ANNEX B

RUSHCLIFFE BOROUGH COUNCIL

BUDGET SETTING REPORT
AND ASSOCIATED FINANCIAL STRATEGIES
2019/20-2023/24

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1. EXECUTIVE SUMMARY AND INTRODUCTION

1.1 Introduction

The Council's budget strategy over the next five years remains committed to delivering growth and prosperity, continuing to support the most vulnerable within the Borough, promoting health and wellbeing within the community and protecting the environment. This is set against a backdrop of unprecedented uncertainty in terms of national funding particularly given we are now in the final year of the Government's four year financial settlement.

The impact of the punitive reductions in Revenue Support Grant of around £3.25m (from 2013/14 to 2019/20) has meant the Council has had to find significant efficiencies, maximise its income streams and be increasingly innovative and commercial. The Transformation Programme over the period of this Medium Term Financial Strategy (MTFS) should deliver approximately £4.8m in efficiencies and the Council remains committed to continuing its strong track record of maximising its income and being efficient. The future challenge for the Council is ensuring it has sufficient resources to deliver its housing and economic development priorities in a volatile environment. A combination of prudent investment and financial management means the Council has a balanced budget for 2019/20 from what was a projected £0.690m deficit last year. **The Council is self-sufficient** and not reliant upon Revenue Support Grant. The Council in the medium term still has to deliver its Transformation Programme subject to managing the risks associated with significant projects in the programme.

As part of the Local Government Finance Settlement in 2018/19 the Government announced that Business Rates retention will move from 50% to 75% in 2020/21. This coupled with the Spending Review 2019 (encompassing the Fair Funding Review), which aims to establish a new distribution formula by creating new 'baselines', means there is significant uncertainty for the Council's budget from 2020/21 onwards. Such uncertainty is exacerbated by Business Rates appeals risks, the major one being the Ratcliffe-on-Soar Power Station given its likely de-commissioning by 2025. The future of New Homes Bonus (NHB) also remains in doubt. This funding stream not only rewards the Borough for acting as a catalyst for growth but also enables the Borough to help meet the impact of growth (for example more refuse collection rounds). The Council is well placed to take advantage of growth opportunities and remains committed to attracting businesses to the Borough and enabling housing growth, encouraging both inward and outward investment. It is important that the Council continues to look at alternative methods in delivering services and attaining alternative income streams, via its Transformation Strategy.

We will continue to campaign to ensure that Rushcliffe does benefit from the proposed further repatriation of Business Rates from central to local government, to minimise the impact of the anticipated power station closure, and that NHB if it either remains or if it is replaced delivers the required funding for Rushcliffe. Positively, the Council in 2019/20 is forecasting an increase in Business Rates but prudently thereafter we are anticipating such funding to be reduced as the Business Rates system changes. In terms of the Council's reserves the most sensible and prudent financial strategy for the Council is to at least maintain its level of reserves, therefore insulating the Council against downside risks (particularly the vagaries of Business Rates). Over the period of the MTFS reserves (excluding NHB, given its future uncertainty) are projected to rise moderately from £5.7m to £6.3m.

In developing the Council's budget proposals for 2019/20, it continues to manage inflationary pressures on its operational costs (including pay inflation) and pressures on some areas of income collection. A combination of capital demands and opportunities within the Borough has meant the Council has strategically decided to rein in its spend on the Asset Investment Strategy as significant resources are required for investment in the Bingham Leisure Hub, a potential crematorium and housing and employment at Fairham Pastures. Whilst the capital programme will be substantial over the next five years (£47.7m) it demonstrates the Borough's commitment in particular to economic growth, meeting challenging housing targets and improving both leisure facilities and the environment. Importantly resources have to be sufficient to deliver core services and this budget enables this objective to be met. There are various economic regeneration capital projects in and around the Borough covering for example Bingham and Cotgrave resulting in a balanced budget, and also an inclusive budget. You will be aware last year that to support the optimal use of housing, the long term empty homes premium from 1st April 2018, was increased to 150% of standard council tax. Legislation now permits further increases and these are detailed in this budget. From April 2021 properties empty for 10 years will have to pay 300% in Council Tax. This action supports the Council's Empty Homes Strategy.

In line with the Government's referendum principles, the budget for 2019/20 proposes an increase in Council Tax of 3.73% to £137.79 (the Council has the option of increasing Council Tax by up to £5, or 3%, whichever is the higher, with the recommended increase being £4.95). This will give an average band D Council Tax increase of less than 10p per week, ensuring Rushcliffe's Council Tax remains amongst the lowest in the country (and the lowest in Nottinghamshire). This enables the best possible services to continue to be delivered to Rushcliffe residents, that resources remain sufficient to meet both current and future needs, and importantly projected funding levels and reserves are sustainable to protect the Council. This is essential given the risks and uncertainty that prevails in the current financial environment, particularly with regards to Business Rates and New Homes Bonus. This budget and the associated financial strategies continue the progress made in recent years to ensure that the Council's financial plans are robust, affordable and deliverable.

1.2 *Executive Summary*

This report outlines the Council's Medium Term Financial Strategy (MTFS) through to 2023/24 including the revenue and capital budgets, supported by a number of key associated financial policies alongside details of significant changes to fees and charges. Some of the key figures are as follows:

	2018/19	2019/20
RBC Precept	**£5,660k**	**£5,950k**
Council Tax Band D	**£132.84**	**£137.79**
Council Tax Increase	**3.87%**	**3.73%**
Revenue Support Grant	**£130k**	**£0**
Retained Business Rates	**£2,990k**	**£3,767k**
New Homes Bonus	**£1,364k**	**£1,621k**
Reserves (at 31 March)	**£12,174k**	**£12,682**
Capital Programme	**£11,906k**	**£16,506**

Special Expenses	2018/19	2019/20
Total Special Expense Precept	**£685k**	**£696k**
West Bridgford	**£48.51**	**£48.51**
Keyworth	**£1.46**	**£1.60**
Ruddington	**£3.40**	**£3.37**

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	2019/20	2020/21	2021/22	2022/23	2023/24
Budgeted inflation	a	**0%**	0%	0%	0%	0%
Pay costs increase		**2%**	2%	2%	2%	2%
Employer's pension contribution rate	b	**14.6%**	14.6%	14.6%	14.6%	14.6%
Return on cash investments	c	**0.75%**	0.75%	1.0%	1.0%	1.25%
Tax base increase	d	**1.69%**	2.0%	2.0%	2.0%	2.0%

Notes to Assumptions

a) 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 which is the equivalent of an estimated £270k saving in the 2019/20 budget. Adjustments are made for contract inflation and areas of high risk such as utilities (£23k).

b) In 2017/18 the Council opted to make an 'upfront payment' in settlement of the deficit position on pensions. This payment amounts to £1.164m in each year from 2017/18 to 2019/20 (compared to £638k in 2016/17) and as it relates to existing liabilities, is unavoidable. The upfront payment has saved the Council £286k over the three years (7.6%).

c) Cash investment returns are based on projections consistent with the Council's Capital and Investment Strategy.

d) Tax base increases reflect the anticipated growth in housing within the Borough in future years and are prudent given the difficulties in achieving housing development.

3. FINANCIAL RESOURCES

3.1 Beyond 2019/20 there is uncertainty surrounding future Government funding levels exacerbated by both the Fairer Funding Review and further Business Rate Retention proposals being considered by the sector.

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

Business Rate assumptions reflect experience to date with regard to the award of additional reliefs, successful ratings appeals and government policy changes. In the provisional settlement the Government has proposed that 75% of Business Rates will be retained by Councils by 2020, with proposals for a new funding system to be in place from 2020/21. Three yearly revaluation periods are likely to be introduced from 2020 to minimise the risk of significant property valuation fluctuation for the business community.

In March 2016, the Government announced it would make the exempting of small businesses from Business Rates permanent and the thresholds have continued to be increased (more recently to help address the economic challenges high streets are facing across the country) with an estimated 1,246 business properties receiving small business rate relief. To offset this loss of income councils will receive a higher level of S31 grant. In the November 2017 budget the Government also announced that increases in Business Rates would be indexed to CPI instead of the higher RPI. Again, this loss of income to councils is offset by S31 grant.

The 2019/20 Business Rates forecast is based on the level of baseline funding assumed for 19/20 along with the additional grant for policy changes. There is a slight increase in the forecast rates due to expected higher grant income to offset additional reliefs. However due to the reduction in the actual surplus for 2018/19 from the original estimated position of £1,426k, the Council is forecasting a Business Rates deficit of £200k. The Business Rates tax base is volatile given the impact of a small number of businesses on the tax base overall e.g. the power station. However the Government is making further changes regarding resetting the system in 2020/21 and existing risks remain, in particular successful appeals and changes affecting the power station. Due to this the level of grant and the amount of Business Rates the Council can retain after 2019/20 could change (and such swings can be significant). The Organisational Stabilisation Reserve helps mitigate against risks including Business Rates uncertainty.

The volatility detailed above has resulted in a prudent approach with 2020/21 Business Rates estimated assuming a ‘100% reset’ removing the benefit of Business Rates growth and thereafter a 2% increase.

The impact in 2019/20 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. From 2020/21 onwards with the new system of Business Rates in place a new pooling agreement is likely to be required to determine, for example, the relevant tier split between districts and Nottinghamshire County Council.

The forecast position on Business Rates is shown below.

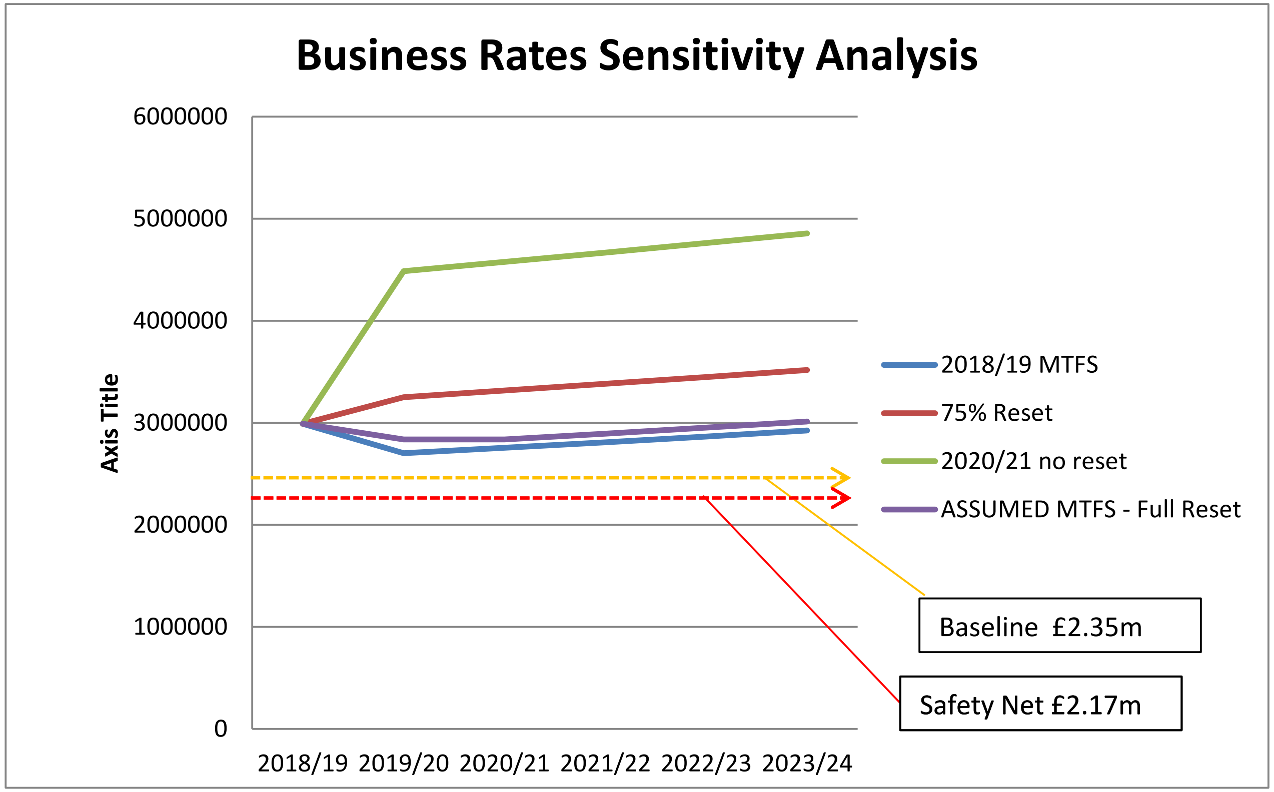
Table 2 Business Rates

£'000	2019/20	2020/21	2021/22	2022/23	2023/24
Retained Business Rates	**3,767**	**2,838**	**2,895**	**2,953**	**3,012**
Increase/ (reduction)	**777**	(929)	57	58	59
Increase/ (reduction)	**26%**	**(25%)**	**2%**	**2%**	**2%**
Forecast Business Rates Surplus/(deficit)	**(200)**	0	0	0	0

Sensitivity Analysis

The uncertainty surrounding Business Rates from 2020/21 gives a range of scenarios. The graph below summarises potential differences, from a best case scenario of the Council continuing to benefit from existing growth to a worst case scenario of a 'full reset' removing Business Rates growth. The amount we can budget for in 2020/21 ranges from £2.8m to £4.6m. The impact of a significant Business Rates appeal can push the Council into the 'Safety Net' position; see Graph 1 – which is £2.17m.

Graph 1: Business Rates Planning Scenario



3.4 Council Tax

As a result of reductions in funding in other income streams such as Revenue Support Grant, the Government has assumed in future funding projections that Councils will take up the offer of increasing their Council Tax by the higher of 3% or £5 for a Council Tax Band D. The overriding principle is that the Council aims to stay in the lower quartile for Council tax. The Council has assumed an increase in Council Tax of £4.95 (3.73%) and thereafter £4.95 each year for the duration of this MTFS. Setting Council Tax to 2.99% would reduce Council Tax income by £42,200 in 2019/20, (decreasing to 2% and zero would give respective reductions of £99,000 and £213,700).

We have also reviewed the appropriateness of the existing tax base and for 2019/20 and this has resulted in an increase of 1.69% to 43,179. Thereafter we have assumed a 2% increase per annum. This will be reviewed as the Council looks to deliver its housing growth targets.

Last year we reported on the likely increase in the Long Term Empty Homes Premium for properties that have been empty for at least 2 years rising from 50% to 100% subject to legislative approval (amendment to the Local Government Finance Act 2012). The overall charge therefore being up to 200% of standard Council Tax for the relevant Council Tax Band. Whilst this was supported, subsequently the legislation has been amended and the Council therefore proposes to increase the premiums in line with the legislation as follows:

- From April 2020 if the property has been empty up to 5 years 100% premium and for a property empty for more than 5 years 200% premium;
- From April 2021 if the property has been empty up to 5 years 100% premium, for a property 5 to 10 years a 200% premium and for anything over 10 years a 300% premium.

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

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax Base (a)	42,460.1	**43,178.5**	44,042.1	44,922.9	45,821.4	46,737.8
Council Tax £:p (b)	£132.84	**£137.79**	£142.74	£147.69	£152.64	£157.59
£ Annual Increase	£4.95	**£4.95**	£4.95	£4.95	£4.95	£4.95
% increase	3.87%	**3.73%**	3.59%	3.47%	3.35%	3.24%
Gross Council Tax collected (a x b)	£5,660,325	**£5,949,566**	£6,286,565	£6,634,665	£6,994,174	£7,365,409
Increase in Precept	£317,503	**£289,241**	£336,999	£348,100	£359,509	£371,235
Council Tax Surplus/(Deficit)	(£37,400)	**(100,900)**	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 2018/19, special expenses will be levied in West Bridgford, Ruddington and Keyworth.

Appendix 1, summarised in Table 4, details the Band D element of the precepts for the special expense areas. Special expense Band D tax amounts have slightly fallen in Ruddington mainly because of a larger tax base. The Band D amount for Keyworth has increased by 14p (9.59%) per annum to cover maintenance costs of Keyworth Cemetery.

Table 4 Special Expenses

	2018/19		2019/20		
	Cost	**Band D**	**Cost**	**Band D**	**Band D**
	£	£	**£**	**£**	**% change**
West Bridgford	672,600	48.51	683,000	48.51	0
Keyworth	3,800	1.46	4,200	1.60	9.59
Ruddington	9.100	3.40	9,100	3.37	(0.88)
Total	**685,500**		**696,300**		**1.58**

3.6 Revenue Support Grant (RSG)

As part of the settlement the Government announced that Councils will not be subject to a tariff (or negative RSG). Since 2013/14 RSG has reduced by £3.25m and the Council has to make good this figure largely through its Transformation Strategy and Efficiency plan.

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 then published a consultation paper in December 2015 "New Homes Bonus: Sharpening the Incentive" in order to make changes to the scheme from a system with no controls to one that is cash-limited each year. Key changes introduced from 2017/18 were:

- A move to 5-year payments for both existing and future NHB allocations in 2017/18 and then to 4 years from 2018/19.
- Introduction of a national baseline of 0.4% of housing growth, which can be amended each year (but so far has not been) including the proposal for 2019/20.
- Allocations will continue to be an un-ringfenced grant.

