finance issues;
- Interim reporting and advising members of Treasury issues via CGG;
- Identifying officer training needs on treasury management related issues through the Performance Development and Review appraisal process;
- Officer attendance at training events, seminars and workshops; and
- Support from the Council's treasury management advisors.

Bail in risk

The following tables detail the bail-in losses that the Council would incur for a £1m investment with different banks and building societies against different percentage losses.

Indicative Impact of a Bail-in: Banks (Based on banks' balance sheet data June 2014)

Loss	Barclays £000	Close Brothers £000	Clydesdale £000	Co-op Bank £000	HSBC £000	Lloyds Bank £000	RBS Group £000	Santander UK £000	Standard Chartered £000	Svenska Handlesbaken £000	TSB £000	Virgin Money £000
1%	E	E	E	E	E	E	E	E	E	E	E	E
2%	E	E	E	E	E	E	E	E	E	E	E	E
3%	E	E	E	E	E	E	E	E	E	E	E	E
4%	E	E	E	E	J	E	E	E	E	E	E	E
5%	J	E	E	E	J	E	J	E	E	E	E	E
6%	J	E	E	560	H	J	J	J	J	E	E	E
7%	20	E	E	800	H	J	J	J	J	E	E	E
8%	50	E	E	1,000	H	J	J	J	J	E	E	E
9%	80	H	J	1,000	H	J	J	30	J	E	E	E
10%	110	H	J	1,000	20	J	J	60	J	E	E	1,000
11%	150	40	10	1,000	60	J	70	100	H	E	E	1,000
12%	180	90	110	1,000	110	J	150	140	H	0	E	1,000
13%	210	130	220	1,000	150	J	230	180	H	10	E	1,000
14%	240	180	320	1,000	200	40	320	210	H	20	E	1,000
15%	270	230	420	1,000	240	100	400	250	H	40	E	1,000
16%	300	230	530	1,000	290	150	480	290	0	50	E	1,000
17%	330	230	630	1,000	330	210	570	330	60	60	E	1,000
18%	360	230	740	1,000	380	270	630	360	60	70	E	1,000
19%	390	230	840	1,000	420	320	630	400	60	80	J	1,000
20%	410	230	860	1,000	470	380	630	440	60	90	J	1,000

E – Loss is covered by equity
J – Loss is covered by a bail-in of junior debt
H – Loss is covered by a bail-in of holding company senior debt or conversion of loan from parent

Indicative Impact of a Bail-in: Building Societies based on societies' balance sheet data at Dec 2013 or closest year end

Loss	Nationwide £000	Coventry £000	Leeds £000	Cumberland £000	National Counties £000	Leek United £000	Furness £000	Newbury £000	Hinckley & Rugby £000	Darlington £000	Market Harborough £000	Scottish£000	Melton Mowbray £000	Tipton & Cosley £000	Marsden £000	Harpenden £000	Loughborough £000	Vernon £000	Mansfield £000
1%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
2%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
3%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
4%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
5%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
6%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
7%	J	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
8%	J	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
9%	J	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
10%	0	E	550	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
11%	30	E	730	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
12%	60	E	920	E	E	E	E	1,000	E	E	E	E	E	E	E	E	E	E	E
13%	90	40	1,000	E	E	E	E	1,000	E	E	E	E	E	E	E	E	E	E	E
14%	120	50	1,000	1,000	E	1,000	E	1,000	E	860	E	E	E	E	E	E	E	640	E
15%	150	70	1,000	1,000	E	1,000	170	1,000	1,000	1,000	E	1,000	E	E	E	1,000	1,000	810	E
16%	170	90	1,000	1,000	E	1,000	260	1,000	1,000	1,000	1,000	1,000	E	E	E	1,000	1,000	980	E
17%	200	110	1,000	1,000	E	1,000	350	1,000	1,000	1,000	1,000	1,000	380	E	E	1,000	1,000	1,000	1,000
18%	230	130	1,000	1,000	E	1,000	440	1,000	1,000	1,000	1,000	1,000	520	300	E	1,000	1,000	1,000	1,000
19%	260	150	1,000	1,000	E	1,000	530	1,000	1,000	1,000	1,000	1,000	650	380	E	1,000	1,000	1,000	1,000
20%	290	160	1,000	1,000	1,000	1,000	620	1,000	1,000	1,000	1,000	1,000	790	470	E	1,000	1,000	1,000	1,000

E – Loss is covered by equity
J – Loss is covered by a bail-in of junior debt
H – Loss is covered by a bail-in of holding company senior debt or conversion of loan from parent

