

RUSHCLIFFE BOROUGH COUNCIL

**BUDGET SETTING REPORT
AND ASSOCIATED FINANCIAL STRATEGIES
2020/21-2024/25**

Contents

1. INTRODUCTION AND EXECUTIVE SUMMARY
2. BUDGET ASSUMPTIONS
3. FINANCIAL RESOURCES
4. 2020/21 SPENDING PLANS
5. BUDGET REQUIREMENT
6. RESERVES
7. THE TRANSFORMATION STRATEGY AND EFFICIENCY PLAN
8. RISK AND SENSITIVITY
9. CAPITAL PROGRAMME
10. TREASURY MANAGEMENT
11. OPTIONS

APPENDICES:

1. SPECIAL EXPENSES
2. REVENUE BUDGET SERVICE SUMMARY
3. TRANSFORMATION STRATEGY AND EFFICIENCY PLAN 2020/21 – 2024/25
4. CAPITAL PROGRAMME 2020/21 (INCLUDING APPRAISALS)
5. CAPITAL AND INVESTMENT STRATEGY 2020/21 – 2024/25
6. USE OF EARMARKED RESERVES 2020/21
7. PAY POLICY STATEMENT 2020/21

1. INTRODUCTION AND EXECUTIVE SUMMARY

1.1 Introduction

This time last year we reported on the significant uncertainty with regards to the Council's funding streams linked to both Business Rates Retention and the Fairer Funding reviews which we anticipated being resolved for this budget. The advent of the late General Election has meant that these reviews have been delayed, in essence the Council is in the same position as it was last year. Significant uncertainty prevails and we only have a one year financial settlement moving away from the previous four year settlement. Nonetheless this budget strategy does meet both national and local challenges head-on with key issues detailed below.

The Council in the last 12 months has a new Corporate Strategy and this budget over the next five years resources the Strategy to ensure it meets its corporate objectives. The 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.

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, economic development and environmental priorities in a volatile climate. A combination of prudent investment and financial management means the Council has a balanced budget for 2020/21 from what was a projected £0.56m 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 along with the completion of the Fairer Funding review. As already mentioned this has now been deferred. There is therefore 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 Council is working with both public and private sector partners with regards to the viability of the Development Corporation, which provides great opportunity for Economic Development in the Borough. With this in mind, it is proposed a £0.1m Development Corporation Reserve is created (funded from anticipated 2019/20 budget efficiencies) that is available to support this project. The Council 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 as the Development Corporation comes to fruition that 'no detriment' applies with regards to business rates generation at the Ratcliffe-on-Soar power station site in the future.

The future of New Homes Bonus (NHB) still remains in doubt with government consultation on its future expected in 2020. We will continue to press our case with the government that NHB either if it remains or if it is replaced delivers the required funding for Rushcliffe. 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). Despite the negative changes to the formula for NHB allocation the Council's success in delivering housing growth in the Borough means in the short term the bonus has increased from £1.6m (2019/20) to £2.3m (2020/21). In the medium term we anticipate NHB to reduce and by 2023/24 there will be no NHB. It remains to be seen if there will be a replacement scheme and the level of benefit that Rushcliffe may realise. This does create a risk in the future for the Council beyond the life of this strategy given it helps fund the cost of capital (asset acquisition or replacement). The Strategy in the future will focus on creating sufficient budget headroom to meet such liabilities.

Positively, the Council in 2020/21 is forecasting an increase in Business Rates to £3.99m but thereafter anticipating the funding to be reduced, as the Business Rates system changes, which does create a budget pressure from 2021/22. Business Rates growth is reflective of the Council's commitment to enable and encourage growth.

The Council recognises pressures on the retail sector and has not increased car parking charges for 3 years. Whilst it was originally planned to increase charges in 2020/21 this will not help the retail sector at a difficult time, and therefore no increase is proposed in 2020/21.

The Council has also not increased garden waste collection charges for 3 years. Given inflationary increases over this period and anticipated budget pressures going forward, for example with the potential for lower carbon emission vehicle acquisition and rising fuel costs; it is proposed to increase both the charges of both first and subsequent bins by £5 each (ie with a respective charge of £40 and £25). This means the cost is less than £0.80 per week for one bin, and we believe this remains an excellent service for Rushcliffe residents. The charge will not be increased for a further 3 years and 'future proofs' service delivery.

In developing the Council's budget proposals for 2020/21, it continues to manage inflationary pressures on its operational costs (including pay, contractual and utilities inflation) and pressures on some areas of income collection. The Council is committed to supporting the younger generation and has therefore included in the budget is growth of £0.11m for Positive Futures rather than using reserves to support this programme. Reserves are not a sustainable means of funding. Our commitment to our most

vulnerable customers are reflected in the desire to maintain a customer contact centre in West Bridgford and there are additional costs associated with this (£0.05m).

The Council continues to invest significant capital within the Borough particularly with regards to the Bingham Leisure Hub and a crematorium. Whilst the capital programme will be substantial over the next five years (£34.3m) it demonstrates the Borough's commitment in particular to economic growth, meeting challenging housing targets and improving both leisure facilities and the environment. These two projects are the main components of the Council's Transformation Programme going forward. Importantly resources have to be sufficient to deliver core services, there is therefore capital required to ensure our property portfolio is properly maintained, we invest in both IT and vehicles to continue to modernise services. 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 over the last 2 years we have increased Council Tax for long-term empty properties. The aim is to support the Council's Empty Homes Strategy with the objective of ensuring housing properties are brought into use as quickly as possible. This year our focus is on properties empty for less than 12 months. Uninhabitable properties currently receive 50% council tax discount for one year and unfurnished properties receive 50% discount for 6 months. In order to focus on getting properties into use, the Council proposes to totally remove the allowance for uninhabitable properties and reduce the discounts given to unfurnished properties to 28 days with a full council tax exemption.

The level of Council reserves are crucial to manage risk (both downside as well as opportunities arising) and ensure the council remains resilient against a backdrop of significant financial uncertainty. 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 be around £5.9m by 2024/25 slightly higher than the anticipated position for 2019/20 (£5.47m). Over the life of the Strategy there is a net deficit position of £0.657m which will be balanced by a combination of identified in-year budget efficiencies (over the life of the strategy) or transfers from the Organisation Stabilisation Reserve (this is part of the purpose for this reserve, to 'smooth' budget fluctuation and resulting deficits).

One significant challenge remains improving the environment and reducing carbon emissions. This is likely to require both revenue and capital commitment. It is proposed that £1m is transferred from the Organisation Stabilisation Reserve to a new Climate Change Action Reserve. The use of this reserve will be reported through normal financial and reporting processes including Cabinet, the Corporate Overview Group and actions arising from the Climate Change scrutiny review (Communities Scrutiny Group).

In line with the Government's referendum principles, the budget for 2020/21 proposes an increase in Council Tax of 3.59% to £142.74 (the Council has the option of increasing Council Tax by up to £5, or 2%, 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 sufficient 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 and the other financial pressures stated above.

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. This budget is designed to ensure we maintain high quality services for all generations and particularly protect future generations, a budget that is both financially and environmentally sustainable.

1.2 **Executive Summary**

This report outlines the Council's Medium Term Financial Strategy (MTFS) through to 2024/25 including the revenue and capital budgets, supported by a number of key associated financial policies alongside details of changes to fees and charges. Some of the key figures are as follows:

	2019/20	2020/21
RBC Precept	£5,950k	£6,279k
Council Tax Band D	£137.79	£142.74
Council Tax Increase	3.73%	3.59%
Retained Business Rates	£3,767k	£3,984k
New Homes Bonus	£1,621k	£2,311k
Reserves (at 31 March)	£12,682k	£14,510k
Capital Programme	£16,506k	£18,936k

Special Expenses	2019/20	2020/21
Total Special Expense Precept	£696k	£712k
West Bridgford	£48.51	£48.51
Keyworth	£1.60	£3.76
Ruddington	£3.37	£4.12

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	2024/25
Budgeted inflation	a	0%	0%	0%	0%	0%	0
Pay costs increase		2%	2%	2%	2%	2%	2%
Employer's pension contribution rate	b	14.6%	17.6%	17.6%	17.6%	17.6%	17.6%
Return on cash investments	c	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
Tax base increase	d	1.33%	1.87%	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 2020/21 budget. Adjustments are made for contract inflation and areas of higher risk such as utilities.
- b) The Council has received the 2019 triennial valuation of the pension fund which has identified that whilst the employers contribution has risen from 14.6% to 17.6%, the deficit for the period 2020/21 to 2022/23 has reduced. The Council will pre-pay the deficit (£2.819m) as it did in 2017/18 achieving a further saving of £137k equivalent to 4.63%. The overall impact of the triennial valuation and the prepayment is a net saving of £73k (1.15%) against the original budget.
- 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 The proposals for Local Government funding have now been delayed by a further year to 2021/22 providing the Council with certainty over funding for one year only. The Government has restated its commitment to a review of the business rates system beginning in 2021. Beyond 2020/21 there is uncertainty pending the outcome of this review in addition to the Spending Review 2020, the Fair Funding Review and any reform of the New Homes Bonus scheme.
- 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. The Government's proposals for 75% retention by 2020 and a new funding system by 2020/21 have now been postponed due to delays in exiting the European Union and the General Election in December 2019. The Council has taken a prudent approach assuming no change to the current system in 2020/21 and allowing for changes to the Business Rates system from 2021/22 with a 2% increase per annum thereafter.