The projections below are subject to change dependent on what housing growth materialises within the Borough in future years and how this compares to housing growth nationally. The scheme has not altered further in 2019/20 but could change in the future as a result of the planned reviews of local government finance. We have taken a prudent view and capped any potential increase with the likelihood that the local government district council funding envelope will not get any bigger.

Table 5 – New Homes Bonus

	2018/19 £'000	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
New Homes Bonus Received in Year	(1,364)	**(1,621)**	(1,621)	(1,621)	(1,621)	(1,621)

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 6.

Table 6 – Fees, Charges and Rental Income

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Car Parks	(773)	**(793)**	(793)	(793)	(793)	(793)
Licences	(260)	**(287)**	(287)	(287)	(287)	(287)
Non Sporting Facility Hire	(195)	**(188)**	(188)	(188)	(188)	(188)
Other Fees & Charges	(683)	**(633)**	(890)	(935)	(982)	(1,031)
Planning Fees	(938)	**(1,038)**	(1,038)	(1,038)	(1,038)	(1,038)
Rents	(1,740)	**(1,617)**	(1,638)	(2,138)	(2,198)	(2,198)
Green waste income	(1,236)	**(1,239)**	(1,345)	(1,345)	(1,345)	(1,345)
Service Charges	(359)	**(305)**	(256)	(256)	(256)	(256)
Total	**(6,095)**	**(6,100)**	**(6,435)**	**(6,980)**	**(7,087)**	**(7,136)**

Income assumptions are determined by a number of factors including current performance, decisions already taken and known risks. Examples of such adjustments include increases in Car Parking income from tariff changes and rebasing. Increases in Licensing income, additional Land Charges and Planning income are in part attributed to growth as new businesses and housing sites come to fruition. There is also the benefit of income accrued from newly acquired investment properties included within the Transformation Plan and additional income on existing properties. Reductions in rental income and service charges in 2019/20 and 2020/21 are due to the loss of income at the depot following relocation.

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 which is consistent the treatment of expenditure. This could be an option for addressing future budget gaps. Anticipated income from commercial property investment forms part of the Council's Transformation Strategy and Efficiency Plan.

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 (£14.8m) which is used to meet the costs of the national housing benefit scheme. This has reduced by £2.6m from the 2018/19 estimate (£17.4m) due to the anticipated reduction in payments as a result of the introduction of Universal Credit. Other income is shown in Table 7.

Table 7 – Other Income

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Rechargeable Costs (e.g. Fuel)	(248)	(178)	(178)	(178)	(178)	(178)
Housing Benefit Admin Grants	(257)	(238)	(222)	(206)	(192)	(192)
Interest on Investments	(271)	(285)	(267)	(291)	(306)	(363)
OLAs Contribution	(184)	(193)	(138)	(138)	(138)	(138)
Other Income	(283)	(341)	(363)	(364)	(361)	(36)
Recycling Credits	(130)	(140)	(140)	(140)	(140)	(140)
Other Government Grants	(160)	(161)	(109)	(109)	(109)	(109)
Sub Total	(1,533)	(1,536)	(1,417)	(1,426)	(1,424)	(1,424)
Housing Benefit Subsidy	(17,373)	(14,833)	(14,833)	(14,833)	(14,833)	(14,833)
Total Other Income	**(18,906)**	**(16,369)**	**(16,250)**	**(16,259)**	**(16,257)**	**(16,314)**

3.10. Summary

Table 8 – All sources of income

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Retained Business Rates	(2,990)	(3,767)	(2,838)	(2,895)	(2,953)	(3,012)
Revenue Support Grant	(130)	0	0	0	0	0
Other Grant Income*	(139)	(314)	(78)	(79)	(81)	(82)
New Homes Bonus	(1,364)	(1,621)	(1,621)	(1,621)	(1,621)	(1,621)
Council Tax (RBC)	(5,660)	(5,950)	(6,287)	(6,635)	(6,994)	(7,365)
Council Tax (Special Expenses)	(685)	(696)	(696)	(696)	(696)	(696)
Collection Fund (Surplus -)/deficit	(1,389)	301	0	0	0	0
Fees, Charges and Rental Income	(6,095)	(6,100)	(6,435)	(6,980)	(7,087)	(7,136)
Other income	(18,906)	(16,369)	(16,250)	(16,259)	(16,257)	(16,314)
Total Income	**(37,358)**	**(34,516)**	**(34,205)**	**(35,165)**	**(35,689)**	**(36,226)**

***Other grants commentary**

New burdens funding relates to:–

- Flexible Homelessness Support Grant £110k – to enable authorities to meet the new duties contained within the Homelessness Reduction Act with an increased focus on prevention and wider duties to provide personalised housing plans to anyone threatened with homelessness regardless of priority need.
- Self-Build £15k
- Neighbourhood Planning £40k
- Compensation for Under Indexing Business Rates £76k
- Return of surplus from the Business Rates Levy £36k

- DHP admin and Benefit Cap £19k
- £18k Brexit contingency funding (£18k is also due to be received in 2018/19).

4. 2019/20 SPENDING PLANS

4.1 The Council's spending plans for the next five years are shown in Table 9 and take into account the assumptions in Section 2. Going forward, as Transformation Programme Savings/Growth projects are delivered (e.g. from relocation of the Depot and Asset Investment projects) the spending profile will change.

Table 9 – Spending Plans

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Employees	10,201	10,649	10,735	10,932	11,142	11,428
Premises	1,257	1,468	1,389	1,396	1,404	1,404
Transport	1,696	1,624	1,627	1,633	1,640	1,649
Supplies & Services	5,920	6,341	6,334	6,387	6,402	6,525
Transfer Payments	17,299	14,668	14,678	14,688	14,698	14,708
Capital Charges	2,234	2,333	2,333	2,333	2,333	2,333
Third Party	2,265	2,531	2,556	2,621	2,672	2,672
Net recharges	(3,989)	(4,323)	(4,322)	(4,322)	(4,322)	(4,322)
Gross Service Expenditure	**36,883**	**35,291**	**35,330**	**35,668**	**35,969**	**36,397**
Reversal of Capital Charges	(2,234)	(2,333)	(2,333)	(2,333)	(2,333)	(2,333)
Net Contribution to Reserves	1,775	426	631	602	494	303
Minimum Revenue Provision	1,000	1,000	1,000	1,074	1,309	1,309
Revenue Contribution to Capital	129	132	132	139	158	158
Overall Expenditure	**37,553**	**34,516**	**34,760**	**35,150**	**35,597**	**35,834**

4.2 Explanations for some of the main variances above are:

- Employee costs increase due to the inflationary increase in salary of 2%.
- Supplies and services increases due to elections in May 2019 and anticipated interest payments on borrowing.
- Transfer payments reductions due to the forecasted decline in rent allowance payments as a result of Universal Credit.
- The reduction in the net contribution to reserves from last year is due to the deficit position on the collection fund.
- Minimum Revenue Provision increases in later years as a result of increased borrowing in relation to capital challenges (see Section 9)

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 10 – Budget Requirement

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Retained Business Rates	(2,990)	**(3,767)**	(2,838)	(2,895)	(2,953)	(3,012)
Revenue Support Grant	(130)	**0**	0	0	0	0
Other Grant Income	(139)	**(314)**	(78)	(79)	(81)	(82)
New Homes Bonus	(1,364)	**(1,621)**	(1,621)	(1,621)	(1,621)	(1,621)
Council Tax (RBC)	(5,660)	**(5,950)**	(6,287)	(6,635)	(6,994)	(7,365)
Council Tax (Special Expenses)	(685)	**(696)**	(696)	(696)	(696)	(696)
Collection Fund (Surplus)/Deficit	(1,389)	**301**	0	0	0	0
Fees, Charges and Rental Income	(6,095)	**(6,100)**	(6,435)	(6,980)	(7,087)	(7,136)
Other Income	(18,906)	**(16,369)**	(16,249)	(16,257)	(16,257)	(16,314)
Additional Transfer (From)/ To Reserves (from NHB)	0	**0**	(556)	13	92	392
Total Income	**(37,358)**	**(34,516)**	**(34,760)**	**(35,150)**	**(35,597)**	**(35,834)**
Gross Expenditure	**37,553**	**34,516**	**34,760**	**35,150**	**35,597**	**35,834**
Net Budget Position	**195**	**0**	**0**	**0**	**0**	**0**

Budget Position excluding Transformation Savings	**195**	**254**	**434**	**520**	**97**	**39**
Transformation Savings (see section 7)	(195)	**(254)**	(434)	(520)	(97)	(39)
Net Budget Position	0	**0**	**0**	**0**	**0**	**0**

5.2 The above shows a deficit position of £556k in 2020/21 and the proposed use of New Homes Bonus to support the budget, then surpluses accrue in later years largely offsetting the use of this reserve and a broadly balanced position over the MTFS period.

5.3 Section 7 covers the Transformation Programme - including the use of reserves, balancing the budget for 2019/20 and future financial pressures.

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. It is anticipated that at the end of 2018/19 a net £2.09m will be transferred to the Organisation Stabilisation reserve to manage the impact of reduced government funding, future changes to the Business Rates Retention scheme and ongoing service stability. This will bring the balance on the reserve to £2.685m. Whilst projections indicate the reserve will have a balance of £2.394m by 2023/24 the prevailing uncertainty in relation to both large Council projects and future funding means that this level of reserve is necessary. The Council's strong financial management enables reserves to be used flexibly to manage risk.

6.2 Table 11 details the estimated balances on each of the council's specific reserves over the 5 year MTFS. **Appendix 6** details the movement in reserves for 2019/20 which also includes capital commitments. Reserve levels have increased reflecting the necessity to manage future risks. The projections are based on current understanding regarding New Homes Bonus receipts. All of the 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 (to meet special expense capital commitments) reserve. The release of reserves will be constantly reviewed in order to balance funding requirements and the potential need to externally borrow to support the Capital Programme.

6.3 Whilst part of the annual allocations of New Homes Bonus (NHB) will be used to offset the MRP requirements arising from internal borrowing, the remaining 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 'Growth Deal'. The projections reflect the allocation of £1m per annum from the New Homes Bonus Reserve to offset the Minimum Revenue Provision (MRP) arising from internal borrowing. As there is more spend on capital the requirement to fund MRP and utilise reserves will increase or funding will be required from the revenue budget, hence the increase in MRP in the last 3 years of this strategy. The NHB reserve increase is predicated on the assumptions made on NHB in Section 3.7.

6.4 It should be noted that 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 11 – Specific Reserves

£000	Balance 31.03.19	Balance 31.03.20	Balance 31.03.21	Balance 31.03.22	Balance 31.03.23	Balance 31.03.24
Investment Reserves:						
Regeneration and Community Projects	1,352	1,434	1,516	1,605	1,713	1,821
Sinking Fund – Investment Properties	115	169	285	438	598	759
Council Assets and Service Delivery	274	274	274	274	274	274
Local Area Agreement	122	122	122	122	122	122
Invest to Save	150	150	150	150	150	150
Corporate Reserves:						
Organisation Stabilisation	2,685	2,608	2,453	2,402	2,394	2,394
Risk and Insurance	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350
Elections	203	51	101	151	201	51
Operating Reserves:						
Planning	106	106	106	28	28	28
Leisure Centre Maintenance	116	116	116	116	116	116
Planned Maintenance	100	100	100	100	100	100
Total Excluding NHB Reserve	**5,673**	**5,580**	**5,673**	**5,836**	**6,146**	**6,265**
New Homes Bonus	6,501	7,102	7,703	8,230	8,522	8,815
Total Earmarked Reserves	**12,174**	**12,682**	**13,376**	**14,066**	**14,668**	**15,080**
General Fund Balance	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	**14,778**	**15,286**	**15,980**	**16,670**	**17,272**	**17,684**

7. THE TRANSFORMATION STRATEGY AND EFFICIENCY PLAN

7.1 For the past 3 years the Council has successfully implemented a Transformation Strategy and supporting Transformation Programme (this is also the Council's efficiency strategy). This 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,** this also includes an Appendix on the Council's approach to commercialism. 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 challenge; 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 12.

Table 12 – Savings targets

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Gross Budget Deficit excluding Transformation Plan	**3,740**	4,788	4,732	4,707	4,438
Cumulative Savings in Transformation Plan	**3,486**	3,740	4,174	4,694	4,791
Gross Budget Deficit/(Surplus)	**254**	1048	558	13	(353)
Additional Transformation Plan savings	**(254)**	(434)	(520)	(97)	(39)
Cumulative Transformation Target (Appendix 3)	**(254)**	(688)	(1,208)	(1,305)	(1,344)

7.3 In order to deliver a balanced budget for 2019/20 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, to identify innovative ways of delivering its services more economically, efficiently and effectively. There are several significant asset investment projects particularly the development of a Crematorium and the Bingham Leisure Hub which will deliver both socio-economic and financial benefits. These are also subject to their own project risks.

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 12 over the five year period £1.34m of expected efficiencies have been identified. The current transformation projects which will be worked upon for delivery from 2019/20 are given at **Appendix 3**.

7.5 A further pipeline of schemes is also highlighted including the review of community assets such as Lutterell Hall and outcomes from the West Bridgford Commissioners report such as the potential development of Tudor Square. Such schemes are also reliant upon the leveraging of resources from partners.

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 13 - 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, potential alternative use of the site
Central Government policy changes e.g. Fairer funding, changes to NHB and 75% Business Rates transfer to local government leading to reduced revenue. Environmental policy changes with regards to waste will create future financial pressures	High	High	Engagement in consultation in policy creation and communicating to senior management and members the financial impact of changes via the MTFS. Budget at safety net position.
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.
Inadequate capital resources	Medium	High	Proportionate spending and sale of surplus assets, maximising pooled funding opportunities e.g. DFGs, external funding such as LEP funding, managing the impact of reducing NHB and reporting of new schemes that may come to fruition. The need to revisit the Council Tax strategy to meet the cost of capital, along with cost efficiencies and raising income.
Fee income volatility, for example number and size 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
Pensions triennial revaluation and the potential increase to pension contributions	High	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
The impact of wider economic conditions on interest rates, the property market, impacting on investments and any future borrowing	Medium	High	Advice from the Council's treasury advisors, and more investment diversification with a wider range of institutions and property investment diversification. Monitoring borrowing rates.
The impact of changes to accounting standards upon Council investments	High	Low	Monitor the impact of IFRS9 on council budgets and consider provision for default on investment debts.

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, our commercial property acquisitions not only delivers a rental income in excess of that available to the Council through treasury management investments, but also we aim for appreciating asset values and generating economic growth. The Council has increased the number of property investments by diversifying, in terms of geographical location and asset use, which mitigates potential downside risk. A combination of capital demands and risks surrounding the property market means the Council's direction has changed with a focus on projects in the Borough. This results in a longer lead-in time to accrue income from such investment as opposed to commercial property acquisition.

8.3 The MTFS presents a balanced budget for 2019/20 and a deficit position for 2020/21 funded by the use of reserves. The reserves are planned to be replenished with projected surpluses in the later years. Reserves are necessary to protect the Council from risks in relation to uncertainty concerning government funding and the Business Rates system and delivering the Council's Transformation Programme. There is a current climate of an unprecedented level of funding uncertainty. In this regard it should be noted that particular risks exist with regards to:

- Revenue Support Grant - whilst the profile for RSG reductions is known the planned benefits from Business Rates repatriation to local government (i.e. 75% to local government) to help provide a buffer for these reductions is still unknown. For example we do not know what the tier split is between the County and district councils and whether the Nottinghamshire Pool will continue.

- Business Rates - has a number of significant risks and is a highly volatile tax base. The planned de-commissioning of the power station in 2025, given it accounts for around one quarter of Business Rate income, potentially undermines any benefits the Council may gain in Business Rates from business growth.

- Businesses - were revalued in 2017 and there were a number of statutory changes to the reliefs given then and also in 2018. The upshot of this is that the business rate baseline has been reviewed and it makes it difficult to monitor this area of the budget.

- New Homes Bonus - as identified at 3.7 and as stated last year the funding mechanism changes to NHB reducing allocations to the Council has materialised. Currently there is sufficient funding to cover payments with regards to the Arena project. In the future it may impact upon 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 are in place such as the Council extending the repayment period and/or accessing Public Works Loan Board funding to finance the project. The Council will continue to lobby Government to ensure it is both rewarded for growth and to ensure there is funding in relation to the consequences of growth.

9. CAPITAL PROGRAMME

9.1 Officers are asked to submit schemes to be included in a draft Capital Programme, which also includes on-going provisions to support Disabled Facilities Grants, investment in Social Housing, and Partnership Grants. This draft programme was then discussed by EMT along with supporting information and business cases where appropriate. Following these discussion the draft Capital Programme was further refined and supported by detailed appraisals as set out in the Council's Financial Regulations. These detailed appraisals are included at **Appendix 4.** along with the proposed five year capital programme and are summarised below.