APPENDIX 7

Use of Earmarked Reserves in 2015/16	**Projected Opening Balance**	**Projected Income**	**Projected Expenditure**		**Net Change in Year**	**Projected Closing Balance**
	£'000	**£'000**	**£'000**		**£'000**	**£'000**
Investment Reserves						
Regeneration and Community Projects	**1,171**	50	(225)	1	**(175)**	**996**
Cotgrave Regeneration Project	**137**	75		2	**75**	**212**
The Point Enhancements	**0**	30		3	**30**	**30**
Local Area Agreement	**274**		(152)	4	**(152)**	**122**
New Homes Bonus	**2,549**	1,864	(1,120)	5	**744**	**3,293**
Invest to Save	**150**				**0**	**150**
Corporate Reserves						
Organisational Stabilisation	**4,508**	56	(2,230)	6	**(2,174)**	**2,334**
Risk and Insurance	**100**				**0**	**100**
Planning Appeals	**350**				**0**	**350**
Elections	**200**		(112)	7	**(112)**	**88**
Operating Reserves						
Planning	**203**				**0**	**203**
Leisure Centre Maintenance	**147**		(50)	8	**(50)**	**97**
Lottery	**55**				**0**	**55**
Planned Maintenance	**100**				**0**	**100**
	9,944	2,075	(3,889)		**(1,814)**	**8,130**

Notes:

1.£225,000 - Special Expenses £50k and Leisure Strategy £175k; 2. £75k Cotgrave Precinct receipt 3. Contribution to meet future Point liabilities; 4. £152k Broadband commitment; 5.NHB receipts and commitment towards Leisure; 5. Strategy £1m, £100k Economic Development and £20k Members Community Support Grants; 6. £1.3m towards Leisure Strategy, £425k budget smoothing, £500k SBRR to offset business rates reduction; 7. £112k to meet election spend. 8. £50K towards Bingham Leisure Centre Floodlights.

APPENDIX 8

Rushcliffe Borough Council
Pay Policy Statement 2015/16

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 £50,000 in line with the Local Government Transparency Code 2014. Using this definition Senior Officers within Rushcliffe currently consists of 11 posts out of an establishment of 294[11]. The posts are as follows:-:

- Chief Executive

[11] Local Government Transparency Code (Oct 2014) requires inclusion of Senior Officers in receipt of salaries of £50,000+ (previously £58,200+). The current Senior Officer team therefore now includes 5 Service Managers with combined Lead Specialist roles; the average additional salary element associated with the Service Manager role is £11,000.

- 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
- Service Manager – Finance and Commercial
- Service Manager – Operations and Corporate Governance
- Service Manager – Transformation
- Service Manager – Neighbourhoods
- Service Manager – Communities

4 The Policies

4.1 The Council consults when setting pay for all employees. 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.

5. Pay of the Council's Lowest Paid Employees

5.1 The total number of Council employees is presently 294[12]. 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 £12844 in 2014/15 which continues to be above the national minimum wage.

6. Pay Relationships

6.1 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.

6.2 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.

6.3 The Head of Paid Service, or his 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.

[12] The reduction in the establishment figure reflects the TUPE arrangements implemented during 2014/15 for the Streetwise service, garage and fleet maintenance, and the Building Control Service.

Appendix to the Pay Policy
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

Every employee is automatically enrolled into the Local Government Pension Scheme. Employer and employee contributions are based on pensionable pay, which is salary plus, for example, shift allowances, bonuses, contractual overtime, statutory sick pay and maternity pay as relevant.

For more comprehensive details of the local government pension scheme see: www.lgps.org.uk and www.nottspf.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 Allowances

The Council pays car allowances in accordance with the National Joint Council scales for 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.
Senior Officers are paid a mileage rate in accordance with HMRC recommended rates.

Pay Increments

Where applicable pay increments for all 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.

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 (revised 2010).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.

Rushcliffe Borough Council	**Council** **5 March 2015** **Proposals for a Nottingham and Nottinghamshire Combined Authority**	**9**

Report of the Chief Executive

1. Summary

1.1. The report sets out details of the proposals for the establishment of a Combined Authority across Nottinghamshire which was considered by the Council's Cabinet at its meeting on 10 February. It summarises the background to the proposals, the timeline and key stages and the governance review and consultation undertaken.

2. Recommendation

2.1 It is RECOMMENDED that Council considers and endorses Cabinet's decision on the proposals for a Combined Authority across Nottinghamshire, and if necessary refers any observations back to Cabinet.

3. Background

3.1. At its meeting on 19 December 2014 the Nottingham and Nottinghamshire Economic Prosperity Committee agreed to recommend to its constituent authorities that each Nottingham and Nottinghamshire Council formally moves to agree the establishment of a Nottingham and Nottinghamshire Combined Authority, and that the proposals to achieve this are submitted to Government in February 2015 for the Secretary of State's consideration.