In addition to the proposed changes to the Business Rates system the Council is also at risk from the closure of Ratcliffe-on-Soar power station which is expected to cease production in 2025. The power station makes up a significant proportion of the tax base at 22% (£6.5m) with the Council's exposure at £1.3m. The power station closure is anticipated from 2025/26 and the impact of this will be modelled when there is greater certainty over the business rates system, likely to be next year when 2025/26 is part of the MTFS.

In December 2019 the Government announced an increase to the retail discount relief (from 33% to 50%) and that this would be extended to include cinemas and music venues with further extensions to public houses and local newspapers planned. It is expected that the lost business rates income from these new / higher reliefs announced will be, as per previous changes, offset by increased s31 grant payments (specific grant from central government). Since 2018/19 increases to Business Rates have been indexed to CPI instead of the higher RPI with the loss of income compensated for by S31 grant. RPI based compensation was expected to cease however for 2020/21 the multiplier allows for historic and current year RPI which is positive for the Council. Currently 1,287 business properties receive small business rate relief (1,246 in 2018/19).

The 2020/21 Business Rates forecast is based on the level of baseline funding assumed for 2020/21 along with the additional grant for policy changes. There is a slight increase in the forecast rates due to an expected surplus in the collection fund for 2019/20 plus a small anticipated redistribution of surplus from Government. 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 as mentioned above and risks regarding outstanding appeals still remain. The changes that the Government is making (now delayed to 2021/22) regarding resetting the system means that the amount of Business Rates the Council can retain after 2021/22 is assumed to change significantly. The Organisational Stabilisation Reserve helps mitigate against risks including Business Rates uncertainty.

The impact in 2020/21 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 2021/22 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	2024/25
Retained Business Rates	3,767	3,984	3,058	3,120	3,182	3,246
Increase/ (reduction)	777	217	(926)	62	62	64
Increase/ (reduction)	26%	6%	(23%)	2%	2%	2%
Forecast Business Rates (Surplus)/deficit and central pool surplus	200	(542)	0	0	0	0

Sensitivity Analysis

The uncertainty surrounding Business Rates from 2021/22 gives a range of scenarios. From a best case of the Council continuing to benefit from existing growth to a worst case of a 'full reset' removing Business Rates growth. The amount we can budget for in 2021/22 ranges from £3.05m to £4.4m. The impact of a significant Business Rates appeal can push the Council into the 'Safety Net' position of £2.2m, this is considered highly unlikely.

3.4 Council Tax

The Council no longer receives any Revenue Support Grant and is anticipating other income streams such as New Homes Bonus to reduce to zero by 2023/24. The Government has assumed in future funding projections that Councils will take up the offer of increasing their Council Tax by the higher of 2% 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 (3.59%) and thereafter £4.95 each year for the duration of this MTFS. Setting Council Tax at a 2% increase rather than £4.95 would reduce Council Tax income by £96,500 in 2020/21. A Council Tax freeze would result in a reduction of £217,700.

The 2020/21 tax base has been set at 43,987.7 (an increase of 1.87%) and this has been based upon the current council tax base and anticipated growth in 2020/21. Thereafter we have assumed a 2% increase per annum. This will be reviewed as the Council looks to deliver its housing growth targets.

In order to tackle the issue of empty homes in the borough, last year Full Council agreed to increase Long Term Empty Homes premiums in line with legislation (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).

Reducing Empty Homes in the Borough remains a key objective for the Council. Uninhabitable properties currently receive 50% council tax discount for one year and unfurnished receive 50% discount for 6 months. In order to focus on getting properties into use, it is proposed that the Council removes the allowance for uninhabitable properties and reduces the discounts given to unfurnished properties to 28 days full exemption.

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

Table 3. Council Tax

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Council Tax Base (a)	43,178.5	43,987.7	44,867.4	45,764.8	46,680.1	47,613.7
Council Tax £:p (b)	£137.79	£142.74	£147.69	£152.64	£157.59	162.54
£ Annual Increase	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95
% increase	3.73%	3.59%	3.47%	3.35%	3.24%	3.14%
Gross Council Tax collected (a x b)	£5,949,566	£6,278,801	£6,626,471	£6,985,536	£7,356,313	£7,739,127
Increase in Precept	£289,241	£329,236	£347,670	£359,065	£370,777	£382,814
Council Tax (Surplus)/Deficit	100,900	97,500	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 2019/20, 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 increased in Ruddington and Keyworth due to an increase in maintenance costs for the cemeteries in both parishes. The Band D amount for Keyworth has increased by £2.16 (135%) and Ruddington £0.75 (22.26%). Whilst the expenditure in West Bridgford has also increased, so too has the tax base which has resulted in the Band D charge remaining the same as in 2019/20.

Cabinet has approved (January 2020) the creation of the Special Expenses and Community Infrastructure Levy (CIL) Advisory Group to improve the governance surrounding CIL and Special Expenses. This is to be ratified by Full Council when the Constitution is updated and in the meantime will meet informally.

Table 4 Special Expenses

	2019/20		2020/21		
	Cost	Band D	Cost	Band D	Band D
	£	£	£	£	% change
West Bridgford	683,000	48.51	690,500	48.51	0
Keyworth	4,200	1.60	10,100	3.76	135
Ruddington	9,100	3.37	11,300	4.12	22.26
Total	696,300		711,900		

3.6 Revenue Support Grant (RSG)

The Council no longer receives any RSG and this equates to £3.25m in lost income. The Council has mitigated the impact of this loss largely through its Transformation Strategy and Efficiency plan.

3.7 New Homes Bonus

The New Homes Bonus (NHB) scheme gives clear incentive to local authorities to encourage housing growth in their areas (allocations are un-ringfenced) and from 2018/19 this reduced to 4 year payments with a 'deadweight' figure of 0.4% of housing growth (in other words you have to achieve 0.4% of housing growth before qualifying for NHB).

The allocations for 2020/21 include legacy payments for 2017/18 to 2019/20 however the 2020/21 payment it is anticipated will not form part of any legacy payments going forward. The legacy payments for previous years are anticipated to reduce by 1 year each year resulting in the NHB payments ceasing in 2023/24. The projections below are based on legacy payments from 2017/18 to 2019/20 and a one-year allocation in 2020/21. Please note the future of NHB will be subject to consultation in 2020.

Table 5 – New Homes Bonus

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
New Homes Bonus Received in Year	(1,621)	(2,311)	(1,152)	(653)	0	0

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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Car Parks	(793)	(858)	(858)	(858)	(858)	(858)
Licences	(287)	(303)	(303)	(303)	(303)	(303)
Non Sporting Facility Hire	(188)	(188)	(188)	(188)	(188)	(188)
Other Fees & Charges	(633)	(605)	(605)	(862)	(907)	(954)
Planning Fees	(1,038)	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)
Rents	(1,617)	(1,724)	(1,918)	(2,059)	(2,059)	(2,059)
Green waste income	(1,239)	(1,324)	(1,324)	(1,324)	(1,324)	(1,324)
Service Charges	(305)	(301)	(301)	(301)	(301)	(301)
Total	(6,100)	(6,441)	(6,635)	(7,033)	(7,078)	(7,125)

Income assumptions are determined by a number of factors including current performance, decisions already taken and known risks. Two key areas reviewed this year are as follows:

- Garden waste collection – a number of options were considered and it was agreed to increase the charge by £5 on both first and subsequent bins. There will be no further increases in the next 3 years and likewise charges have been unchanged since the previous increase in 2017/18. The agreed increase takes account of future inflation and potential pressures linked to the environmental agenda which is likely to further increase costs such as vehicle purchases;
- Car parking charges have not been increased given the pressure on the retail sector and to encourage greater footfall in the high street. The budget has been increased to reflect current income levels.

The budget for Other Fees and Charges reduces in 2020/21 due to alignment of the Land Charges income to current levels. In later years the increase is attributable to the Crematorium which is expected to open in 2022. Increase in planning income is in part attributed to growth as new businesses and housing sites come to fruition. Rental income shows an increase due to newly acquired investment properties included within the Transformation Plan and additional income on existing properties.

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 with 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 (£14.3m) which is used to meet the costs of the national housing benefit scheme. Other Income is shown in Table 7. Council Tax and Housing Benefit Administration grant shows a reduction corresponding to the implementation of Universal Credit. Interest on investments reflect assumptions based on balances available to invest and expected interest rates (see Appendix 5).