Table 14 – Five year capital programme, funding and resource implications

CAPITAL PROGRAMME 2019/20

	2019/20 Indicative Estimate	2020/21 Indicative Estimate	2021/22 Indicative Estimate	2022/23 Indicative Estimate	2023/24 Indicative Estimate	TOTAL
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
EXPENDITURE SUMMARY						
Transformation	14,810	17,715	5,430	230	230	38,415
Neighbourhoods	1,158	1,775	1,770	1,115	1,533	7,351
Communities	438	239	574	129	104	1,484
Finance and Corporate	100	100	100	100	100	500
Total	**16,506**	**19,829**	**7,874**	**1,574**	**1,967**	**47,750**
FUNDED BY						
Usable Capital Receipts	(4,414)	(12,004)	(5,506)	(947)	(1,340)	(24,211)
Better Care Funding	(577)	(577)	(577)	(577)	(577)	(2,885)
Use of Reserves	(50)	(70)	(50)	(50)	(50)	(270)
Grants and Contributions	(1,862)	(1,250)	0	0	0	(3,112)
Section 106 Monies	0	(705)	(1,000)	0	0	(1,705)
Internal Borrowing and Borrowing	(9,603)	(5,223)	(741)	0	0	(15,567)
Total	**(16,506)**	**(19,829)**	**(7,874)**	**(1,574)**	**(1,967)**	**(47,750)**
RESOURCES MOVEMENT						
Opening Balances:	4,181	2,400	2,597	2,840	4,670	
Projected Receipts:	5,122	14,803	7,376	3,404	3,409	
Use of Resources:	(6,903)	(14,606)	(7,133)	(1,574)	(1,967)	
Balance Carried Forward:	2,400	2,597	2,840	4,670	6,113	

9.2 The Council's five year capital programme shows the Council's commitment to deliver more efficient services, improve its leisure facilities and enable economic development. The Programme is approved for the 5 year period and allows flexibility of investment enhance service delivery, provide widened economic development to maximise business and employment opportunities, and for investment to go between years as long as the value of the five year programme is not exceeded for each scheme. The programme is reviewed by Full Council as part of the budget setting process. The major focus of the Capital Programme is on the Transformation platform to expand and generate revenue income streams in order to help balance the Council's MTFS. Significant projects in the 2019/20 and future Capital Programme include:

- A provision of £5m has been included in the programme for the commencement of development of Bingham Hub. The vision here is for the provision a mix of new leisure facilities and office units to replace the existing Bingham Leisure Centre and also to expand business and employment opportunities. Details and options for this scheme are under assessment. The overall investment total is estimated to be £20m.
- £2.5m has been included to provide an upfront loan for development of infrastructure which will support the roll out of future industrial units and increase business and employment opportunities on the Fairham Pastures site. The actual build costs for the industrial units are spread over 2019/20 and 2020/21 and total £3.65m.
- £1.9m is for the completion of the regeneration of Cotgrave Phase II to provide 1 large and 3 smaller retail units capable of generating approximately £100k in revenue income.
- £1.7m has been included as part of a total provision of £6.5m to provide a new Crematorium in the Borough.
- £1.75m has been allocated from the Asset Investment Strategy to develop industrial units at Moorbridge in Bingham to further add to the Council's investment property portfolio and secure future revenue income streams.
- Information Systems Strategy (£0.16m plus a four year rolling programme to give a total of £1.235m);
- On-going vehicle replacement programme (£2.5m over the next five years).
- Support for Registered Housing Providers (£0.25m and a further £0.210m in 2019/20.) This sum will be further enhanced by the underspend from 2018/19.
- Disabled Facilities Grants a provision of £0.454m has been provided each year but this is subject to change when the formal Better Care Funding allocations are approved.
- Funds for the new initiative to replace/enhance existing skate parks in the Borough. A grant fund of £0.5m was been established with £0.25m of this in the 2019/20 programme. This is time limited and is to enable the Council to support the owners of existing skate parks and facilitate their redevelopment.
- Smaller sums have been included to ensure that our land and buildings and investment property portfolios are able to be enhanced. In addition, regular provisions have been made for wheeled bins for new development across the Borough.
- A Contingency sum of £0.1m has been included in 2019/20 to give flexibility to delivery of the programme.

9.3 The Council has previously allocated £20m to the Asset Investment Strategy within its Capital Programme. This has now all been earmarked for investment opportunities and acquisitions, development of industrial units, and the provision of a Crematorium in the Borough. Significant schemes include the making of a loan to Nottinghamshire County Cricket Club for £2.7m; £2.5m for the first phase of redevelopment at Cotgrave and a further £1.9m for Phase II; £6.7m to enhance business and employment opportunities through investment in industrial units; £2.8m in other retail units; the balance remaining being utilised for the Crematorium project.

9.4 The Council's capital resources are slowly being replenished as potential receipts from the overage agreement for land at Sharphill are recognised. The Council's currently identified capital resources will be in the region of £6.1m at the end of the five year life of the Programme. This comprises: £2.7m Capital Receipts; £3.3m Earmarked Capital Reserves; and £0.1m minor capital contributions. It is likely that all of the Council's Usable Capital Receipts will be exhausted by the end of 2019/20 but will slowly build back up from 2022/23 as income from Sharphill is received. This position must be viewed in the context of funding the completed redevelopment of The Arena Site. This scheme was part funded by use of the Council's reserves and the remainder through internal borrowing. It is planned to repay this 'internal debt' from the future income stream provided by New Homes Bonus, subject to the risks highlighted in Sections 3.7 and 8.3. Going forward, there is an underlying assumption that the Council may need to externally borrow up to £10m to support delivery of the proposed Capital Programme; primarily this borrowing will be linked to the development of Bingham Hub and delivery of commitments in the Leisure Strategy. This is likely to be done through loans from the Public Works Loan Board benefitting from a certainty rate of interest. Formal funding decisions are taken at the end of each financial year when the level of capital expenditure is assessed in line with the capital resources and usable reserves available.

9.5 The following significant capital grants and contributions will be used to support the funding of the proposed capital programme:

- £2.5m funding from the LEP to support development work at Fairham Pastures;
- The potential to release up to £1.7m from Developer Contributions to support works associated with Bingham Hub and the activation of the Leisure Strategy;
- An estimated £577k from the Better Care Fund to deliver Disabled Facilities Grants, Discretionary Top-up Grants and Assistive Technology;
- Application of a land release grant of £300k for housing development on the existing Depot Site.

10. TREASURY MANAGEMENT

10.1 Attached at **Appendix 5** is the Capital and Investment Strategy (CIS) which integrates capital investment decisions with cash flow information and revenue budgets. The key assumptions in the CIS are summarised in the following table:

Table 15 – Treasury Assumptions

	2019/20 Estimate	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Average Interest rate %	0.75	0.75	1.00	1.00	1.25
Expected interest from investments (£)	(201,300)	(186,700)	(214,800)	(232,400)	(292,200)
Other interest (£)	(83,700)	(80,000)	(77,000)	(74,000)	(71,000)
Total Interest (£)	**(285,000)**	**(266,700)**	**(291,800)**	**(306,400)**	**(363,200)**

10.2 The CIPFA Treasury Code has been updated to include assets held for financial returns. The CIS at paragraphs 64-77 covers the Council's approach and risk management with regards to such assets. It documents the spreading of risk across the size of individual investments and diversification in totality across different sectors. The Council's Asset Investment Strategy (which governs the Council's approach to Asset Investment) is also appended to the CIS.

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 increasing its Council Tax by the higher of 3% or up to £5 the Council could freeze its Council Tax. Table 16 provides details of the impact on budgets of the recommended option of a £4.95 increase against the 3 scenarios of a tax freeze, a 2.99% increase or a 2% increase. From no increase to a £4.95 increase by 2023/24 the Council Tax income foregone is £1.157m and over the period £3.381m.

<u>Table 16: Alternate Council Tax Levels</u>

£'000	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Band D £137.79 in 2019/20 Increase at £4.95 each year – Recommended Option					
Total CT Income	**(5,950)**	(6,287)	(6,635)	(6,994)	(7,365)
Total for Freeze (Band D £132.84)	**(5,736)**	(5,851)	(5,968)	(6,087)	(6,209)
Total for 2.99% increase (Band D £136.81)	**(5,907)**	(6,206)	(6,519)	(6,848)	(7,194)
Total for £2% each year (Band D £135.50)	**(5,851)**	(6,087)	(6,333)	(6,589)	(6,855)

Difference (£'000)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Total**
Freeze vs £4.95	**(214)**	(436)	(667)	(907)	(1,157)	(3,381)
2.99% vs £4.95	**(42)**	(81)	(116)	(146)	(171)	(556)
2% vs £4.95	**(99)**	(200)	(302)	(406)	(511)	(1,518)

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

Appendix 1

Funding Analysis for Special Expense Areas

	2018/19 (£)	2019/20 (£)	% Change
West Bridgford			
Allotments	1,000	0	
Parks and Playing Fields	390,900	390,100	
West Bridgford Town Centre	46,800	46,800	
Community Halls	81,800	99,300	
Seats & Bins	300	300	
Contingency	0	14,700	
Annuity Charges	76,800	81,800	
Revenue Contributions to Capital	75,000	50,000	
Total	**672,600**	**683,000**	
Tax Base	**13,865**	**14,078.3**	
Special Expense Tax	**48.51**	**48.51**	**0%**
Keyworth			
Cemetery & Annuity Charges	3,800	4,200	
Total	**3,800**	**4,200**	
Tax Base	**2,604**	**2617.5**	
Special Expense Tax	**1.46**	**1.60**	**9.59%**
Ruddington			
Cemetery & Annuity Charges	9,100	9,100	
Total	**9,100**	**9,100**	
Tax Base	**2,680**	**2700.7**	
Special Expense Tax	**3.40**	**3.37**	**-0.88%**
TOTAL SPECIAL EXPENSES	**685,500**	**696,300**	**1.58%**

REVENUE BUDGET SERVICE SUMMARY

Appendix 2

	2018/19 ESTIMATE £	**2019/20 ESTIMATE £**	2020/21 ESTIMATE £	2021/22 ESTIMATE £	2022/23 ESTIMATE £	2023/24 ESTIMATE £
Communities	2,751,600	2,751,900	2,795,500	2,819,100	2,872,500	2,915,000
Finance and Corporate Services	3,188,100	3,393,700	3,464,800	3,603,400	3,680,800	3,894,600
Neighbourhoods	5,959,900	6,504,500	6,300,800	6,369,700	6,442,900	6,460,400
Transformation and Operations	(18,300)	173,700	84,200	(360,500)	(370,300)	(322,500)
Net Service Expenditure	**11,881,300**	**12,823,800**	**12,645,300**	**12,431,700**	**12,625,900**	**12,947,500**
Capital Accounting Adjustments	(2,233,600)	**(2,333,100)**	(2,333,100)	(2,333,100)	(2,333,100)	(2,333,100)
Minimum Revenue Provision	1,000,000	1,000,000	1,000,000	1,074,000	1,309,000	1,309,000
Revenue Contribution to Capital	129,100	**131,800**	131,800	139,200	158,100	158,100
Transfer to/(from) Reserves	1,775,100	426,100	631,400	601,600	493,800	303,100
Total Net Service Expenditure	**12,551,900**	**12,048,600**	**12,075,400**	**11,913,400**	**12,253,700**	**12,384,600**
Funding						
Central Government Grant	(130,000)	**0**	0	0	0	
Other Grant Income	(138,700)	**(314,300)**	(77,500)	(79,100)	(80,700)	(82,300)
Localised Business Rates, includes SBRR	(2,989,800)	**(3,767,000)**	(2,838,300)	(2,895,100)	(2,953,000)	(3,012,100)
Collection Fund (Surplus)/Deficit	(1,388,600)	**299,600**	0	0	0	0
Council Tax Income						
- Rushcliffe	(5,660,300)	**(5,949,600)**	(6,286,600)	(6,634,700)	(6,994,200)	(7,365,400)
- Special Expenses Areas	(685,500)	**(696,300)**	(696,300)	(696,300)	(696,300)	(696,300)
New Homes Bonus	(1,364,000)	**(1,621,000)**	(1,621,000)	(1,621,000)	(1,621,000)	(1,621,000)
Total Funding	**(12,356,900)**	**(12,048,600)**	(11,519,700)	(11,926,200)	(12,345,200)	(12,777,100)
Net Budget (Surplus)/Deficit (Funded from Reserves)	**195,000**	**0**	**555,700**	**(12,800)**	**(91,500)**	**(392,500)**
Memorandum						
Transformation Savings Included in the budget	195,000	**253,800**	434,300	520,000	97,000	39,000
Cumulative savings	195,000	448,800	883,100	1,403,100	1,500,100	1,539,100

Appendix 3

Rushcliffe Borough Council

Transformation Strategy and Efficiency Plan 2019/20 – 2023/24

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 Corporate Strategy subtitled ‘Proactively Preparing for the Future’.

The original 4 Year Plan and Transformation Programme have successfully supported the delivery of over £7.2m 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. Costs have been reduced through rationalisation of assets and staff, with the sharing of both posts and key services. The Council also absorbs inflation increases across many areas except where there is contractual inflation or areas of higher risk. For 2019/20 this is estimated at £270k. Concurrently, we have made 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 83% of residents are satisfied with Rushcliffe as a place to live and 63% of residents are satisfied with the way the Council runs its services. (2018).

This revised Transformation Strategy sets out the Council’s approach to making further savings between now and 2023/24. 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

Whilst the Council has achieved significant savings via the 4 year plan and the first four 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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Gross Budget Deficit excluding Transformation Plan	**3,740**	4,788	4,732	4,707	4,438
Cumulative Savings in Transformation Plan	**3,486**	3,740	4,174	4,694	4,791
Gross Budget Deficit/(Surplus)	**254**	1048	558	13	-353
Additional Transformation Plan savings[1]	**-254**	-434	-520	-97	-39
Cumulative Transformation Target (Appendix 2)	**-254**	-688	-1,208	-1,305	-1,344

In order to deliver a balanced budget for 2019/20 the Council has looked to constrain Council spend and increase income (particularly through commercialism and growth). The Council continues to review how it delivers its services and meet the funding gap. Other arrangements exist with neighbouring authorities such as the Building Control partnership with South Kesteven and Newark & Sherwood, and creating companies, such as Streetwise and looking to expand its company base through Rushcliffe Enterprises Ltd. The Council continues to identify innovative ways of delivering its services more economically, efficiently and effectively, including collaboration where a business case supports such an initiative.

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 remains a challenging exercise. The current transformation projects which will be worked upon for delivery from 2019/20 are given at **Appendix B**. Some of the more significant projects include:

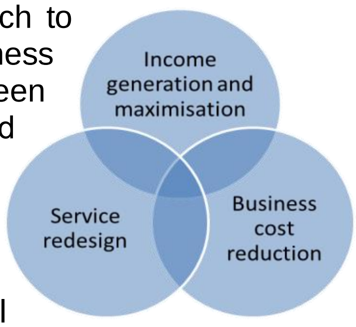
- The Asset Investment Strategy;
- the potential development of a crematorium;
- The relocation of the Council Depot;
- The continued activation of the Leisure Strategy focusing on the options for leisure provision in Bingham and surrounding area;
- Commercialisation – including joint ventures and site specific property companies with a view to both providing more housing in the Borough and an income stream for the Council;
- Cyclical reviews of all service areas; and

- Reviewing fees and charges.

It should be noted there is 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 this document. The Efficiency Strategy can be revised at any time by Full Council and as part of our Treasury Management 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**.

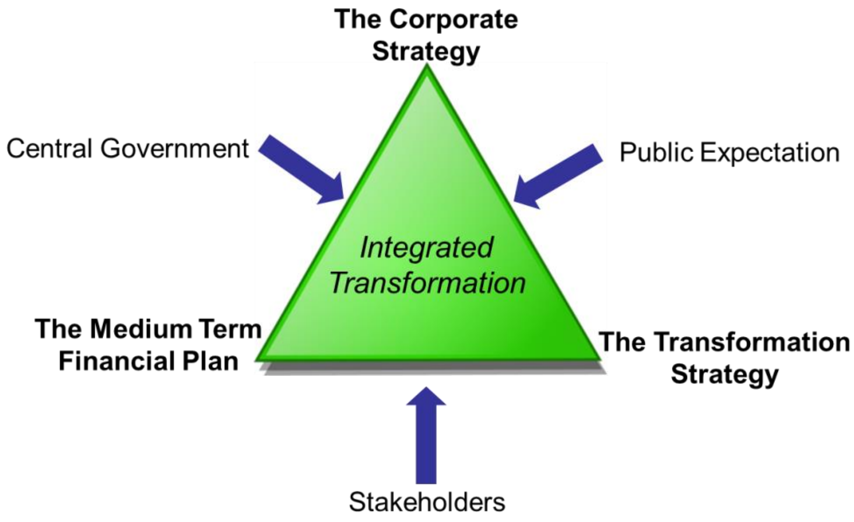
An Integrated Approach to Transformation

This Strategy formalises the Council's integrated approach to transformation. It highlights the work that has been done in the last five years to deliver over £4.8m 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. As the Transformation Strategy evolves Commercialism is emerging as cross cutting strategy, detailed in **Appendix C**, to support the sustained delivery of the financial targets.



