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Our reference:
Your reference:
Date: 23 February 2016

To all Members of the Council

Dear Councillor

A meeting of the RUSHCLIFFE BOROUGH COUNCIL will be held on Thursday 3 March 2016 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely



Service Manager Corporate Governance

AGENDA

Opening Prayer

1. Apologies for absence.
2. Declarations of Interest.
3. Minutes

To receive as a correct record the minutes of the Meeting of the Council held on Thursday 10 December 2015 (pages 1 - 7).

4. Mayor's Announcements.
5. Leader's Announcements
6. Chief Executive's Announcements
7. 2016/17 Budget and Financial Strategy

The report of the Interim Executive Manager – Finance and Commercial is attached (pages 8 - 118).

8. Council Tax Setting 2016/17

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

9. Appointment of Section 151 Officer

The report of the Chief Executive will follow.

10. Corporate Strategy 2016 - 2020

The report of Chief Executive is attached (pages 119 -).

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

Meeting Room Guidance

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

Toilets are located opposite Committee Room 2.

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

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**MINUTES
OF THE MEETING OF THE
COUNCIL
THURSDAY 10 DECEMBER 2015**

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

PRESENT:

Councillor F A Purdue-Horan - Mayor

Councillors R A Adair, K P Beardsall, N A Brown, M Buckle, B Buschman, R L Butler, H A Chewings, J N Clarke, T Combellack, L B Cooper, J E Cottee, J Donoghue, M J Edwards, A J Edyvean, J E Greenwood, R Hetherington, S J Hull, R A Inglis, Mrs C E M Jeffreys, R M Jones, N C Lawrence, E J Lungley, A MacInnes, Mrs M M Males, G R Mallender, S E Mallender, D J Mason, S C Matthews, G S Moore, A Phillips, S J Robinson, Mrs J A Smith, J A Stockwood, M W Suthers, J E Thurman, R G Upton, D G Wheeler, J G A Wheeler

OFFICERS PRESENT:

A Graham	Chief Executive
V Nightingale	Constitutional Services Officer
P Osborne	Monitoring Officer

APOLOGIES FOR ABSENCE:

Councillors G Davidson, A M Dickinson, A L R A Pell, E A Plant

OPENING PRAYER

The Meeting was led in prayer by the Mayor's Chaplain and followed by carols by children from Edwalton Primary School.

32. Declarations of Interest

There were none declared.

33. Minutes

The minutes of the meeting held on Thursday 24 September 2015 were received as a correct record and signed by the Mayor.

34. Mayor's Announcements

The Mayor thanked the children for their performance. He also paid tribute to Diana Davidson, the deputy Mayoress, who had recently passed away.

He informed Members that he had attended over thirty engagements since the last Council meeting and said that it had been a privilege to represent the Borough. He highlighted a number of events including the Scouts award ceremonies, national girls 6 aside football, the Candlelight Concert at St

James' Normanton on Soar, a performance of Ali Baba and the Bandits by Robert Miles School and especially the visit to Goose Fair with the Lord Mayor of Nottingham. He stated that he was looking forward to the many carol services that he had been invited to and to helping provide Christmas Lunch at the Friary on Christmas Day.

Finally, he highlighted three events that had been organised by staff and had been well received by members of the public, the Community Awards, the Sports Awards and the Christmas Lights Switch On. He praised all the staff involved and spoke of their dedication.

35. Leader's Announcements

The Leader informed Members that the YouNG project, in collaboration with the NG1 company, had secured funding for 32 months to expand their market project into Europe. The young people would face new challenges such as local cultures and currency. The funding would provide £73,000 to the Council to run the project.

36. Chief Executive's Announcements

The Chief Executive was delighted to present the Mayor with a trophy which had been awarded by the National Outdoor Events Association for the annual Sunday Funday which, with the CCG promoted healthy living. The Mayor asked the Chief Executive to pass on Members' congratulations to the team involved.

37. Statement of Licensing Principles – Gambling

Councillor Mason presented a report which outlined the Council's Statement of Licensing Principles in relation to the Gambling Act. She explained that this had originally been adopted in December 2006 and that it was reviewed every three years. She informed Members that this Statement had been developed in collaboration with the Nottinghamshire Authorities Licensing Group, to ensure that each local authority across Nottinghamshire had a very similar Statement to make it consistent, efficient and easier to understand. She said that the main principles of the statement assisted the Council to protect the public and encourage economic growth by having an effective control of licensable businesses.

Members were informed that there had only been minor changes made to the latest version to ensure that it took into account changes to codes of practice and guidance. She also stated that the Council had widened the list of consultees to ensure that a wide range of views could be taken into account.

She thanked the Members of the Alcohol and Entertainments Licensing Committee for all their hard work in considering the review the Statement.

In support of the recommendation, Councillor Chewings stated that the Statement would come into force on 3 January 2016. She stated that it was a very comprehensive document and was fit for purpose. She thanked officers for their hard work and for listening to Members' suggestions to include the West Bridgford Local Area Forum and the Police and Crime Commissioner to

the list of consultees. With reference to the report she queried the timeframe for the consultation.

Councillor Jones supported the recommendation, however he queried the controls in place to protect vulnerable people, especially people with mental impairment. He felt that paragraph 4.17 should be expanded to incorporate their protection.

Councillor R Mallender supported Councillor Jones' comments. He acknowledged that only minor changes had been made to this revised document and hoped that this would be the case in the next version.

Councillor Clarke supported Councillor Jones' point and stated that this would be considered by the Committee or Panel when considering an application, he was sure that if there was any concerns the Panel could add extra conditions to the licence. Following a point of clarification Councillor Clarke he stated that he agreed with the spirit of Councillor Jones' point.

Councillor Mason stated that the principles of the Statement covered vulnerable people but agreed to raise this point with officers to ensure that people with mental health issues are adequately covered. With reference to Councillor Chewing's query she agreed to check the consultation dates with officers, however she was sure that it had been a 12 week consultation.

RESOLVED that the revised Statement of Licensing Principles under the Gambling Act 2005 be approved and come into effect from 3 January 2016.

38. The Future Council Management Structure

Councillor Clarke presented a report which outlined the review undertaken by Ms Osborne, as agreed at the Council meeting on 24 September 2015. He said that due to the unfortunate death of Mr Steed, Mr Linfield had been appointed as the Interim Executive Manager – Finance and Commercial at the meeting on 25 June 2015 and that following Mr Swaine's promotion Ms Osborne had been employed as the Council's Monitoring Officer. Councillor Clarke congratulated Mr Linfield, and his team, for carrying out an excellent role.

Ms Osborne's review had identified an opportunity to enter into a shared arrangement with Broxtowe Borough Council with regard to a Monitoring Officer. This post would be undertaken by the present incumbent, Mr Horsfield, on a flexible arrangement. It was also proposed to reaffirm the appointment of Mr Carter as the Deputy Monitoring Officer, to cover in Mr Horsfield's absence from both Rushcliffe and Broxtowe. This arrangement would help with the Government's aspiration of shared arrangements between local authorities and would also create a saving of £57,000 per annum.

With regard to the Section 151 Officer, it was proposed that Mr Linfield should continue in an interim position until a permanent replacement was provided. As part of this review it had been identified that the post of Executive Manager - Corporate Governance could be deleted and the post of Executive Manager – Finance and Commercial be redesignated as Executive Manager – Finance and Corporate Services. It was proposed to advertise this post internally

initially and if no suitable applications were received to proceed externally. He referred Members to the alternative recommendation that had been circulated.

Councillor MacInnes welcomed the findings of the report and was pleased to see the endorsement given by Ms Osborne to the present Executive Management Team. He stated that the Labour Group had discussed the report with the Chief Executive and had been assured that there would be appropriate arrangements made for training for the new Deputy Monitoring Officer. He stated that he had studied Mr Horsfield's CV and felt that he was a well-qualified officer with a diverse range of skills. Having researched on the internet on similar schemes that were operating successfully in many other local authorities he was happy to support the recommendation.

In support of the recommendation Councillor Jones agreed that there was a plethora of similar shared arrangements in local authorities. Due to the various partnership agreements with other local authorities he queried what arrangements would be put in place so that Members and officers would know who to contact. He agreed that internal applications were preferable but queried the word 'insufficient'.

Councillor S Mallender felt that the report was thorough and well written. Personally she did not like shared posts but she recognised that this was the Government's preferred option. She pointed out that the Council's Executive Management Team had been awarded Management Team of the Year and felt that it was important that the Council took appropriate steps to keep key personnel. She was glad to hear that there would be full training for the officers involved and she hoped that the post would be filled internally as this would save an additional £13,000.

Councillor Clarke stated that the Management Team of the Year had been well deserved and that the Council wanted to retain its key personnel. He stated that the Council had a collaboration agreement with Gedling Borough Council and Newark and Sherwood District Council and also an IT partnership with Broxtowe Borough Council and Newark and Sherwood District Council. He said that these arrangements did not preclude the Council from entering into other partnerships and that due to financial pressures the Council would continue to investigate other opportunities to become more efficient. He had every confidence that there would not be any confusion for officers or Members.

In respect of internal applications the word 'insufficient' would mean none, however if there was only one application the applicant would still have to meet the technical competencies and be assessed by a consultant. Councillor Clarke stated that these arrangements were consistent with the policy to widen the ability of senior staff and that he had confidence in the proposed arrangements.

RESOLVED that:

- a) Council support the sharing of the monitoring officer role with Broxtowe Borough Council and that;

- b) Mr Phillip Horsfield is appointed as the Council's Monitoring Officer until such time as such appointment is reviewed by the Chief Executive and a further report brought to Council;
- c) The role of Executive Manager – Corporate Governance is deleted;
- d) Mr Nigel Carter is authorised to continue in the role of Deputy Monitoring Officer when the Monitoring Officer is absent and unable to perform his duties for either Authority;
- e) The role of Executive Manager - Finance & Commercial is re-designated Executive Manager - Finance and Corporate Services;
- f) Council approves that the recruitment to the post of Executive Manager - Finance and Corporate Services should be restricted to internal applicants in the first instance, but should either insufficient applications be received or the Interviewing Committee determine that they are unable to make an appointment that the post should then be advertised externally;
- g) The appointment of an appropriate external recruitment specialist should be delegated to the Chief Executive in consultation with the Chairman of the Interviewing Committee;
- h) The Interviewing Committee should be convened to make the appropriate appointment to the post of Executive Manager - Finance and Corporate Services.

39. **Notice of Motion**

The following Notice of Motion was proposed by Councillor M J Edwards and seconded by Councillor A MacInnes.

'The Council recognises as part of its civic leadership the role of the Arts in the lifestyle of its residents and requests that imaginative proposals are brought forward for investing all the proceeds of the public auction and private sales of its artworks in new programmes and projects for the Arts for consideration by Cabinet and to include such investment in its future Budgets.'

Councillor Edwards stated that this motion was an opportunity for all Members to consider the future of the arts in the Borough. He felt that the sale of the Council's art collection gave Members the chance to consider its leadership role in relation to arts. He reminded the Council of the many community and voluntary groups that were actively engaged in a wide range of events, including the Lady Bay Arts Festival. He referred to the Council's strapline and stated that Great Lifestyle which for many organisations meant taking part in, or watching, art based activities. He also highlighted the book festival at Lowdham that had started as a local initiative and was now nationally recognised.

He reminded Members that Councillor Cottee had written to all Councillors before the sale stating that no decision on how the proceeds would be

invested could be made until the actual outcome of the auction was known. He put forward a suggestion that the Council could follow other local authorities by using the Arts as a stimulus for promoting economic activity and he highlighted the City Council's Creative Quarter. He felt that the Council's Growth Boards could be linked to the way forward. With reference to Members' Matters he said that two residents had written in support of the Christmas Tree at Tudor Square which was seen as a focal point. He recognised that the Tree was an artwork and felt that a permanent installation could be created that would give West Bridgford a similar focal point to the Buttercross at Bingham.

Councillor Edwards hoped that the Council could agree on a positive approach to this investment and could put in place developments that would enhance the lifestyle of the Borough.

In proposing the motion he requested a recorded vote.

Councillor Cottee supported the motion and felt that Councillor Edwards was proposing a constructive way forward. He had said that the money raised would be used for the development of the arts. In fact he was passionate about the arts and as a consequence he had supported the Upper Broughton Festival, had been a representative on the boards of the Arts Council and the Playhouse. There had been a variety of views on the Art Collection but the the decision had been made to sell it as it was not seen and that the proceeds would be used for the arts. The money would be a capital sum and could be used for projects or as an investment, however no decision had yet been made. He assured Members that, in the New Year, he would inform them of the final outcome of the sale. This could be an issue to discuss as part of the Budget Workshops.

Councillor Jones supported the motion and welcomed the comments made.

Councillor S Mallender spoke of the activities in the Lady Bay area, the Festival that had begun in 1995 and continued to grow, and the Lady Bay Children's Book Festival that had been launched three years ago. She informed Members that the Group that had suggested the sale of the Art Collection had also agreed that the money should be used to promote art in the Borough and she looked forward to seeing how the money would be used. With reference to the sale she informed Members that two community groups in the City had purchased two of the paintings.

Councillor Moore congratulated Councillor Edwards on his letter to all Councillors and to the points raised. He pointed out that there would be space at the new Arena development and that this could be considered. He also highlighted the many groups in the Borough that supported the arts.

Councillor Clarke stated that, as Councillor Cottee had indicated, the funds were to be used for the arts. He stated that it appeared that the motion was acceptable to everyone and that a recorded vote might not be needed. He too referred to the Upper Broughton Festival and the fact that Councillor Combella had been awarded first prize by an independent judge.

Due to the positive nature of the discussion Councillor Edwards retracted his request for a recorded vote. He was heartened by the general feeling of consensus.

On being put to the vote the motion was carried.

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

There had been no questions submitted.

The meeting closed at 8.15 pm.

MAYOR

Report of the Interim Executive Manager – Finance and Commercial

1. Background

- 1.1 This report presents the detail of the 2016/17 budget, the 5 year Medium Term Financial Strategy (MTFS) from 2016/17 to 2020/21; including the revenue budget, the proposed capital programme and Capital Strategy, the Transformation Strategy and Transformation Programme and Treasury Management Strategy (with associated prudential borrowing indicators). Cabinet have considered the attached budget and strategies and recommended their acceptance by Council along with the resultant decisions regarding Rushcliffe's Band D Council Tax and Special Expenses for 2016/17. The Corporate Governance Group has also recommended the Treasury Management Strategy for adoption by Full Council.

2. Recommendations

It is RECOMMENDED that Council:

- a) Accepts the report of the Council's Responsible Financial Officer on the robustness of the Council's budget and the adequacy of reserves (as detailed at **Annex A**);
- b) Adopts the budget setting report and associated financial strategies 2016/17 to 2020/21 (**Annex B**) including the Capital Strategy (**Appendix 5**) Transformation Strategy and Programme to deliver efficiencies over the five year period (**Appendix 3**).
- c) Adopts the Capital Programme as set out in **Annex B, Appendix 4**.
- d) Sets Rushcliffe's 2016/17 Council Tax for a Band D property at £122.94.
- e) sets the Special Expenses for West Bridgford, Ruddington and Keyworth, **Appendix 1**, resulting in the following Band D Council tax levels for the Special Expense Areas:
 - i) West Bridgford £52.92 (£52.44 in 2015/16)
 - ii) Keyworth £1.48 (£1.76 in 2015/16)
 - iii) Ruddington £3.53 (£3.57 in 2015/16)

- f) Adopts the Treasury Management Strategy 2016/17-2020/21 and associated prudential borrowing indicators (**Annex B, Appendix 6**).
- g) Adopts the 2016/17 Pay Policy as detailed at **Annex B, Appendix 8**.
- h) Accepts the 'four year offer' as part of the financial settlement.