Table 7 – Other Income

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Costs recovered	(178)	(188)	(188)	(188)	(188)	(188)
Council Tax/ Housing Benefit Admin Grants	(238)	(230)	(215)	(200)	(200)	(200)
Interest on Investments	(285)	(377)	(390)	(467)	(515)	(506)
OLAs Contribution	(193)	(95)	(95)	(95)	(95)	(95)
Other Income	(341)	(368)	(364)	(362)	(363)	(362)
Recycling Credits	(140)	(160)	(160)	(160)	(160)	(160)
Other Government Grants	(161)	(245)	(120)	(120)	(120)	(120)
Sub Total	(1,536)	(1,663)	(1,532)	(1,592)	(1,641)	(1,631)
Housing Benefit Subsidy	(14,833)	(14,264)	(14,264)	(14,264)	(14,264)	(14,264)
Total Other Income	(16,369)	(15,927)	(15,796)	(15,856)	(15,905)	(15,895)

3.10. Summary

Table 8 – All sources of income

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Retained Business Rates	(3,767)	(3,984)	(3,058)	(3,120)	(3,182)	(3,246)
Revenue Support Grant	0	0	0	0	0	0
Other Grant Income*	(314)	(18)	0	0	0	0
New Homes Bonus	(1,621)	(2,311)	(1,152)	(653)	0	0
Council Tax (RBC)	(5,950)	(6,279)	(6,627)	(6,986)	(7,356)	(7,739)
Council Tax (Special Expenses)	(696)	(712)	(712)	(712)	(712)	(712)
Collection Fund (Surplus)/deficit	301	(445)	0	0	0	0
Fees, Charges and Rental Income	(6,100)	(6,441)	(6,635)	(7,033)	(7,078)	(7,125)
Other income	(16,369)	(15,927)	(15,796)	(15,856)	(15,905)	(15,895)
Transfers from Reserves**	0	0	(312)	(531)	(1,216)	(1,016)
Total Income	(34,516)	(36,117)	(34,292)	(34,891)	(35,449)	(35,733)

*New Burdens S31 funding in relation to revenues and benefits and universal credit funding.

** The transfer from reserves amounts increase due to the decreasing NHB receipts being transferred to reserves therefore increasing the net transfer from reserves. Note this relates mainly to the £1m per annum payment for the Arena and there is sufficient NHB in reserve to make future payments.

4. 2020/21 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 as Transformation Programme Savings/Growth projects are delivered (e.g. Bingham Hub and the Crematorium) the spending profile will change.

Table 9 – Spending Plans

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Employees	10,649	10,707	10,904	11,115	11,401	11,527
Premises	1,468	1,382	1,389	1,406	1,396	1,396
Transport	1,624	1,672	1,679	1,685	1,694	1,691
Supplies & Services	6,341	6,734	6,758	6,771	6,901	6,785
Transfer Payments	14,668	14,297	14,307	14,317	14,327	14,327
Third Party	2,531	2,636	2,630	2,557	2,526	2,463
Depreciation/Impairment	2,333	2,131	2,131	2,131	2,131	2,131
Capital Financing	0	76	227	304	300	296
Net recharges	(4,323)	(4,393)	(4,393)	(4,393)	(4,393)	(4,393)
Gross Service Expenditure	35,291	35,242	35,632	35,893	36,283	36,223
Reversal of Capital Charges	(2,333)	(2,131)	(2,131)	(2,131)	(2,131)	(2,131)
Net Contribution to Reserves	426	1,859	0	0	0	0
Minimum Revenue Provision	1,000	1,000	1,074	1,247	1,247	1,247
Revenue Contribution to Capital	132	147	155	180	180	185
Overall Expenditure	34,516	36,117	34,730	35,189	35,579	35,524

4.2 Explanations for some of the main variances above are:

- Employee costs increase due to the assumed inflationary increase in salary of 2%;
- Premises costs show a decrease mainly due to the closure of the Depot and the move to Eastcroft;
- Supplies and services increase due to items of growth resulting from inclusion of expenditure that had previously been funded through reserves such as replacement/new bins (£160k) Positive Futures (£110k) and Member Grants (£20k) plus increases in IT maintenance contracts and the change in location of the RCCC. The management fee income for Edwalton Golf Course (£21k) has also been removed;
- Transfer Payments show an initial decrease from 2019/20 as the budget has been aligned with current levels of Rent Allowances paid out and has reduced due to Universal Credit and thereafter increase as projected rent allowances rise;
- Capital Financing costs increase reflecting the borrowing costs arising from the estimated £10m borrowing in relation to the capital programme (referred to in paragraph 9.4);
- The increase in the net contribution to reserves from last year is due to the delay in Business Rates reform resulting in additional income. This will be used to mitigate the impact in 2020/21 when the reforms are implemented; and
- 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

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Retained Business Rates	(3,767)	(3,984)	(3,058)	(3,120)	(3,182)	(3,246)
Other Grant Income	(314)	(18)	0	0	0	0
New Homes Bonus	(1,621)	(2,311)	(1,152)	(653)	0	0
Council Tax (RBC)	(5,950)	(6,279)	(6,627)	(6,986)	(7,356)	(7,739)
Council Tax (Special Expenses)	(696)	(712)	(712)	(712)	(712)	(712)
Collection Fund (Surplus)/Deficit	301	(445)	0	0	0	0
Fees, Charges and Rental Income	(6,100)	(6,441)	(6,635)	(7,033)	(7,078)	(7,125)
Other Income	(16,369)	(15,927)	(15,796)	(15,856)	(15,905)	(15,895)
Additional Transfer To/(From) Reserves	0	0	(312)	(531)	(1,216)	(1,016)
Total Income	(34,516)	(36,117)	(34,292)	(34,891)	(35,449)	(35,733)
Gross Expenditure	34,516	36,117	34,730	35,189	35,579	35,524
Net Budget Position (Surplus)/Deficit	0	0	438	298	130	(209)

5.2 The above shows a deficit position of £438k in 2021/22 and reducing deficits in 2022/23 and 2023/24, the total for the period being £0.657m. This position will be smoothed by the use of the Organisational Stabilisation Reserve (including the use of 2019/20 in-year surplus and the existing reserve position). It is anticipated that the Central Government Business Rates pool will redistribute a surplus in 2020/21 (£430k is expected for 2019/20) and £400k has been included in the collection fund surplus/deficit and central

pool surplus line in the table above (the net figure of £445k surplus also includes business rates surplus of £142k and a council tax deficit of £98k). From 2024/25 onwards it is anticipated that the budget will move to a surplus position will then be used to replenish the reserve.

- 5.3 Section 7 covers the Transformation Programme - including the use of reserves, balancing the budget for 2020/21 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, taking into account 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 2019/20 £0.906m (net transfer of £542k) will be transferred to the Organisation Stabilisation reserve primarily from the anticipated overall revenue underspend and transfer from the Nottinghamshire Business Rates Pool surplus. This will help to manage the impact of reduced government funding, future changes to the Business Rates Retention scheme and ongoing service stability.
- 6.2 In 2019/20 the balance on the Organisation Stabilisation reserve (OSR) is expected to be £2.448m. Whilst projections indicate the reserve will have a balance of £2.194m by 2024/25. The prevailing uncertainty in relation to both large Council projects and future funding means that this reserve is necessary. Given the deficit anticipated over the MTFS is £0.658m it is proposed that £1m is transferred from the OSR to a Climate Change Action Fund to help the Council manage the impact of climate change and the likely capital and revenue increase in demand on resources for this key Council corporate objective. Furthermore the Council is likely to need funding to support the Development Corporation project and it is proposed a new reserve is created using 2019/20 in-year budget efficiencies to provide the resource for this (referenced in the Quarter 3 Revenue and Capital monitoring report). The Council's strong financial management continues to enable reserves to be used flexibly to manage risk.
- 6.3 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 2020/21 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 Reserve (to meet special expense capital commitments). 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.
- 6.4 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 NHB reserve may 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 at least £1m per annum from the NHB 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.