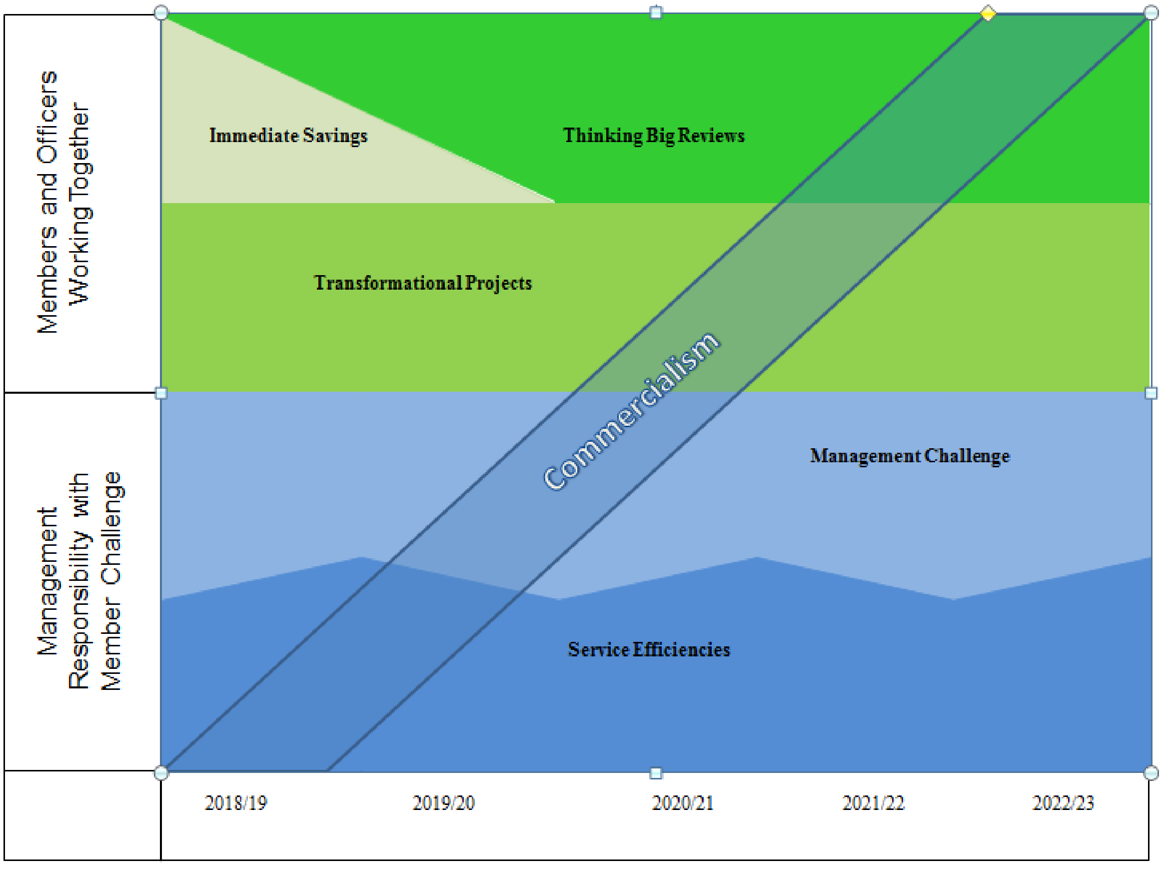
Rushcliffe's Integrated Approach to Transformation

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. Underpinning the work streams is our approach to Commercialism as documented at **Appendix C**.

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 whist minimising the impact of front line services. We have a strong leadership focused on corporate priorities using regular 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 inefficiency 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 2023/24. 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 ‘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 2019/20, 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 robust investigations are undertaken. Over the last year (2018/19) there have been several "Big Thinking" initiatives focusing on Fairham Pastures and the development of housing and employment land, a new crematorium, the development of the Abbey Road Depot site and potential development of the Bingham Leisure Hub. The Asset Investment Strategy continues to pay dividends with some modest investment planned as the Council changes direction from purchasing commercial property to developing assets and services within the Borough's boundaries.

Transformational Projects 2019-2024

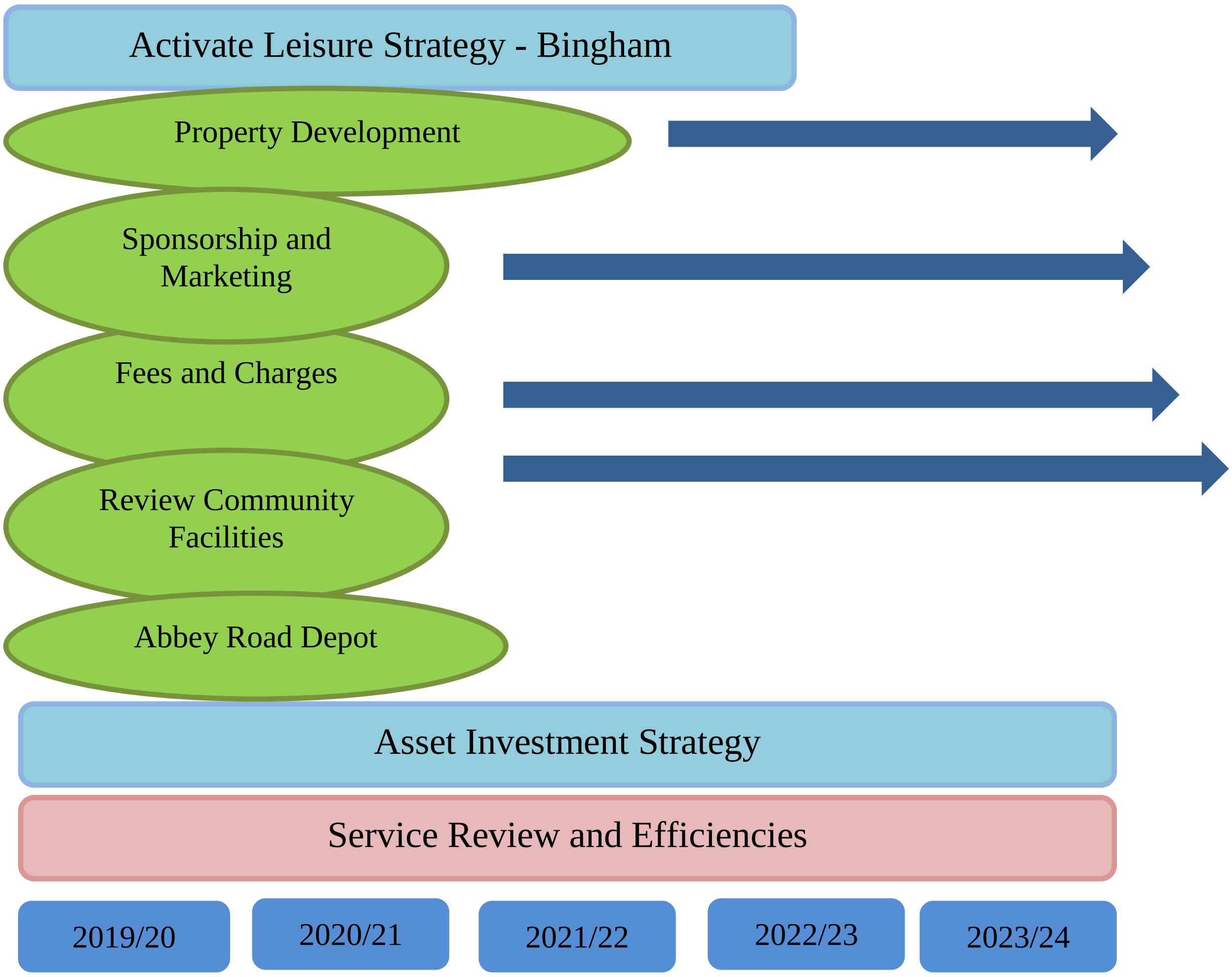
As has already been mentioned above, this Strategy is a continuation of the Council's original Transformation Programme and as a consequence a number of key projects which influence service delivery and finances over the next few years are already in progress. Good progress has been made with these legacy Transformational Projects with the completion of the new Civic Centre in December 2016 and the disposal of the old Civic Centre in May 2017.

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 and to consider the options for built leisure provision in the Bingham area. The new Arena leisure centre and Rushcliffe Borough Council's new offices successfully opened in January 2017. The next phase of the Leisure Strategy is to consider the options for Bingham leisure centre. External consultants have been commissioned to prepare an options appraisal which is anticipated to be completed in March 2019 and will inform the future delivery of the service.

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 timeframe 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 2019-2024 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 – i.e. consultancy
Insufficient interest from alternative providers	Possible	Negative	Find appropriate savings from direct service provision by quality reduction (probably)

Conclusion

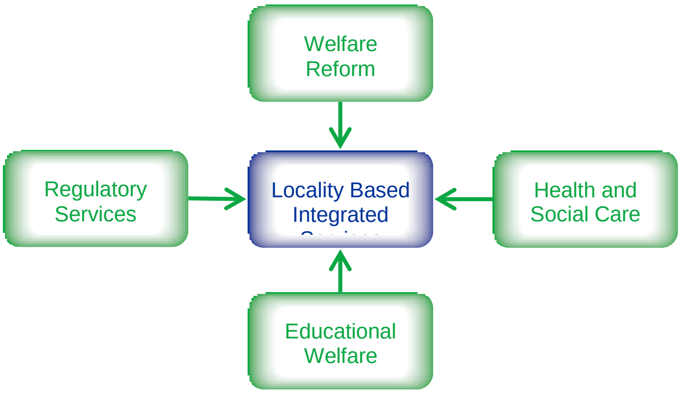
The above sets out Rushcliffe's plans over the next five years and the Council's commitment towards delivering these plans. This plan supports the Council's MTFS and is the vehicle upon which the Council will achieve a balanced budget.

Appendix A

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, Sunday Funday, Lark in the Park and Business Partnership events.

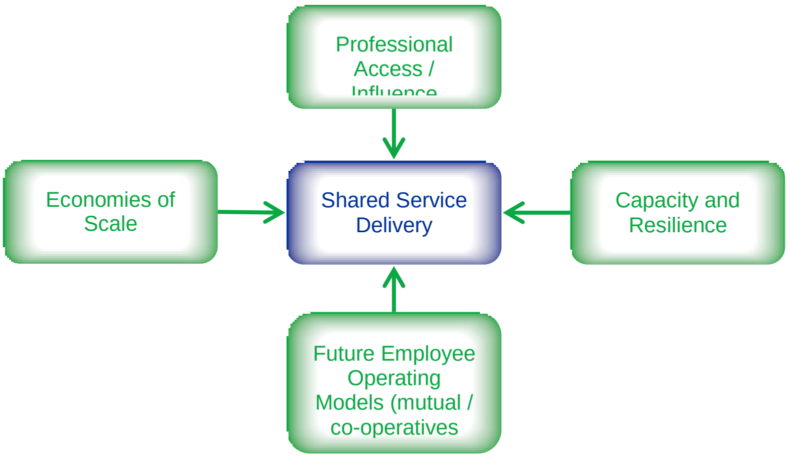
2. Partnerships of Scale

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

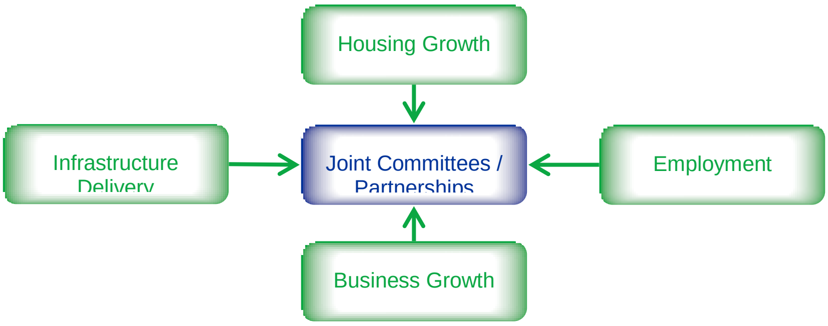
Following continued encouragement from Central Government, there has been an increased willingness and determination from the Leaders within Nottinghamshire to forge closer partnerships of scale (Waste Collection and Management).



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 2019/20 - 2023/24					
Savings (£'000)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Service Efficiencies & Management Challenge	**1,777**	**1,802**	**1,792**	**1,782**	**1,772**
Thematic Reviews - With Potential Savings					
Bridgford Hall	108	108	108	108	108
Council Publications and Promotion	9	9	9	9	9
Grants and Support	50	50	50	50	50
Leisure Strategy	424	424	424	424	424
Travel costs	56	56	56	56	56
Burial Provision	22.7	22.7	22.7	22.7	22.7
Printing for Member Meetings	5	5	5	5	5
Asset Investment Strategy	437	437	437	437	437
Total Thematic Reviews - With Potential Savings	**1111.5**	**1111.5**	**1111.5**	**1111.5**	**1111.5**
Income Reviews					
Wheeled bin charges for new houses	10	10	10	10	10
Fees and charges Generally	104	104	104	104	104
Street Trading Licences	5	5	5	5	5
Car Park - Increase charges	174	174	174	174	174
RCP - compulsory charging	20	20	20	20	20
Increase charging on Green Bin	276	382	382	382	382
Planning pre-application Advice	30	30	30	30	30
Total Additional Income	**583**	**689**	**689**	**689**	**689**

Transformation Programme 2019/20 - 2023/24	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Additional (Growth)/Savings					
Planning Income	100	100	100	100	100
Room Hire	7	7	7	7	7
Net impact of relocation to Eastcroft	(232)	(273)	(273)	(273)	(273)
Leisure Community Interest Company	99	120	120	120	120
Procurement	50	50	50	50	50
Green Waste – increase in demand	9	9	9	9	9
Event Sponsorship Income	67	67	67	67	67
Finch Close	69	69	69	69	69
Co-op	0	0	100	100	100
Units at Moorbridge	0	0	100	100	100
Cotgrave Phase 2	0	0	100	100	100
Asset Investment Projects	65	387	717	824	873
Total Additional (Growth)/Savings	233	536	1,066	1,173	1,222
Overall Total	**3,740**	**4,174**	**4,694**	**4,791**	**4,830**
In Year TP savings	254	434	520	97	39
Potential Schemes - feasibility to be determined					
Review of Community Facilities					
West Bridgford Commissioners report outcomes					
Green Waste Expansion					
Maximise income from services					
Collaboration opportunities					
Customer Service System Replacement					
Further company expansion through Rushcliffe Enterprises LTD (REL)					

Appendix C

Commercialisation of Rushcliffe - A balanced investment in our future

With reduction in and eventual removal of Government grants to Local Authorities there is a need for Rushcliffe Borough Council, like other authorities, to consider new opportunities to help ensure the sustainability of the services delivered. Merely cutting costs will, in the long term, not be sufficient to fill the funding black hole. Local Authorities need to explore options to operate in a more commercial manner than would be traditionally expected of them.

This does not mean taking unnecessary risks with public money. It means, in these challenging financial times, the opportunity to continue to deliver the excellent services that our residents depend upon and expect.

Commercialisation for Rushcliffe informs and is integral to the Transformation Plan and Efficiency Strategy. This document should be viewed alongside:

- Corporate Strategy
- Asset Investment Strategy
- Medium Term Financial Plan

Core principles

Commercialisation contributes towards the aims of the medium term financial strategy and the following strategic goals, contained with the Council's Corporate Strategy 2016-2020:

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

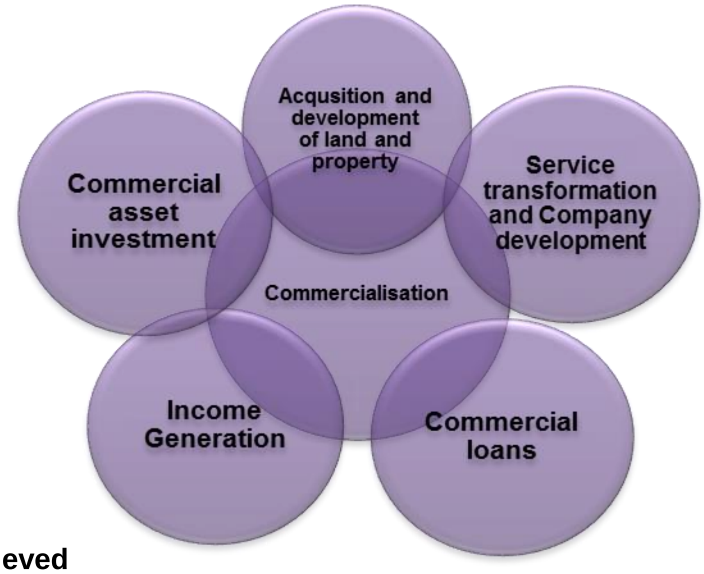
All decisions are considered against and aligned with these strategic goals as well as some core principles to ensure the Council is protecting the interests of our communities. Rushcliffe's core principles for commercialisation are:

- **Values –** commercial opportunities will align with the Council's values and enable the Borough Council to continue to deliver the vital services our communities rely on.
- **Broad/mixed approach** - It is not solely focused on income generation. It also focuses on deployment of resources and doing things differently.
- **Responsive** - be bold and opportunistic and prepared to think outside our comfort zone. This includes an acceptance that not all schemes will succeed but it is the value of the commercial programme as a whole that is critical.
- **Culture** – a strong organisational culture supported by a clear vision and good communication. Rushcliffe ensures that staff have the skills to deliver and where this is not possible external professional advice is sought.