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 attached report (**Annex B**) and relevant appendices detail the following:
 - a. The anticipated changes in funding over the five year period;
 - b. The financial settlement for 2016/17 and the significant budget pressures the Council must address over the Medium Term;
 - c. The budget assumptions that have been used in developing the 2016/17 budget and MTFS;
 - d. The detailed budget proposals for 2016/17 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 Council and its special expense areas of West Bridgford, Ruddington and Keyworth;
 - 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
 - i. The proposed Treasury Management Strategy.
- 4.2 The salient points within the MTFS are as follows (MTFS report (**Annex B**) references are in parenthesis):
 - a. It is proposed that Council Tax for 2016/17 will increase by £4.95 to £122.94 (4.2%). This still means that Rushcliffe's Council Tax remains the lowest in Nottinghamshire and amongst the lowest in the country (Section 3.4);
 - b. Special expenses remain at £717k as they were last year (Section 3.5);

- c. The Council's Revenue Support Grant (RSG) has reduced by 100% by 2019/20 and since 2013/14 will have reduced by £2.6m (or 84% by 2017/18). Furthermore because Rushcliffe collects more Council Tax proportionately to other councils it is proposed Rushcliffe pays a tariff to central Government of £0.25m from 2019/20 (Section 3.6). It should be noted the Council did lobby against such changes and the final settlement now includes Transitional Grant of £34k per annum for 2016/17 and 2017/18 to help mitigate against the size of RSG reductions;
- d. Taking into account resource predictions, spending plans and savings already identified there is a savings requirement of £137k in 2016/17 and over the 5 year period this peaks at £929k in 2019/20 (section 5.1);
- e. The Council has a number of earmarked reserves, their balance rising over 5 years from £8.5m to £9m (Section 6). Last year reserves were projected to rise to £16.5m. The reduction in Council resources such as Revenue Support Grant and New Homes Bonus means the projected levels of reserves has fallen;
- 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**) with £1.383m identified. A requirement from the settlement is to provide an Efficiency Statement and the Transformation Programme constitutes this;
- 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 the volatility caused by the localisation of business rates (Section 8). This is also covered in **Annex A** regarding the implications for the level of reserves;
- 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 £37.57m, a corollary of this is that the Council's capital resources diminish from £11.4m to £7.3m (Section 9). Note the spend has increased by £0.17m (since the Cabinet Report) due to subsequent notification of additional funding for Disabled Facilities Grants from the Better Care Fund (administered by Nottinghamshire County Council); and
- i. The Government has introduced the option to accept a 'four year offer' to all councils. Given global economic risks to the national economy, and predicated on the fact that the current settlement figures are the minimum we would expect in a settlement, then it is Cabinet's recommendation that the offer is accepted. A final decision is not required until 14 October 2016.

Conclusion

- 4.3 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 budgets delicately balance 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 There are other options in terms of increasing Council Tax by a lesser amount but this would put severe pressure on already stretched Council resources (see **Annex B** Section 11).

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 2016/17 financial year and the proposals presented represent a balanced budget.

In the opinion of the S151 Officer a positive assurance is given that the budget is balanced, robust and affordable. The Capital Programme is achievable, realistic and resourced, with funds and reserves; including the General Fund adequate to address the risks within the budget.

7.2 Legal

None

7.3 Corporate Priorities

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

7.4 Other Implications

None

For more information contact:	Name; Peter Linfield Interim Executive Manager – Finance and Commercial 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Department for Communities and Local Government website, 2016/17 Financial settlement papers
List of Annexes and Appendices (if any):	Annex A Commentary of the Responsible Financial Officer Annex B Budget Setting Report 2016/17 Appendix 1 Special Expenses Appendix 2 Revenue Budget Service Summary Appendix 3 Transformation Strategy (Efficiency

	<p>Statement) and Programme 2016/17</p> <p>Appendix 4 Capital Programme 2016/17 (Including Appraisals)</p> <p>Appendix 5 Capital Strategy 2016/17</p> <p>Appendix 6 Treasury Management Strategy 2016/17 to 2020/21</p> <p>Appendix 7 Use of Earmarked Reserves 2016/17 to 2020/21</p> <p>Appendix 8 Pay Policy 2016/17</p>
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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 Council'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 its considering its financial plans for the year ahead the Council's Responsible Finance Officer reports to the Authority 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 2016/17 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. The Council's Transformation Strategy dovetailed with the original 4-Year plan, to meet the emerging financial challenges, which included efficiency measures, has been supplemented by a programme of service redesign. The original programme and on-going in-year budget challenge exercises have enabled the Council to produce a balanced budget with a limited 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.

The Authority has also responded positively to the challenges that it faces in the medium term through the development, in conjunction with a series of Member budget workshops, of a Transformation Programme (detailed at Annex B, Appendix

3) that identifies the Council's approach to meeting its saving requirement of £1.19m over the next 5 years.

In developing such plans the Council has recognised that future funding and service provision is uncertain and that risks, particularly financial risks, remain high. The MTFs aims to mitigate and manage such risks going forward. Both the MTFs and the Transformation Strategy are iterative in their nature and will evolve over time to respond to, for example, changes in funding levels, the impact of the economic climate and developing corporate and service objectives.

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); and
- 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.

The settlement this year is unprecedented in terms of the changes (both actual and proposed) to the local government 'funding envelope'. Whilst it includes a four year offer which gives certainty in terms of the reductions in Central Government's Revenue Support Grant, there still remains uncertainty regarding other key funding streams including New Homes Bonus (NHB), Business Rates and Council Tax. They are all dependent on the Borough realising opportunities for growth in both the business and housing sectors. With regards to Business Rates the combination of both the future changes in funding allocation (the methodology of future calculation is as yet unknown) and a volatile tax base (due to the current reliance on a small number of large businesses, not least Ratcliffe on Soar Power Station) presents significant risk. **Annex B, Section 8** highlights key risks and with higher risk there is a greater propensity to retain reserves.

As detailed at **Annex B, Section 6**, the MTFs which supports this budget is predicated upon a significant use of reserves to support service expenditure and to deliver investment across the Borough. The Council remains committed to 'grow the Borough'. A key element of this includes the use of the NHB Reserve, £1m per year over a period of 10 years is projected to support the Arena. This position will be reviewed in next year's MTFs when the outcome of the NHB national consultation exercise is known

Despite recent funding pressures Rushcliffe has maintained a stable financial base and, as a result, even once such demands have been met overall revenue reserves (excluding retained New Homes Bonus) are projected to stand at £4.2m by the end of 2020/21, well above the threshold established by Cabinet in October 2011. Opportunities that arise due to future Growth Deals, and the Combined Authority, may put pressure on such balances in the future. These will be considered as the MTFS perennially evolves. As such the budget and MTFS represent a proportionate and balanced approach to meeting the financial challenges that face the Authority

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. As the Council moves further toward self-sufficiency it has removed the annual £300k commitment from the Organisation Stabilisation Reserve with the budget increasingly financed from Council Tax, Business Rates; and rents, fees and charges, with RSG reducing to zero by 2019/20.

Previous achievements with regards to the four year plan and the transformation strategy provide reassurance that the budget requirement will be met in a sustainable manner. The focus on the Asset Investment Strategy in **Section 9 of Annex B** is one element of a strategy for the Council to be increasing self-financing with greater resilience against the previously highlighted risks from the changes in the methodology of Central Government funding.

In conclusion it is therefore my opinion that the budget proposed in this report, and the sundry strategies which support it, have been properly developed and provide an appropriate approach for meeting the financial challenges and funding risks facing the Authority at this time.

Peter Linfield
Interim Executive Manager – Finance and Corporate Services and Section 151
Officer
February 2016

RUSHCLIFFE BOROUGH COUNCIL

**BUDGET SETTING REPORT
AND ASSOCIATED FINANCIAL STRATEGIES
2016/17-2020/21**

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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. The Comprehensive Spending Review 2015 and subsequent financial settlement will result in unprecedented structural fiscal reform and significant government funding reductions going forward. The Council continues to manage such challenges with the discipline established by a Transformation Programme which strongly links medium term financial planning to the Authority's Corporate and Transformation Policies and Strategies.

Revenue Support Grant (RSG) is being reduced to zero by 2019/20 with more punitive reductions in earlier years (from 2013/14 this amounts to £2.6m or 85%). Furthermore due to the Council's ability to raise more than most councils in Council Tax, in 2019/20 there is an expectation from Government that the Council will pay £0.25m as a 'tariff' to the Government, which effectively amounts to negative RSG. Whilst the Council continues to support and encourage growth, the result of the Government redirecting resources into areas such as Adult Social Care, our expectation is that New Homes Bonus will reduce from £2.1m (2017/18) to £1.3m (2018/19). Furthermore we are anticipating little growth in Business Rates due to the likely de-commissioning of Ratcliffe-on-Soar Power Station and other likely business rate appeals. We will continue to campaign to ensure that Rushcliffe does benefit from the proposed repatriation of 100% of business rates from central to local government, which will be subject to future consultation.

The upshot of these risks are that the Council now needs to save at least £1.19m over the next five years, this is in addition to the substantial savings it has already made since 2010/11. To put this into national context the Local Government Association's initial assessment of the challenge facing councils included the comment "Even if Councils stopped filling in potholes, maintaining parks, closed all childrens' centres, libraries, museums, leisure centres and turned off every street light they will not have saved enough money to plug the financial black hole they face by 2020". Whilst the challenge is severe we are confident, given our long and established track record of driving efficiencies throughout the organisation through, innovation, commercialism and collaboration, that we are in a good place to meet this challenge. The Government this year has also invited Councils to accept a forward looking settlement, a 'four year offer'. Given the global economic risks effecting the whole economy our recommendation is that we accept the 'offer', subject to the risks that much of the income streams in the offer are variable and affected by both our growth and the relative position of other councils.

Our budget setting process has been rigorous and thorough, involving officers in base budget reviews and Members with budget workshops. Given the aforementioned challenges the Government recognises that Councils need the flexibility to raise local taxes by

more than 2%; and indeed require such funding to help 'balance the books', the Council has the option of increasing Council Tax by up to £5 (or 2%, whichever is the higher). The Council therefore proposes to increase its Council Tax for a Band D property by £4.95 to £122.94 (an increase of under 10p per week). The deficit of £1.19m over the next five years assumes such an increase and the assumption that there is also a £4.95 increase in 2017/18; and thereafter a 2% per annum increase. This still ensures Rushcliffe's Council Tax remains amongst the lowest in the country (and the lowest in Nottinghamshire).

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 loss of government grant is just one of the considerations in developing the Council's budget proposals for 2016/17. It also has to manage inflationary pressures on its operational costs and pressures on some areas of income collection. The Council is committed to reducing costs, for example it has again reduced the size of its Executive Management Team and continue to seek collaboration opportunities.

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. The budget includes proposals to increase Car Parking charges in West Bridgford (from 2016/17) and also Green Bin charges from 2017/18, as we look to improve facilities and services, and meet future demand and cost pressures.

Whilst funding is reducing it is important the Borough continues to grow. Business rates, Council Tax and New Homes Bonus income streams will increase as we grow, whilst at the same time we have to meet the cost pressures that arise from growth. For example with more houses more refuse collections are required. The Council is well placed to take advantage of such opportunities 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 allied to significant Council investment for Cotgrave. This is indicative of the Council's commitment to support housing and business growth.

The Transformation Strategy 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. This plan combined with this four year settlement identifies that there will be a continuing need to bridge a budget gap of £1.19m by 2020/21. This will require significant decisions by Members in respect of investment, assets and organisational transformation. 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 is 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 2020/21 including the revenue and capital budgets, supported by a number of key associated financial policies alongside details of significant changes to fees and charges.

	2015/16	2016/17
RBC Precept	£4,711k	£5,036K
Council Tax Increase	0%	4.2%
Council Tax Band D	£117.99	£122.94
Revenue Support Grant	£1,679k	£1,064K
Retained Business Rates	£2,021k	£2,072k
New Homes Bonus	£2,100k	£2,067k
Reserves (at 31 March)	£8,130k	£8,283k
Capital Programme	£9,097k	£18,742k

Special Expenses		
Total Special Expense Precept	£718k	£717k
West Bridgford	£52.44	£52.92
Keyworth	£1.76	£1.48
Ruddington	£3.57	£3.53
Shelford	£71.25	£0
Newton	£40.74	£0

It should be noted that the 2015/16 comparators include the special expense figures for Shelford and Newton. In accordance with legislation, their first year budget was set as a special expense by RBC. They are now parish councils and set their own precepts.

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	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
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%	0.89%	1.25%	1.5%	1.75%	2%
Tax base increase	4	1.40%	2.6%	2.0%	2.0%	2.0%	2.0%

Notes to Assumptions

1. Whilst inflation does impact on services, the Council's managers are expected to deliver services 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. With a triennial valuation due in 2016/17 these figures are likely to change.
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. FINANCIAL 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. The Government has included this year a 'four year offer' which helps with certainty, that said the funding streams are variable and linked to levels of relative business and housing growth.
- 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	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Retained Business Rates	2,021	2,072	2,532	2,582	2,633	2,685
Increase / (reduction) ¹	(102)	51	460	50	51	52
Increase / (reduction) (%)	-4.8%	2.5%	22.2%	2.0%	2.0%	2.0%

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 confirmed the continued extension into 2016/17 of the small business rates relief scheme at 100% relief, £500k is assumed each year for this relief.

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. No increase is currently assumed as a result of the 100% repatriation of business rates from Central Government to local government (announced

¹ The 2016/17 figure is less 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 and the impact of any other business rate appeals. This has led to a Business Rates deficit, from the inception of the localisation of business rates and a contribution from the Organisation Stabilisation Reserve of £412k to offset this,

with the Comprehensive Spending Review 2015). Further consultation by the Government is anticipated on what this may entail, for example how much will district councils receive as opposed to unitary or County Councils?

The impact in 2015/16 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 2016/17 reduction in business rates results in a Collection Fund deficit as more business rates were estimated to be collected than actually were in 2013/14, 2014/15 and 2015/16.

3.4 Council Tax

As identified at Table 1 between 2015/16 and 2016/17 Rushcliffe's Council Tax base has increased by 2.60% and thereafter 2% it is forecast to continue throughout the remainder of the MTFS, as housing growth is anticipated in the borough.

As a result of reductions in funding in other income streams such as Revenue Support Grant, the Government has assumed in future funding that for a Council Tax Band D that Councils will take up the offer of increasing their Council Tax by the higher of 2% or £5. Given both funding and cost pressures the Council faces it is prudent to increase Council Tax by the higher amount of £4.95, the impact of not taking this offer is covered in Section 11. Based on the principle the Council is looking to stay in the lower quartile Council Tax charges we have assumed a £4.95 increase for each of the next 2 years and thereafter a 2% increase. It should also be noted that Council Tax freeze grant is no longer available.

The movement in Council Tax, the tax base, precept and use in Council Tax Collection Fund surplus are shown in Table 3.

Table 3. Council Tax

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Council Tax Base (a)	39,923	40,960	41,777	42,610	43,460	44,327
Council Tax £:p (b)	£117.99	£122.94	£127.89	£130.45	£133.06	£135.72
£ Annual Increase	£0	£4.95	£4.95	£2.56	£2.61	£2.66
% increase	0%	4.20%	4.03%	2%	2%	2%
Gross Council Tax collected (a x b)	£4,710,526	£5,035,572	£5,342,822	£5,558,489	£5,782,807	£6,016,079
Increase in Precept	£64,906	£325,045	£307,250	£215,667	£224,318	£233,272
Collection Fund Surplus	£83,800	£79,000	0	0	0	0

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 2015/16, special expenses will be levied in West Bridgford, Ruddington and Keyworth.

From 2016/17, the charges for Shelford and Newton are no longer a special expense and are instead set as a precept by the two parish councils. **Appendix 1**, summarised at Table 4, details the Band D element of the precepts for the special expense areas. Ruddington and Keyworth's special expense Band D tax amounts have fallen due to a combination of larger tax bases and a reduction in their cemetery maintenance costs.

Table 4 Special Expenses

	2015/16		2016/17		
	Cost	Band D	Cost	Band D	Band D
	£	£	£	£	% change
West Bridgford	684,706	52.44	704,540	52.92	0.9%
Ruddington	8,730	3.57	9,070	3.53	-1.1%
Keyworth	4,439	1.76	3,800	1.48	-15.9%
Shelford	7,567	71.25	0	0	
Newton	12,133	40.74	0	0	
Total	717,575		717,410		

3.6 Revenue Support Grant (RSG)

As part of the 'four year offer' the Council has now been provided with the profile of RSG reductions until 2019/20. This is more punitive than we anticipated and currently no 'offset' is assumed in terms of increased business rates (see Section 3.3). The table below shows that from 2013/14 to 2017/18 85% of RSG is lost (£2.6m). By 2019/20 not only does this income stream cease but because Rushcliffe collects more Council Tax income relative to many authorities the Government have proposed the introduction of a tariff (or negative RSG) of £0.25m. We have assumed this remains in 2020/21. The Council has lobbied the Government regarding these and other changes; and as part of the final settlement transitional grant amounting to £34k per annum, to help address the size of the reductions in RSG in 2016/17 and 2017/18, has been provided (included in the RSG amounts below).

Table 5 Revenue Support Grant

	2014/15	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Revenue Support Grant (figures in brackets = a tariff payment to Government)	2,377	1,679	1,064	504	130	(250)*	(250)
Reduction from previous year £'000	754	698	615	560	374	380	0
Reduction from previous year (%)	24%	29%	37%	53%	74%	292%	0
Reduction from 2013/14 (%)	24%	46%	66%	84%	96%	100%	0

* 2019/20 £250k levy is rounded – proposed amount in final settlement is £253k. It may well change in future years.