3.2. The nine local authorities in the geographical county have a long history of informal collaboration on matters which impact on the economic success of the area and which contribute to the wider economic geography across the D2N2 area (Derby, Derbyshire and Nottingham, Nottinghamshire).

3.3. This collaboration was formalised through the development of the Joint Economic Prosperity Committee as well as continuing collaboration on a more informal basis through the Nottinghamshire Leaders' Group. The tangible benefits of this collaboration are evidenced by the recent announcement that the D2N2 Local Enterprise Partnership has expanded its Growth Deal. This will see an extra £22.2m invested in the D2N2 area, which includes proposals for the A46 Corridor. These proposals will provide funding for local infrastructure requirements to bring forward development sites along the A46 at RAF Newton, Cotgrave and Bingham, creating an additional 2,700 jobs and 1,600 houses.

3.4. Whilst increased coordination and collaboration is positive and has led to tangible benefits, the governance structures in the county need to be viewed in the context of new structures being developed across the country and the aspirations of national government to be able to devolve powers and resources to strong local governance structures.

3.5. The Nottinghamshire councils recognise the value of leading and shaping the debate on devolution and that the county will outgrow its existing joint governance structures and arrangements, which have traditionally, been informal, voluntary partnerships. Accordingly, the Leaders have recognised the opportunity to establish a more formal governance structure in the form of a Combined Authority.

3.6. A Combined Authority is a new type of local government institution introduced in England outside Greater London by the Local Democracy, Economic Development and Construction Act 2009. There are currently five such authorities, all including former metropolitan areas, with the Greater Manchester Combined Authority established on 1 April 2011, and four others established in April 2014. The Greater Manchester and Sheffield City Region areas have received significant new funding from Central Government as part of the Government's aim to devolve more functions to the local level. West Yorkshire is still in negotiation with Government over a further announcement. As part of the Government's Local Growth Deal announcements, those Local Enterprise Partnerships (LEPs) that benefited from the enhanced local governance arrangements that Combined Authorities can bring, received greater flexibility over their Local Growth Fund monies than those LEPs that did not have Combined Authorities in their locality.

3.7. Combined Authorities are created in areas where they are considered likely to improve transport, economic development and regeneration. They are created voluntarily and allow a group of local authorities to pool appropriate responsibility and receive certain delegated functions from Central Government in order to deliver transport and economic policy more effectively over a wider area. Additionally the Government has shown willingness to use powers under the Localism Act 2011 and deregulation powers to devolve further functions directly to Combined Authorities.

3.8. The Combined Authority is a separate legal entity able to exercise any functions delegated by its constituent councils that relate to economic development and regeneration, and any of the functions that are available to integrated transport authorities. For transport purposes Combined Authorities are able to borrow money and can levy constituent authorities. The Local Democracy, Economic Development and Construction Act 2009 also allowed for certain functions over transport to be delegated from Central Government. The Localism Act 2011 allowed for additional transfers of powers from the Government and governmental agencies and gave Combined Authorities a general power of competence for ancillary purposes. The powers and functions to be shared are agreed by the constituent district councils, the County Council and the City Council.

3.9. The draft scheme for the establishment of the Combined Authority sets out its proposed functions, powers, and duties. This document indicates that the powers, or functions of the Combined Authority will be on a concurrent basis and that no powers have been 'ceded' or 'passed' from the constituent authorities. It also sets out the membership and voting arrangements and the functions of the Combined Authority. With regard the Strategic Planning function the draft scheme states that the Combined Authority will not have any specific planning related powers. However, by using general economic development powers, it could take appropriate actions to support, enhance and provide cohesion to local planning frameworks. A copy of the draft scheme can be viewed at the following link:

http://www.rushcliffe.gov.uk/media/rushcliffe/media/documents/pdf/councilanddemocracy/cttesection/Draft%20Scheme.pdf

3.10. In summary there are three stages to the creation of a Combined Authority:

i) A governance review must be undertaken to establish the likelihood that a Combined Authority would improve "the exercise of statutory functions relating to transport in the area, the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to economic development and regeneration in the area, and economic conditions in the area";
ii) On completion of the review the local authorities produce and publish a proposed scheme of the Combined Authority to be created, including the area that will be covered, the constitution and functions, membership of the authority, remuneration and how meetings will be chaired and recorded;
iii) Following a period of consultation and subject to the approval of the Secretary of State for Communities and Local Government, the Combined Authority is formally created by a Statutory Instrument.