- **Risk** - understand risk, this includes reputational risk, and be risk aware not risk adverse; the risk of doing nothing can sometimes be greater.

The Rushcliffe approach

Rushcliffe has embraced opportunities to operate in more commercial ways and has developed a strong programme of work across 5 key areas of commercialisation:



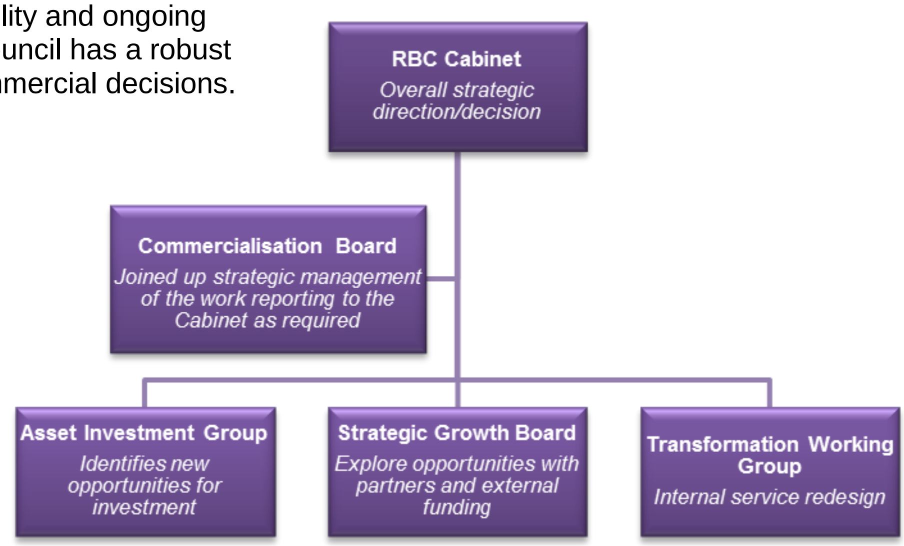
What we have already achieved

- Extending our property portfolio with the construction of 15 new industrial units in Cotgrave.
- Purchase of the Point office complex in the main town centre in the Borough
- Purchase of commercial land for development – Chapel Lane and Moorbridge Road
- Office move to the Arena which has meant the development of new more flexible ways of working and a digital transformation, with the council being a more responsive and leaner organisation.
- Acquisition of commercial property in the East Midlands region.
- Loan to Nottinghamshire County Cricket Club to secure the future of big sporting events including the Ashes in the Borough.
- Significant reviews of a range of services including collaboration in areas like Building Control and the creation of Streetwise Trading Company.
- Significant income generation for example through green waste.

Governance and monitoring

To ensure transparency, accountability and ongoing monitoring and management the Council has a robust structure in place to oversee all commercial decisions.

This work is led by a newly established Commercialisation Board empowering senior officers provide strategic leadership to the commercialisation agenda:



Appendix 4

CAPITAL PROGRAMME 2019/20

Ref	Scheme	2019/20 Indicative Estimate	2020/21 Indicative Estimate	2021/22 Indicative Estimate	2022/23 Indicative Estimate	2023/24 Indicative Estimate
		£000	**£000**	**£000**	**£000**	**£000**
	Transformation					
	Cotgrave Regeneration PH II	1,900	0	0	0	0
	Crematorium	1,700	4,800	0	0	0
	Industrial Units Moorbridge	1,750	0	0	0	0
	Fairham Pastures Loan	2,500	0	0	0	0
	Fairham Pastures Industrial Units	1,150	2,500	0	0	0
1	The Point Car Park Security Gate	0	20	0	0	0
	Depot Groundworks	300	0	0	0	0
2	Manvers Business Park Roof Refurb.	100	0	0	0	0
	Bingham Leisure Hub	5,000	10,000	5,000	0	0
3	Compton Acres Water Course	0	60	150	0	0
4	Manvers Business Park - Roller Shutters	100	0	0	0	0
5	Manvers Business Park - Car Park	60	0	0	0	0
6	Colliers BP - Car Park	30	0	0	0	0
7	Bridgford Park - Toilets Refurb.	25	0	0	0	0
8	Bingham Mkt place - Lighting/Trees	35	0	0	0	0
9	Information Systems Strategy	160	335	280	230	230
	Sub total	14,810	17,715	5,430	230	230
	Neighbourhoods					
10	Wheeled Bins	160	160	160	160	160
11	Vehicle Replacement	200	612	612	282	850
	Support for Registered Housing Providers	250	210	0	0	0
12	Hound Lodge - Access Control System	25	0	0	0	0
13	Hound Lodge – Annexe Patio Doors	0	35	0	0	0
	Hound Lodge - Roof Refurbishment	0	0	0	150	0
	Assistive Technology	12	12	12	12	12

	Discretionary Top Ups	57	57	57	57	57
	Disabled Facilities Grants	454	454	454	454	454
	Bowls Centre Reception and Corridor Floor	0	0	75	0	0
14	Bowls Hall Replacement Furniture	0	15	0	0	0
	CLC - Changing Village Refurb.	0	0	150	0	0
	CLC - Sports Hall Roof/ Pool Hall Roof	0	0	100	0	0
	KLC - Refurb Pool Hall & Changing Village	0	0	150	0	0
15	KLC - Roof Areas	0	220	0	0	0
	Sub total	1,158	1,775	1,770	1,115	1,533
	Communities					
	Capital Grant Funding	24	0	0	0	0
16	Play Areas - Special Expense	50	50	50	50	50
	West Park Julien Cahn Pavilion	0	0	75	0	0
	Gresham Pavilion	0	0	100	25	0
17	Gresham Pavilion - 3G Pitch Lighting	0	25	0	0	0
18	Rushcliffe CP – Buildings Enhancements	45	0	0	0	0
19	Rushcliffe CP - Vehicle Access Controls to site	15	0	0	0	0
20	Rushcliffe CP - Footpath Imps	0	15	0	0	0
	Lutterell Hall	0	50	225	0	0
	Skateboard Parks	250	0	0	0	0
	Gamston Community Centre	0	45	70	0	0
	Warm Homes on Prescription	54	54	54	54	54
	Sub total	438	239	574	129	104
	Finance and Corporate Services					
	Contingency	100	100	100	100	100
	Sub total	100	100	100	100	100
	PROGRAMME TOTAL	16,506	19,829	7,874	1,574	1,967

PROJECT APPRAISAL FORM

Project Name: The Point – Car Park Security Gate	**Cost Centre: 0359**	**Ref: 1**

Detailed Description:
Upgrade to under-croft car park security gate. The existing car park security gate is 10+yrs old and is showing signs of deterioration; in the event of substantial failure, economic repair is unlikely. This gate provides security to the under-croft car park and is actuated numerous times each day. To ensure tenants continue to enjoy uninterrupted access to the car park and the feeling of safety, it is essential that the gate is upgraded.

Location: The Point WB	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Transforming the Council to enable the delivery of efficient high quality services

Strategic Tasks:
- Continue to develop the Council's Property Portfolio to enhance the Council's financial position and deliver Community Outcomes.

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 the Council Tax as low as possible.

Other Options Rejected and Why:
Doing nothing would see progressive deterioration of the equipment giving rise to breakdowns and an increase in revenue repair costs; safety in use could also be put at risk. Effective maintenance and replacement is essential to uphold property asset values and ensure high levels of occupation/income.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£20,000	£0	£20,000	

Capital Cost (Breakdown) £:

Works	**Equipment**	**Other**	**Fees**
£18,500			£1,500

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Investment Property Reserve

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: N/A Investment Property	**Capital Financing Costs:** £150 p.a.
Residual Value: N/A	**Category of Asset:** Investment Property

PROJECT APPRAISAL FORM

Project Name: **Manvers Business Park – Roof Refurbishment (early phases)**	**Cost Centre: 0315**	**Ref: 2**

Detailed Description:
Existing roof coverings, fascias and rainwater goods to phase one are in excess of 20 yrs old and showing signs of deterioration. Proposal is to refurbish roof coverings to extend life by application of accredited/warranted liquid roofing compounds and upgrade fascias and rainwater goods. A capital provision of £100,000 was included in the 2018/19 Capital Programme for this work and this will be carried forward to 2019/20. It is proposed to extend the works to include areas of phase 2 at an additional cost of £100,000 bringing the total spend proposal in 19/20 to £200,000.

Location: Manvers Business Park	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Deliver economic growth to ensure a sustainable, prosperous and thriving local economy.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Maintain commercial viability of existing business units and protect income stream.
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
- Improvement works will enhance tenant/customer experience and perception and minimise short term maintenance costs. The Borough is a more prosperous if business units are well maintained helping to sustain on-going employment opportunities and protect thriving local businesses

Other Options Rejected and Why:
Do not carry out refurb works – this would result in further deterioration of the fabric and shortening of the life span of the roof covering to a point where wholesale replacement would become necessary. Visual impact of poorly maintained assets would reflect poorly on tenant/customer perception and ultimately rental yields. Effective maintenance and replacement is essential to uphold property asset values and ensure high levels of occupation/income.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**18/19 (Prev)**	**Year 1: 19/20**	**Year 2: 20/21**
£200,000	£100,000	£100,000	

Capital Cost (Breakdown) £:

Works £185,000	**Equipment**	**Other**	**Fees** £15,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

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

PROJECT APPRAISAL FORM

<table>
<tr><td colspan="2">Project Name: Compton Acres Watercourse Improvements</td><td colspan="2">Cost Centre: 0358</td><td colspan="2">Ref: 3</td></tr>
<tr><td colspan="6">Detailed Description:
The proposal is for the installation/replacement of safety fencing/barriers to key areas of the watercourse and its balancing ponds to maintain public safety. It is also for the undertaking of works and installation of physical measures to restore bankside stability and to maintain the performance of the watercourse which drains surface water from across the Compton Acres housing development including areas to the west of the tramline in Wilford.</td></tr>
<tr><td colspan="2">Location: Compton Acres WB</td><td colspan="4">Executive Manager: Transformation</td></tr>
<tr><td colspan="6">Contribution to the Council's aims and objectives:
Corporate Themes:
• Maintain and enhance our resident's quality of life.
• Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
• Examine the future viability of all Council owned assets including property and equipment.
• Improve efficiency and reliability of service and reduce operating costs.</td></tr>
<tr><td colspan="6">Community Outcomes:
Undertaking the works will maintain public safety around key areas of the watercourse and help to ensure that risks due to flooding in the area are minimised.</td></tr>
<tr><td colspan="6">Other Options Rejected and Why:
Not carrying out the improvement works would potentially lower public perception, increase risk to public safety and also elevate risks associated with flooding. It would also increase the likelihood of need to carry out ad hoc emergency repairs/attendance to address emergent issues, activity of this type carries a relatively high revenue spend tariff.</td></tr>
<tr><td colspan="3">Start Date:</td><td colspan="3">Completion Date:</td></tr>
<tr><td>Capital Cost (Total) :</td><td colspan="2">Year 1:19/20</td><td colspan="2">Year 2: 20/21</td><td>Year 3: 21/22</td></tr>
<tr><td>£210,000</td><td colspan="2"></td><td colspan="2">£60,000</td><td>£150,000</td></tr>
<tr><td colspan="6">Capital Cost (Breakdown) £:</td></tr>
<tr><td>Works
£190,000</td><td colspan="2">Equipment</td><td colspan="2">Other</td><td>Fees
£20,000</td></tr>
<tr><td colspan="2">Additional Revenue cost/ (saving) per annum:</td><td colspan="2">Year 1: 19/20</td><td colspan="2">Year 2: 20/21</td></tr>
<tr><td colspan="2">Year 3: 21/22</td><td colspan="2">Year 4: 22/23</td><td colspan="2">Year 5: 23/24</td></tr>
<tr><td colspan="6">Proposed Funding</td></tr>
<tr><td colspan="3">External:</td><td colspan="3">Internal: Capital Receipts</td></tr>
</table>

Useful Economic Life (years): 20	**New/Replacement:** Replacement and New
Depreciation per annum: £10,500	**Capital Financing Costs:** £1,575 p.a.
Residual Value: N/A	**Category of Asset:** Infrastructure

PROJECT APPRAISAL FORM

Project Name: **Manvers Business Park – Roller Shutters (early phase)**	**Cost Centre: 0328**	**Ref: 4**

Detailed Description:
The roller shutter/entrance doors to the older business units are 20+ years old and beyond economic repair. Replacement is proposed which will secure 10-15 years of predictable performance.

Location: Manvers Business Park	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Deliver economic growth to ensure a sustainable, prosperous and thriving local economy.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Maintain commercial viability of existing business units and protect income stream.
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
- Improvement works will enhance tenant and customer experience/perception and minimise short term maintenance costs. The Borough is a more prosperous if business units are well maintained helping to sustain on-going employment opportunities and protect thriving local businesses

Other Options Rejected and Why:
Doing nothing is likely to result in increasing operational issues, maintain costs and potential for health & safety and security issues. Older mechanisms become obsolete and beyond economical repair.
Effective maintenance and replacement is essential to uphold property asset values and ensure high levels of occupation/income.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1: 19/20**	**Year 2: 20/21**	
£100,000	£100,000		

Capital Cost (Breakdown) £:

Works	**Equipment**	**Other**	**Fees**
	£95,0000		£5,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 10 - 15	**New/Replacement:** Replacement
Depreciation per annum: N/A Investment Property	**Capital Financing Costs:** £750 p.a.
Residual Value: N/A	**Category of Asset:** Investment Property

PROJECT APPRAISAL FORM

Project Name: **Manvers Business Park – Car Park Surface and Drainage**	**Cost Centre: 0206**	**Ref: 5**

Detailed Description:
Open channel/slot drains to the Car Park have become defective causing destabilisation of adjacent paving. Proposal is to replace the defective drainage sections and to relay the disturbed areas of paving.

Location: Manvers Business Park	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Deliver economic growth to ensure a sustainable, prosperous and thriving local economy.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Maintain commercial viability of existing business units and protect income stream.
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
- Improvement works will enhance tenant and customer experience/perception and minimise short term maintenance costs. The Borough is a more prosperous if business units are well maintained helping to sustain on-going employment opportunities and protect thriving local businesses

Other Options Rejected and Why:
Doing nothing will result in continuing deterioration of the drainage equipment and adjacent surfacing giving rise to pedestrian/vehicle safety issues. Effective maintenance and replacement is essential to uphold property asset values and ensure high levels of occupation/income.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£60,000	£60,000		

Capital Cost (Breakdown) £:

Works £57,000	**Equipment**	**Other**	**Fees** £3,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: N/A Investment Property	**Capital Financing Costs:** £450 p.a.
Residual Value: N/A	**Category of Asset:** Investment Property

PROJECT APPRAISAL FORM

Project Name: **Colliers Business Park – Car Park Surface and Drainage**	**Cost Centre: 0210**	**Ref: 6**

Detailed Description:
Open channel/slot drains to the Car Park have become defective causing destabilisation of adjacent paving. Proposal is to replace the defective drainage sections and to relay the disturbed areas of paving.

Location: Colliers Business Park	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Deliver economic growth to ensure a sustainable, prosperous and thriving local economy.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Maintain commercial viability of existing business units and protect income stream.
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
- Improvement works will enhance tenant and customer experience/perception and minimise short term maintenance costs. The Borough is a more prosperous if business units are well maintained helping to sustain on-going employment opportunities and protect thriving local businesses

Other Options Rejected and Why:
Doing nothing will result in continuing deterioration of the drainage equipment and adjacent surfacing giving rise to pedestrian/vehicle safety issues. Effective maintenance and replacement is essential to uphold property asset values and ensure high levels of occupation/income.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£30,000	£30,000		

Capital Cost (Breakdown) £:

Works £28,000	**Equipment**	**Other**	**Fees** £2,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: N/A Investment Property	**Capital Financing Costs:** £225 p.a.
Residual Value: N/A	**Category of Asset:** Investment Property

PROJECT APPRAISAL FORM

Project Name: Bridgford Park Toilets Partial Refurbishment	**Cost Centre: 0355**	**Ref: 7**

Detailed Description:
The creation of the replacement public toilets back in 2010 represented a significant investment for the Council coupled as they are with the attached retail kiosk. They are generally well regarded by users who have to pay to use them; the income derived has helped to offset their operational cost. However, certain finishes and equipment are approaching the end of their useful life and require replacement to maintain the operational standards and performance.