3.7 New Homes Bonus

The New Homes Bonus (NHB) was introduced in order to provide a clear incentive to local authorities to encourage housing growth in their areas. The Government now thinks that it is appropriate to consider how the incentive element of NHB could be further tightened alongside possible changes to respond to the move towards full retention of business rates and the potential for further devolution of powers and responsibilities to local authorities. A consultation process is underway, key points include:

- No NHB will be received if there is not an adopted Local Plan;
- The payment will reduce from 6 to 4 years, or less;
- Removing or reducing the NHB on any homes that were built under a planning appeal;
- Setting a NHB baseline growth where authorities only receive funding for exceptional growth.

The inference from the current settlement is that NHB is to be used to support the revenue budget (as it is included in the 'Core Spending Power' calculation) and is now not being treated as a 'bonus' for rewarding growth. The projections from Government highlighted below show the potential reductions and this presents a risk regarding the future funding of the Council's capital programme. Had the funding continued based upon the original scheme funding was projected to be £4.3m (2019/20) and is now anticipated to be £1.3m (a 70% reduction). Commitments regarding the use of NHB include £1m per annum over 10 years to fund the Leisure Strategy. The Council was successful with securing £5.5m of Growth Deal funding (which included £2.5m for infrastructure work in relation to Land North of Bingham). This has given rise to a £2.5m call on the NHB Reserve. As we get more details in terms of the outcome of the NHB consultation exercise the MTFs next year will be updated accordingly.

Table 6 – New Homes Bonus

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
New Homes Bonus Received in Year	1,864	2,067	2,100	1,300	1,300	1,300

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 7.

Table 7.1 - Fees, Charges and Rental Income

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Car Parks	558	558	558	558	558
Licences	220	220	220	220	220
Market Stall	38	38	38	38	38
Non Sporting Facility Hire	176	176	176	176	176
Other Fees & Charges	800	800	800	800	800
Planning Fees	908	908	908	908	908
Rents	1,292	1,297	1,297	1,297	1,297
Green waste income	996	996	996	996	996
Service Charge	381	381	381	381	381
Total	5,369	5,374	5,374	5,374	5,374

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.

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. As part of the budget workshop exercise undertaken with Members the following are proposed changes to

fees and charges (Table 7.2) and form part of the Transformation Strategy (not included in the figures at Table 7.1). It should be noted some Members had proposed other stepped charges, for example £1 = 1 hour; £2 = 2 hours and £3 = 3 hours).

Table 7.2 Proposed changes to Fees and Charges

Area of Change	Rationale	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Car Parking, West Bridgford Short Stay – up to 2 hours £1.50 and Sunday charge £1	Upgrade car parking facilities	87	174	174	174	174
Green Waste (2017/18) - £5 increase on first and second bins	Meet future costs eg fuel price increases, future vehicle replacement etc	0	170	170	170	170
Rushcliffe Country Park – non-voluntary charge £1	To contribute towards country park costs	20	20	20	20	20
Domestic properties pre-planning fees £50	Towards costs of service delivery	30	30	30	30	30
Total		137	394	394	394	394

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 8.

Table 8 – Other income

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Costs Recovered	121	121	121	121	121
Edwalton Golf Course	107	78	28	28	27
Housing Benefit Admin Grants	311	311	311	311	311
Interest on Investments	257	232	252	274	295
OLA's Contribution	279	179	179	180	181
Other Grants	36	2	2	2	2
Other Income	285	285	285	285	285

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Recycling credits	130	130	130	130	130
Other Government Grants	113	113	113	113	113
Sub Total	1,639	1,451	1,421	1,444	1,465
Housing Benefit Subsidy	17,373	17,373	17,373	17,373	17,373
TOTAL	19,012	18,824	18,794	18,817	18,838

3.10. Summary

Table 9 – All sources of income

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Retained Business Rates and SBRR	2,021	2,072	2,532	2,582	2,633	2,685
Revenue Support Grant	1,679	1,064	504	130	(250)	(250)
Council Tax Freeze Grant	59	-	-	-	-	-
Specific grants for 2014/15 settlement	56	-	-	-	-	-
Total Funding Excluding NHB	3,815	3,136	3,036	2,712	2,383	2,435
New Homes Bonus ²	1,864	2,067	2,100	1,300	1,300	1,300
Total Funding Including NHB	5,679	5,203	5,136	4,012	3,683	3,735
Council Tax (RBC)	4,711	5,036	5,344	5,558	5,783	6,016
Council Tax (Special Expenses)	718	717	732	746	761	776
Collection Fund Surplus	84	79	-	-	-	-
Fees, charges and rental income	5,099	5,369	5,374	5,374	5,374	5,374
Other income	18,855	19,012	18,824	18,794	18,817	18,838
Net Transfer from Reserves ³	-	-	-	-	-	-
Total Budget Funding	35,146	35,416	35,410	34,484	34,418	34,739

² NHB is transferred to reserves and is contained in the spending plan analysis of expenditure (section 4)

³ Transfer 'to' reserves is within the expenditure analysis

4. 2016/17 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

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Employees	9,273	9,520	9,569	9,741	9,903	9,989
Premises	1,642	1,370	1,304	1,304	1,304	1,304
Transport	1,286	1,285	1,289	1,295	1,299	1,299
Supplies & Services	5,411	5,626	5,209	5,006	5,028	4,955
Transfer Payments ⁴	17,504	17,365	17,365	17,365	17,365	17,365
Capital Charges	1,503	1,726	2,726	2,726	2,726	2,726
Third Party	2,453	2,407	2,464	2,490	2,490	2,440
Net recharges	(4,952)	(5,105)	(5,102)	(5,105)	(5,105)	(5,105)
Gross Service Expenditure	34,120	34,194	34,824	34,822	35,010	34,973
Change from Previous Year	(278)	74	630	-2	189	(37)
Net Contribution to Reserves ⁵	993	1,200	970	260	210	210
Revenue Contribution to Capital	158	159	158	127	127	127
Overall Expenditure	35,271	35,553	35,952	35,209	35,347	35,310

⁴ Includes Housing Benefit Payments

⁵ 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. The reduction in NHB in later years is reflected in the downward trend.

4.2 Explanations for some of the main variances above are:

- Premises costs reduce due to a reclassification of Drainage Board payments (£235k) to 'Other services' within Support Services (to accord with professional practice);
- Supplies and Services – reduce mainly because of transformation programme savings planned going forward; and
- 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 was the final year of support.

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. As New Homes Bonus is anticipated to reduce over time so does the transfer to reserves.

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

	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Retained Business Rates	2,021	2,072	2,532	2,582	2,633	2,685
Revenue Support Grant	1,679	1,064	504	130	(250)	(250)
Council Tax Freeze Grant	59	-	-	-	-	-
Specific grants for 2014/15 settlement	56	-	-	-	-	-
New Homes Bonus	1,864	2,067	2,100	1,300	1,300	1,300
Council Tax (RBC)	4,711	5,036	5,344	5,558	5,783	6,016
Council Tax (Special Expenses)	718	717	732	746	761	776
Collection Fund Surplus	84	79	-	-	-	-
Fees, charges and rental income	5,099	5,369	5,374	5,374	5,374	5,374
Other income	18,855	19,012	18,824	18,794	18,817	18,838
Net Transfer from Reserves	-	-	-	-	-	-
Total Income	35,146	35,416	35,410	34,484	34,418	34,739
Gross Expenditure	35,271	35,553	35,952	35,209	35,347	35,310
New Savings Required (assumed on-going)	125	137	542	725	929	571
In Year Savings over the MTFS period	125	12	405	183	204	(358)

5.2 Section 8 covers the Transformation Programme and balancing the budget for 2016/17.

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. The commitment of £300k per annum from the Organisation Stabilisation Reserve has been removed to protect the level of reserves given future financial risks the Council faces, particularly given uncertainty over the level of future business rates. To ensure that sufficient resources are available to support the budget for the long term (via the Organisation Stabilisation Reserve), it is proposed that 2015/16 projected revenue budget underspend is used to replenish this reserve. As detailed below, following these adjustments it is estimated that by 2021, the balance on the Organisation Stabilisation Reserve will be £0.957m.
- 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 2016/17 which also includes capital commitments. It should be noted that Corporate Reserves are anticipated to decline as the Leisure Strategy progresses. Investment Reserves increase as they act as a 'sinking fund' to protect assets such as The Point. 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 Whilst we have mentioned that New Homes Bonus (NHB) will reduce the NHB Reserve will still 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'. The projections also reflect the potential allocation of £1m per annum from the New Homes Bonus Reserve towards the cost of the Arena redevelopment. As we gain more certainty from the NHB Consultation paper we will review the basis of this allocation over the next 12 months. 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 is adequate given the financial and operational challenges (and opportunities) the Council faces.

Table 12 – Specific Reserves

£000	Balance 31.03.16	Balance 31.03.17	Balance 31.03.18	Balance 31.03.19	Balance 31.03.20	Balance 31.03.21
<i>Investment Reserves:</i>						
Regeneration and Community Projects	1,235	1,309	1,417	1,494	1,571	1,648
Cotgrave Regeneration	320	20	20	20	20	20
The Point Enhancements	18	48	78	108	138	168
Council Assets and Service Delivery	148	148	148	148	148	148
Local Area Agreement	122	122	122	122	122	122
Invest to Save	150	150	150	150	150	150
<i>Corporate Reserves:</i>						
Organisation Stabilisation	2,124	1,397	1,257	1,157	1,057	957
Risk and Insurance	100	100	100	100	100	100
Planning Appeals	349	349	349	349	349	349
Elections	153	153	153	203	203	203
<i>Operating Reserves:</i>						
Planning	187	187	187	187	187	187
Leisure Centre Maintenance	111	21	21	21	21	21
Lottery	55	55	55	55	55	55
Planned Maintenance	100	100	100	100	100	100
Total Excluding NHB Reserve	5,172	4,159	4,157	4,214	4,221	4,228
New Homes Bonus	3,327	4,124	3,954	4,234	4,514	4,794
Total Earmarked Reserves	8,499	8,283	8,111	8,448	8,735	9,022
<i>General Fund Balance</i>	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	11,103	10,887	10,715	11,052	11,339	11,626

7. THE TRANSFORMATION STRATEGY AND EFFICIENCY PLAN

7.1 For the past 2 years the Council has successfully introduced a Transformation Strategy and supporting Transformation Programme. This successfully drives change and efficiency activity and is a vehicle to deal with the scale of the financial challenges the Council faces. An updated Transformation Strategy and Programme 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

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Gross Budget Deficit excluding Transformation Plan	932	1,602	1,935	2,265	1,954	
Cumulative Savings in Transformation Plan	795	1,060	1,210	1,335	1,383	
Gross Budget Deficit/(Surplus) as per Appendix 2	137	542	725	929	571	
Cumulative Member Options	137	394	394	394	394	
Additional Transfer to/from reserve	0	148	331	535	177	1,191

7.3 In order to deliver a balanced budget for 2016/17 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.

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. As can be seen at Table 13 a further £1.19m is to be identified. The current transformation projects which will be worked upon for delivery from 2016/17 are given at **Appendix 3**. Some of the more significant projects include:

- Bridgford Hall development;
- Leisure and accommodation strategy;
- Edwalton Golf Course;
- Creating a property development company with a view to both providing more housing in the Borough and an income stream;
- Cyclical reviews of all service areas; and
- Reviewing fees and charges.

7.5 It should be noted there is draft guidance on the capitalisation of transformation costs where an income stream is generated. It relates to set-up and implementation costs not on-going savings. These should be reported through the Efficiency Strategy (for Rushcliffe this is the Transformation Strategy). The Efficiency Strategy can be revised at any time by Full Council and as part of our Treasury Strategy reporting we must show the impact on our prudential indicators.

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 linked to appeals and in particular the power station	High	High	Growth plans and accurate monitoring; lobbying central government
Central Government policy changes eg changes to NHB and 100% Business Rates to local government	High	High	Engagement in consultation in policy creation
Implications of devolution and a Combined Authority still need to be understood	High	High	Engagement in consultation in policy creation
The Council does not achieve Council Tax income levels as projected in the MTFS and linked to Government referendum limits	Low	High	Continue to monitor Government Policy and lobbying. Budget workshops for members so they are clearly informed regarding the impact of alternative decisions.
Reductions in Government Funding	High	High	Lobbying and service transformation and budget planning
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 for example the privatisation of the administration of planning applications	Medium	High	Engagement in consultation in policy creation. Ensure future changes are built into the MTFS.
Inflationary pressures, particularly utility costs	Medium	low	Budget reporting processes

Risk	Likelihood	Impact	Action
Pensions triennial revaluation and the potential increase to pension contributions.	Medium	High	To be aware of actuaries report and implications. Risks affected by local demographics and the impact on interest rates and share prices of international economic conditions. Also the ability to influence central government policy on the Local Government scheme.
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 and in particular projected savings/costs from larger projects such as the Arena	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.
The disposal of the Civic Centre creates risks surrounding investment property income	Medium	Medium	On-going landlord review of income.

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 MTFS presents a balanced budget for the five years from 2016/17 to 2020/21 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 whilst we have stated we now know the profile for RSG reductions the planned benefits from Business Rates repatriation to local government (ie 100% to local government) to help provide a buffer for these reductions is still unknown.
- Business Rates has a number of significant risks and is a highly volatile tax base. The likely de-commissioning of the power station, given it accounts for around one quarter of Business Rate income, undermines any benefits the Council may gain in business rates from business growth. Similarly any other large rated properties add to the volatility. 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. Furthermore businesses are due to be revalued in 2017 which will lead to both a number of appeals and changes to the business rates base. The upshot of this is that the business rate baseline need may be reviewed by central government; and
- New Homes Bonus. As identified at 3.7 and as stated last year the risk that the incoming government would replace or reform the current funding mechanism reducing allocations to the Council has materialised. This impacts on the Council's capacity to make discretionary investment in specific projects which will deliver social and economic benefits to the Borough. Contingency plans for the financing of the Arena redevelopment will be considered such as the Council extending the repayment period from the planned ten years and/or accessing Public Works Loan Board funding to finance the project.

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

	2016/17	2017/18	2018/19	2019/20	2020/21	
	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Total
	£000	£000	£000	£000		£000
Transformation	9,633	5,065	2,610	396	308	18,012
Neighbourhoods	1,812	985	945	963	1,095	5,800
Communities	222	98	98	98	98	614
Finance and Corporate Services	7,075	870	200	100	100	8,345
Total	18,742	7,018	3,853	1,557	1,601	32,771
FUNDED BY						
Usable Capital Receipts	(3,228)	(1,201)	(3,511)	(1,215)	(1,259)	(10,414)
Disabled Facilities Grants	(521)	(292)	(292)	(292)	(292)	(1,689)
Use of Reserves	(1,874)	(1,300)	(50)	(50)	(50)	(3,324)
Grants and Contributions	(5,514)	(1,325)	0	0	0	(6,839)
Section 106 Monies	(950)	0	0	0	0	(950)
Internal Borrowing	(6,655)	(2,900)	0	0	0	(9,555)
Total	(18,742)	(7,018)	(3,853)	(1,557)	(1,601)	(32,771)
Capital Resources at start of year*	11,431	7,475	9,725	9,121	8,253	
Additions	7,981	6,368	3,249	689	646	
Used (-)	(11,937)	(4,118)	(3,853)	(1,557)	(1,601)	
Capital Resources at end of year⁶	7,475	9,725	9,121	8,253	7,298	

⁶ 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 2016/17 Programme include:

- Bridgford Hall refurbishment (£1.410m of a total investment of £2.560m, funded by a combination of Heritage Lottery Funding £1.495m and £1.065mm by RBC);
- Cotgrave Regeneration (£5.2m of a total investment of £7.6m, funded by Growth Deal Funding £3m, other grants and contributions £1.5m, capital receipts and reserves £0.6m and the balance £2.5m from Prudential Borrowing);
- Land North of Bingham for necessary infrastructure (flood mitigation) to facilitate the development of over 1,000 new homes and 15.6 hectares (potentially 17.6) of employment land (Total costs estimated at £5.3m including £0.3m for land acquisition. Financed from £2.5m Growth Deal Funding, £2.5m New Homes Bonus and £0.3m Capital Receipts);
- On-going vehicle replacement (£981K and approximately £1.6m over the next four years);
- Support for Registered Housing Providers (£250K and a further £614K over the next four years);
- Disabled Facilities Grants (Since the draft budget the allocation from NCC (via the Better Care Fund) has increased to £521k (previously reported £375k) and a further £1.2m over the next four years);
- Information Systems Strategy (£107K plus a four year rolling programme); and
- Leisure Strategy/Office Accommodation (£6.5m of a total planned investment of £15.5m).

9.3 After 2016/17, 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 Council is committed to setting-up a property development company and to this end the Social Housing allocation maybe revisited. 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 £15.5m and will be funded from use of reserves (£5.1m) together with a programme of internal borrowing (£10.3m and £0.1m external grant). Significant new schemes for Cotgrave Regeneration and Land North of Bingham have been included in the programme substantially supported by Growth Deal Funding as set out above. In addition, the programme contains a provision of £2.5m for development of a new depot in 2018/19 which it is anticipated that this will be funded from a capital receipt from the disposal of the Abbey Road site.