- 6.5 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	Balance 31.03.25
<i>Investment Reserves:</i>							
Regeneration and Community Projects	1,690	1,566	1,663	1,788	1,938	2,088	2,243
Sinking Fund - Investments	123	151	267	421	330	241	252
Council Assets and Service Delivery	274	274	274	274	274	274	274
Invest to Save	150	150	150	150	150	150	150
<i>Corporate Reserves:</i>							
Organisation Stabilisation	1,906	2,448	2,810	2,274	2,194	2,194	2,194
Risk and Insurance	100	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350	350
Elections	203	51	101	151	201	51	101
<i>Operating Reserves:</i>							
Planning	220	164	164	86	0	0	0
Leisure Centre Maintenance	116	116	116	116	116	116	116
Planned Maintenance	100	100	100	100	100	100	100
Total Excluding NHB Reserve	5,232	5,470	6,095	5,810	5,753	5,664	5,880
New Homes Bonus	6,587	7,104	8,415	8,493	7,899	6,652	5,405
Total Earmarked Reserves	11,819	12,574	14,510	14,303	13,652	12,316	11,285
<i>General Fund Balance</i>	2,604	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	14,423	15,178	17,114	16,907	16,256	14,920	13,889

7. THE TRANSFORMATION STRATEGY AND EFFICIENCY STRATEGY

7.1 For the past 5 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	2024/25 £'000
Gross Budget Deficit excluding Transformation Plan	3,740	3,932	4,631	5,009	4,911	4,682
Cumulative Savings in Transformation Plan	3,740	3,740	3,932	4,193	4,711	4,781
Gross Budget Deficit/(Surplus)	0	192	699	816	200	(99)
Additional Transformation Plan savings	0	(192)	(261)	(518)	(70)	(110)
Net budget Deficit/(Surplus)	0	0	438	298	130	(209)
Cumulative Transformation Target (Appendix 3)		(192)	(453)	(971)	(1,041)	(1,151)

- 7.3 In order to deliver a balanced budget for 2020/21 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 £1.151m of expected efficiencies have been identified. The current transformation projects which will be worked upon for delivery from 2020/21 are given at **Appendix 3**.

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 and decline in retail sector	High	High	Growth plans and accurate monitoring, lobbying central government, potential alternative use of the site, increase in S31 grants to offset additional Business Rate reliefs. Playing an active role supporting the Development Corporation with a £0.1m reserve created.
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.

Risk	Likelihood	Impact	Action
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 Crematorium	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 leases	High	Low	Monitor the impact of IFRS16 on council budgets and CFR based on the reclassification of Leases.

Risk	Likelihood	Impact	Action
Environmental Agenda Impact on both revenue and capital budgets	High	High	Creation of Climate Change Action Reserve (£1m), ongoing review of significant projects and outcome of scrutiny review.

- 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. 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 relating particularly to the Crematorium and Bingham Hub Leisure projects.
- 8.3 The MTFS presents a balanced budget for 2020/21 and a deficit position for 2021/22 funded by the use of Organisational Stabilisation Reserve. The reserves maybe replenished by in-year budget efficiencies. 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:
- Benefits from Business Rates repatriation to local government (i.e. 75% to local government) is 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. Furthermore the Government remains committed to supporting the retail sector and in the future this is likely to lead to changes to the whole Business Rates system

- Businesses - were revalued in 2017 and there were a number of statutory changes to the reliefs given then and also in 2018 and further reliefs have been promised for 2020/21 without any official detail from the Government; and a further revaluation is planned in 2021. The upshot of this is that the business rate baseline will be reviewed which makes it challenging to monitor this area of the budget.
- New Homes Bonus - as identified at 3.7 the funding mechanism changes to NHB reducing allocations continue to manifest themselves with the scheme being consulted upon in 2020. 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 MRP on the Arena redevelopment, Bingham Hub and Crematorium are in place such as the Council extending the repayment period and/or accessing external borrowing. The Council will continue to lobby Government to ensure it is rewarded for growth and that there is funding in relation to the consequences of growth as part of the forthcoming consultation.

9. CAPITAL PROGRAMME

- 9.1 Officers 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 is discussed by EMT along with supporting information and business cases where appropriate with the big projects and the overall financial impact reported to Councillors in Budget update sessions. The draft Capital Programme continues to be 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 which is summarised below. This is an ambitious programme totalling £34.35m and with anticipated 2019/20 underspends will total around £47m.

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

CAPITAL PROGRAMME 2020/21

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	5 Year
	Current Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	TOTAL
	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE SUMMARY							
Transformation	13,530	14,955	5,150	250	270	150	20,775
Neighbourhoods	3,448	1,657	1,946	1,176	1,609	1,839	8,227
Communities	818	1,739	624	129	154	144	2,790
Finance and Corporate	7,424	585	530	480	480	480	2,555
Total	25,220	18,936	8,250	2,035	2,513	2,613	34,347
FUNDED BY							
Usable Capital Receipts	(8,564)	(14,922)	(3,076)	(1,122)	(1,600)	(1,800)	(22,520)
Better Care Funding	(613)	(613)	(613)	(613)	(613)	(613)	(3,065)
Use of Reserves	(481)	(70)	(50)	(300)	(300)	(200)	(920)
Grants and Contributions	(1,065)	(610)	0	0	0	0	(610)
Section 106 Monies	(474)	(1,205)	(2,113)	0	0	0	(3,318)
Internal Borrowing and Borrowing	(14,033)	(1,516)	(2,398)	0	0	0	(3,914)
Total	(25,230)	(18,936)	(8,250)	(2,035)	(2,513)	(2,613)	(34,347)
RESOURCES MOVEMENT							
Opening Balances:	9,706	2,376	2,741	3,020	5,032	6,572	
Projected Receipts:	3,867	17,785	6,131	4,047	4,053	1,175	
Use of Resources:	(11,197)	(17,420)	(5,852)	(2,035)	(2,513)	(2,613)	
Balance Carried Forward:	2,376	2,741	3,020	5,032	6,572	5,134	

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 five-year period and allows flexibility of investment to 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. A 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 Capital Programme include:

- a) A provision of £10m has been included in the programme for the continued development of Bingham Hub for 2020/21. 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 (including £10m brought forward from 2019/20).
- b) £4.8m has been included as part of a total provision of £6.5m to provide a new Crematorium in the Borough. £1.7m in 2019/20.
- c) £1m has been included for development of pitch and pavilion facilities at Gresham. It is anticipated that this will be wholly funded from S106 Developer Contributions and a grant from the Football Foundation.
- d) £0.47m has been included in 2020/21 for development of facilities at Rushcliffe Country Park to include a replacement Skate Park and an enhanced Visitor Centre.
- e) Information Systems Strategy (£0.335m plus a four year rolling programme to give a total of £1.305m);
- f) On-going vehicle replacement programme (£3.411m over the next five years).
- g) £0.220m for the refurbishment of the pitched and flat roof areas of Keyworth Leisure Centre.
- h) Support for Registered Housing Providers £0.216m. This sum will be further enhanced by the underspend from 2019/20 (currently estimated to be £1.4m).
- i) Disabled Facilities Grants provision of £0.490m has been provided each year but this is subject to change when the formal Better Care Funding allocations are approved.
- j) The programme contains ongoing provisions of £0.150m per annum to provide market loan facilities for Streetwise Environmental Ltd to support their vehicle replacement programme.
- k) Smaller sums have been included to enhance our land and buildings and investment property portfolios.
- l) A Contingency sum of £0.1m has been included each year to give flexibility to the delivery of the programme.
- m) Expected total borrowing, including 19/20, totals £17.9m. It is anticipated that up to £10m of this may need to be externally borrowed rather than the utilisation of Council cash balances (internally borrowed). The timing and incidence of actual

external borrowing will be affected by any slippage in the capital programme or unexpected capital funding (eg capital receipts) and this is reflected in the capital financing requirement shown at table 2 of the Capital and Investment Strategy.

- 9.3 The Council has previously allocated £20m to the Asset Investment Strategy within its Capital Programme. Just over £17m of this has been earmarked for investment opportunities, asset acquisitions, and development of office/industrial/retail units which will secure strong future income streams to support the revenue budget. Just under £3m currently remains unallocated and may be used for the crematorium. Significant schemes include the making of a loan to Nottinghamshire County Cricket Club originally for £2.7m; £2.5m for the first phase of redevelopment at Cotgrave and a further £1.9m for Phase II; £7.1m to enhance business and employment opportunities through investment in industrial units; £2.8m in other retail units; the balance remaining may be used for the crematorium.
- 9.4 The Council's capital resources are slowly being replenished as potential receipts from the Sharphill Overage Agreement are recognised. Receipt is anticipated in 2024/25 following completion of the agreement. It is predicted that capital resources will be in the region of £5.1m at the end of the five year life of the Programme. This comprises: £2m Capital Receipts; £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 2020/21 but will slowly build back up from 2021/22 to 2023/24 as income from Sharphill is received. The balance dips again in 2024/25 to £2m. This position must be viewed in the context of funding the completed redevelopment of the Arena. 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 (Table 2 of the Capital and Investment Strategy in Appendix 5) 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. Consideration will also be given to borrowing over shorter terms from other Local Authorities to mitigate any long term indebtedness and give flexibility to required financing. 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.

The programme will be partly funded using Capital Receipts. Significant sums due over the course of the MTFS include:

- A further £11.4m from the Sharphill Overage Agreement (£4.1m already received);
- £1m funding for Gresham Pitch and Pavilion Redevelopment;
- Over £0.83m in repaid loan principal from Nottinghamshire County Cricket Club and Streetwise;

- Disposal of the old Depot Site: approximately £5m; and
- Sale of land in Cotgrave: approximately £7m.