3.11. Discussions with Department for Communities and Local Government (DCLG) and Business Innovation Skills officials about a Combined Authority for the geographic county of Nottinghamshire have been positive. An indication has been given that, provided steps (i) and (ii) have been concluded and all relevant materials are delivered to DCLG by mid February 2015, there is a prospect that a Combined Authority may be created by Statutory Instrument and be in place in 2015. Therefore the recommendations in this report and the proposed consideration of the proposals by Cabinet and Council reflect this timetable.

3.12. Following the decision of the Nottingham and Nottinghamshire Economic Prosperity Committee on 19 December 2014, a period of public/stakeholder consultation commenced which ended on 6 February 2015. A total of 685 responses were received to the consultation across Nottinghamshire. The results indicated 57% in favour of establishing a Combined Authority and 31% against, with the remainder expressing no preference. Of the total responses 82 of these were from within Rushcliffe, with 62% of these being in favour of the proposals, and 28% being against.

3.13. At its meeting on 29 January the Council's Strategic Growth Board considered the proposals for the Combined Authority. The Board recommended to Cabinet that, in principle it supported the proposals for a joint submission with the other Nottinghamshire Councils, subject to the necessary financing and governance arrangements being finalised and agreed.

3.14. On 10 February Cabinet considered the proposals for the Combined Authority and Cabinet's report and decision can be viewed at the following link:

http://www.rushcliffe.gov.uk/media/rushcliffe/media/documents/pdf/counciland democracy/2015/february/10februarycabinet/10%20February%202015.pdf

3.15 In line with Cabinet's recommendation the Chief Executive, in consultation with the Leader, has worked towards finalising the finance, governance and voting arrangements within the Combined Authority scheme. Additionally this work has aimed to ensure that the provisions within the scheme protect and preserves the Borough Council's sovereignty, interests and democratic decision making role and responsibilities. This is reflected in the voting provisions relating to 'reserved status' matters and the requirements for a 'special majority'. In line with the Cabinet's decision the proposals for a Combined Authority have been referred to Council for consideration, in order that any observations can be referred back to Cabinet, if necessary.

4. **Other Options**

4.1. The Nottinghamshire Councils could determine to retain the current arrangements around the existing Nottingham and Nottinghamshire Economic Prosperity Committee. However this option does not meet Central Government's expectations around the need for enhanced governance. For this reason, this option was rejected.

4.2. Alternatively the respective Councils could choose to enhance the existing Economic Prosperity Committee arrangements however this option would not deliver a statutory body and for this this reason, this option was rejected.

4.3. A further alternative would be for the establishment of an Economic Prosperity Board, which would deliver a new statutory body. However this model is unproven and would not include transport matters which would limit the body's long term ability to grow the area's economy. For this reason, this option was rejected.

5. Risk and Uncertainties

5.1. Failure to develop a Combined Authority could restrict and limit the ability of Councils across Nottinghamshire to effectively deliver the growth agenda. Furthermore failure to co-ordinate economic development and transport activities will limit the areas ability to attract growth deal funding and address the infrastructure requirements that restrict growth and regeneration. Additionally the development of the Combined Authority provides greater leverage for funding streams and provides a mechanism to deliver further devolution should Central Government enable this. Therefore not having a Combined Authority could hinder the future development and delivery of local authority service provision across the county.

5.2. Provisions in the 2009 Act enabling the creation of Combined Authorities are likely to be amended soon to introduce more flexibility in the types of authorities which can be created. This would not affect the pursuit of the current proposals by the Nottinghamshire Councils but, if the joint submission is not successful, the position may be reviewed in the light of the new legislation.

6. Implications

6.1. Finance

6.1.1. It is anticipated that the initial set up and running costs of the Combined Authority will be around the same as administering the Economic Prosperity Committee, which is presently at £3,500 per annum per authority. However for a Combined Authority to be successful it will be necessary to create a budget to support joint work in relation to prioritisation, bidding and negotiations with Central Government. At present the proposal for creating a budget for a Combined Authority has not yet been costed or finalised.

6.1.2. Preliminary proposals indicate that costs arising from the creation of such a budget, that are reasonably attributable to the exercise of its functions relating to economic development and regeneration, could be met by the constituent councils. The scheme for the establishment of the Combined Authority indicates that these costs would be apportioned between the nine councils on a per capita basis, with county and district authorities apportioning their share of costs on a 75:25 basis. The scheme also states that the Combined Authority would agree an annual budget for the purpose of this expenditure.

6.1.3. If a Combined Authority is established it may operate as an accountable body for additional funding streams from Central Government to support transport, economic development and regeneration. Constituent authorities will also need to consider the extent to which they intend to pool any resources or activities under the arrangements.