9.4 As Table 15.1 demonstrates the Council's capital resources are diminishing. The Council's currently identified capital resources will have reduced substantially from £11.4m to £7.3m 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 £10.3m. It is planned to repay this 'internal debt' from the future income stream provided by the New Homes Bonus, subject to the risks highlighted in Sections 3.7 and 8.3.

- 9.5 Appendix 5 gives a revised Capital Strategy with a focus on the Council moving towards a more proactive approach, investing in properties where a business case exists that can demonstrate the generation of additional income alongside wider community benefits. £10m has previously 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. To date £2.7m has been agreed for the new loan to Nottinghamshire County Cricket Club and £2.5m has been earmarked for Cotgrave Regeneration leaving a balance of £4.8m. These two schemes appear in the proposed Capital Programme. At the Budget Workshops Members agreed to add the £0.5m for Funding Circle loans to the Asset Investment Strategy Fund which will give a revised available balance of £5.3m. The money is still available for such loans but given the lack of take-up over the past 18 months it gives a greater likelihood of the money being invested where there is demand. This will be carried forward from 2015/16 anticipated underspend.
- 9.6 The Capital Programme including Asset Investment Strategy sums are set out below:-

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

Commentary	£'000
Total identified expenditure	32,771
Unallocated investment Strategy	4,800
Total Programme	37,571
Funding:	
External Borrowing	10,000
Other Funding	27,571
Total Funding	37,571

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

%	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Average Interest rate	0.89	1.25	1.50	1.75	2.00
Expected interest from investments (£)	112,300	94,400	118,600	146,600	172,900
Other interest (£)	144,900	138,000	132,900	127,500	121,900
Total Interest (£)	257,200	232,400	251,500	274,100	294,800

As the MTFs forecasts that the Council will still have £7.3m of useable capital resources available to it at 31 March 2021 the Treasury Strategy gives capacity for future external borrowing if necessary in order to fund the Asset 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’ (using investment balances) to fund the Leisure project at the Arena.

- 10.2 A further risk covered in Section 8 of this report 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 Council continues to mitigate this risk by spreading investments 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 by the higher of 2% or up to £5. Table 17 provides details of the impact on budgets of a tax freeze compared to a 1.99% increase and a £4.95 increase (the latter being the recommended option) on a 2016/17 Band D Council Tax.

Table 17: Alternate Council Tax Levels

£'000	2016/17	2017/18	2018/19	2019/20	2020/21
Band D £117.99 Freeze in 2016/17					
Total CT Income	4,833	4,929	5,028	5,128	5,230

Total for 1.99% increase (Band D £120.33)	4,929	5,128	5,334	5,550	5,774
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Total for £4.95 increase then 2%(Band D £122.94)	5,036	5,343	5,558	5,783	6,016
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Difference (£'000)						Total
Freeze vs £4.95	-203	-414	-530	-655	-786	-2,588
1.99% vs £4.95	-107	-215	-224	-233	-242	-1,021

- 11.3 The above figures indicate that an increase of £4.95 would result in either an additional £107k of income or £203k of income respectively against either a 1.99% increase or a tax freeze. Assuming a Council Tax increase of 1.99% each year this gap increases to £242k by 2020/21 when compared to an increase of £4.95 (in both 2016/17 and 2017/18 and a 1.99% increase thereafter). Over the five years if the 1.99% option is chosen this would mean the Council would have to find another £1m.
- 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.

Funding Analysis for Special Expense Areas

	2015/16 (£)	2016/17 (£)	% Change
West Bridgford			
Allotments	2,000	1,000	
Parks and Playing Fields	382,700	386,000	
West Bridgford Town Centre	35,400	38,400	
Community Halls	101,900	102,800	
Seats & Bins	300	300	
Contingency	25,000	17,594	
Previous Year Deficit	14,600	0	
Annuity Charges	108,446	108,446	
Revenue Contributions Capital	50,000	50,000	
Total	720,346	704,540	
Council Tax Reduction Support	(35,640)	0	
Total	684,706	704,540	
Tax Base	13,056	13,314	
Special Expense Tax	£52.44	£52.92	+0.9%
Keyworth			
Cemetery & Annuity Charges	4,669	3,800	
Council Tax Reduction Support	(230)	0	
Total	4,439	3,800	
Tax Base	2,526	2,571	
Special Expense Tax	£1.76	£1.48	-15.9%
Ruddington			
Cemetery & Annuity Charges	9,200	9,070	
Council Tax Reduction Support	(470)	0	
Total	8,730	9,070	
Tax Base	2,444	2,570	
Special Expense Tax	£3.57	£3.53	-1.1%
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	717,575	717,410	

REVENUE BUDGET SERVICE SUMMARY

APPENDIX 2

	2015/16 ESTIMATE £	2016/17 ESTIMATE £	2017/18 ESTIMATE £	2018/19 ESTIMATE £	2019/20 ESTIMATE £	2020/21 ESTIMATE £
Communities	2,477,000	2,795,800	2,718,000	2,685,200	2,790,000	2,812,500
Finance and Corporate Services	3,609,800	3,769,700	4,913,700	4,996,400	5,007,100	4,870,900
Neighbourhoods	4,187,200	4,709,300	4,755,800	4,832,500	4,862,600	4,899,100
Transformation and Operations	155,400	130,100	(172,000)	(268,100)	(249,000)	(229,700)
Net Service Expenditure	11,647,000	11,404,900	12,215,500	12,246,000	12,410,700	12,352,800
Shelford and Newton Budget	19,700					
Capital Accounting Adjustments	(1,502,600)	(1,591,400)	(1,591,400)	(1,591,400)	(1,591,400)	(1,591,400)
Revenue Contribution to Capital	158,450	158,500	158,500	126,800	126,800	126,800
Transfer to/(from) Reserves	993,000	1,200,000	970,000	260,000	210,000	210,000
Total Net Service Expenditure	11,315,550	11,172,000	11,752,600	11,041,400	11,156,100	11,098,200
Funding						
Central Government Grant	(1,679,000)	(1,064,000)	(504,000)	(130,000)	250,000	250,000
Localised Business Rates, includes SBRR	(2,021,000)	(2,072,000)	(2,532,000)	(2,582,000)	(2,633,000)	(2,685,000)
Collection Fund Surplus	(83,800)	(79,000)	0	0	0	0
Council Tax Income						
- Rushcliffe	(4,710,530)	(5,035,600)	(5,342,800)	(5,558,500)	(5,782,800)	(6,016,100)
- Special Expenses Areas	(717,580)	(717,400)	(731,700)	(746,300)	(761,200)	(776,400)
New Homes Bonus	(1,920,000)	(2,067,000)	(2,100,000)	(1,300,000)	(1,300,000)	(1,300,000)
Council Tax Freeze Grant	(58,600)	0	0	0	0	0
Total Funding	(11,190,510)	(11,035,000)	(11,210,500)	(10,316,800)	(10,227,000)	(10,527,500)
Gross Budget Deficit / (surplus)	125,040	137,000	542,100	724,600	929,100	570,700
Additional Transformation Plan Savings	(125,040)	(137,000)	(542,100)	(724,600)	(929,100)	(570,700)
Net Budget Deficit	0	0	0	0	0	0
Annual (Savings) / Deficit	125,040	137,000	405,100	182,500	204,500	(358,400)

Transformation Strategy and Efficiency Plan 2016/17 – 2020/21

Introduction

In 2010, the Council adopted a 4 Year Plan, a planned and measured approach to meeting the emerging financial challenges. The plan was written to identify cost efficiencies, increase income opportunities and develop transformational alternatives for the future delivery of services. The adopted approach aimed to reduce overall expenditure by £2.8m over the life of the Plan. This approach was reinforced in 2012 with the publication of our latest Corporate Strategy subtitled 'Proactively Preparing for the Future'.

The 4 Year Plan and Transformation Programme have successfully supported the delivery of over £3m in efficiencies. In making our savings, services to residents in some cases have been changed from universally free services towards chargeable choice based services. Other services have been streamlined, to be even more efficient and leaner whilst attempting to make it easier for customers to transact their business with us at a time and in a way that suits them. We have done all of this without significantly impacting on service quality or resident satisfaction. Our latest resident polling data shows us that 76% of residents are satisfied with the way the council operates and 65% believe the Council provides value for money (2015).

This revised Transformation Strategy sets out the Council's approach to making further savings between now and 2020/21. It also explains our approach to identifying and working with partners, recognising and maximising opportunities, and leading the way in delivering high quality services that match the needs of residents. It is clear that as the organisation becomes leaner, it will become increasingly challenging to find further savings. Achieving the increased targets requires a bolder and more strategically focussed way of thinking.

Addressing the funding gap

While the Council has achieved significant savings via the 4 year plan and the first two years of the Transformation Programme, further savings are required to address the estimated funding gap. This revised Transformation Programme will form the basis of how the Council meets the financial challenge summarised in the table below.

Savings targets

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Gross Budget Deficit excluding Transformation Plan	932	1,602	1,935	2,265	1,954	
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In order to deliver a balanced budget for 2016/17 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.

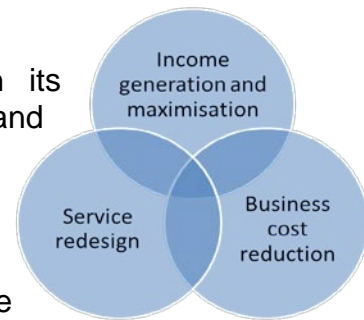
Moving forward, this momentum must continue and the Council's key transformation projects need to be reviewed on an on-going annual basis. While the Council has identified a range of projects that can be used to deliver the anticipated savings required, this will still be a challenging exercise. As can be seen in the table above a further £1.19m is to be identified. The current transformation projects which will be worked upon for delivery from 2016/17 are given at **Appendix B**. Some of the more significant projects include:

- Bridgford Hall development;
- Leisure and accommodation strategy;
- Edwalton Golf Course;
- Creating a property development company with a view to both providing more housing in the Borough and an income stream;
- Cyclical reviews of all service areas; and
- Reviewing fees and charges.

It should be noted there is draft guidance on the capitalisation of transformation costs where an income stream is generated. It relates to set-up and implementation costs not on-going savings. These should be reported through the Efficiency Strategy (for Rushcliffe this is the Transformation Strategy). The Efficiency Strategy can be revised at any time by Full Council and as part of our Treasury Strategy reporting we must show the impact on our prudential indicators.

Rushcliffe's core operating principles

Rushcliffe has three core principles which underpin its approach to transformation – income generation and maximisation, business cost reduction and service redesign. Transformation has been achieved to date by focusing on a 'one' Council approach and great teamwork between Members and officers to limit the impact upon residents. However, we recognise to be successful in bridging the remaining funding gap it will be necessary to consider and implement large scale transformational change which can generate a large fiscal impact.

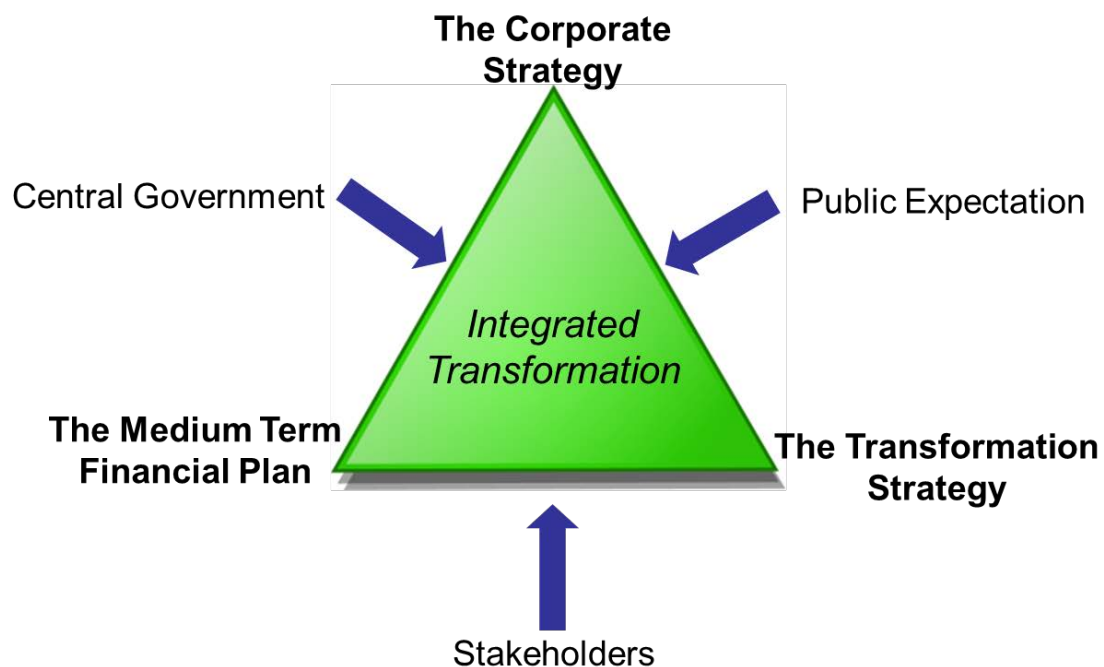


The Transformation Strategy is an evolving document and although it essentially covers the next five years it should not be bound by time or scope. To this end and within the emerging complex environment, three partnership models have been identified to provide a framework to generate further efficiencies. These are covered in more detail in **Appendix A**.

An Integrated Approach to Transformation

This Strategy formalises the Council's integrated approach to transformation. It highlights the work that has been done in the last four years to deliver over £3m in efficiencies and formalises the Council's principles of partnership working (detailed at Appendix A). At a strategic level it highlights the important relationship between:

- The Council's Corporate Strategy – which provides the overall direction of the Council, its core values and its three key priorities,
- The Medium Term Financial Plan – a defined plan of how the authority will work towards a balanced budget and maintain viability,
- The Transformation Strategy – a document providing direction in respect of the strategically focussed streams of work to meet the financial targets whilst fulfilling the Council's corporate priorities.

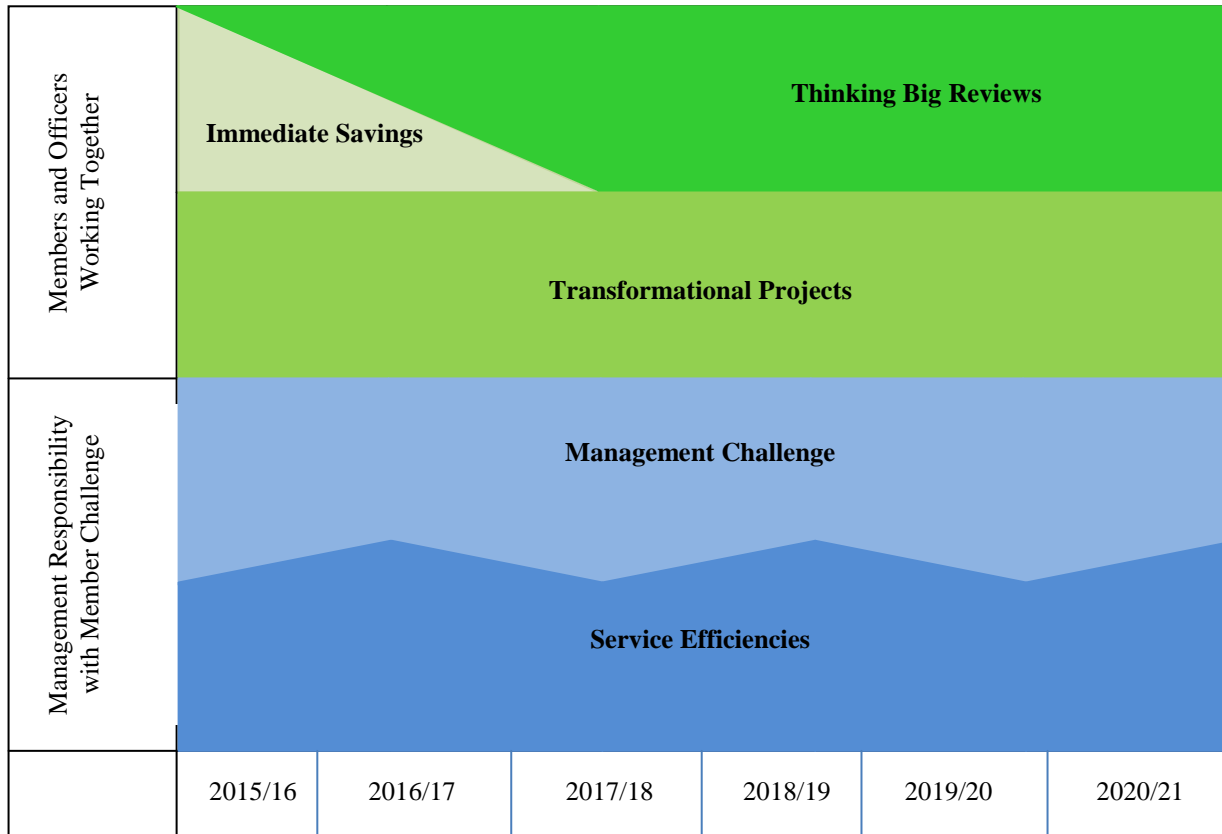


Rushcliffe's Integrated Approach to Transformation

The diagram above also shows how this trio of documents can be influenced by external factors such as central government, public expectation and other stakeholders.