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

- £0.75m of Growth Development Fund grant from the Local Enterprise Partnership to support the development of the Bingham Leisure Hub;
- The potential to release up to £2.8m from Developer Contributions to support works associated with the Bingham Leisure Hub and the activation of the Leisure Strategy; and
- An estimated £0.613m per annum from the Better Care Fund to deliver Disabled Facilities Grants, Discretionary Top-up Grants and Assistive Technology;

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

	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2023/24 Estimate
Anticipated Interest Rate (%)	1.87	1.87	1.87	1.87	1.87
Expected interest from investments (£)	293,800	311,900	389,900	442,200	438,800
Other interest (£)	83,000	78,000	74,000	70,000	64,000
Total Interest (£)	376,800	389,900	463,900	512,200	502,800

10.2 The CIPFA Treasury Code has been updated to include assets held for financial returns. The CIS 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 2% 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 2 scenarios of a tax freeze or a 2% increase. If the Council chose to freeze its Council Tax, the income foregone in 2024/25 is £1.178m and over the 5 year period £3.444m.

Table 16: Alternate Council Tax Levels

£'000	2020/21	2021/22	2022/23	2023/24	2024/25	
Band D £142.74 in 2020/21 Increase at £4.95 each year – Recommended Option						
Total CT Income	(6,279)	(6,627)	(6,986)	(7,356)	(7,739)	
Total for Freeze (Band D £137.79)	(6,061)	(6,182)	(6,306)	(6,432)	(6,561)	
Total for £2% each year (Band D £140.55)	(6,182)	(6,432)	(6,692)	(6,962)	(7,244)	
Difference (£'000)	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Freeze vs £4.95	(218)	(444)	(680)	(924)	(1,178)	(3,444)
2% vs £4.95	(97)	(194)	(294)	(394)	(496)	(1,474)

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

Funding Analysis for Special Expense Areas

	2019/20 (£)	2020/21 (£)	% Change
West Bridgford			
Parks and Playing Fields	390,100	404,100	
West Bridgford Town Centre	46,800	55,900	
Community Halls	99,300	68,700	
Seats & Bins	300	300	
Contingency	14,700	14,700	
RCCO	50,000	50,000	
Annuity Charges	81,800	76,800	
Sinking Fund	0	20,000	
Total	683,000	690,500	
Tax Base	14,078.3	14,233.5	
Special Expense Tax	48.51	48.51	0%
Keyworth			
Cemetery & Annuity Charges	4,200	8,800	
Annuity	0	1,300	
Total	4,200	10,100	
Tax Base	2,617.5	2,689.7	
Special Expense Tax	1.60	3.76	135%
Ruddington			
Cemetery & Annuity Charges	9,100	11,300	
Total	9,100	11,300	
Tax Base	2,700.7	2,743.9	
Special Expense Tax	3.37	4.12	22.26%
TOTAL SPECIAL EXPENSES	696,300	711,900	2.24 %

REVENUE BUDGET SERVICE SUMMARY

Appendix 2

	2019/20 ESTIMATE £	2020/21 ESTIMATE £	2021/22 ESTIMATE £	2022/231 ESTIMATE £	2023/24 ESTIMATE £	2024/25 ESTIMATE £
Communities	2,751,900	2,907,200	3,023,200	3,078,500	3,121,000	3,160,200
Finance and Corporate Services	3,393,700	3,442,800	3,668,300	3,764,000	3,992,800	3,860,900
Neighbourhoods	6,504,500	6,520,700	6,655,800	6,391,300	6,383,500	6,337,100
Transformation and Operations	173,700	2,000	(147,000)	(231,000)	(197,700)	(155,300)
Net Service Expenditure	12,823,800	12,872,700	13,200,300	13,002,800	13,299,600	13,202,900
Capital Accounting Adjustments	(2,333,100)	(2,130,600)	(2,130,600)	(2,130,600)	(2,130,600)	(2,130,600)
Minimum Revenue Provision	1,000,000	1,000,000	1,074,000	1,247,000	1,247,000	1,247,000
Revenue Contribution to Capital	131,800	146,800	154,800	180,400	180,400	184,600
Transfer to/(from) Reserves	426,100	1,859,200	(312,400)	(531,400)	(1,215,900)	(1,015,900)
Total Net Service Expenditure	12,048,600	13,748,100	11,986,100	11,768,200	11,380,500	11,488,000
Funding						
Other Grant Income	(314,300)	(17,500)	0	0	0	0
Localised Business Rates, includes SBRR	(3,767,000)	(3,984,300)	(3,058,300)	(3,119,500)	(3,181,900)	(3,245,500)
Collection Fund (Surplus)/Deficit	299,600	(444,500)	0	0	0	0
Council Tax Income						
- Rushcliffe	(5,949,600)	(6,278,800)	(6,626,500)	(6,985,500)	(7,356,300)	(7,739,100)
- Special Expenses Areas	(696,300)	(711,900)	(711,900)	(711,900)	(711,900)	(711,900)
New Homes Bonus	(1,621,000)	(2,311,100)	(1,151,600)	(653,100)	0	0
Total Funding	(12,048,600)	(13,748,100)	(11,548,300)	(11,470,000)	(11,250,100)	(11,696,500)
Net Budget (Surplus)/Deficit	0	0	437,800	298,200	130,400	(208,500)

Rushcliffe Borough Council

Transformation Strategy and Efficiency Plan 2020/21 – 2024/25

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 £8.2m 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 2020/21 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 2024/25. 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	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Budget Deficit excluding Transformation Plan	3,740	3,932	4,631	5,009	4,911	4,682
Cumulative Savings in Transformation Plan	3,740	3,740	3,932	4,193	4,711	4,781
Gross Budget Deficit/(Surplus)	0	192	699	816	200	(99)
Additional Transformation Plan savings	0	(192)	(261)	(518)	(70)	(110)
Net budget Deficit/(Surplus)	0	0	438	298	130	(209)

In order to deliver a balanced budget for 2020/21 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 2020/21 are given at [Appendix B](#). Some of the more significant projects include:

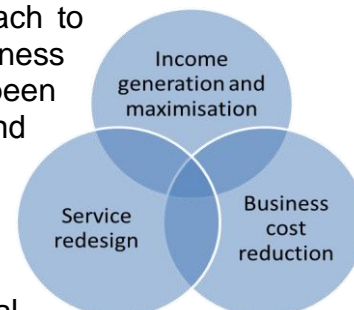
- The Asset Investment Strategy;
- the potential development of a crematorium;
- The continued activation of the Leisure Strategy focusing on the options for leisure provision in Bingham and surrounding area;
- Commercialisation: maximising asset usage, sponsorship and Leisure Community Interest Company
- 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. This

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.

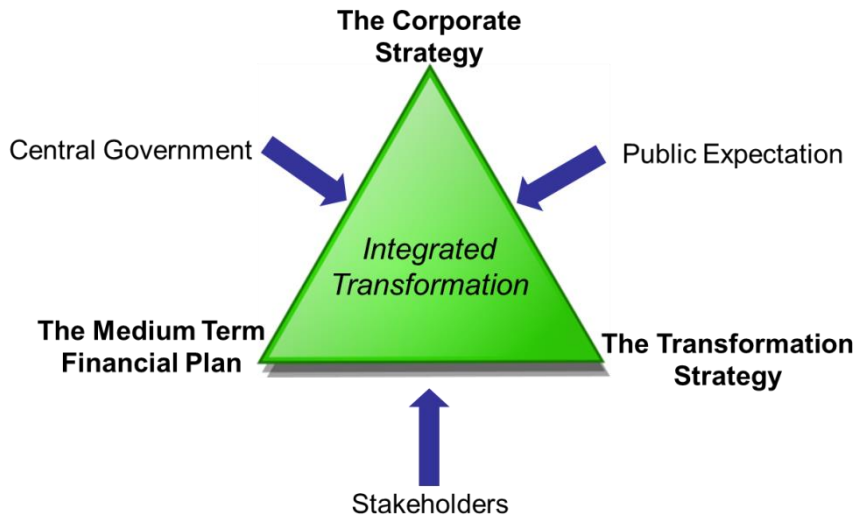


The Transformation Strategy is an evolving document and although it essentially covers the next five years it should not be bound by time or scope. To this end and within the emerging complex environment, three partnership models have been identified to provide a framework to generate further efficiencies. 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 six years to deliver over £3.8m 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 four 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.