6.1.4. It is anticipated that a Combined Authority, if agreed by all Members, will be able to act collectively to utilise additional financial leverage through use of surpluses of finances within their collective control e.g. surpluses of the Non DR pool for the districts.

6.2. Legal

6.2.1 As currently proposed, the Combined Authority would hold powers concurrently with the City and County Councils. As reflected in the scheme the governance arrangements will make some matters subject to enhanced voting rights. These arrangements are in recognition of the significant impact that some decisions could have on the constituent local authorities. In order to ensure that the existing democratic mandate, or sovereignty, of each constituent authority is respected and preserved the scheme states that decisions concerning a number of matters will qualify for 'reserved status'.

6.2.2 Consequently decisions made by the Combined Authority, regarding matters with 'reserved status' will require a 'special majority' in order to carry. The scheme indicates that the 'special majority' will operate on the principle that the constituent councils that are most affected by a decision must be a part of the deciding vote's majority for that decision to carry. The scheme also states that the Combined Authority may choose to alter the scheme provisions via a unanimous vote of all its constituent councils, that each constituent Council will have one vote and the Chairman shall not have a second, or casting vote.

6.3. Corporate Priorities

6.3.1. The development of proposals for a Nottinghamshire Combined Authority is consistent with the Council's Corporate priority of 'Supporting economic growth to ensure a sustainable, prosperous and thriving local economy' as set out within the Corporate Strategy 2012 – 2016.

For more information contact:	Name Dan Swaine Executive Manager - Operations and Corporate Governance 0115 914 8343 email dswaine@rushcliffe.gov.uk
Background papers Available for Inspection:	Draft Nottingham and Nottinghamshire Combined Authority Governance review Draft Nottingham and Nottinghamshire Combined Authority scheme
List of appendices (if any):	None

Rushcliffe Borough Council	**Council** **5 March 2015** **Independent Review of Members' Allowances**	**10**

Report of the Chief Executive

1. Summary

1.1 At its meeting in September 2014, Council resolved to request the Independent Remuneration Panel to review the Scheme of Members' Allowances and to produce a report for consideration by the Council. The Independent Panel's report is attached as **Appendix 1** and the recommendations are summarised at the end of their report.

2. Recommendation

It is RECOMMENDED that Council considers the Panel's report and determines whether to implement all, or any of the Panel's recommendations.

3. Reasons for Recommendation

3.1. The last full review of the scheme was undertaken in 2007. The proposals in the report, subject to Council's consideration, would enable a revised scheme to be agreed prior to the end of the municipal year. If agreed a revised Member's Allowance Scheme would then be in place in time for the 2015 Borough Council elections.

3.2 The terms of reference for the Independent Remuneration Panel, as agreed by Council in September 2014, are attached as **Appendix 2**.These are a statutory requirement.

4. Risk and Uncertainties

4.1. As the last full review was undertaken in 2007 failure to properly consider the Panel's report could restrict the Council's ability to ensure its Councillors receive an allowance reflective of their community leadership role and also an amount representative of their responsibilities, taking into account the reduced size of the Council.

4.2 Under the relevant Regulations, the Council must have regard to the recommendations of the Independent Remuneration Panel before it makes or amends a Scheme, but it is not bound to follow the recommendations.

5. Finance

5.1 The Panel's recommendations can be accommodated with no increase in the overall Members' allowance budget. However the proposals will require £3,500 to be moved from the Members' travel and subsistence budget heading to the Members' Allowance budget heading.

5.2 If the Panel's recommendations are approved the budgets will be as follows:

- Basic Allowances £228,300 (previously £230,000);
- Special Responsibility Allowance £78,800 (previously £73,600); and
- Travel and Subsistence £12,300 (previously £15,800)

5.3 Further budgetary requirement would be needed in 2015/16 if the Members' Allowance Scheme is to be adjusted to reflect any pay awards made to officers as set out in the Panels' recommendation 5. This would be met from existing budgetary provision.

6. Legal

6.1 The Council must under the relevant regulations have regard to the recommendations of the Independent Remuneration Panel before approving or amending its Members' Allowance Scheme. This is in order to ensure the scheme has been independently reviewed and retain public confidence in the allowance setting process.

7. Corporate Priorities and equality and diversity

7.1 Consideration of an independent review of Members' allowances supports delivery of the Council's priority of 'Maintaining and enhancing our residents' quality of life' by ensuring allowance payments to Councillors are reflective of their roles and responsibilities as community leaders. It can also help to ensure the allowances are set at a level that doesn't restrict people's ability to engage in community leadership and become a Councillor, reflecting the aims within the Council's equality scheme.