Location: Bridgford Park	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
- Improvement works will enhance customer experience/perception and minimise short term maintenance costs.

Other Options Rejected and Why:
Doing nothing would put at risk the operational performance and efficiency of the facility, reducing customer experience/satisfaction and, in turn, reduce revenue income.
A more substantial refurbishment could be carried out, but this is not warranted at this time as many features/components have not reached the end of their useful life.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£25,000	£25,000		

Capital Cost (Breakdown) £:

Works £22,500	**Equipment**	**Other**	**Fees** £2,500

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £2,500	**Capital Financing Costs:** £190 p.a.
Residual Value: N/A	**Category of Asset:** Operational Land and Buildings

PROJECT APPRAISAL FORM

Project Name: **Bingham Market Place – Lighting and Landscaping**	**Cost Centre: 0379**	**Ref: 8**

Detailed Description:
In 2015 the Council carried out some urgent tree replacement and paving refurbishment works to the market place to address Health and Safety (H&S) issues created by the roots to poorly planted trees lifting paved surfaces. This work was successful, but intentionally not comprehensive.
Now that the trees planted in 2015 are well established, it is proposed to replace the 3 remaining poorly planted trees and adjacent paving.
In addition, the existing column mounted decorative lantern lighting to the market place is at the end of its life useful life and it is proposed to replace with a low energy LED equivalent in matching style.

Location: Bingham Market Place	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Themes:
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
- Improvement works will enhance customer experience/perception and minimise short term maintenance costs.

Other Options Rejected and Why:
Doing nothing in respect of the defective trees would give rise to ongoing disturbance to paved areas and H&S issues due to trips and falls. Doing nothing in respect of the lighting equipment would give rise to increased outages/maintenance, issues which become more challenging as components become redundant. Replacement LED lighting is more efficient using less energy and having 3 times lamp life.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£35,000	£35,000		

Capital Cost (Breakdown) £:

Works £31,000	**Equipment**	**Other**	**Fees** £4,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts
Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £2,300	**Capital Financing Costs:** £260 p.a.
Residual Value: N/A	**Category of Asset:** Infrastructure

PROJECT APPRAISAL FORM

Project Name: Information Systems Strategy	**Cost Centre: 0596**	**Ref: 9**

Detailed Description:
The ICT Strategy 2017 to 2021 agreed on 12th September 2017 is an emerging ICT Strategy that embraces the wider ICT partnership established in July 2011 between Rushcliffe Borough Council, Broxtowe Borough Council and Newark and Sherwood District Council. While the strategy contains broad strategic objectives along with the rationale behind those objectives, including the benefits and deliverables that will be achieved it does not set out to provide a strict formula or action plan dictating the approach. An emerging strategy will therefore exist enabling an agile approach to operational delivery, taking advantage of new proven developments and partnership opportunities. The ICT Technical Delivery Plan details all technical projects, and the schedule for implementation, during the lifetime of the ICT Strategy.

Location: Rushcliffe 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:

- Enabling **Efficiency**
    - Using Digital by Design principles to enabling the Council to redesign processes/services to be more accessible and efficient, producing better, quicker and more consistent outcomes for customers.
- Responding flexibly and with agility to **customer** needs
    - To facilitate channel shift where appropriate by creating digital service that our customers view as their access channel of choice moving transactions away from face to face and telephony towards self-service facilities via Internet, automated telephony and kiosk technologies.
- Increase our ability to work in effective **partnerships**
    - To continue the work to facilitate common policies, standards, systems and infrastructure to drive out cost and create opportunities for greater resilience, efficiencies and savings.
- Modern architecture supporting efficient and agile working **culture**
    - Enabling the greater flexibility and agility of both employees and members through the deployment of appropriate technology including effective collaboration systems and tools.
- Robust arrangements for **business continuity, information management and governance** and **security**
    - Safeguarding the Council's data by ensuring compliance with all relevant legislative, financial and central government security standards. Improving maturity of the management and governance of information assets and delivering appropriate arrangements to ensure compliance with such as the General Data Protection Regulation (GDPR).

Other Options Rejected and Why: Every project is the subject of a business case to be presented to, and approved by, the Executive Management Team (EMT) in order to ensure that the most appropriate IT solution is chosen, having due regard to the alignment of technologies across the partnership, value for money and resilience. 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 1:19/20**		**Year 2: 20/21**		
£495,000 (2 years)	£160,000		£335,000		
Capital Cost (Breakdown): To be determined					
Works	**Equipment**		**Other**		**Fees**
Additional Revenue cost/ (saving) per annum:		**Year 1: 19/20**		**Year 2: 20/21**	
Proposed Funding					
External: N/A			**Internal:** Capital Receipts		

Useful Economic Life (years): 3	**New/Replacement:** New and Replacement
Depreciation per annum: £53,300 year 1	**Capital Financing Costs:** £1,200 year 1
Residual Value: Nil	**Category of Asset:** to be determined

PROJECT APPRAISAL FORM

Project Name: Wheeled Bins	**Cost Centre: 0310**	**Ref: 10**

Detailed Description:
This funding is used to facilitate the provision and replacement programme for domestic wheeled bins for all residents across the Borough. It is acknowledged that with the predicted property growth expenditure on the provision of wheeled bins may increase. 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: 19/20**	**Year 2: 20/21**	
£320,000 (2 years)	£160,000	£160,000	

Capital Cost (Breakdown)

Works	**Equipment**	**Other**	**Fees**
£0	£320,000	£0	£0

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20** £0	**Year 2: 20/21** £0
Year 3: 21/22 £0	**Year 4: 22/23** £0	**Year 5: 23/24** £0

Proposed Funding

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

Useful Economic Life (years): 10	**New/Replacement:** New/Replacement
Depreciation per annum: £16,000	**Capital Financing Costs:** £1,200 p.a.
Residual Value: N/A	**Category of Asset:** Equipment

PROJECT APPRAISAL FORM

Project Name: Vehicle Replacement	**Cost Centre: 0680**	**Ref: 11**

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.

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

Contribution to the Council's aims and objectives:

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

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

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

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

Other Options Rejected and Why:
In 2004, the authority considered the leasing and hiring in of vehicles. 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. It is likely that this will be re-visited again. However, there are also distinct advantages in direct purchase:-
a) The authority has control over the maintenance of the vehicles.
b) It is difficult to change the terms and conditions of a lease.
c) High performing vehicles can have their lifespan lengthened.
d) Poor performing vehicles can have their lifespan shortened.
Not being tied in to lengthy lease/hire contracts means the service can react and adapt to change quickly.

The Council now actively looks at the possible purchase of 2nd hand vehicles and will refurbish vehicles to extend their life and value.

Start Date: Ongoing	**Completion Date:**

Capital Cost (Total) :	**Year 1: 19/20**	**Year 2: 20/21**	
£812,000 (2 years)	£200,000	£612,000	
Capital Cost (Breakdown)			
Works £0	**Equipment** £812,000	**Other** £0	**Fees** £0
Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20** £0	**Year 2: 20/21** £0	
Year 3: 21/22 £0	**Year 4: 22/23** £0	**Year 5: 23/24** £0	
As each vehicle replaces an existing vehicle there is no increase in the overall revenue costs. Whilst newer vehicles can lead to less expenditure on breakdown and repair, older vehicles will cost more. The overall fleet profile remains relatively constant and therefore 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:** £1,500 year 1		
Residual Value: Various	**Category of Asset:** Vehicle and Plant		

PROJECT APPRAISAL FORM

Project Name: **Hound Lodge – Replace Access Control System**	**Cost Centre: 0338**	**Ref: 12**

Detailed Description:
Hound Lodge hostel is used to accommodate families who have applied to the Council as homeless and where the Council has a statutory duty to provide suitable temporary accommodation. The access control system controls access to the whole building providing security to the residents' accommodation and communal garden.
It is important that the Council undertakes a programme which maintains the fixtures and fittings of the premises when they become defective through wear and tear or accidental damage.
The existing access control system is 15 years old, out-moded and increasingly unreliable and, as such, uneconomic to service and maintain.

Location: Hound Lodge	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:
Corporate Themes:
- Maintain and enhance our residents' quality of life.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:
- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.
-

Community Outcomes:
The Council fulfils its statutory duties for the provision of suitable temporary accommodation and avoids the need to use B&B accommodation at an additional cost.

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

Residents are provided with temporary accommodation that is in good repair and condition resulting in high standards of customer satisfaction.

Compliance with health and safety legislation as the Council has a duty to ensure the building meets safety and security standards and residents and staff are safe.

Other Options Rejected and Why:
Numerous repairs have been carried out to the access control system over a number of years at a significant cost to the Council. It is considered to be more cost effect to replace the current system which is now very old and prone to failure resulting in additional stand by payments for officers to attend the premises out of hours.

Failure to invest in the building's fixtures and fittings 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:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£25,000	£25,000		

Capital Cost (Breakdown) £:

Works	**Equipment** £23,000	**Other**	**Fees** £2,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding	
External:	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £2,500	**Capital Financing Costs:** £90 p.a.
Residual Value: N/A	**Category of Asset:** Equipment

PROJECT APPRAISAL FORM

Project Name: **Hound Lodge – Replace Annexe Patio Doors**	**Cost Centre: 0340**	**Ref: 13**

Detailed Description:

Hound Lodge hostel is used to accommodate families who have applied to the Council as homeless and where the Council has a statutory duty to provide suitable temporary accommodation. The accommodation is located on the ground floor with the patio doors providing security to the residents' bedrooms and access to the communal garden.
It is important that the Council undertakes a programme which maintains the fixtures and fittings of the premises when they become defective through wear and tear or accidental damage.
The existing doors are 20+ years old, obsolete and at the end of their useful/serviceable life.

Location: Hound Lodge	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:

Corporate Themes:

- Maintain and enhance our resident's quality of life.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:

- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.
-

Community Outcomes:

The Council fulfils its statutory duties for the provision of suitable temporary accommodation and avoids the need to use B&B accommodation at an additional cost.
Residents of the Borough continue to receive the council services they require.
Residents are provided with temporary accommodation that is in good repair and condition resulting in high standards of customer satisfaction.
Compliance with health and safety legislation as the Council has a duty to ensure the building meets safety and security standards and residents and staff are safe.

Other Options Rejected and Why:

Numerous repairs have been carried out to the patio doors over a number of years at a significant cost to the Council. It is considered to be more cost effect to replace the patio doors as repair and maintenance to the existing patio doors will not resolve the current issues on a permanent basis.
Failure to invest in the building's fixtures and fittings 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:		**Completion Date:**	
Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£35,000		£35,000	

Capital Cost (Breakdown) £:

Works £33,000	**Equipment**	**Other**	**Fees** £2'000

Additional Revenue cost/	**Year 1: 19/20**	**Year 2: 20/21**

(saving) per annum:		
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding	
External:	**Internal:** Capital Receipts

Useful Economic Life (years): 20	**New/Replacement:** Replacement
Depreciation per annum: £1,750	**Capital Financing Costs:** £260 p.a.
Residual Value: N/A	**Category of Asset:** Operational Land & Buildings

PROJECT APPRAISAL FORM

Project Name: Bowls Centre Replacement Furniture	**Cost Centre: 0352**	**Ref: 14**

Detailed Description:
Replacement of dated and end of life furniture in the Bowls Hall. Café tables and chairs, storage cupboards, not including lockers which were new Dec 2016.

Location: The Arena	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:
Corporate Themes:
- Maintaining and enhancing the residents' quality of life

Strategic Tasks:
- 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:
- Residents continue to enjoy quality leisure facilities and ensure furniture in the Bowls Hall is consistent with other areas of the arena.

Other Options Rejected and Why:
Don't replace: Old furniture will continue to deteriorate and may become dangerous
Remove all furniture: Users of the bowls facility will have nowhere to sit during the game which can be 2 hours in duration.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£15,000		£15,000	

Capital Cost (Breakdown) £:

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

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £1,500	**Capital Financing Costs:** £110 p.a.
Residual Value: N/A	**Category of Asset:** Equipment

PROJECT APPRAISAL FORM

Project Name: KLC Refurbish Pitched/Flat Roof Areas	**Cost Centre: 0600**	**Ref: 15**

Detailed Description:
Existing roof coverings are 25+ years old and giving rise to water ingress in a number of areas which are difficult to resolve as a repair. The plan is to resolve these inherent detailing weaknesses, generally refurbish the roof coverings and improve rainwater drainage.

Location: Keyworth Leisure Centre	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:
Corporate Themes:
- Maintaining and enhancing the residents quality of life

Strategic Tasks:
- 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:
- Rushcliffe residents continue to be able to access facilities helping them to maintain healthy and active lifestyles.
- Young people living in the Borough continue to have access to sport enabling them to become healthy, active, confident and engaged within the communities they live in.

Other Options Rejected and Why:
Don't upgrade or don't contribute to the cost. Water ingress problems are becoming more common place and wide spread; the ingress causes damage to internal finishes and affecting repair is increasingly difficult.
Not addressing this issue will result in increased revenue spend on repairs and potential reduction in customer perception/satisfaction due to reduced visual appeal. Also, failing to contribute risks contravening the lease agreement with Nottinghamshire County Council which requires the building to be maintained in a good state of repair.

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

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£220,000		£220,000	

Capital Cost (Breakdown) £:

Works £208,000	**Equipment**	**Other**	**Fees** £12,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:**
Useful Economic Life (years): 20	**New/Replacement:**
Depreciation per annum: N/A	**Capital Financing Costs:** £1,650 p.a
Residual Value: N/A	**Category of Asset:** Revenue Expenditure funded from Capital Under Statute

PROJECT APPRAISAL FORM

Project Name: Play Areas (Special Expense)	**Cost Centre: 0664**	**Ref: 16**

Detailed Description:

The priority projects for 2019/20 will be subject to a condition survey across the council's play area sites. This will include a review of the potential replacement of existing wooden cycle ramps at Boundary Road, West Bridgford.

Location: West Bridgford	**Executive Manager:** Communities

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

- Maintaining and enhancing our residents' quality of life.

Strategic Task:

- Facilitate activities for Children and Young People to enable them to reach their potential.
- Leisure Strategy vision is to provide high quality, cost effective leisure facilities to support Rushcliffe residents to enjoy healthy, active lives

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 – this would result in increased maintenance costs for ageing equipment, reduced appeal of the play areas leading to lower levels of use and be inconsistent with the vision of high quality parks and leisure facilities. A lack of replacement programme would over time lead to an increased health and safety risk.

Start Date: November 2019	**Completion Date:** March 2020

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
	£50,000	£50,000	

Capital Cost (Breakdown) £:50,000 to be determined

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

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20** £0	**Year 2: 20/21** £0
Year 3: 21/22 £0	**Year 4: 22/23** £0	**Year 5: 23/24** £0

Proposed Funding

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

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £3,300	**Capital Financing Costs:** £380 p.a.
Residual Value: Nil	**Category of Asset:** Infrastructure/equipment

PROJECT APPRAISAL FORM

Project Name: **Gresham Pavilion - Upgrade 3G Pitch Lighting**	**Cost Centre: 0324**	**Ref: 17**

Detailed Description:
The existing pitch lighting is 10 years old and the light fittings and control gear are becoming increasingly unreliable and are expense to maintain. It is proposed to replace this equipment with modern LED lighting units which will ensure that required lighting levels/performance are achieved whilst reducing energy consumption.

Location: Gresham	**Executive Manager:** Communities

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

- Maintain and enhance our resident's quality of life.
- Transforming the Council to enable the delivery of high efficient high quality services.

Strategic Tasks:

- Examine the future viability of all Council owned assets including property and equipment.
- Improve efficiency and reliability of service and reduce operating costs.

Community Outcomes:
Upgrade works will enhance the efficiency and reliability of the lighting provision and helping to ensure good customer perception and utilisation.

Other Options Rejected and Why:
Do not upgrade the lighting systems – this would potentially put at risk operational performance of the facility, increase maintenance costs, reduce customer perception/satisfaction and miss an opportunity to reduce year on year revenue running costs.