The Transformation Strategy

This document details the different areas of work officers and Members will focus upon to meet the stretching financial targets set whilst continuing to fulfil our corporate priorities. The diagram below highlights the different work streams and shows how they fit together over the next five years.



Management Responsibility with Member Challenge

Each year, officers undertake an internal programme of investigations looking specifically at improving efficiency through different ways of working. We also challenge our budgets every year to drive out further savings whilst minimising the impact of front line services. We have a strong leadership focused on corporate priorities using weekly performance clinics to manage performance and budgets. We also ensure that every large scale project (where there is deemed to be a significant impact on residents, staff or budgets) has its own project board and governance structure. Activities are challenged through Leader and Portfolio Holder briefings, and constituted and established processes such as Member Groups. Reports on policy changes are passed through the Cabinet, and our Performance Management Board and Corporate Governance Groups regularly scrutinise review findings. Additional Member Groups are created by Cabinet where required.

Service Efficiencies

The culture at Rushcliffe has been to ensure different services are reviewed regularly to make sure they are as focused upon the customer and as streamlined as possible, any identified waste is removed from the system and where appropriate services are moved online. The way the service is delivered is also investigated and consideration is given to potential partnership opportunities or alternative methods of

delivery to protect the services that residents value without a pre-determined view. Headline efficiency targets have been identified for each area of the Council and these are illustrated at **Appendix B**.

Management Challenge

The Service Efficiencies are strengthened by on-going management of the services through regular performance clinics and a management challenge as part of the annual budget setting process – each Executive Manager is charged with scrutinising their budget to identify and remove any additional savings or unused budget. Again, top level targets have been identified for each area of the Council and these are illustrated in the table at **Appendix B**.

Members and Officers Working Together

The upper area of the diagram above focuses on activities where Members and officers work together to identify further savings and different ways of working. These aspects of the Strategy have been arrived at through our budget proposals which have continued to be radical and challenging as we look at ways of bridging the financial gap by 2020/21. Budget workshops, incorporating Members from all political groups, have looked at what has been achieved so far, policy changes that can be made immediately to save money in the coming year, different ways of delivering services in the future, and more long-term at a set of ‘Thinking Big’ options that could significantly change the face of the Council and the services it delivers.

Immediate savings

Each year, Members are presented with a number of policy changes which hit one or more of our core principles of income generation and maximisation, business cost reduction or service redesign. These operational changes form part of the budget setting process each year and generally result in savings or additional income for the following year.

Thinking big reviews

As part of the budget setting process for 2016/17, Members discussed a number of potential ‘Thinking Big’ reviews. These will primarily focus on gathering information upon which Members can base decisions which could potentially change the face of the Borough in the future. These are the ideas that previously would not have been considered necessary and, therefore, would have been unlikely to have reached formal discussion. Members have indicated that they wish to fully establish the options with regard to a small number of selected key projects in an attempt to preserve the highly valued services our residents need. These ‘Thinking Big’ ideas have the potential to contribute significantly to bridging the funding gap we are experiencing without reducing frontline services but they are not decisions to be taken lightly which is why further investigations will be undertaken.

Transformational Projects 2016-2021

As has already been mentioned above, this Strategy is a continuation of the Council’s original Transformation Programme and as a consequence a number of key projects which influence service delivery and finances over the next few years are already in progress. The Council remains committed to these projects and the outcomes they can deliver.

Leisure Strategy Activation

Since 2006, the Council's Leisure Strategy has highlighted the authority's ambition to rationalise leisure facilities in West Bridgford to one site – Rushcliffe Arena. In October 2013 Cabinet supported the development of formal proposals for a new leisure centre at the Arena. The redeveloped site will include a 25m swimming pool, gym, sports hall, squash courts and an indoor bowls centre. The centre is scheduled to re-open to the community in early 2017, following which Rushcliffe Leisure Centre will close enabling Rushcliffe School to develop the site.

Collaboration

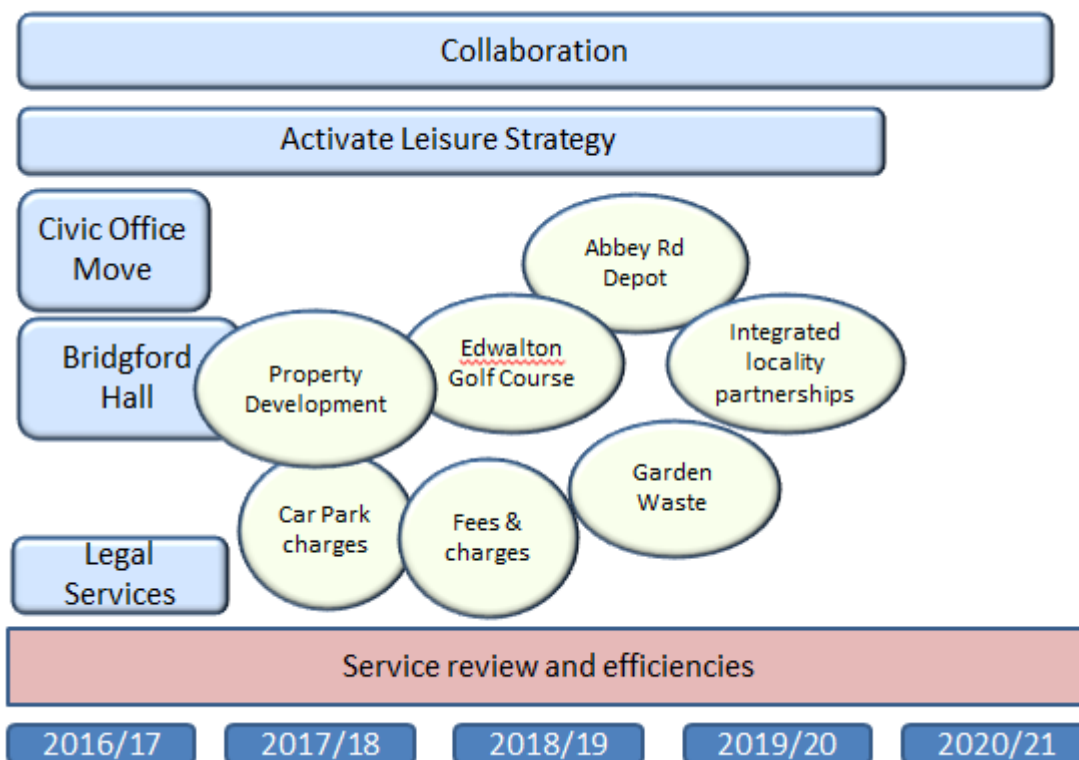
In December 2013, the Cabinet supported the Collaboration Agreement between Rushcliffe, Gedling Borough Council and Newark and Sherwood District Council. The Agreement sets out the benefits of a preferred partner approach and how the three councils plan to work together to save money, protect service standards and take advantage of future sharing opportunities. They determine the priorities in collaboration with each of the Chief Executives, who take responsibility for deciding the methods of delivery and for monitoring the work plan. This is not an exclusive arrangement and partnerships with other councils will continue where they provide synergy. For example, in December 2015, the Cabinet supported the recommendation into a collaboration partnership with Broxtowe Borough Council in relation to the sharing of the Monitoring Officer post and to investigate the feasibility of shared service arrangements for legal services, elections, constitutional services and human resources.

Transforming the way we work

The activation of the leisure strategy has also provided another opportunity. The Council has for some years been looking to vacate the Civic Centre on Pavilion Road. Changing staff numbers and different ways of working mean the Council needs less physical space to run its services. In December 2014, Cabinet supported the business case to locate office space within the updated Rushcliffe Arena with the view of vacating the Civic Centre in early 2017. This frees up the Civic Centre to be disposed raising valuable income for the Council. It also provides an opportunity for the Council to fully review the way it works, including introducing more electronic solutions, more flexible working patterns, and a better work life balance for our staff. A new building will also mean lower energy costs.

Summary of the Transformation Strategy Work Programme

The diagram below summarises the Transformation Strategy Work Programme for the next five years and provides a framework within which the required efficiencies will be delivered.



Governance

The original version of this strategy (2013) established a framework and time frame for the individual projects within the programme. While in general these have been achieved, arrangements have been flexible to allow for unforeseen circumstances and to redirect resources to maximise opportunities as they have arisen. It is anticipated that these same principles of agile working will apply to the 2016-2021 rolling Transformation programme.

Each project within the programme has appropriate governance arrangements depending on the size, complexity and risk. Overall, monitoring of the Strategy will take place quarterly by the Chief Executive and his Executive Management Team. Where it is required by individual projects, consultation and engagement with members of the public will take place.

The following risks have been identified and will be monitored accordingly.

Risk	Probability	Impact	Mitigation
Reviews do not achieve anticipated savings	Probable	>£250k	Individual reviews where there is underachievement may be offset by others with higher savings.
Programme slippage	Possible	>£250k	Monitoring of programme and taking early corrective action
Insufficient capacity to undertake the programme	Possible	>£250k	Procure extra resources – ie consultancy
Insufficient interest from alternative providers	Possible	Negative	Find appropriate savings from direct service provision by quality reduction (probably)

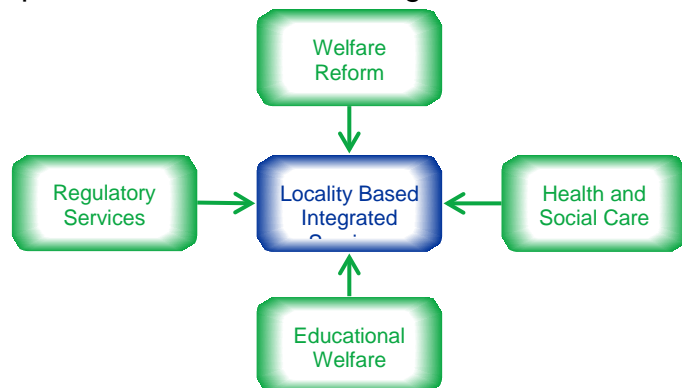
Rushcliffe's Accepted Models of Partnership Working

1. Localised Integrated Working Partnerships

These types of integrated delivery partnerships involve working with other agencies and organisations whose services are delivered to Rushcliffe borough residents. These partnerships are aimed at improving the connectivity of public services, public regulation, reducing the need to cross-refer people and issues.

The Government has recognised and begun to embrace the value of partnerships of scope and is increasingly looking to realise both financial and customer benefits from these. Central Government policies around community safety, health outcomes, welfare reform and community budget pilots, all demonstrate recognition of the importance of different agencies working together in a single locality to benefit their residents.

Rushcliffe is a pioneer in this area. The successful development of the Rushcliffe Community Contact Centre bringing together joint customer services for the Police, Job Centre plus, voluntary sector, South Nottinghamshire College and other services has been recognised nationally. This approach has been supported



by our ability to work in other locations on a remote access basis. The service has recently been expanded into Bingham where an integrated delivery service model has been deployed and is being delivered from the new Health Centre.

There are also a range of projects underway involving our locality partners, which embed these principles and take services out into the community, including Positive Futures, Rush for Health, Lark in the Park and Business Partnership events.

2. Partnerships of Scale

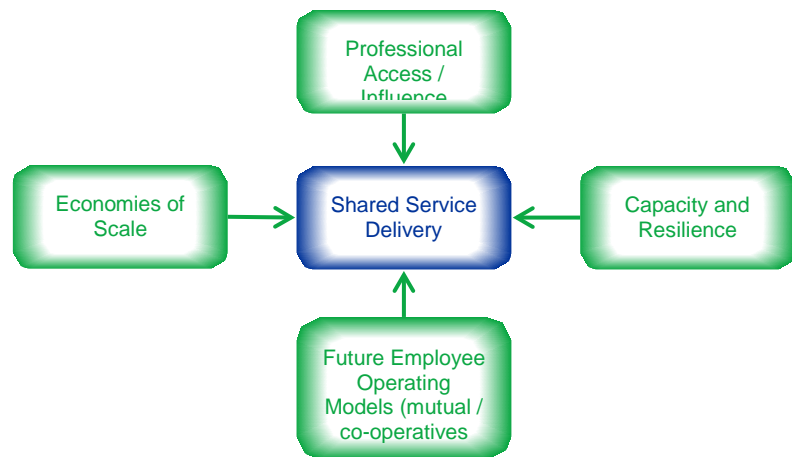
This term describes two or more organisations joining together largely to benefit from economies of scale. These partnerships can, like localised integrated working partnerships, drive efficiencies but unlike scope partnerships they may not, in themselves, directly improve the way in which the service is delivered to Rushcliffe Borough residents. Opportunities exist in this area to share back office services, reducing costs and removing duplication whilst maintaining and improving capacity and resilience.

If scale partnerships are to be successful, previous experience has shown that there is a greater chance for success if they cover a broad range of services but are focussed and aligned on a small number of culturally similar and willing partners. It is possible to develop these partnerships organically – that is, as opportunities arise – and this has been our approach to date following the unsuccessful attempt to enter a partnership with Liberata and Charnwood Borough Council.

As mentioned above, to date partnerships of scale have developed organically – the Council has been successful in developing a number of such partnerships, of which the following, mostly back office services, have come to fruition: payroll services (Gedling), ICT (Broxtowe, Newark & Sherwood), building control (South Kesteven),

procurement (Gedling), homelessness (Gedling) and emergency planning (Nottinghamshire County Council).

Following continued encouragement from Central Government, there has been an increased willingness and determination from the Leaders within Nottinghamshire to forge closer partnerships of scale (Waste Collection and Management). In addition, the leadership of Gedling and Newark and Sherwood

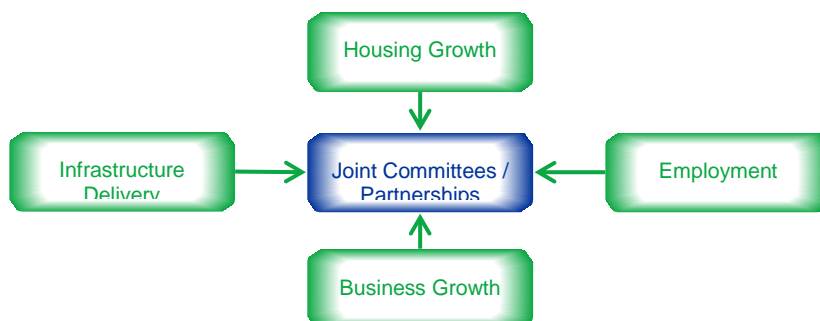


Councils have indicated they would be willing to develop a close working relationship across a broad range of services with Rushcliffe building upon a history of working proactively and positively together. This was formalised following the Cabinet decision on 3 December 2013 and the publication of a Collaboration Agreement in which all three authorities have agreed to work together using a preferred partner approach to maximise capacity, reliance and efficiency where it makes business sense. Closer working between these authorities could both exploit the partnership of scale opportunities whilst also contributing to meeting all three Councils' future aspirations.

3. Partnerships for Governance

There has been a growth of place-based and themed partnership arrangements. These have largely been designed to implement and administer arrangements within defined areas focussed upon common objectives including: The Joint Planning and Advisory Board (Nottingham City, Nottinghamshire County Council, Broxtowe BC, Gedling BC, Erewash DC and Rushcliffe BC).

However, the emergence and growth of other forums has restricted the representation and influencing role of individual districts. The Health and Wellbeing Boards and Local Enterprise Partnerships are prime examples



where representation is restricted to one district or borough council. Therefore, to combat this, it is likely there will be an increase in the number of joint committee arrangements. These will be focused upon agreeing joint objectives, allocating resources and monitoring outcomes which impact regionally and nationally. For example, in January 2014, the Cabinet supported the establishment of the City of Nottingham and Nottinghamshire Economic Prosperity Committee to drive future investment in growth and jobs in the City and County.

If these do grow, there will be an increasing reliance upon forging relationships which can influence outcomes for Rushcliffe residents; for example, agreeing key infrastructure requirements which benefit not only Rushcliffe but neighbouring boroughs and districts.

These models of partnership working provide a framework within which officers can be swift to take advantage of opportunities as they arise. They build upon our existing core principles model highlighted above and provide a clear map for the future.