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Background papers Available for Inspection:	None
List of appendices (if any):	Appendix 1 - Report of Independent Pane Appendix 2 - Terms of Reference of Independent Remuneration Panel

Rushcliffe Borough Council Review of Members' Allowances

Report of Independent Remuneration Panel

Introduction: The Background to the Review

1.1 In September 2014, Rushcliffe Borough Council commissioned its independent panel to carry out a review of Members' Allowances. The panel comprises the chair, Professor Steve Leach of De Montfort University, Leicester; Richard Dix, former chief executive of Newark and Sherwood District Council; and a new member, Stuart Leslie, former Director of Legal and Democratic Services at Derby City Council. The Panel's terms of reference are set out in **Appendix 2**.

1.2 The previous Panel had produced reports in 2007 and 2008, which were endorsed by the Council. A further review was due in 2012, but the Council decided to postpone the review until the outcome of the boundary review was known. The Panel understood and accepted the case for this delay. Earlier in 2014, the Boundary Commission recommended a decrease in Council size from 50 to 44. This recommendation will be implemented in time for the May 2015 local election.

1.3 The Panel met on two occasions; 6 November 2014, for a briefing meeting, and 8 December 2014, when it carried out interviews with the Council leader, and the leader of the Labour Group. All Council members were given the opportunity to address the Panel, or to e-mail the Panel with their concerns, but the two above-mentioned Councillors were the only ones the Panel heard from. The Panel concluded that there were no major concerns about Members' allowances on the rest of the Council's Members. The Panel raised a number of questions with Paul Cox, Senior Solicitor and Dan Swaine, Executive Manager - Operations and Corporate Governance. It is grateful for the information, insights and support provided by these two officers.

1.4 The Panel learned that the recommendations it had made in its 2008 report to increase the Special Responsibility Allowances (SRAs) of the Leader and Deputy Leader of the Council had been programmed by the Council to be introduced in three phases from May 2008, but that only the first and second phases had been implemented. Furthermore, the Council had decided that there should be no increases at all in Members' allowances from 2010/11 onwards.

1.5 The Panel which met and reported in 2007 set out a set of principles underpinning its review, drawing on but not limited to the Government's published regulations. The Panel felt that these principles remained relevant to the task in hand.

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The Basic Allowance

2.1 The basic allowance in Rushcliffe currently stands at £4,476, which reflects an update of the Panel's 2007 recommendation (£4,160) increased up to 2010 on the basis of the recommended criterion (parity with officers pay award). Since 2010, it has remained unchanged, and has hence decreased significantly in real terms. Until May 2014, this outcome reflected the pay freeze imposed by

Central Government on officers' pay. However in 2013/14 a 1% increase in officers' pay was sanctioned, followed by a similar decision for 2014/15. Rushcliffe did not apply these increases to Members' allowances. In the Panel's view, this should now be done retrospectively, and the same increase applied in 2015/16. The sums involved are small, but the principle - parity between Members' and officers' pay increases is an important one and should be thus implemented, in which case the basic allowance recommended for 2015-16 should be at least £4,565.

2.2 But there are, however, other matters to take into account here. The size of the Council is to be reduced from 50 to 44 in May 2015(a reduction of 12%). The panel did not think it likely that the overall workload of the Council Members would reduce by a similar percentage. A much more credible scenario is that the overall workload would at least stay the same, and probably increase. The Panel felt that in these circumstances, there was a strong case for redistributing the basic allowances of the six lost councillors amongst the remaining 44. To do so would imply an increase in the basic allowance of £623 taking it to £5,188.

2.3 There is a further issue regarding the basic allowance. At present it includes a notional sum of £600 to cover all IT and communication expenses. This provision made sense in 2007, when many Councillors were still seeking to understand and equip themselves to operate personal computers. It is less relevant now. The Panel's understanding is that the majority of Rushcliffe Councillors are now competent in this respect and have equipped themselves to link up to the Rushcliffe BC system. The Panel felt that in these circumstances it was inappropriate to continue with the earmarking of the notional sum for such purposes (which is rarely found in other allowances schemes), and that the basic allowance should no longer be qualified in this way.

2.4 It also felt, however, that there was no case for reducing the basic allowance, by subtracting the (notional) £600 from it. There will continue to be legitimate expenses involved in updating IT equipment. But more important, the Panel heard evidence (which is supported by experience in other authorities) that the role of the local Councillor had become more demanding and time-consuming since 2007, particularly since 2011 when the reduction in resources imposed on local authorities began to bite. In times of austerity, members of the public are more likely to feel aggrieved about the impact of (inevitable) cuts in local services, and correspondingly more likely to contact their local councillor about their concerns. In these circumstances, the Panel felt that an increased basic allowance of £5,188 was a fair response to such changes, and one that could be achieved at no net increase in the overall Members' allowances budget. It therefore recommends that the basic allowance should be increased to £5,188, as from May 2014.