Start Date:	**Completion Date:**

Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£25,000		£25,000	

Capital Cost (Breakdown) £:

Works	**Equipment** £24,000	**Other**	**Fees** £1,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21** Not quantifiable at this stage, but should see revenue spend on electricity consumption and reactive repair work reduce.
Year 3: 21/22 As 20/21	**Year 4: 22/23** As 20/21	**Year 5: 23/24** As 20/21

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £1,600	**Capital Financing Costs:** £190 p.a.
Residual Value: N/A	**Category of Asset:** Plant/Equipment

PROJECT APPRAISAL FORM

<table>
<tr><td colspan="3">Project Name: RCP Toilet Block Refurbishment and Improvements to Education Building Reception Area</td><td colspan="2">Cost Centre: 0650</td><td colspan="2">Ref: 18</td></tr>
<tr><td colspan="7">Detailed Description:
The Public toilets are located adjacent the main car park and are well used but are in need of refurbishment. Proposal is to replace sanitary ware, fixtures, fittings and finishes to maintain good standard and minimise water and power consumption.
Reception area improvements: to increase usefulness of this open space within the education building, it is proposed that an area is partitioned off to create a small meeting room for use by customers and the park staff.</td></tr>
<tr><td colspan="3">Location: Rushcliffe Country Park</td><td colspan="4">Executive Manager: Communities</td></tr>
<tr><td colspan="7">Contribution to the Council’s aims and objectives:
Corporate Themes:
• Maintaining and enhancing our residents’ quality of life
• Transforming the Council to enable the delivery of efficient high quality services
Strategic Tasks:
• Activate the Leisure Strategy to best provide leisure facilities and activities
• Continue to develop the Council’s Property Portfolio to enhance the Council’s financial position and deliver community outcomes
• Examine the future viability of all Council owned assets including property and equipment.
• Improve efficiency and reliability of service and reduce operating costs.</td></tr>
<tr><td colspan="7">Community Outcomes:
• Property owned by the Council is utilised to its full potential and/or used to help support generation of income for the Council.
• Upgrade works will enhance customer experience and improve efficiency of the facility.</td></tr>
<tr><td colspan="7">Other Options Rejected and Why:
Do not upgrade the toilet facilities – this would result in lower customer experience/perceptions of the facility and miss an opportunity to minimise operational costs.
Do not improve the reception area – this would likely result in lower customer experience/perceptions of the facility and miss an opportunity to add value.</td></tr>
<tr><td colspan="4">Start Date:</td><td colspan="3">Completion Date:</td></tr>
<tr><td colspan="2">Capital Cost (Total) :</td><td colspan="2">Year 1:19/20</td><td colspan="2">Year 2: 20/21</td><td></td></tr>
<tr><td colspan="2">£45,000</td><td colspan="2">£45,000</td><td colspan="2"></td><td></td></tr>
<tr><td colspan="7">Capital Cost (Breakdown) £:</td></tr>
<tr><td>Works £42,000</td><td colspan="3">Equipment</td><td colspan="2">Other</td><td>Fees £3,000</td></tr>
<tr><td colspan="2">Additional Revenue cost/ (saving) per annum:</td><td colspan="3">Year 1: 19/20</td><td colspan="2">Year 2: 20/21</td></tr>
<tr><td colspan="2">Year 3: 21/22</td><td colspan="3">Year 4: 22/23</td><td colspan="2">Year 5: 23/24</td></tr>
<tr><td colspan="7">Proposed Funding</td></tr>
<tr><td colspan="4">External:</td><td colspan="3">Internal: Capital Receipts</td></tr>
<tr><td colspan="4">Useful Economic Life (years): 15</td><td colspan="3">New/Replacement: Replacement</td></tr>
<tr><td colspan="4">Depreciation per annum: £3,000</td><td colspan="3">Capital Financing Costs: £340 p.a.</td></tr>
<tr><td colspan="4">Residual Value: N/A</td><td colspan="3">Category of Asset: Operational Land & Buildings</td></tr>
</table>

PROJECT APPRAISAL FORM

Project Name: RCP Vehicle Access Controls to Site	**Cost Centre: 0652**	**Ref: 19**

Detailed Description:
The main vehicle approach to the park for staff and visitors is off Mere Way. At present insufficient physical measures exist to control access to the site by larger vehicles, vans, and caravans. To address this issue and provide control over unauthorised entry, it is proposed to install new height barriers and gates for security.

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

Contribution to the Council's aims and objectives:
Corporate Themes:
- Maintaining and enhancing our residents' quality of life
- Transforming the Council to enable the delivery of efficient high quality services

Strategic Tasks:
- Activate the Leisure Strategy to best provide leisure facilities and activities
- Continue to develop the Council's Property Portfolio to enhance the Council's financial position and deliver community outcomes

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 the Council Tax as low as possible.

Other Options Rejected and Why:
Doing nothing – this would leave the site/car park vulnerable to unauthorised access by larger vehicles and the associated impact arising from such, including operational difficulties, reduced customer experience/satisfaction and reduction in revenue income.

Start Date:		**Completion Date:**	
Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£15,000	£15,000		

Capital Cost (Breakdown) £:

Works	**Equipment** £14,000	**Other**	**Fees** £1,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement:** Replacements
Depreciation per annum: £1,000	**Capital Financing Costs:** £110 p.a.
Residual Value: N/A	**Category of Asset:** Plant/Equipment

PROJECT APPRAISAL FORM

Project Name: RCP Front Footpath Improvements	**Cost Centre: 0503**	**Ref: 20**

Detailed Description:
The main approach footpath for pedestrians to the Park from Mere Way is block paved and has become uneven over time and soft verges have encroached reducing effective with. The proposal is to replace this section of path with macadam finish to restore ease of use.

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

Contribution to the Council's aims and objectives:
Corporate Themes:
- Maintaining and enhancing our residents' quality of life
- Transforming the Council to enable the delivery of efficient high quality services

Strategic Tasks:
- Activate the Leisure Strategy to best provide leisure facilities and activities
- Continue to develop the Council's Property Portfolio to enhance the Council's financial position and deliver community outcomes

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 the Council Tax as low as possible.

Other Options Rejected and Why:
Doing nothing will result in continuing deterioration of the pathway, increasing the likelihood of pedestrian injury and associated claims for damage. Customer perception/experience of the park facility is also likely to be diminished also.
Effective maintenance and replacement of assets is essential to uphold property values and ensure high levels of occupation/income.

Start Date:		**Completion Date:**	
Capital Cost (Total) :	**Year 1:19/20**	**Year 2: 20/21**	
£15,000		£15,000	
Capital Cost (Breakdown) £:			
Works £14,000	**Equipment**	**Other**	**Fees** £1,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 19/20**	**Year 2: 20/21**
Year 3: 21/22	**Year 4: 22/23**	**Year 5: 23/24**

Proposed Funding	
External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £1,000	**Capital Financing Costs:** £110 p.a.
Residual Value: N/A	**Category of Asset:** Infrastructure

CAPITAL AND INVESTMENT STRATEGY 2019/20 – 2023/24

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 Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in February last year that requires the Council to approve an investment strategy before the start of each financial year.

3. This revised guidance, which is effective for financial years commencing on or after 1 April 2018,focuses on:

   a) MRP and restrictions relating to its calculation
   b) Assets held by the organisation primarily for financial returns, such as investment property portfolios

4. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the MHCLG Guidance.

The Capital Strategy

5. 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)

6. Each year the Council will produce a Capital Programme to be approved by Full Council in March as part of the Council Tax setting.

7. Each scheme is supported by a detailed appraisal, as set out in the Council's Financial Regulations. The capital appraisals will address the following:
   a) A detailed description of the project;
   b) How the project contributes to the Council's aims and objectives;
   c) Anticipated outcomes;
   d) A consideration of alternative solutions;
   e) An estimate of the capital costs and sources of funding;

f) An estimate of the revenue implications, including any savings and/or future income generation potential;

g) 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 and if commercial negotiations are due to take place and further reporting to Cabinet or Full Council is therefore required.

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

Capital Prudential Indicators

a) Capital Expenditure Estimates

9. 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.

Table1: Projected Capital Expenditure and Financing

	2018/19 Estimate £'000	**2018/19 Revised £'000**	**2019/20 Estimate £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimat e £'000**
Capital Expenditure	11,906	16,258	16,506	19,829	7,874	1,574	1,967
Less Financed by:							
Capital Receipts	5,995	9,789	4,414	12,004	5,506	947	1,340
Capital Grants/ Contributions	1,009	2,845	2,439	2,532	1,577	577	577
Reserves	370	600	50	70	50	50	50
Underlying need to Borrow	**4,532**	**3,024**	**9,603**	**5,223**	**741**	**-**	**-**

10. 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 changes to New Homes Bonus.

b) The Council's Underlying Need to Borrow and Investment position

11. The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow for capital expenditure. This underlying need to borrow will increase the CFR (i.e. the use of internal borrowing, which reduces our investment balance). This increase is offset by MRP raised through Council Tax, as a result of financing requirements in relation to the Arena development, and in later years Bingham Leisure Hub.

12. The Council also holds usable reserves and working capital which represent the underlying resources available for investment. The Council's current strategy is to use these resources to avoid borrowing, sometimes known as internal borrowing.

13. The table below summarises the overall position with regard to borrowing and available investments:

Table 2: CFR and Investment Resources

	2018/19 Estimate £'000	2019/20 Forecast £'000	2020/21 Forecast £'000	2021/22 Forecast £'000	2022/23 Forecast £'000	2023/24 Forecast £'000
Opening CFR	9,300	11,324	19,927	24,150	23,817	22,508
CFR in year	3,024	9,603	5,223	741	-	-
Less: MRP etc.	(1,000)	(1,000)	(1,000)	(1,074)	(1,309)	(1,309)
Closing CFR	**11,324**	**19,927**	**24,150**	**23,817**	**22,508**	**21,199**
Less: External Borrowing	-	-5,000	-9,793	-9,586	-9,171	-8,756
Internal Borrowing	11,324	14,927	14,357	14,231	13,337	12,443
Less:						
Usable Reserves	-16,830	-15,421	-16,114	-16,805	-18,970	-20,555
Working Capital	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000
Available for Investment(-)	-17,506	-12,494	-13,757	-14,574	-17,633	-20,112

14. The Council is currently debt free although there is an underlying assumption in the capital expenditure plans that the Council may need to externally borrow £5 million in both 2019-20 and 2020-21. Available resources (Usable reserves and working capital) are forecast to fall initially, as usable reserves are used to finance both capital and revenue expenditure over time.

15. The total amount borrowed will not exceed the authorised borrowing limit of £25m. The maximum period between borrowing and expenditure is expected to be 2 years, although the Authority is not required to link particular loans with particular items of expenditure.

16. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Authority expects to comply with this recommendation.

Minimum Revenue Provision Policy

17. Revised 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 27-33). A variety of options are provided to Councils, so long as there is prudent provision. The Council has chosen the Asset Life Method (Option 3 within the Guidance) with the following recommended MRP Statement:

- *MRP will be based on the estimated life of the assets, in accordance with Option 3 of the regulations. Estimated life periods within this limit will be determined under delegated powers, subject to any statutory override. (DCLG revised guidance states maximum asset lives of 40 and 50 years for property and land respectively)*

  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.

Treasury Management Strategy 2019/20 to 2023/24

18. 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.

    The code also covers non-cash investments which is covered at paragraph 62 below.

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.

20. This Strategy Statement includes those indicators that relate to the treasury management functions and help ensure that the Council's capital investment plans are affordable, prudent and sustainable, while giving priority to the security and liquidity of those investments.

The Current Economic Climate and Prospects for Interest Rates.

21. The major external influence on the Authority's treasury management strategy for 2019/20 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy remains relatively robust, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years.

22. Economic growth is projected to remain modest at 1.4% in 2018 and 1.3% in 2019, owing to high uncertainties about the outcome of Brexit negotiations. There is little slack in the economy following years of strong growth, and unemployment is projected to remain below 5%.

23. The Bank of England base rate informs the rates than can be obtained on investments. On 2nd August 2018 the Monetary Policy Committee increased the Bank rate by 0.25% to 0.75%. Arlingclose (the Council's Treasury Management advisors) expect the Bank rate to increase to 1.25% over the coming year, but point out that negotiations on exiting the EU continues to cast a shadow over monetary policy decisions.

24. The table below shows the assumed average interest (which reflects a prudent approach) that will be made over the next five years for budget setting purposes.

Table 3: Budgetary Impact of Assumed Interest Rate Going Forward

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Anticipated Interest Rate (%)	0.75	0.75	1.00	1.00	1.25
Expected interest from investments (£)	201,300	186,700	213,800	232,400	292,200
Other interest (£)	83,700	80,000	77,000	74,000	71,000
Total Interest (£)	**285,000**	**266,700**	**290,800**	**306,400**	**363,200**

25. 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.

26. The Council has managed bail-in risk by both reducing the amount that can be invested with each institution to £5 million and by investment diversification. 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.

Borrowing Strategy 2019/20 to 2023/24

Prudential Indicators for External Debt

27. Table 2 above identifies that the Council may need to externally borrow over the MTFS if it is not possible to internally borrow. This would result in borrowing costs. Possible levels of external borrowing are reflected in the figures.

28. 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
- UK public and private sector pension funds
- Commercial banks
- Building Societies in the UK
- Money markets
- Leasing
- Capital market bond investors
- Special purpose companies created to enable local authority bond issue

a) Authorised Limit for External Debt

29. 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.

Table 4: The Authorised Limit

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Authorised Limit	25,000	25,000	25,000	25,000	25,000	25,000

b) Operational Boundary for External Debt

30. 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 Operational Limit has been set at £20,000 as the Council is expected to borrow over the period of the MTFS.

Table 5: The Operational Boundary

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Operational Boundary	0	20,000	20,000	20,000	20,000	20,000

Prudential Indicators for Affordability

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

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

32. 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, the Asset Investment Strategy and our other capital commitments; as will the Councils net budget.

Table 6: Proportion of Financing Costs to Net Revenue Stream

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
General Fund	6.89%	6.88%	8.52%	9.83%	11.35%	11.00%

<u>Investment Strategy 2018/19 to 2022/23</u>

33. The movement in investments per Table 2 above are as follows:

<u>Table 7: Investment Projections</u>

£'000	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investments at 31 March	17,506	12,494	13,757	14,574	17,633	20,112

34. 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. Accordingly, the Council ensures that robust due diligence procedures cover all external investment.

35. The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole of the Council's inflation exposures.

36. The Council will invest its surplus funds with approved counterparties. Where appropriate, the Council is registered as a professional client (under "MIFID II") with the counterparty limits shown below in Table 8 and counterparties included at Appendix A:

Table 8: Counterparty Details

Credit Rating	Banks* Unsecured	Banks* Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 Years	n/a	n/a
AAA	£3.0m 5 years	£5.0m 20 years	£5.0m 50 years	£3.0m 20 years	£3.0m 20 years
AA+	£3.0m 5 years	£5.0m 10 years	£5.0m 25 years	£3.0m 10 years	£3.0m 10 years
AA	£3.0m 4 years	£5.0m 5 years	£5.0m 15 years	£3.0m 5 years	£3.0m 10 years
AA-	£3.0m 3 years	£5.0m 4 years	£5.0m 10 years	£3.0m 4 years	£3.0m 10 years
A+	£3.0m 2 years	£5.0m 3 years	£5.0m 5 years	£3.0m 3 years	£3.0m 5 years
A	£3.0m 13 months	£5.0m 2 years	£5.0m 5 years	£3.0m 2 years	£3.0m 5 years
A-	£3.0m 6 months	£5.0m 13 months	£5.0m 5 years	£3.0m 2 years	£3.0m 5 years
None	£1.0m 6 months	n/a	£5.0m 25 years	£3.0m 5 years	£3.0m 5 years
Pooled Funds**	£5m per fund				

*Banks includes Banks and Building Societies.

**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.

**Pooled funds includes monies in the CCLA Property Fund which 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, subject to cash flow requirements.

37. 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.

38. Changes to any of the above can be authorised by the Section 151 Officer or the Financial Services Manager 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.

39. The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2,000,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

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

41. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
    - no new investments will be made,
    - any existing investments that can be recalled or sold at no cost will be, and
    - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

42. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Credit Risk

43. 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. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are

substantial doubts about its credit quality, even though it may meet the credit rating criteria.

44. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Current investments

45. The Council uses its own processes to monitor cashflow and determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

46. 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

47. 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"

48. The Council now defines "high credit quality" organisations as those having a credit rating of A-and above.

Non-specified investments

49. 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. Limits on non-specified investments are shown in the following table:

Table 9: Non-specified Investment Limits

	Cash Limit
Total long-term investments	£15m
Total investments without credit ratings or rated below A- (except UK Government and local authorities)	£3m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£3m
Total non-specified investments	£15m

Investment Limits

50. The Authority's revenue reserves available to cover investment losses in a worst case scenario are forecast to be £12.6 million on 31st March 2020. In order that no more than 40% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5.0 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 10: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£7.5m per manager
Negotiable instruments held in a broker's nominee account	£7.5m per broker
Foreign countries	£3m per country
Registered providers	£7.5m in total
Unsecured investments with any building society	£3m in total
Loans across unrated corporates	£5m in total

Money Market Funds	£25m in total

Treasury Management limits on activity

51. The Council measures and manages its exposures to treasury management risks using the following indicators.

a) Interest Rate Exposures

52. This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net interest payable will be:

Table 11: Interest Rate Exposure

	2019/20	2020/21	2021/22	2022/23	2023/24
Upper Limit on fixed interest rate exposure	50%	50%	50%	50%	50%
Upper Limit on variable interest rate exposure	100%	100%	100%	100%	100%

53. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Principal Sums Invested over 1 year

54. 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. The limits on the long term principle sum invested to final maturities beyond the period end are set at 50% of the sum available for investment (to the nearest £100k), as follows:

Table 12: Principal Sums Invested over 1 year

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Limit on Principal invested beyond year end	11,800	6,800	5,100	5,600	7,400	8,800

Policy on the use of financial derivatives

55. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in

Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

56. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

57. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

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. In general, members training needs are reported through the Member Development Group, however, the Council will also specifically 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;

With regards to officers:

- Attendance at training events, seminars and workshops; and

- Support from the Council's treasury management advisors.