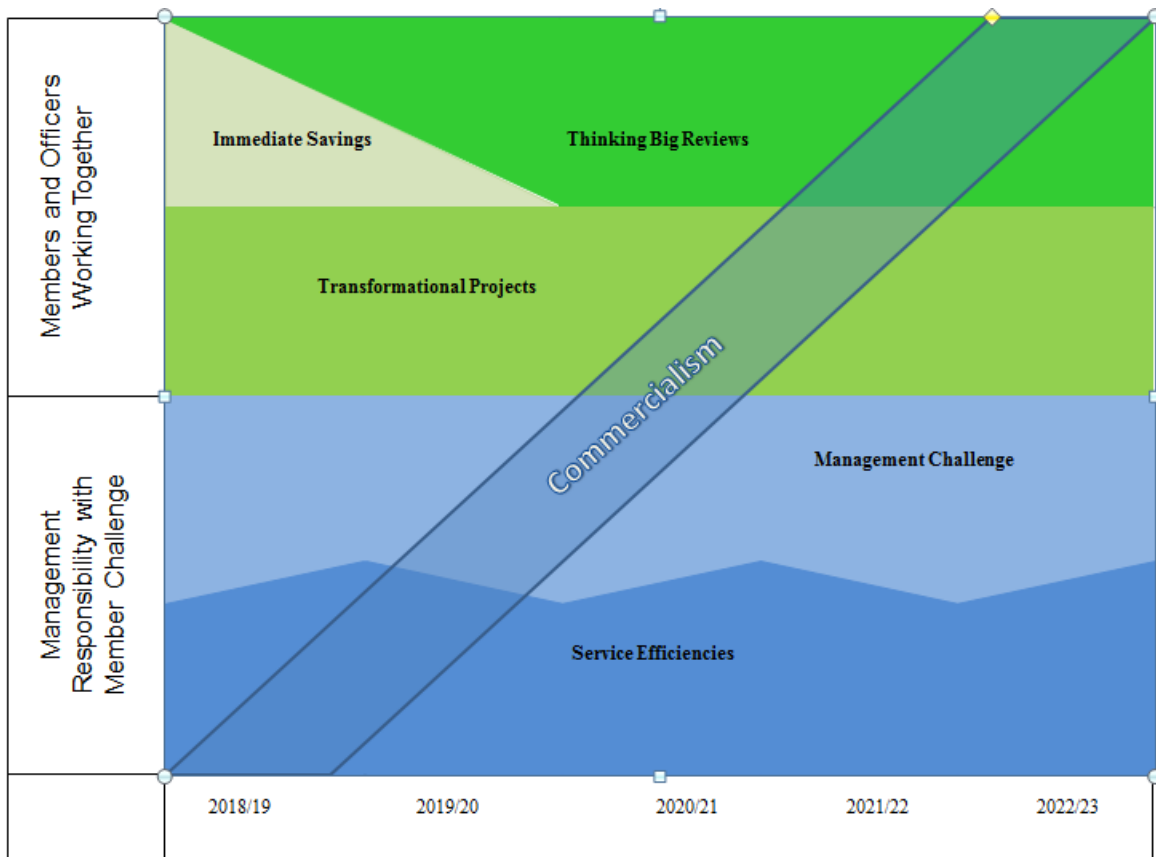
Rushcliffe's Integrated Approach to Transformation

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 whilst 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 Corporate Overview Group and other scrutiny 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 2024/25. 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.

Member Involvement and Budget Workshops

As part of the budget setting process for 2020/21, Members discussed a number of potential options such as increasing green bin charges. 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 '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 (2019/20) 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. These are also subject to a combination the involvement of Growth Boards, Scrutiny work or Member Development Groups. The Asset Investment Strategy continues to pay dividends with some investment planned as the Council changes direction from purchasing commercial property to developing assets and services within the Borough's boundaries.

Transformational Projects 2020-2025

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 new Transformational Projects as mentioned above.

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 progressing the Bingham Hub. It is planned that Bingham Hub will be operational from 2021/22.

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 2020-2025 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 the 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.

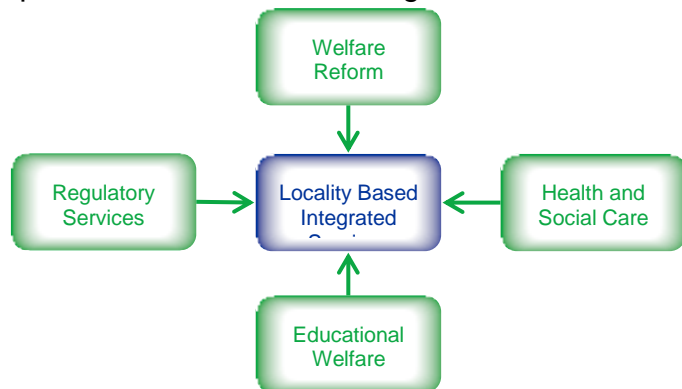
Rushcliffe’s Accepted Models of Partnership Working

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.

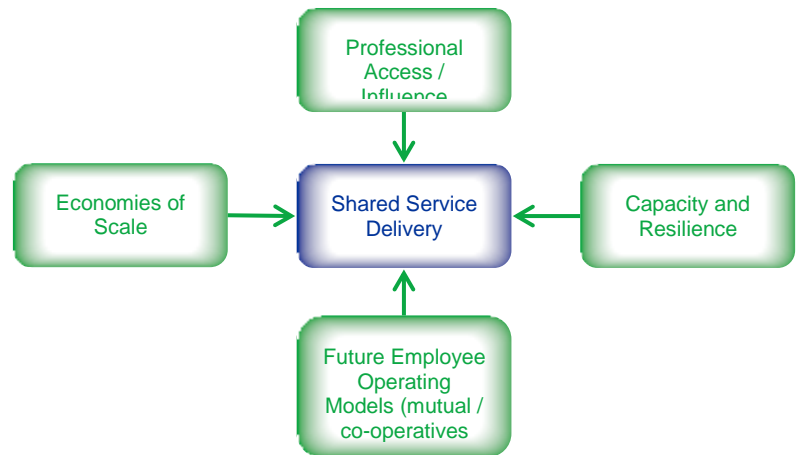
2. Partnerships of Scale

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).

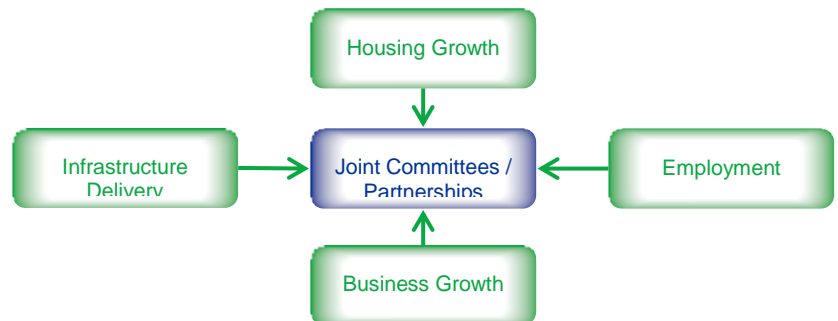
Following continued encouragement from Central Government, there has been an increased willingness and determination from the Leaders within Nottinghamshire to forge closer partnerships of scale (Waste Collection and Management).



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.

Transformation Programme 2020/21 - 2024/25					
Savings (£'000)	2020/21	2021/22	2022/23	2023/24	2024/25
Service Efficiencies & Management Challenge	1,767	1,757	1,747	1,737	1,737
<u>Thematic Reviews - With Potential Savings</u>					
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	23	23	23	23	23
Printing for Member Meetings	5	5	5	5	5
Asset Investment Strategy	437	437	437	437	437
Total Thematic Reviews - With Potential Savings	1,112	1,112	1,112	1,112	1,112
<u>Income Reviews</u>					
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 – previous car park increases	174	174	174	174	174
RCP - compulsory charging	20	20	20	20	20
Increase charging on Green Bin	382	382	382	382	382
Planning pre-application Advice	30	30	30	30	30
Total Additional Income	725	725	725	725	725

Transformation Programme 2020/21 - 2024/25	2020/21	2021/22	2022/23	2023/24	2024/25
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	120	120	120	120	120
Procurement	50	50	50	50	50
Event Sponsorship Income	9	9	9	9	9
Finch Close	67	67	67	67	67
Co-op	69	69	69	69	69
Units at Moorbridge	0	57	63	63	63
Cotgrave Phase 2	0	34	91	91	91
Asset Investment Projects	180	360	825	905	1,015
Total Additional (Growth)/Savings	329	600	1,128	1,208	1,318
Overall Total	3,932	4,193	4,711	4,781	4,891
In Year TP savings	192	261	518	70	110

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 2019-2024, improving:

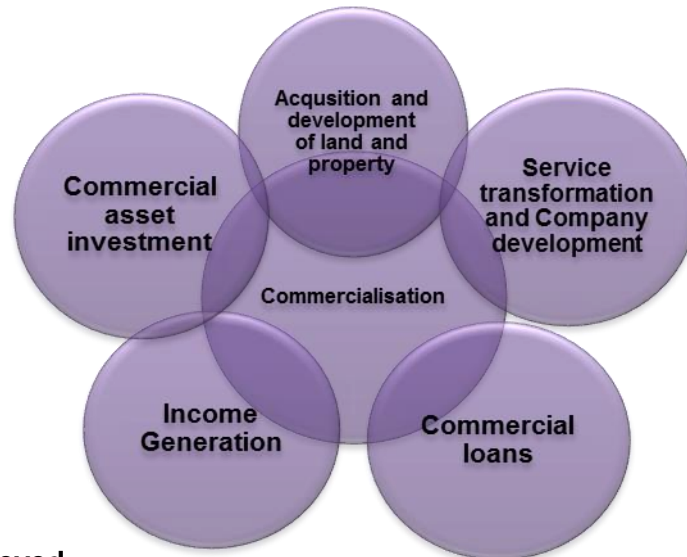
1. Quality of Life
2. Efficient Services
3. Sustainable Growth
4. The Environment