Special Responsibility Allowances

Leader and Cabinet Members

3.1 In its 2008 report, the Panel acknowledged the increasing demands that were being made on the Council's Executive Members, in particular the Leader and the Deputy Leader. The principal reason for the increase was the increased emphasis on partnership working within the Nottingham city region. The Panel was told that these pressures had continued to increase over the past few years, with an intensification of partnership working generally, and joint working between local authorities in particular. Much of the responsibility for such activities has been taken up by the Leader and his deputy, although other Cabinet Members have also been involved to a more limited extent. These arguments are consistent with the experience of other authorities, and the Panel felt that in principal they should be reflected in increased SRAs for the Leader and Deputy Leader.

3.2 The Panel felt that, in the current financial circumstances, it would be preferable to finance such increases by reductions in other SRAs, if a valid case could be made for doing so, rather than by increasing overall SRA expenditure. Three such possibilities became apparent: the positions of Chairman of the Council, the Chairman of the Standards Committee and the Chairman of the Alcohol & Entertainments Licensing Committee. As regards the Chairman of the Council, it is in fact unusual to make a specific SRA allocation for this role, important though it is. In Rushcliffe this responsibility falls to the Mayor, who also receives a mayoral allowance under Sections 3 and 5 of the Local Government Act 1972. The Panel recognised that it was important that the mayor was fully reimbursed for all the expenses legitimately incurred in carrying out that role, but felt that this outcome was better achieved through a re-assessment of the allowances paid to the Mayor and Deputy Mayor. It recommends that the SRA paid to the Chairman of the Council under the Members' Remuneration Scheme should be discontinued.

3.3 The Panel was informed that both the Standards Committee and the Alcohol & Entertainment Licensing Committee now meet relatively infrequently. The role of the former has been diminished as a result of provisions of the 2011 Localism Act, whilst the workload of the latter has declined since 2004, when it first took on its liquor licensing role. In both cases, the Panel was mindful of the disparities between the workload of the Development Control Committee, and these two other regulatory committees. It felt it appropriate to reduce the SRAs attached to both chairmen to £1,200. If there were an unanticipated change in the role/workload of either Committee in the future (e.g. if there were a substantial increase in taxi appeals) then these allocations would need to be reviewed.

3.4 Whilst it is a matter for Members of the Council the savings from the cessation of the SRA for Chairman of the Council, and the reduction in the SRAs for the chairmen of the two regulatory committees could be used to finance a modest increase in the SRAs for the Leader and Deputy Leader, justified in 3.1 above. All the SRAs should be increased to take account of the 1% increase in the officers' 2014/15 pay settlement, and the same increase which is earmarked for 2015/16. The resulting sum which is available is £2,920. The Panel recommends that this increase is distributed between leader and deputy on a 2:1 basis. This would mean that the Leader's SRA would become £14,545, and that of the Deputy Leader £8,606, as from May 2015.

3.5 As a result of these increases, the SRAs for Leader and Deputy Leader move up the league table of equivalent SRAs for such positions in neighbouring authorities in Nottinghamshire and Derbyshire, but remain within the middle reaches of these tables. This outcome appears to the Panel to be an appropriate one.

3.6 No Cabinet Members appeared before the Panel, or submitted evidence to it, so it was not possible for the Panel to take their views into consideration. If the Council (or Cabinet) felt that there was a fairer way of allocating the increase involved (£2,920), then the Panel would be prepared to endorse such a change.

Overview and Scrutiny

3.7 The Panel was informed that since its last report, the profile of the Corporate Governance Scrutiny Group had increased. As a result, the Panel felt there was a case for recommending that parity was introduced amongst the SRAs of the four scrutiny groups or boards (which is normal practice in other authorities). Applying the two 1% increases, this change would result in an overall total SRA of £4,368 for each group/board. Applying the current 3:1 basis for allocation between Chairmen and Vice-Chairmen, this would result in recommended SRAs of £3,276 for the chair of each group/board, and £1,092 for each vice-chair.