Appendix B

Transformation Programme 2015/16 - 2020/21	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Service Efficiencies & Management Challenge	1,013	1,528	1,645	1,614	1,656	1,704
Thematic Reviews - With Potential Savings						
Bridgford Hall	(70)	0	53	108	108	108
Council Publications and Promotion	9	9	9	9	9	9
Grants and Support	50	50	50	50	50	50
Leisure Strategy	0	145	174	290	364	364
Travel costs	0	50	50	50	50	50
Burial Provision	23	23	23	23	23	23
Printing for Member Meetings	5	0	0	0	0	0
Total Thematic Reviews	17	277	359	530	604	604
Income Reviews						
Wheeled bin charges for new houses	12	10	10	10	10	10
Fees and charges Generally	72	94	160	170	180	180
Street Trading Licences	5	5	5	5	5	5
Total Income Reviews	89	109	175	185	195	195
Total Savings	1,119	1,914	2,179	2,329	2,454	2,502
<i>Difference to previous year</i>		795	265	150	126	48
<i>Cumulative Difference</i>		795	1,060	1,210	1,335	1,383

Appendix B

Transformation Programme 2015/16 - 2020/21	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Member Workshops						
Car Park - Increase charges		87	174	174	174	174
RCP - compulsory charging		20	20	20	20	20
Increase charging on Green Bin		0	170	170	170	170
Planning pre-application Advice		30	30	30	30	30
Total Potential Member Savings		137	394	394	394	394
Gross budget deficit excluding Transformation Plan		932	1,602	1,935	2,265	1,954
Cumulative Savings in Transformation Plan		795	1,060	1,210	1,335	1,383
Gross Budget Deficit/(Surplus) as per Appendix 2		137	542	725	929	571
Cumulative Member Options		137	394	394	394	394
Additional Transfer (to)/from reserve		0	148	331	535	177
<u>Potential Schemes - Savings to be determined</u>						
Integrated Locality Working						
Feasibility Review Property Development Company						
Review RCCC						
Review BSU						
Review Depot Location						
Review and Expansion of Garden Waste Service						
Edwalton Golf Course						
Review of Community Halls						
Review of Community Events						
Collaboration - Legal, Constitutional Services, HR						

CAPITAL PROGRAMME 2016/17

Ref	Scheme	2015/16		2016/17	2017/18	2018/19	2019/20	2020/21
		Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
		£000	£000	£000	£000	£000	£000	£000
Transformation								
	Civic Centre Enhancements	0	100	0	0	0	0	0
	Civic Centre Vacant Space Works	0	29	0	0	0	0	0
	Colliers Way Industrial Units	20	20	0	0	0	0	0
	Bingham Market Place Improvements	0	80	0	0	0	0	0
1	Bridgford Hall Refurbishment	500	1,099	1,410	0	0	0	0
2	Cotgrave Regeneration	0	572	5,200	2,400	0	0	0
3	Land North of Bingham	0	0	2,800	2,500	0	0	0
	The Point Enhancements	0	80	0	0	0	0	0
4	Eaton Place Toilet Improvements	0	0	33	0	0	0	0
5	Nottinghamshire Broadband	162	162	83	0	0	0	0
	New Depot	0	0	0	0	2,500	0	0
6	Information Systems Strategy	369	550	107	165	110	396	308
	Sub total	1,051	2,692	9,633	5,065	2,610	396	308
Neighbourhoods								
7	Wheeled Bins	60	60	60	60	60	60	60
8	Vehicle Replacement	877	933	981	300	260	414	660
	Support for Registered Housing Providers	369	409	250	250	250	114	
	Hound Lodge Enhancements	60	60	0	0	0		
	Discretionary Support Grants	0	60	0	0	0	0	0
	Disabled Facilities Grants	375	403	521	375	375	375	375
	Sub total	1,741	1,925	1,812	985	945	963	1,095

CAPITAL PROGRAMME 2016/17

Ref	Scheme	2015/16		2016/17	2017/18	2018/19	2019/20	2020/21
		Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
		£000	£000	£000	£000	£000	£000	£000
	Communities							
	Capital Grant Funding	60	97	48	48	48	48	48
	Nottinghamshire Cricket Club Grant	90	90	90	0	0	0	0
9	Play Areas - Special Expense	0	0	50	50	50	50	50
	Alford Road Fencing/Infrastructure (Spec Exp)	50	90	0	0	0	0	0
10	West Park Fencing and Drainage	0	0	34	0	0	0	0
	Community Partnership Reward Grants	0	25	0	0	0	0	0
	Sub total	200	302	222	98	98	98	98
	Finance and Corporate Services							
	Nottinghamshire Cricket Club Loan	0	2,700	0	0	0	0	0
	RLC Gym Centre Pit	0	47	0	0	0	0	0
11	Rushcliffe School Contribution	0	0	90	0	0	0	0
	BLC Enhancements	0	34	0	0	0	0	0
	BLC Floodlights	50	50	0	0	0	0	0
12	BLC Artificial Turf Pitch	0	0	165	0	0	0	0
13	KLC Pool Filters	0	0	0	20	0	0	0
	CLC Pool Handling Ventilation System	0	0	0	0	100	0	0
14	EGC Upgrade Facilities	0	0	0	75	0	0	0
	Funding Circle Loans	0	500	0	0	0	0	0
15	Arena Car Park Enhancements	0	0	55	0	0	0	0
16	Arena Redevelopment	5,905	7,965	6,555	575	0	0	0
17	Car Park Machines	0	0	60	0	0	0	0
	Contingency	150	133	150	200	100	100	100
	Sub total	6,105	11,429	7,075	870	200	100	100
PROGRAMME TOTAL		9,097	16,348	18,742	7,018	3,853	1,557	1,601

PROJECT APPRAISAL FORM

Project Name: Bridgford Hall Refurbishment		Cost Centre: 0382	Ref: 1
<p>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 April 2017 to operate the registry office from the building. A tenant has been secured to operate an aparthotel in the rest of the building.</p> <p>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 made a contribution to the dilapidations of £150,000.</p> <p>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.</p>			
Location: West Bridgford Town Centre		Executive Manager: Transformation	
<p>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.</p>			
<p>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.</p>			
<p>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.</p>			
Start Date: April 2015		Completion Date: March 2017	
Capital Cost (Total) :	Prior Year	Year 1: 16/17	Year 2: 17/18
£2,560,000	£1,150,000	£1,410,000	
Capital Cost (Breakdown) :			
Works £2,310,000	Equipment £0	Other £0	Fees £250,000
Revenue cost per annum:	Year 1: 16/17 £0		Year 2: 17/18 (£53,000)
Year 3: 18/19 (£108,000)	Year 4: 19/20 (£108,000)	Year 5: 20/21 (£108,000)	
Proposed Funding			
External: Contribution Nottinghamshire County Council £150,000 Heritage Lottery Fund £1,495,000		Internal: Capital Receipts £765,000 Reserves £150,000	
Useful Economic Life (years): 50		New/Replacement: Replacement	
Depreciation per annum: N/A		Capital Financing Costs: £8,240	
Residual Value: N/A		Category of Asset: Investment Property	

PROJECT APPRAISAL FORM

Project Name: Cotgrave Regeneration		Cost Centre: 0348	Ref: 2
Detailed Description: Cabinet report: Cotgrave Regeneration Scheme 8 December 2015 refers. This sets out the continued development of an extensive social and economic regeneration programme. It has been agreed to demolish strategic properties and build a new multi-service centre to house health, police, library, RBC Contact Point and possibly Cotgrave Town Council. Associated works will see the creation of new and improved public realm, a play area, and landscaping. In addition, up to 15 new industrial units will be provided on the Colliery Site adjacent to the Council's existing stock at Colliers Way.			
Location: Cotgrave		Executive Manager: Transformation	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Support economic growth to ensure a sustainable, prosperous and thriving local community. • Maintaining and enhancing our residents' quality of life. • Transforming the Council to enable the delivery of efficient high quality services. Supporting economic growth. Strategic Task: Support the regeneration of Cotgrave including new housing, employment opportunities and a vibrant town centre.			
Community Outcomes: Quality of life for residents in Cotgrave is improved through increased local employment opportunities, an enhanced local environment and excellent local shopping and social facilities.			
Other Options Rejected and Why: Doing nothing would fail to meet the aspirations and commitments of the Borough Council as set out in the Corporate Strategy leading to a demise of the local area. Full demolition of all strategic properties and provision of a new business centre has been discounted due to the financial, commercial and timescale risks involved: significantly more investment would be required and there is a greater risk of income targets not being met should businesses leave the area leading to low take up of the new units.			
Start Date: April 2016		Completion Date: March 2018	
Capital Cost (Total) :	Year 1: 16/17	Year 2: 17/18	
£7,600,000	£5,200,000	£2,400,000	
Capital Cost (Breakdown): to be determined			
Works	Equipment	Other	Fees
Revenue cost per annum:	Year 1: 16/17 £0	Year 2: 17/18 (£30,000)	
Year 3: 18/19 (£50,000)	Year 4: 19/20 (£50,000)	Year 5: 20/21 (£50,000)	
Proposed Funding			
External: Growth Deal Funding £3,000,000 S106 deposits £950,000 NCC Economic Development £250,000 Cotgrave Town Council (potential) £300,000 Prudential Borrowing £2,500,000		Internal Capital Receipts £300,000 Precinct profit reserve £300,000	

Useful Economic Life (years): to be determined	New/Replacement: New/Replacement
Depreciation per annum: to be determined plus loan repayment	Capital Financing Costs: £25,200
Residual Value: N/A	Category of Asset: to be determined: potentially Operational Land and Buildings/Investment Propwrties/Infrastructure

PROJECT APPRAISAL FORM

Project Name: Land North of Bingham		Cost Centre: 0306	Ref: 3
Detailed Description: Growth Deal Funding has been secured for the Carr Dyke Flood mitigation scheme and electricity servicing at the land north of Bingham to facilitate the delivery and development of 1,050 new homes and hectares of employment land. This will be subject to a detailed appraisal submitted to and approved by the Local Enterprise Partnership. A sum of £300,000 has also been included to support land acquisition.			
Location: Bingham		Executive Manager: Transformation	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Supporting economic growth to ensure a sustainable, prosperous and thriving local economy – enabling the development of employment units in the Borough which will provide new jobs • Maintaining and enhancing our residents' quality of life – supporting a sensitively planned and designed new housing development • Transforming the Council to enable the delivery of efficient high quality services Strategic Tasks: <ul style="list-style-type: none"> • Deliver the housing targets in the Local Plan • Undertake an economic assessment of the Borough's potential for business growth • Support the local economy 			
Community Outcomes: <ul style="list-style-type: none"> • Appropriate housing and supporting infrastructure is built following the adoption of the Rushcliffe Local Plan • The Borough is a more prosperous area with improved employment opportunities and thriving local businesses 			
Other Options Rejected and Why: <ul style="list-style-type: none"> • Planning permission has been previously granted but the scheme has been delayed due to infrastructure issues. The Growth Deal money and NHB has been allocated to support the infrastructure requirements to enable development to progress. 			
Start Date: September 2016		Completion Date: September 2018	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£5,300,000	£2,800,000	£2,500,000	
Capital Cost (Breakdown) £: to be determined			
Works	Equipment	Other	Fees
Revenue cost per annum:	Year 1: 16/17		Year 2: 17/18
Year 3: 18/19	Year 4: 19/20		Year 5: 20/21
Proposed Funding			
External: £2.5m Growth Deal funding		Internal: £2.5m New Homes Bonus £0.3m Capital Receipts	
Useful Economic Life (years): 40		New/Replacement: New	
Depreciation per annum: £125,000		Capital Financing Costs: £25,200	
Residual Value: N/A		Category of Asset: Infrastructure/land	

PROJECT APPRAISAL FORM

Project Name: Eaton Place Toilets		Cost Centre: 0313	Ref: 4
Detailed Description: The toilets at Eaton Place will be upgraded with new sanitary wares, doors and floor covering. This will improve the safety and cleanliness of the toilets and make them a better amenity for users.			
Location: Eaton Place Bingham		Executive Manager: Transformation	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Supporting economic growth to ensure a sustainable, prosperous and thriving local economy – visitors to the market will have better facilities • Maintaining and enhancing our residents' quality of life – enhancing the facility and providing clean and safe toilets • Transforming the Council to enable the delivery of efficient high quality services Strategic Tasks: <ul style="list-style-type: none"> • Examine the future viability of all Council owned property to maximise the potential 			
Community Outcomes: <ul style="list-style-type: none"> • • Create a more appealing public amenity in this busy town • Property owned by the Council is utilised to its full potential 			
Other Options Rejected and Why: <ul style="list-style-type: none"> • Do not carry out this work – this will result in an increasing demise of the asset 			
Start Date: April 2016		Completion Date: May 2016	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£33,000	£33,000		
Capital Cost (Breakdown) £:			
Works £30,000	Equipment	Other	Fees £3,000
Revenue cost per annum:	Year 1: 16/17		Year 2: 17/18
Year 3: 18/19	Year 4: 19/20		Year 5: 20/21
Proposed Funding			
External:		Internal: Capital Receipts	

Useful Economic Life (years): 15	New/Replacement: Replacement
Depreciation per annum: £2,200	Capital Financing Costs: £300
Residual Value: N/A	Category of Asset: Operational Land and Buildings

PROJECT APPRAISAL FORM

Project Name: Nottinghamshire Broadband		Cost Centre: 0410	Ref: 5
<p>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.</p>			
Location: Rushcliffe		Executive Manager: Transformation	
<p>Contribution to the Council's aims and objectives: Corporate Theme: Supporting economic growth to ensure a sustainable, prosperous and thriving local economy. Transforming the Council to enable the delivery of efficient high quality services. Strategic Task: Develop the use of technology to improve customer/business access.</p>			
<p>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.</p>			
<p>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.</p>			
Start Date: Whole project 2014		Completion Date: Whole project 2016	
Capital Cost (Total) :	Prior Year	Year 1: 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: £840	
Residual Value: N/A		Category of Asset: Revenue expenditure funded from capital under Statute	

PROJECT APPRAISAL FORM

Project Name: Information Systems Strategy		Cost Centre: 0596	Ref: 6
Detailed Description: On 16 th 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/Arena		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: 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 <ul style="list-style-type: none"> • IT solutions offering a wider choice of access channels that support improved standards of service for customers • 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 • support for the Fit for the Future programme 			
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.			
Start Date: On-going		Completion Date: On-going	
Capital Cost (Total) :	Year 1: 16/17	Year 2: 17/18	
£272,000 (2 years)	£107,000	£165,000	
Capital Cost (Breakdown):			
Works	Equipment £100,000	Other £150,000	Fees £22,000
Revenue cost per annum:	Year 1: 16/17 £70,000	Year 2: 17/18 £70,000	
Year 3: 18/19 £70,000	Year 4: 19/20 £70,000	Year 5: 20/21 £70,000	
Proposed Funding			

External: N/A	Internal: Capital Receipts
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Useful Economic Life (years): 3 years	New/Replacement: New and Replacement
Depreciation per annum: To be determined	Capital Financing Costs: £2,450
Residual Value: Nil	Category of Asset: to be determined

PROJECT APPRAISAL FORM

Project Name: Wheeled Bins		Cost Centre: 0310	Ref: 7
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.			
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.			
Start Date: Ongoing		Completion Date: Ongoing	
Capital Cost (Total) :	Year 1: 16/17	Year 2: 17/18	
£120,000 (2 years)	£60,000	£60,000	
Capital Cost (Breakdown)			
Works £0	Equipment £120,000	Other £0	Fees £0
Revenue cost per annum:	Year 1: 16/17 £0	Year 2: 17/18 £0	
Year 3: 18/19 £0	Year 4: 19/20 £0	Year 5: 20/21 £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: £540 p.a.	
Residual Value: N/A		Category of Asset: Equipment	

PROJECT APPRAISAL FORM

Project Name: Vehicle Replacement		Cost Centre: 0680	Ref: 8
<p>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.</p>			
Location: Central Works Depot		Executive Manager: Neighbourhoods	
<p>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.</p> <p>To reduce waste and increasingly reuse and recycle to protect the environment for the future.</p> <p>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.</p>			
<p>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.</p>			
<p>Other Options Rejected and Why: In 2004, the authority considered the leasing and hiring in of vehicles. Due to the level of capital resources it was concluded that it was uneconomical to do either of these two options but as resources reduce these options will be reconsidered. 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.</p> <p>The Council now actively looks at the possible purchase of 2nd hand vehicles and will refurbish vehicles to extend their life and value.</p>			
Start Date: Ongoing		Completion Date:	
Capital Cost (Total) :	Year 1: 16/17	Year 2: 17/18	
£1,281,000 (2 years)	£981,000	£300,000	
Capital Cost (Breakdown)			
Works £0	Equipment £1,281,000	Other £0	Fees £0
Revenue cost per annum :	Year 1: 16/17 £0		Year 2: 17/18 £0

Year 3: 18/19 £0	Year 4: 19/20 £0	Year 5: 20/21 £0
As each vehicle replaces an existing vehicle there is no increase in the running costs the fleet profile remains relatively 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: £11,530	
Residual Value: Various	Category of Asset: Vehicle and Plant	