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:



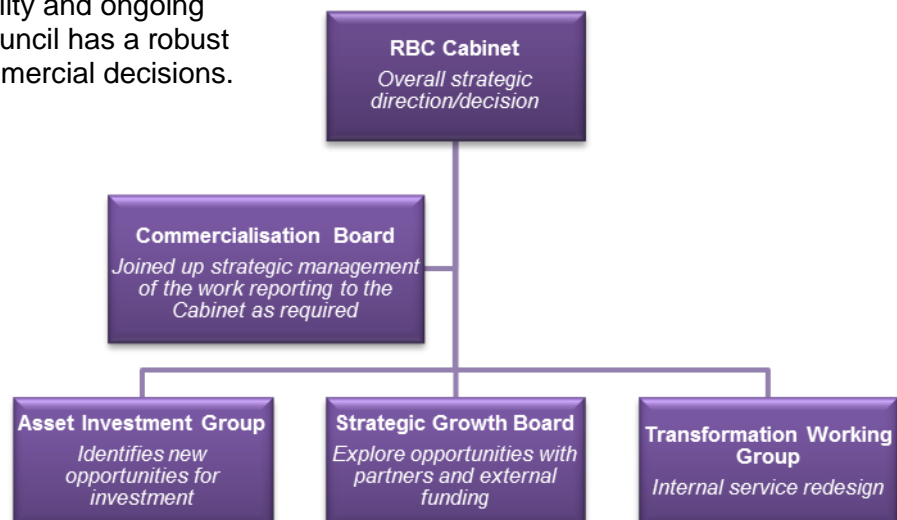
What we have already achieved

- 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:



CAPITAL PROGRAMME 2020/21

Ref	Scheme	2020/21	2021/22	2022/23	2023/24	2024/25
		Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
		£000	£000	£000	£000	£000
	Transformation					
	Arena Car Park Enhancements	0	0	0	0	0
	Colliers Way Industrial Units	0	0	0	0	0
	Cotgrave Regeneration & MSC	0	0	0	0	0
	Cotgrave Regeneration PH II	0	0	0	0	0
1	Crematorium	4,800	0	0	0	0
	Industrial Units Moorbridge	0	0	0	0	0
	Fairham Pastures Loan	0	0	0	0	0
	Fairham Pastures Infrastructure	0	0	0	0	0
	The Point Enhancements	20	0	250	250	0
	RCCC Enhancements	0	0	0	0	0
	New Depot	0	0	0	0	0
	Manvers Business Park - Roof Refurbishment	0	0	0	0	0
2	Bingham Leisure Hub (£25m)	10,000	5,000	0	0	0
	Compton Acres Water Course	60	150	0	0	0
	Manvers Business Park - Roller Shutters	0	0	0	0	0
	Manvers Business Park - Car Park Surface/Drainage	0	0	0	0	0
	Colliers BP - Car Park Surface/Drainage	0	0	0	0	0
	Bridgford Pk Toilets Refurbishment	0	0	0	0	0
3	Bingham Mkt Place Enhancements	75	0	0	0	0
	Park Cottage Fabric Upgrade	0	0	0	0	90
	Walkers Yard 1a/b	0	0	0	0	60
	Keyworth Cemetery	0	0	0	20	0
	Transport Safety Infrastructure	0	0	0	0	0
	Sub total	14,955	5,150	250	270	150

	Neighbourhoods					
	Wheeled Bins	0	0	0	0	0
4	Vehicle Replacement	612	612	282	850	1,055
	Support for Registered Housing Providers	216	0	0	0	0
	Hound Lodge - Access Control System	0	0	0	0	0
	Hound Lodge - Annexe Patio Doors	35	0	0	0	0
	Hound Lodge - roof refurbishment/rewire	0	0	150	0	75
	Assistive Technology	12	12	12	12	12
	Discretionary Top Ups	57	57	57	57	57
	Disabled Facilities Grants	490	490	490	490	490
5	Arena Reception and Corridor Floor Upgrade	0	75	0	0	0
	Bowls Hall Replacement Furniture	15	0	0	0	0
	BLC Improvements	0	0	0	0	0
	CLC Pool and Plant Enhancements	0	0	15	200	150
6	CLC - Changing Village Refurb	0	300	0	0	0
7	CLC - Refurb Roofs to Sports Hall and Pool Hall	0	150	0	0	0
	KLC - Plant and Lighting Enhancements	0	0	170	0	0
8	KLC - Refurb Pool Hall and Changing Village	0	250	0	0	0
	KLC - Refurb Pitched/Flat Roof Areas	220	0	0	0	0
	Arena Enhancements	0	0	0	0	0
	Car Park Resurfacing	0	0	0	0	0
	Car Park Improvements - Lighting Other	0	0	0	0	0
	Car Park Improvements - Lighting West Bridgford	0	0	0	0	0
	Sub total	1,657	1,946	1,176	1,609	1,839
	Communities					
	Capital Grant Funding	0	0	0	0	0
9	VE 75th Commemoration	20	0	0	0	0
10	Play Areas W.B. - Special Expense	50	50	50	50	50
	The Hook Play Area	0	0	0	0	0
	The Hook Skatepark	0	0	0	0	0
	West Park Fencing and Drainage	0	0	0	0	0

	West Park Lighting	0	0	0	0	0
	West Park Public Toilet Upgrade	0	0	0	0	0
	West Park Julien Cahn Pavilion Special					
11	Expense	0	75	0	0	0
12,13	Gresham Sports Pitches/Pavilion	1,000	100	25	0	0
14	Gresham Pavilion - Upgrade 3G Pitch Lighting	35	0	0	0	0
	Rushcliffe CP - Buildings Enhancements	0	0	0	0	0
	Rushcliffe CP - Vehicle Access Controls	0	0	0	0	0
	Rushcliffe CP - Front Footpath Imps	15	0	0	0	0
15	Rushcliffe CP - Skatepark	220	0	0	0	0
16	Rushcliffe CP - Visitor Centre	250	0	0	0	0
17	Lutterell Hall Special Expense	50	225	0	0	0
	Skateboard Parks	0	0	0	0	0
	Arena Public Art	0	0	0	0	0
18	Gamston Community Hall Special Expense	45	70	0	50	40
19	Extnl Door/Window Upgrades Various Sites	0	50	0	0	0
	Warm Homes on Prescription	54	54	54	54	54
	Sub total	1,739	624	129	154	144
	Finance and Corporate Services					
20	Information Systems Strategy	335	280	230	230	230
	NCCC Loan	0	0	0	0	0
21	Streetwise Loan	150	150	150	150	150
	Asset Investment Strategy	0	0	0	0	0
	Contingency	100	100	100	100	100
	Sub total	585	530	480	480	480
PROGRAMME TOTAL		18,936	8,250	2,035	2,513	2,613

PROJECT APPRAISAL FORM

Project Name: The Crematorium	Cost Centre: 0684	Ref: 1
<p>Detailed Description: In November 2018, Cabinet approved the principle of providing a new crematorium on a site at Stragglethorpe to provide much needed additional community infrastructure to serve Rushcliffe residents.</p> <p>In December 2019 Cabinet approved purchase of a site and design and procurement of the crematorium. The land purchase and procurement is estimated to take up to 9 months with a further 12 month build period resulting in the new facility opening late 2021 or early 2022.</p>		
Location: Stragglethorpe	Executive Manager: Transformation	
<p>Contribution to the Council's aims and objectives: Corporate Priorities:</p> <ul style="list-style-type: none"> • Quality of Life • Efficient Services • Sustainable Growth • The Environment <p>Strategic Commitments:</p> <ul style="list-style-type: none"> • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Responsible income generation and prudent borrowing where deemed appropriate, to facilitate the delivery of services. • Ongoing appraisal and alignment of resources linked to growth aspirations. • Bringing new business to the Borough. • Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes. 		
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • To provide additional community infrastructure resulting in additional capacity in the Borough alongside the existing Crematorium at Wilford Hill. • Ensuring we are maximising our property holdings and aligning them with the needs of residents. Properties may be held for operational purposes, for community use, or for investment purposes. • The designs for the crematorium will include carbon offsetting and energy efficiency measures as far as is practicable in line with the Council's commitment to become carbon neutral. 		
<p>Other Options Rejected and Why:</p> <p>The Council could leave the delivery of a new crematorium in the Borough to the wider market. This option would not provide a revenue return to the Council which could be used to contribute to other community infrastructure projects and would reduce Council influence on the design and operation of the facility. Feedback from local residents and businesses following the granting of planning permission has been that they would prefer this to be a Council run facility. Therefore, this option is not currently recommended.</p>		
Start Date:		Completion Date:
Capital Cost (Total) :	Previous Year	Year 1:20/21 Year 2:21/22