Other Options Considered

61. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Executive Manager – Finance and Corporate Services, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	**Impact on income and expenditure**	**Impact on risk management**
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller

Commercial Investments

62. The definition of investments in CIPFA's definition of treasury management activities above (paragraph 18) covers all financial assets of the organisation as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework, which is outlined below.

63. 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. The Council is holding significant capital funding resources although going forward it may need to undertake borrowing. Current resources are invested with various financial institutions in line with the Treasury Management Strategy. However, other investments represent an opportunity to generate higher returns on these funds.

64. In recent years the Council identified specific sums for its Asset Investment Strategy (AIS) within the Capital Programme which has totalled £20m and includes commercial investment in areas such as investment in property and subsidiaries, or loans that support service outcomes.

65. The Council will maintain a summary of current material investments, subsidiaries, joint ventures and liabilities, including financial guarantees and the organisation's risk exposure. The current summary is included at Appendix B.

66. Individual commercial investment proposals included within the Asset Investment Strategy are subject to specific business appraisals. The governance surrounding such decisions is included in the AIS. As well as considering the Net Present Value, Internal Rate of Return and impact on the General Fund of any commercial investment proposals, the decision to invest also takes into account the following assessment matrix:

ASSESSMENT CRITERIA	Excellent / very good	Good	Satisfactory	Marginal	Uncertain
Tenancy strength	Multiple tenants with strong financial covenant	Single tenant with strong financial covenant	Single or multiple tenants with good financial covenant	Tenants with average financial covenant	Tenants with poor financial covenant strength
Lease length and break (for main tenants/income)	>15 years	11 - 15 years	10 - 8 years (10 year lease)	7 - 5 years (5 year break)	<5 years or vacant (break Dec 2021 &
Rate of Return - % rent against capital	>8%	7%-8%	5%-7%	3%-5%	<3%
Portfolio mix (asset type is balanced in portfolio - no more than x% of	<50%	50%-60%	>60%-70%	70%-80%	>80% of portfolio
Property Sector & Risk	Industrial (lower risk)	Office (lower-mid risk)	Warehouse Retail (med risk)	Retail, Leisure (higher risk)	Residential (not part of investment strategy)
Void (after Lease end including marketing, fit out and rent free)	0-9 months	9-12 months	12-18 months	18-24 months	>24 months
Location	Prime	Not prime but in established location	Secondary	Remote from other developments	Isolated, undeveloped area, limited infrastructure links
Tenure	Freehold	Lease >200 years	Lease 100 - 199 years	Lease 75 - 99 years	Lease <75 years
Repairing terms links to Building quality	Full repairing & insuring	Interal repairing 100% recoverable	Internal repairing partially recoverable	Internal repairing non recoverable	Landlord
Building Quality/Age	<10 years	10-20 years	21-30	31-35	>35
Rental Growth	within 1 year	within 2-5 years	within 5-7 years	within 7-10 years	>10 years
Purchase Price	<£2m	Between £2m and £3m	Between £3m and £4m	Between £4m and £7m	>£7m
Proximity to Borough	within Borough	within Nottinghamshire	within East Midlands	within the Midlands	National
Energy Rating (2018 legislation can't let with F/G assessment)	A/B	C	D	E	F/G

67. To be considered for investment 50% of the criteria above must be excellent, good or satisfactory.

68. The matrix above is supplemented by additional contextual information covering resale opportunities (liquidity), location, risks, benefits and economic conditions.

69. The Government has issued revised guidance on Local Government Investments, effective from April 2018. This guidance introduces additional disclosure requirements some of which are specific to investments of a commercial nature. These disclosures and indicators cover items included in the Council's Asset Investment Strategy, as well as pre-existing commercial investments and are detailed below:

a. **Dependence on commercial income and contribution non-core investments make towards core functions**

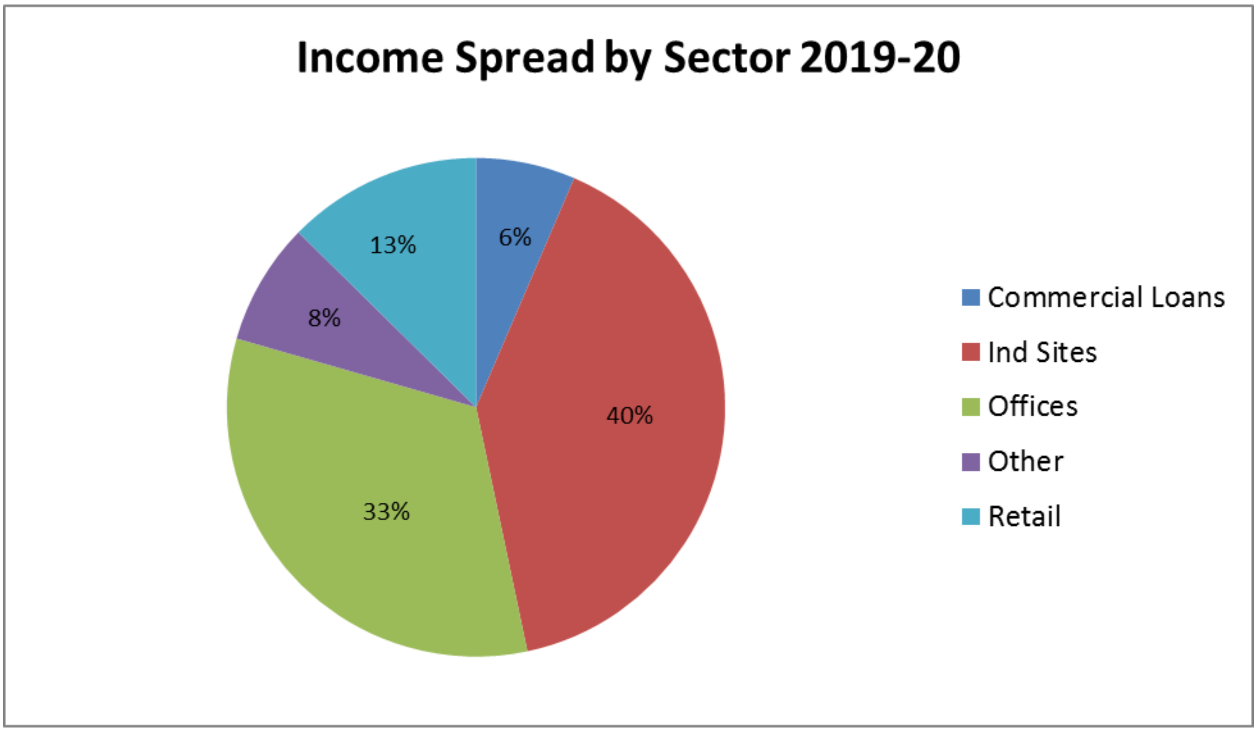
70. The expected contributions from commercial investments included in the Asset Investment Strategy are shown in Table 13. In order to manage the risk to the Council's budget, income from commercial investments should not be a significant proportion of the Council's income. Our objective is that this ratio should not exceed 30%, subject to annual review (as demonstrated below).

Table 13: Commercial Investment income and costs

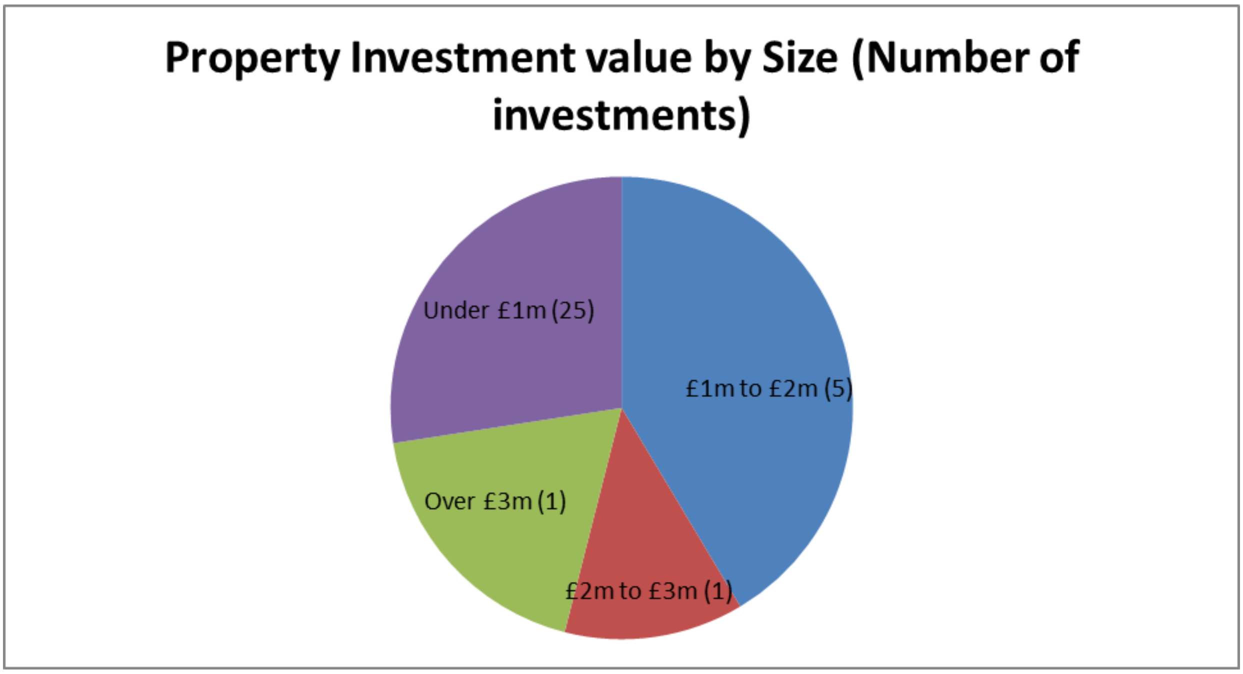
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Commercial Property Income	(1,481)	(1,758)	(2,303)	(2,410)	(2,451)
Running Costs	341	321	321	321	321
Net Contribution to core functions	(1,140)	(1,437)	(1,982)	(2,089)	(2,130)
Interest from Commercial Loans	(84)	(80)	(77)	(74)	(71)
Total Contribution	(1,224)	(1,517)	(2,059)	(2,163)	(2,201)
Sensitivity:					
+/- 10% Commercial Property Income	148	176	230	241	245
Indicator:					
Investment Income as a % of total Council Income	20.4%	23.4%	28.4%	29.3%	29.5%

b) Risk Exposure Indicators

71. The Council can minimise its exposure to risk by spreading investments across sectors and by avoiding single large scale investments. Generally there is a spread of investment across sectors. The Council’s commitment to economic regeneration (not purely financial return) has meant that many of its investments have been in industrial units, which have been very successful.



c) Security and Liquidity



72. Commercial investments are held for longer term asset appreciation as well as yield. Investments or sales decisions will normally be planned as part of the consideration of the 5 year capital strategy to maximise the potential return. Nevertheless, the local and national markets are monitored to ensure any gains are maximised or losses minimised.

73. To help ensure asset values are maintained the assets are given quarterly inspections, together with a condition survey every 3 years. Any works required to maintain the value of the property will then form part of Council's spending plans.

74. The liquidity of the assets is also dependent on the condition of the property, the strength of the tenants and the remaining lease lengths. The Council keeps these items under review with a view to maximising the potential liquidity and value of the property wherever possible.

75. The liquidity considerations for commercial investments are intrinsically linked to the level of cash and short term investments, which help manage and mitigate the Council's liquidity risk.

Appendix A

Counterparty Registrations under MIFID II

The Council is registered with the following regulated financials services organisations who may arrange investments with other counterparties with whom they have themselves registered:

- BGC Brokers LP
- Royal London Asset Management
- Tradition Uk Ltd
- King & Shaxson
- Aberdeen Asset Management
- Aviva
- Institutional Cash Distributors Ltd
- Federated Investors (UK) LLP
- NEX Treasury
- Invesco Asset Management Ltd
- CCLA
- Goldman Sachs Asset Management
- Black Rock
- HSBC Asset Management

Appendix B

Existing Material Investments

	Book Value £000
The Point Office Accommodation	3.200
Colliers Business Park Phase 2	1.200
Bridgford Hall Aparthotel and Registry Office	1.300
Hollygate Lane, Cotgrave Industrial Units	2.421
Bardon Single Industrial Unit	1.800
Bingham Land off Chapel Lane	1.593
New Offices Cotgrave	1.080
Cotgrave Precinct	1.080
Trent Boulevard	1.445
Finch Close	0.925
TOTAL INVESTMENT PROPERTY*	**16.044**
Notts County Cricket Club Loan	2.700
TOTAL	**18.744**

Appendix 6

Use of Earmarked Reserves in 2019/20	**Projected Opening Balance**	**Projected Income**	**Projected Expenditure**	**Net Change in Year**	**REF**	**Projected Closing Balance**
Investment Reserves	**£'000**	**£'000**	**£'000**	**£'000**		**£'000**
Regeneration and Community Projects	(1,352)	(132)	50	(82)	1	(1,434)
Sinking Fund – Investments	(115)	(54)	0	(54)	2	(169)
Council Assets and Service Delivery	(274)	0	0	0		(274)
Local Area Agreement	(122)	0	0	0		(122)
New Homes Bonus (NHB)	(6,501)	(1,621)	1,020	(601)	3	(7,102)
Invest to Save	(150)	0	0	0		(150)
Corporate Reserves	0	0	0	0		0
Organisation Stabilisation	(2,685)	(48)	125	77	4	(2,608)
Risk and Insurance	(100)	0	0	0		(100)
Planning Appeals	(350)	0	0	0		(350)
Elections	(203)	0	152	152	5	(51)
Operating Reserves	0	0	0	0		0
Planning	(106)	0	0	0		(106)
Leisure Centre Maintenance	(116)	0	0	0		(116)
Planned Maintenance	(100)	0	0	0		(100)
	(12,174)	(1,855)	1,347	(508)		(12,682)

Notes

1. Net £82k to replenish the reserve from Special Expenses Annuity Charges
2. £54k from Investment Property income to support future capital expenditure on Investment properties
3. £1.621m Receipts; £1m release for Arena MRP; £20k release for Members' Community Support Grants

4 £48k Housing Grant for future use; £110k release for Positive Futures Grant; £15k release for Tree Protection

5 £152k to cover additional election expenditure in year.

Appendix 7

Rushcliffe Borough Council
Pay Policy Statement 2019-20

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 259 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 [1]
- Service Manager – Finance and Commercial
- Service Manager – Transformation
- Service Manager – Neighbourhoods
- Service Manager – Communities
- Lead Specialist – Communities [2]

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 259 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 £15,915 The Council currently pays £8.25 per hour for its lowest paid employees; this is above the Governments National Living Wage which is currently £7.83 per hour for employees aged 25 or over and exceeds the National minimum wage maximum of £7.38 for employees aged 21-24.

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.

1. The Chief Information Officer is a shared post and the cost is divided between Broxtowe Borough Council and Newark and Sherwood District Council and Rushcliffe Borough Council. The current post holder has been on Secondment for the 12 months covered by this Pay Policy Statement and his costs have been covered by the Host Authority. The role was covered by an Interim CIO on a lower salary whose costs were covered by the three Councils.

2. This role is usually below the threshold for reporting but has been involved in special projects that mean his salary has been increased to reflect the extra responsibility.

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.

Additional Payments Made to Chief Officers – Election Duties

7.1 The Chief Executive is nominated as the Returning Officer. 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 Returning Officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

7.2 The role of Deputy Returning Officer may be applied to any other post and payment may not be made simply because of this designation. Payments to the Returning Officer are governed as follows:

- for national elections, fees are prescribed by legislation;

- for local elections, fees are determined within a local framework used by other district councils within the county. This framework is applied consistently and is reviewed periodically by lead Electoral Services Officers within Nottinghamshire. This includes proposals on fees for all staff employed in connection with elections. These fees are available for perusal on the Council's website.

7.3 As these fees are related to performance and delivery of specific elections duties, they are distinct from the process for the determination of pay for Senior Officers

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 Strategic Human Resources Manager.

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 best possible terms to secure the best candidate for the job. However, there are factors that could influence the rate offered to an individual, including the relevant experience of the candidate, their current rate of pay and market forces.

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

Terms and Conditions – All Employees

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

Local Government Pension Scheme

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

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

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

Car Allowances

The Council pays mileage rates at 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.

Gender Pay gap reporting

The Council publishes its Gender Pay Gap information annually on the Council's website.