PROJECT APPRAISAL FORM

Project Name: Play Areas (Special Expense Area)		Cost Centre: 0664	Ref: 9
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, confident, 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.			
Start Date: Consultation April 2016		Completion Date: March 2018	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£100,000 (2 years)	£50,000	£50,000	
Capital Cost (Breakdown) £:			
Works £95,000	Equipment	Other	Fees £5,000
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: £450 p.a.	
Residual Value: Nil		Category of Asset: Infrastructure/equipment	

PROJECT APPRAISAL FORM

Project Name: West Park replacement pitch fencing and car park drainage		Cost Centre: 0676	Ref: 10
Detailed Description: The pitch fencing is ready for renewal at West Park and in addition there are improvements that need to be made to the car park drainage to support the running of the facility and the comfort of the users.			
Location: West Park		Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Supporting economic growth to ensure a sustainable, prosperous and thriving local economy – easier to attract new community hirers • Maintaining and enhancing our residents' quality of life – enhancing the facility and minimising issues from car park flooding • Transforming the Council to enable the delivery of efficient high quality services Strategic Tasks: <ul style="list-style-type: none"> • Maximise the potential of the Council's property portfolio 			
Community Outcomes: <ul style="list-style-type: none"> • Ensure that property owned by the Council is utilised to its full potential or used to generate income for the Council 			
Other Options Rejected and Why: The option to do nothing would lead to further deterioration of the fencing and drainage. This could, in turn, give rise to vandalism and potential flooding.			
Start Date: September 2016		Completion Date: November 2016	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£34,000	£34,000		
Capital Cost (Breakdown) £:			
Works £31,000	Equipment	Other	Fees £3,000
Revenue cost per annum:	Year 1: 16/17 £0		Year 2: 17/18 £0
Year 3: 18/19 £0	Year 4: 19/20 £0		Year 5: 20/21 £0
Proposed Funding			
External:		Internal: Regeneration and Community Projects Reserve (Special Expense)	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: £2,270		Capital Financing Costs: £310	
Residual Value: N/A		Category of Asset: Equipment/Infrastructure	

PROJECT APPRAISAL FORM

Project Name: Rushcliffe School Contribution		Cost Centre: 0396	Ref: 11
Detailed Description: As part of the rationalisation of Leisure Provision within West Bridgford and enhancement of facilities at the Arena Site, it has been agreed to provide Rushcliffe School with a one-off grant of up to £90,000 for tennis and netball refurbishment, new signage and car park re-surfacing. This grant will be paid on an expenditure defrayed basis.			
Location: Rushcliffe Leisure Centre		Executive Manager: Finance and Corporate Services	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Maintaining and enhancing our residents' quality of life • Transforming the Council to enable the delivery of efficient high quality services Strategic Tasks: <ul style="list-style-type: none"> • Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise • Facilitate activities for Children and young people to enable them to reach their potential 			
Community Outcomes: <ul style="list-style-type: none"> • Ensure that young people living in the Borough are healthy, active, confident, and engaged in the communities they live in • Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles 			
Other Options Rejected and Why: There is a risk that the tennis and netball courts and the car park surface would fall into disrepair without the provision of the proposed grant. The investment would secure future viability of the courts and car park and demonstrates a strong commitment by the Council to work with our partners in transforming service delivery.			
Start Date: April 2016		Completion Date: July 2016	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£90,000	£90,000		
Capital Cost (Breakdown) £:			
Works	Equipment	Other £90,000	Fees
Revenue cost per annum:	Year 1: 16/17 £0		Year 2: 17/18 £0
Year 3: 18/19 £0	Year 4: 19/20 £0		Year 5: 20/21 £0
Proposed Funding			
External:		Internal: Leisure Centres Maintenance Provision	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: N/A		Capital Financing Costs: £810	
Residual Value: N/A		Category of Asset: Revenue Expenditure Financed from Capital Under Statute	

PROJECT APPRAISAL FORM

Project Name: BLC Artificial Turf Pitch		Cost Centre: 0395	Ref: 12
<p>Detailed Description: To replace the carpet and carry out any repairs as required to the shock pad of the free standing artificial turf pitch. The carpet is the original and was installed in 1995 and has exceeded its anticipated life. It is now becoming increasingly worn and, if not replaced, would become dangerous to users due to trip hazards and the uneven surface, particularly for Hockey players who are the main users of the pitch. It is intended to replace the carpet with one that is similar to the existing and is designed to be more suitable for hockey than football.</p>			
Location: Bingham Leisure Centre		Executive Manager: Finance and Corporate Services	
<p>Contribution to the Council's aims and objectives: Corporate Themes:</p> <ul style="list-style-type: none"> • Maintaining and enhancing our residents' quality of life • Transforming the Council to enable the delivery of efficient high quality services <p>Strategic Tasks:</p> <ul style="list-style-type: none"> • Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise • Facilitate activities for Children and Young People to enable them to reach their potential 			
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • Improved quality of provision that enables safe and increased use of the pitch. • 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 			
<p>Other Options Rejected and Why: The pitch has, over recent years, seen a number of repairs to the seams and markings over and above the routine maintenance regime. Due to the age of the carpet, it has deteriorated to such an extent that it is now not strong enough to withstand further repair.</p>			
Start Date: April 16		Completion Date: September 16	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£165,000	£165,000		
Capital Cost (Breakdown) £:			
Works £155,000	Equipment	Other	Fees £10,000
Revenue cost per annum:	Year 1: 16/17 £0		Year 2: 17/18 £0
Year 3: 18/19 £0	Year 4: 19/20 £0		Year 5: 20/21 £0
Proposed Funding			
External:		Internal: Capital Receipts	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: N/A		Capital Financing Costs: £1,490	
Residual Value: N/A		Category of Asset: Revenue expenditure financed from capital under Statute	

PROJECT APPRAISAL FORM

Project Name: KLC Pool Filters		Cost Centre: 0394		Ref: 13	
Detailed Description: Replace the existing filters for the swimming pool. These filters are now over 20 years old and are reaching the end of their useful life. New filters will be more economical to operate as performance can be improved through the use of modern materials and new filter media which will reduce the use of water and energy.					
Location: Keyworth Leisure Centre			Executive Manager: Finance & Corporate		
Contribution to the Council's aims and objectives:					
Corporate Themes:					
<ul style="list-style-type: none"> • Maintaining and enhancing our residents' quality of life • Transforming the Council to enable the delivery of efficient high quality services 					
Strategic Tasks:					
<ul style="list-style-type: none"> • Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions in the Strategy arise • Facilitate activities for Children and Young People to enable them to reach their potential 					
Community Outcomes:					
<ul style="list-style-type: none"> • Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles • Young people living in the Borough are healthy, active, confident, and engaged in the communities they live in 					
Other Options Rejected and Why:					
The internal wall of the filter is corroded due to the atmosphere created by the chemicals used to disinfect the pool. This reduces the thickness of the metal shell of the filters which have had to be repaired externally on a number of occasions already. Not replacing the filters heightens the chance that a filter will spring a leak or in the worst case a large hole will be blown in the filter leading to an unplanned period of closure and potential injury to staff.					
Start Date: November 16			Completion Date: January 17		
Capital Cost (Total) :		Year 1:16/17	Year 2: 17/18		
£20,000			£20,000		
Capital Cost (Breakdown):					
Works		Equipment		Other	
		£18,000			
Revenue cost per annum:		Year 1: 16/17 £0		Year 2: 17/18 £0	
Year 3: 18/19 £0		Year 4: 19/20 £0		Year 5: 20/21 £0	
Proposed Funding					
External:			Internal: Capital Receipts		
Useful Economic Life (years): 20			New/Replacement: Replacement		
Depreciation per annum: £1,000			Capital Financing Costs: £180		
Residual Value: Nil			Category of Asset: Equipment/Plant		

PROJECT APPRAISAL FORM

Project Name: EGC Upgrade Facilities		Cost Centre: 0420	Ref: 14
Detailed Description: Undertake works to improve the changing and toilet facilities at the site. The existing facilities are outdated and need to be improved to meet current public expectations and standards.			
Location: Edwalton Golf Course		Executive Manager: Finance & Corporate Services	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Maintaining and enhancing our residents' quality of life • Transforming the Council to enable the delivery of efficient high quality services Strategic Tasks: <ul style="list-style-type: none"> • Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise • Facilitate activities for Children and Young People to enable them to reach their potential • Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio • Deliver the Council's Four Year Plan to reduce costs, generate income and adopt more effective delivery models 			
Community Outcomes: <ul style="list-style-type: none"> • 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 			
Other Options Rejected and Why: The management of the Edwalton Golf Courses is operated through a management contract which expires in 2017. The Council could determine to include these improvements within the next contract as part of the new contract terms. This however, would be likely to lead to a reduction in the management fee (which could be greater than the cost of the actual works to the council) that the Council might expect for the contract.			
Start Date: Jan 18		Completion Date: Mar 18	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£75,000		£75,000	
Capital Cost (Breakdown) £:			
Works £70,000	Equipment	Other	Fees £5,000
Revenue cost per annum:	Year 1: 16/17 £0		Year 2: 17/18 £0
Year 3: 18/19 £0	Year 4: 19/20 £0		Year 5: 20/21 £0
Proposed Funding			
External:		Internal: Capital Receipts	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: £5,000		Capital Financing Costs: £680	
Residual Value: N/A		Category of Asset: Operational Land & Buildings	

PROJECT APPRAISAL FORM

Project Name: Arena Car Park Improvements		Cost Centre: 0411	Ref: 15
Detailed Description: Enhancements to the Arena car park in keeping with new facility. These works are not part of the Arena Redevelopment Scheme.			
Location: Arena		Executive Manager: Transformation	
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Supporting economic growth to ensure a sustainable, prosperous and thriving local economy • Maintaining and enhancing our residents' quality of life – enhancing the facility and providing clean and safe parking • Transforming the Council to enable the delivery of efficient high quality services • Supporting economic growth Strategic Tasks: <ul style="list-style-type: none"> • Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise 			
Community Outcomes: <ul style="list-style-type: none"> • Rushcliffe residents continue to be able to access a wide range of leisure facilities and activities helping them to maintain healthy and active lifestyles • Property owned by the Council is utilised to its full potential 			
Other Options Rejected and Why: <ul style="list-style-type: none"> • Do not carry out this work – rejected because the enhancements will reduce the potential for third party claims 			
Start Date: April 2016		Completion Date: May 2016	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£55,000	£55,000		
Capital Cost (Breakdown) £:			
Works £50,000	Equipment	Other	Fees £5,000
Revenue cost per annum:	Year 1: 16/17 £0		Year 2: 17/18 £0
Year 3: 18/19 £0	Year 4: 19/20 £0		Year 5: 20/21 £0
Proposed Funding			
External:		Internal: Capital Receipts	

Useful Economic Life (years): 15	New/Replacement: Replacement
Depreciation per annum: £3,700	Capital Financing Costs: £500
Residual Value: N/A	Category of Asset: Infrastructure

PROJECT APPRAISAL FORM

Project Name: Arena Redevelopment	Cost Centre: 0415	Ref: 16
<p>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.</p> <p>Key elements of the new leisure facility comprise:</p> <ul style="list-style-type: none"> • 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 <p>The project also involves contributions to Rushcliffe School to enable elements of Rushcliffe Leisure Centre to be remodelled to support continued community use.</p>		
Location: The Arena Site, West Bridgford	Executive Manager: Finance and Corporate Services	
<p>Contribution to the Council's aims and objectives: Corporate Theme:</p> <ul style="list-style-type: none"> • Maintaining and enhancing our residents' quality of life • Transforming the Council to enable the delivery of efficient high quality services <p>Strategic Task:</p> <ul style="list-style-type: none"> • Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise • Facilitate activities for Children and Young People to enable them to reach their potential • Examine the future viability of all Council owned property to maximise the potential of the Council's property portfolio • Deliver the Council's Four Year Plan to reduce costs, generate income and adopt more effective delivery models 		
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • 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 		
<p>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.</p>		
Start Date: 2014/15 January 2015	Completion Date: January 2017	

Capital Cost (Total) :	Prior Year	Year 1: 16/17	Year 2: 17/18	Year 3: 18/19
£15,555,000	£8,425,000	£6,555,000	£575,000	
Capital Cost (Breakdown) £:				
Works £13.975m	Equipment £0.580m	Other £0.135m	Fees £0.865m	
Revenue cost per annum:	Year 1: 15/16 £0		Year 2: 16/17 £0	
Year 3: 17/18 (£350,000)	Year 4: 18/19 (£350,000)		Year 5: 19/20 (£350,000)	
Proposed Funding				
External: £0.075million external grant for squash courts		Internal: £5.14million from Reserves including £1million from New Homes Bonus. The balance of £10.34million from internal borrowing		

Useful Economic Life (years): 40	New/Replacement: New and replacement
Depreciation per annum: £389,000 plus £1million loan repayment	Capital Financing Costs: £140,000 p a
Residual Value: Nil	Category of Asset: Operational Land and Buildings

PROJECT APPRAISAL FORM

Project Name: Car Park Machines	Cost Centre: 0373	Ref: 17	
Detailed Description: To facilitate improved electronic payment by installing new car parking machines.			
Location: West Bridgford	Executive Manager: Finance and Corporate Services		
Contribution to the Council's aims and objectives: Corporate Themes: <ul style="list-style-type: none"> • Supporting economic growth to ensure a sustainable, prosperous and thriving local economy • Transforming the Council to enable the delivery of efficient high quality services Strategic Tasks: <ul style="list-style-type: none"> • Supporting the potential for business growth within the Borough • Ensure that Council owned property maximises its potential 			
Community Outcomes: <ul style="list-style-type: none"> • The Borough is a more prosperous area with thriving local businesses • 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: Without replacement the existing machines could fall into disrepair. Installation of these machines will enable the council to offer a range of payment methods.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:16/17	Year 2: 17/18	
£60,000			
Capital Cost (Breakdown) £:			
Works	Equipment £60,000	Other	Fees
Revenue cost per annum:	Year 1: 16/17 £0	Year 2: 17/18 £0	
Year 3: 18/19 £0	Year 4: 19/20 £0	Year 5: 20/21 £0	
Proposed Funding			
External:		Internal: Capital Receipts	
Useful Economic Life (years): 8		New/Replacement: Replacement	
Depreciation per annum: £7,500		Capital Financing Costs: £540 p.a.	
Residual Value: N/A		Category of Asset: Equipment	



Rushcliffe
Borough Council

CAPITAL STRATEGY 2016-17

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 2015. 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 £10.5 million as at 31 March 2015.

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 short term, accepting that future financial pressures are likely to lead internal and 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 Asset Investment Strategy

The Council is committed to becoming self-sustainable as central government funding reduces. This includes ensuring that the Council maximises any income 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 sum of £10 million was included in the Capital Programme setting exercise in 2015/16 to support emerging and appropriate investment opportunities. Of this sum, £2.7 million has been pledged to facilitate a further loan to Nottinghamshire County Cricket Club (Cabinet report 8 September 2015) and £2.5 million has been earmarked to support Cotgrave Regeneration (Cabinet report 8 December 2015).

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 available for 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 2016/17 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. In addition, new schemes can be considered under the Council's Asset Investment Strategy as set out in 4.9 above.

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, the use of leasing is subject to future review.

See **Annex A** for the proposed funding of the Capital Programme 2016/17 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 £429,000 in 2014/15 and £129,000 in 2013/14 and estimated to be £50,000 in 2015/16.

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 2014/15 comprised: Gresham old pavilion land (£665,000), Park Lodge (£345,000), and Rushcliffe Lodge (£313,000).

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 regular government grant to support its expenditure on disabled adaptations to private dwellings. Future significant Government Grants will include Growth Deal Funding for Cotgrave Regeneration and Land North of Bingham to a total of £6.25 million.

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 resulted in the successful award 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 Local Planning Authorities 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.

£5.1 million use of reserves has been agreed to part fund the Arena Redevelopment scheme in the Capital Programme.

The New Homes Bonus reserve is a key element of sums held and being used to support delivery of the Capital Programme. The receipt of these monies is currently subject to review as part of the announcements made in the Chancellor's Autumn Statement. If any changes are subsequently agreed they will reduce resources available for use in the future.

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 workshop 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 2016/17 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) and potentially 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 net book 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.

SECTION F – RISK ASSESSMENT

11. Risk Assessment

11.1 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.

11.2 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.

11.3 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.