Other SRAs

3.8 Given that the Panel received no evidence arguing for changes to the SRAs allocated to cabinet members (other than leader and deputy leader), leader of the principal opposition, leaders of other political groups with 5+ members, or the chair and vice-chair of the Development Control Committee, it recommends no change in the SRAs for these positions, other than the two 1% increases related to officer pay settlements. The resulting SRAs would be as follows:

Cabinet Member; £5,670

Leader of principal opposition; £4,684

Leaders of other political groups; £2,359

Chairman of Development Control Committee; £4,823

Vice Chairman of Development Control Committee; £2,411

Other Issues

4.1 The Panel was concerned that the number of Councillors in Rushcliffe receiving SRAs in Rushcliffe is 21, or 42% of Council members. After May 2015, this figure would rise to 45%. Advice from Central Government indicates that by no means all positions of formal responsibility on the Council merit a SRA, and that councils should seek to ensure reasonable limits on the numbers of councillors receiving SRAs. In Rushcliffe, the relatively high figure reflects the fact that five Vice-Chairmen of Committees (or Groups/Boards) receive SRAs. In many, although by no means all authorities, vice-chairmen of such bodies are not allocated SRAs. However, where, as in Rushcliffe, rewarding Vice-Chairmen in this way enables more opposition Members to become eligible for SRAs, then the Panel can see value in this outcome. It is therefore content merely to draw the Council’s attention to the situation.

4.2 The Panel is confident that its proposals meet the principles underpinning the review. The one possible exception is that, given the incremental changes that have taken place over the years, the scheme is currently not 'as uncomplicated as possible'. Ideally, there should be a tiered system of SRAs, which are all multiples of the basic allowance. However the Panel felt that to attempt to do so at this time would add unnecessary complications to the logic behind its proposals. It would intend to revisit this issue at the time of the next review.

4.3 The Panel also draws the Council's attention to the fact that in the current Members' Allowances Scheme, clauses 10.2 to 10.6 refer to details regarding the suspension of members by the Standards Committee. The Localism Act 2011 removed this power; Standards Committees can no longer suspend members. This section of the Allowances Scheme should be amended accordingly.

4.4 There was one expenses issue which was raised with the Panel, and that was the circumstances in which first class rail fares can be claimed by officers and Members respectively. In the Panel's view there should be parity between these two groups, and in each case eligibility for first class travel should be dependent on a demonstrable need for a quiet environment to enable Council work to be done on the train. If this condition is not met, then second class fares should be the norm.

4.5 The Panel also understands that an internal review is currently taking place of officers' travel and subsistence rates. Once this has been completed, it will be important to ensure that Member rates are amended to ensure parity.

Summary of Recommendations

1 The basic allowance should be increased to £5,188, as from May 2015

2 Special responsibility allowances should be modified as from May 2015 as follows;

Leader of the Council £14,545.
Deputy leader of the Council £8,606
Cabinet members £5,670
Leader of principal opposition party £4,684
Leaders of other opposition groups (with 5+ members) £2,359
Chairmen of the Performance Management Board and 3 Scrutiny Groups £3,276
Vice Chairmen of these bodies £1,092
Chairman of the Development Control Committee £4,823
Vice Chairman of Development Control Committee £2,411
Chairman of Standards Committee £1,200.
Chairman of Alcohol & Entertainments Licensing Committee £1,200.

3 The SRA for the Chairman of the Council should be discontinued, but the allowances paid to the Mayor and Deputy Mayor reviewed to ensure that all legitimate expenses of these roles are met.

4 The notional allocation of £600 in the basic allowance for use for IT and communication purposes should be discontinued, but not subtracted from the allowance.

5 Allowances should be increased each year in line with the percentage pay award made to officers.

6 The Members' Allowances Scheme should be amended to reflect the fact that the Standards Committee no longer has the power to suspend Council Members.

7 The Rates of the Travelling Allowances Schedule should be amended to make it clear that eligibility for first class train travel for both officers and Members should be conditional on a demonstrable need for quiet conditions to undertake Council business.

8 These recommendations involve no additional expenditure on Members' allowances in total, beyond the application of the 1% officers' pay settlement in 2014 and 2015.

TERMS OF REFERENCE – Independent Remuneration Panel 2014/15

The Independent Remuneration Panel is set up under the Members' Allowances (England) Regulations 2003 and has 3 members. The Terms of Reference are as follows:

1. To review the Borough Council's Members' Allowance scheme taking into account the roles and responsibilities of Members and having particular regard to the review of Ward boundaries and potential changes to decision-making and scrutiny structure, and external representative roles.

2. To make recommendations as to:

   - the level of Basic Allowance for all Members;
   - the categories of special responsibility for which a Special Responsibility Allowance should be paid and the levels of those allowances;
   - travelling and subsistence allowances;
   - any annual uplift; and
   - the level of any amount relating to ICT provision for Councillors

3. To conduct interviews with relevant persons consistent with the Terms of Reference of the Panel.

4. To produce a report on the Panel's conclusions for consideration by the Borough Council

5. The Panel will particularly have regard to comparative data on the allowances paid by other similar local authorities.

Any proposed system of remuneration must be simple and cost effective to operate.