Assets

The table below summarises the Council's assets and their values as at 31.03.15

Type of Asset	Number	Value £'000
Leisure Centres	5*	4,092
Civic Centre	1	2,877
Parks, playing fields and open spaces, including Golf Course, Country Park and allotments	38	4,456
Community Halls	3	1,235
Car Parks	10	4,791
Industrial Areas (Investment)	5	3,119
Investment land and properties	21	7,467
Depot	1	905
Others	9	2,007
TOTAL General Fund	88	30,949

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

Capital Programme

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

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	
	£'000	£'000	£'000	£'000	£'000	
Transformation	9,633	5,065	2,610	396	308	18,012
Neighbourhoods	1,812	985	945	963	1,095	5,800
Communities	222	98	98	98	98	614
Finance and Corporate	7,075	870	200	100	100	8,345
Total	18,742	7,018	3,853	1,557	1,601	32,771
FUNDED BY						
Usable Capital Receipts	(3,228)	(1,201)	(3,511)	(1,215)	(1,259)	(10,414)
Disabled Facilities Grants	(521)	(292)	(292)	(292)	(292)	(1,689)
Use of Reserves	(1,874)	(1,300)	(50)	(50)	(50)	(3,324)
Grants and Contributions	(5,514)	(1,325)	0	0	0	(6,839)
S106 Monies	(950)	0	0	0	0	(950)
Borrowing	(6,655)	(2,900)	0	0	0	(9,555)
Total	(18,742)	(7,018)	(3,853)	(1,557)	(1,601)	(32,771)
Capital Resources at start of year	11,431	7,475	9,725	9,121	8,253	
Additions	7,981	6,368	3,249	689	646	
Used (-)	(11,937)	(4,118)	(3,853)	(1,557)	(1,601)	
Capital Resources at end of year*	7,475	9,725	9,121	8,253	7,298	

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

TREASURY MANAGEMENT STRATEGY 2016/17 – 2020/21

The Capital Prudential Indicators 2016/17 to 2020/2021

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 2016/17 to 2020/21 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
 - 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 Arena development and Asset Investment Strategy.

Table1: Projected Capital Expenditure

£'000	2015/16 Estimate	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Expenditure	9,097	16,348	18,742	7,018	3,853	1,557	1,601
Financed by:							
Capital Receipts	2,061	3,957	3,228	1,201	3,511	1,215	1,259
Capital Grants/Contributions	879	1,384	6,985	1,617	292	292	292
Reserves	2,732	5,021	1,874	1,300	50	50	50
Net Financing Need for the Year (Internal Borrowing)	3,425	5,986	6,655	2,900	0	0	0
Total	9,097	16,348	18,742	7,018	3,853	1,557	1,601

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 impact of the proposed changes to New Homes Bonus.

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, which reduces our investment balance). MRP is as a result of borrowing in relation to the Arena development and the Asset Investment Strategy .

Table 2: CFR Projections

£'000	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Financing Requirement						
Opening Balance	(505)	5,481	12,001	13,766	12,631	11,496
Movement in CFR	5,986	6,520	1,765	(1,135)	(1,135)	(1,135)
Closing Balance	5,481	12,001	13,766	12,631	11,496	10,361
Movement in CFR represented by						
Net financing need for the year	5,986	6,655	2,900	0	0	0
Less MRP/VRP and other financing movements	0	(135)	(1,135)	(1,135)	(1,135)	(1,135)
Movement in CFR	5,986	6,520	1,765	(1,135)	(1,135)	(1,135)

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 2015. 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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Expected year-end balances	21,500	12,700	12,800	13,400	13,700	14,000
Expected Average Investments over the year	35,000	17,900	12,800	13,100	13,600	13,800

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 the requirement to borrow to finance both the Arena development the Asset Investment Strategy.

Table 4: The Authorised Limit

£'000	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Authorised Limit	22,000	31,000	31,000	31,000	31,000	31,000

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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Operational Boundary	17,000	26,000	26,000	26,000	26,000	26,000

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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 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	5,481	12,001	13,766	12,631	11,496	10,361

15. The Interim 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 Arena Redevelopment and Asset Investment Strategy, as will the Council's 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

	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	-3.20%	-2.58%	-2.15%	-2.34%	-2.50%	-2.71%

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 Arena redevelopment and the Asset Investment Strategy.

Table 8: Capital Expenditure – Annual Impact on Council Tax

	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Impact on Council Tax – Band D	2.80	(0.38)	(12.19)	(13.81)	(13.83)	(13.44)

Treasury Management Strategy Statement 2016/17 to 2020/21

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

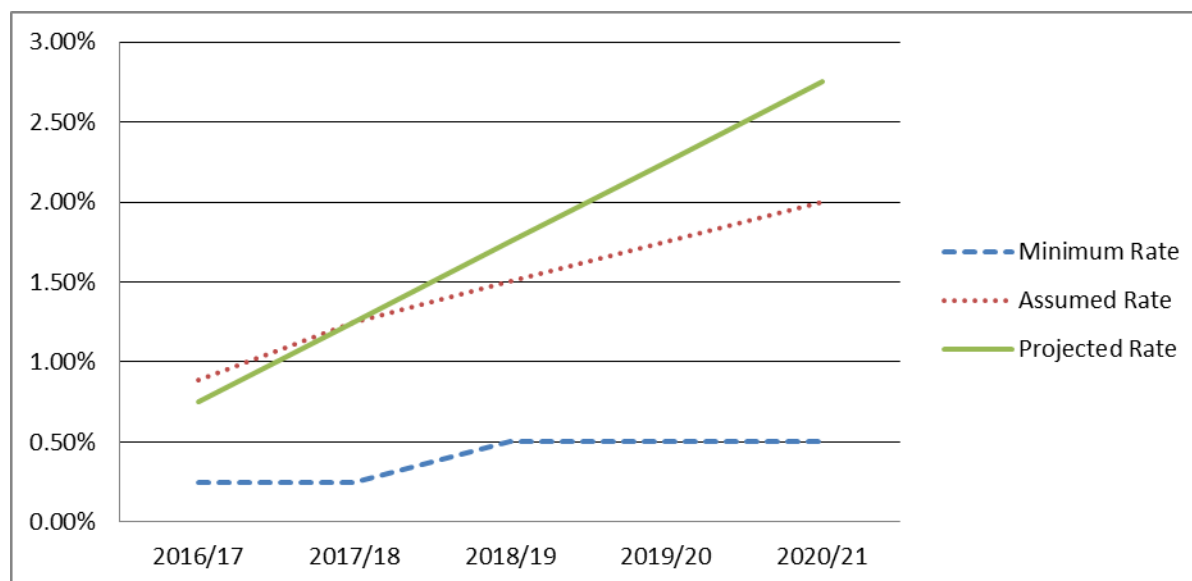
21. The above definition highlights that the treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators (paragraphs 1-18) consider the affordability and impact of capital expenditure decisions, and set out the Council's overall 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 44); 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 2016/17 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. Interest rates on investments have remained low due to low interest rates and the continued concerns surrounding the Eurozone. The introduction of bail-in legislation has resulted increased the risk of investments for the Council but this has not been reflected in the interest rates received.
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 2017/18 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 remained robust but the uncertainty over the outcome of the forthcoming referendum could impact on both growth and interest rates. The Bank Rate is expected to increase in quarter 3 of 2016 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

%	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Average Interest rate	0.89%	1.25%	1.5%	1.75%	2%
Expected interest from investments	112,300	94,400	118,600	146,600	172,900
Other interest	144,900	138,000	132,900	127,500	121,900
Total Interest	257,200	232,400	251,500	274,100	294,800

28. As previously reported in the event that a bank suffers a loss the Council could be subject to bail-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 Council has managed bail-in risk by both reducing the amount that can be invested with each institution to £5 million and by increased investment diversification, for example, Bank of Scotland Covered Bond. 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 2016/17 to 2020/21

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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt at 1 April	0	0	0	0	0	0
Debt at 31 March	0	0	0	0	0	0
Operational Boundary	17,000	26,000	26,000	26,000	26,000	26,000

31. The capital programme assumes internal borrowing of:

- £5,986,000 in 2015/16;
- £6,655,000 in 2016/17; and
- £2,900,000 in 2017/18

32. For the Arena development, amounts of £1,000,000 are planned to be set aside from 2017/18 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

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

Table 11: Investment Projections

£'000	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Investments at 1 April	31,500	21,500	12,700	12,800	13,400	13,700
Expected change in investments	(10,000)	(8,800)	100	600	300	300
Investments at 31 March	21,500	12,700	12,800	13,400	13,700	14,000

Borrowing Strategy 2016/17 to 2020/21

34. The Council will internally borrow a total of £10.3m from 2015/16 to 2017/18 to finance the Arena development. In the short-term internal borrowing will also be used to finance the Asset Investment Strategy as short-term interest rates

are currently much lower than long-term rates so it is likely to be more cost effective to use internal resources.

35. 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.
36. 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 issue

Treasury Management limits on activity

37. 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

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

Table 12: Interest Rate Exposure

%	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 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	25	25	25	25	25	25

%	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
over 1 year						
Upper Limit for Fixed Interest Rate Exposure on Investments up to 1 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

39. 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

40. 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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Upper Limit for Total Principal Sums Invested over 364 days	5,375	3,175	3,200	3,350	3,425	3,500

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 2016/17 to 2020/21

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:
 - The UK Government
 - A UK local authority, parish council, or community council, or
 - A body or investment scheme of "high credit quality"
52. 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	£5m	2 years	Y	Y
	BBB+	£5m	6 Months	N	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	£2.5m	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. The Council has £2m invested with the CCLA Property Fund but following advice from Arlingclose this limit has been increased to £2.5m to give the Council increased flexibility if funds are identified that could be invested for a period of up to 5 years.

56. 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.
57. 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

58. 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.
59. 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

60. 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 at Dec 2014 or closest year end

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 Handelsbanken £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%	E	E	E	E	J	E	E	E	E	E	E	E
6%	J	E	E	E	H	E	J	E	J	E	E	E
7%	J	E	E	60	H	E	J	J	J	E	E	E
8%	0	E	10	100	H	J	J	J	J	E	E	E
9%	20	H	20	140	H	J	J	20	J	E	E	E
10%	40	H	40	190	20	J	H	40	H	10	E	E
11%	50	10	50	230	40	J	H	70	H	10	E	E
12%	70	40	70	270	60	J	10	90	H	20	E	640
13%	90	70	80	310	80	J	30	110	H	20	E	740
14%	100	100	100	350	100	J	60	140	H	30	E	850
15%	120	130	110	390	110	J	90	160	10	40	E	960
16%	140	160	130	430	130	0	110	180	20	40	J	1,000
17%	160	180	140	470	150	20	140	210	40	50	10	1,000
18%	170	180	160	510	170	40	170	230	60	50	140	1,000
19%	190	180	170	550	190	60	190	250	80	60	270	1,000
20%	210	180	190	600	210	70	220	280	90	70	400	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 2014 or closest year end

Loss	Nationwide £000	Coventry £000	Leeds £000	Yorkshire £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
2%	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
4%	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
6%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
7%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
8%	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
9%	E	E	E	300	E	E	E	E	E	E	E	E	E	E	E	E	E	E
10%	E	E	E	490	E	E	E	E	E	E	E	E	E	E	E	E	E	E
11%	E	E	E	680	E	E	E	E	E	E	E	E	E	E	E	E	E	E
12%	J	E	E	870	710	E	410	E	E	E	E	E	E	E	E	E	E	E
13%	J	E	E	1,000	950	E	520	E	E	E	E	E	E	E	E	E	E	E
14%	20	E	350	1,000	1,000	E	630	E	E	E	E	E	E	E	560	E	110	E
15%	40	E	450	1,000	1,000	80	750	E	E	150	E	E	E	E	750	690	140	260
16%	60	E	550	1,000	1,000	110	860	690	E	190	E	E	E	E	940	870	170	340
17%	80	E	640	1,000	1,000	150	980	870	E	240	E	E	E	E	1,000	1,000	190	430
18%	100	80	740	1,000	1,000	190	1,000	1,000	210	280	410	E	220	E	1,000	1,000	220	510
19%	120	100	840	1,000	1,000	220	1,000	1,000	260	320	520	670	290	E	1,000	1,000	250	600
20%	140	110	930	1,000	1,000	260	1,000	1,000	310	360	640	850	360	E	1,000	1,000	280	680

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 2016/17

	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	1,235	158	(84)	1	74	1,309
Cotgrave Regeneration Project	320	0	(300)	2	(300)	20
The Point Enhancements	18	30		3	30	48
Councils assets and service delivery	148				0	148
Local Area Agreement	122				0	122
New Homes Bonus	3,327	2,067	(1,270)	4	797	4,124
Invest to Save	150				0	150
Corporate Reserves						
Organisational Stabilisation	2,124		(727)	5	(727)	1,397
Risk and Insurance	100				0	100
Planning Appeals	349				0	349
Elections	153				0	153
Operating Reserves						
Planning	187				0	187
Leisure Centre Maintenance	111		(90)	6	(90)	21
Lottery	55				0	55
Planned Maintenance	100				0	100
	8,499	2,255	(2,471)		(216)	8,283

1.Special Expenses £158k to support future spending requirements, £84k planned use in year ; 2. £300k Cotgrave Regeneration 3. Contribution to meet future Point liabilities;; 4. NHB receipts, Land North of Bingham £1.25mand £20k Members Community Support Grants; 5. £412K business rates previous year £150k Bridgford Hall project and £100k capital cost of NCCC loan, £65k Economic Development temporary additional resources; 6. £90k towards Rushcliffe School Tennis and Netball Courts.

**Rushcliffe Borough Council
Pay Policy Statement 2016/17**

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 262⁷. The posts are as follows:-:

- Chief Executive
- Executive Manager – Finance and Corporate Services (Section 151 Officer)
- Executive Manager - Operations and Transformation
- Executive Manager - Neighbourhoods
- Executive Manager - Communities
- Chief Information Officer 2
- Service Manager – Finance and Commercial
- Service Manager – 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 262 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 £15,144. In 2015/16 the Council adopted the Living Wage rate of £7.85 per hour for its lowest paid employees; this is £1.15 above the National Minimum Wage. The Government is launching the National Living Wage in April 2016 of £7.20 per hour for employees aged 25 or over, the Council's current lowest pay rate exceeds this figure.

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

⁷ 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.

² This post is a shared post between Rushcliffe Borough Council, Newark and Sherwood District Council and Broxtowe Borough Council. The salary for this is shared between the Councils.

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.

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 Council's 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.

Report of the Chief Executive

1. Summary

- 1.1. The Council's current Corporate Strategy 2012-2016 is due to expire on 31 March 2016. The Corporate Strategy 2016-2020 has been drafted and is attached at **Appendix One** for consideration.
- 1.2. The Corporate Strategy highlights the work undertaken by the Council over the course of the previous Strategy and outlines what the Council aims to achieve over the coming four year period. This provides a clear strategic direction for the Council and a benchmark against which progress towards the Council's stated goals can be monitored.
- 1.3. A decision is required whether the new Strategy meets the needs of the Council and whether the Strategy can be adopted.

2. Recommendation

It is RECOMMENDED that Council considers the Corporate Strategy 2016-2020 and agrees to its adoption and publication.

3. Reasons for Recommendation

- 3.1. The current Corporate Strategy expires at the end of March 2016. Significant progress has been made towards the goals outlined in that Strategy and an updated, more forward looking strategy is required to guide the future direction of the Council.

4. Supporting Evidence

- 4.1. The current Corporate Strategy was published in March 2012. The Strategy contained 9 strategic tasks based upon three corporate priorities for improvement.
- 4.2. The 2012-2016 Strategy has come to a conclusion and as such a new Strategy has been developed to reflect the Council's key priorities over the next four years. The process of developing these new key priorities reflects the significant progress made against the delivery of previous objectives. Work to ensure the legacy of these achievements is central to the way the Council delivers its services.
- 4.3. The Corporate Strategy 2016-2020 continues to focus on the three themes identified in the 2012-2016 Strategy – our economy, our residents and our Council. The Council has made significant progress in each of these areas but

feels that there is still much that it can do to benefit the community and the Borough. In this Strategy, the economy theme covers six separate tasks demonstrating our commitment to this area of development. There are three tasks under each of the other two themes. In a change to previous strategies, many of the tasks in this Strategy involve working with or influencing other partners to achieve significant goals that we would be unable to attain working in isolation. These twelve strategic tasks are also supported by measures and targets to monitor progress towards our goals.

- 4.4. The Corporate Strategy links to the Council’s Medium Term Financial Plan and the internally focused Transformation Strategy is based upon the Council’s budget for next year.
- 4.5. The Corporate Strategy is monitored quarterly by the Performance Management Board. Members of the Board will scrutinise progress towards completing the twelve strategic tasks and monitor performance through a basket of corporate performance indicators which include those contained within the Corporate Strategy. They have the opportunity to request further information or investigation where progress or performance does not appear to be sufficient to reach the targets set or deliver the community outcomes desired.

5. Implications

5.1. Finance

The budget (the Council’s Medium Term financial Strategy) resources the Corporate Strategy so the Council can achieve its objectives. The budget is also on this agenda to be approved by Council to enable delivery of the Corporate Strategy going forward.

5.2. Legal

There are no legal issues arising from this report.

5.3. Corporate Priorities

The Corporate Strategy sets out the corporate priorities for the next four years as well as reporting upon progress towards the priorities set out in the previous year.

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Background papers Available for Inspection:	None
List of appendices (if any):	Appendix One – Draft Corporate Strategy 2016-2020