£6,500,000	£1,700,000	£4,800,000	
Capital Cost (Breakdown) £: 6,500,000			
Works £5,225,000	Equipment	Other £1,275,000 land	Fees
Additional Revenue cost/(saving)per annum:	Year 1: 20/21 Nil	Year 2: 21/22 Nil	
Year 3: 22/23 (£257,000)	Year 4: 23/24 (£302,000)	Year 5: 24/25 (£349,000)	
Proposed Funding			
External: £2,950,000 Borrowing – internal or external		Internal: £3,550,000 Capital Receipts	

Useful Economic Life (years): 50 years	New/Replacement: New
Depreciation per annum: £130,000	Capital Financing Costs: Principal and interest on borrowing of £2,950,000 is £162,000 p.a. Opportunity Cost in the form of lost interest on the use of Capital Receipts £26,625p.a.
Residual Value: N/A	Category of Asset: Operational Land and Buildings/Investment Property

PROJECT APPRAISAL FORM

Project Name: Bingham Hub	Cost Centre: 0314	Ref: 2	
Detailed Description: To develop the Chapel Lane site in Bingham including a new leisure centre, community hall, and office space by 2022. This scheme is supported by the latest Cabinet report: 14 January 2020.			
Location: Bingham		Executive Manager: Transformation	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services • Sustainable Growth • The Environment Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Responsible income generation and prudent borrowing where deemed appropriate, to facilitate the delivery of services. • Ongoing appraisal and alignment of resources linked to growth aspirations. • Bringing new business to the Borough and nurturing our existing businesses, helping them to grow and succeed. • Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes. 			
Community Outcomes: <ul style="list-style-type: none"> • To provide modern, high-quality leisure and community facilities, as well as employment opportunities to the growing population in the east of our Borough. • Enhanced opportunities for residents to lead healthy lifestyles through physical activity and social events • Providing a facility to host competitive swimming club events as an integral part of the Rushcliffe portfolio of swimming pools • Addressing the identified community need for a community hall in Bingham capable of hosting large events and stage performances • Ensuring we are maximising our property holdings and aligning them with the needs of our residents. Properties may be held for operational purposes, for community use, or for investment purposes. • Meeting the needs of and supporting local small business providing space for them to start up and grow. 			
Other Options Rejected and Why: A revised specification alternative design could be developed, however this would require an amendment to the planning submission, would lead to increased costs and delay project delivery. The proposed designs cater for a range of community, leisure and business needs, whilst minimising carbon emissions and are within the budget allocated for the project.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Previous Year	Year 1:20/21	Year 2:21/22
£20,000,000	£5,000,000	£10,000,000	£5,000,000

Capital Cost (Breakdown) £:			
Works £17,800,000	Equipment £750,000	Other £350,000	Fees £1,100,000
Additional Revenue cost/(saving)per annum:	Year 1: 20/21 (£33,000)	Year 2: 21/22 (£110,000)	
Year 3: 22/23 (£318,000)	Year 4: 23/24 (£353,000)	Year 5: 24/25 (£416,000)	
Proposed Funding			
External: £7,000,000 Borrowing – internal or external; £750,000 GDF grant; £2,800,000 S106 Developer Contributions		Internal: £9,450,000 Capital Receipts	

Useful Economic Life (years): 50 years	New/Replacement: New
Depreciation per annum: £400,000	Capital Financing Costs: Principal and interest on borrowing £7m = £385,000 Opportunity Cost in the form of lost interest on the use of Capital Receipts £70,875 p.a.
Residual Value: N/A	Category of Asset: Operational Land and Buildings and Investment Property

PROJECT APPRAISAL FORM

Project Name: Bingham Market Place – Buttercross		Cost Centre: 0379	Ref: 3
Detailed Description: The Buttercross/Market Cross on Bingham’s market place is a Grade II listed structure. To maintain the structure in a sound and safe condition, an overhaul of the roof and supporting fabric is required by specialist contractors.			
Location: Bingham Market Place		Executive Manager: Transformation	
Contribution to the Council’s aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Sustainable Growth • The Environment Strategic Commitments: <ul style="list-style-type: none"> • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Ongoing appraisal and alignment of resources linked to growth aspirations. • Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. 			
Other Options Rejected and Why: Doing nothing would put the structure and public at increased risk (roof slate fixings are beginning to fail) and potentially give rise to higher costs as deterioration accelerates.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£75,000	£75,000		
Capital Cost (Breakdown) £:			
Works £71,000	Equipment	Other	Fees £4,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts	
Useful Economic Life (years): 30		New/Replacement: Replacement	
Depreciation per annum: £2,500		Capital Financing Costs: £560 p.a.	
Residual Value: N/A		Category of Asset: Community Asset	

PROJECT APPRAISAL FORM

Project Name: Vehicle Replacement	Cost Centre: 0680	Ref: 4
<p>Detailed Description: The authority owns vehicles ranging from large refuse freighters to small vans and items of mechanical plant. As these vehicles and plant age and become uneconomic to maintain and run, they are replaced on a new for old basis. Although there is a programme for replacements for the next ten years, each vehicle or machine is assessed annually and the programme continually adjusted to take into account actual performance. This provision will be used to acquire new vehicles and plant, undertake refurbishments to extend vehicle life and value and to purchase second hand vehicles and plant as and when appropriate. Going forward low carbon use vehicles will be purchased, likely to have further cost implications.</p>		
Location: Eastcroft Depot	Executive Manager: Neighbourhoods	
<p>Contribution to the Council's aims and objectives: Corporate Priorities:</p> <ul style="list-style-type: none"> • Quality of Life • Efficient Services • The Environment <p>Strategic Commitments:</p> <ul style="list-style-type: none"> • Working with our partners to create great, safe, and clean communities to live and work in. • Ongoing appraisal and alignment of resources linked to growth aspirations. • Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes. To reduce waste and increasingly reuse and recycle to protect the environment for the future. • Respond to any proposals from the Resources and Waste Strategy for England. • Delivering a high quality waste and recycling collection service. • A commitment to look at cleaner vehicles in line with our commitment to protect the environment, in particularly alternative fuel vehicles <p>The replacement of vehicles is critical to the performance of the front line services. Regular vehicle and plant replacement with new updated engines helps to meet climate change and national indicator targets for emissions and helps maintain a cleaner air quality within the Borough.</p>		
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • To address climate change and the need to reduce carbon emissions. The introduction of new euro standard engines will lower emissions. The new vehicles will also reduce maintenance costs on the vehicles they replace however it should be noted that the remainder of the fleet ages and therefore the fleet profile and maintenance costs overall remain stable. 		
<p>Other Options Rejected and Why: An historic review was undertaken to consider 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 may need to be revisited again. However, there are also distinct advantages in direct purchase:-</p> <ol style="list-style-type: none"> 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. <p>Not being tied in to lengthy lease/hire contracts means the service can react and adapt to change quickly.</p>		

The Council now actively looks at the possible purchase of 2 nd hand vehicles and will refurbish vehicles to extend their life and value.			
Start Date: Ongoing		Completion Date:	
Capital Cost (Total) :	Year 1: 20/21	Year 2: 21/22	
£1,224,000 (2 years)	£612,000	£612,000	
Capital Cost (Breakdown)			
Works £0	Equipment £1,224,000	Other £0	Fees £0
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21 £0	Year 2: 21/22 £0	
Year 3: 22/23 £0	Year 4: 23/24 £0	Year 5: 24/25 £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. However with property growth there is the likelihood moving forward that additional revenue expenditure may be incurred and this will be need to be considered for the budget year 2021/22.			
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: £4,590 year 1	
Residual Value: Various		Category of Asset: Vehicle and Plant	

PROJECT APPRAISAL FORM

Project Name: Rushcliffe Arena – Leisure Centre Reception and Corridor Floor Upgrade		Cost Centre: 0425	Ref: 5
Detailed Description: The finish to these areas of floor is a self-levelling cementitious screed with a clear seal. At building handover in 2016 a number of defects were identified with the screed which included stress cracking and discolouration. Wholesale replacement was discounted due to the disruption and instead a financial penalty was imposed on the contractor. A period of monitoring has confirmed that little or no further movement is occurring and the screed is sufficiently stable to receive an applied covering in phased approach.			
Location: The Arena		Executive Manager: Neighbourhoods	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Responsible income generation to facilitate the delivery of services. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choices. 			
Other Options Rejected and Why: Not doing the phased upgrade work would mean 'living with' the obvious defects in the screed finish which are visually unattractive. The cracking in the screed has been filled to prevent moisture entry but this has highlighted the defects.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£75,000		£75,000	
Capital Cost (Breakdown) £:			
Works £70,000	Equipment	Other	Fees £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		New/Replacement: Replacement	
Depreciation per annum: £7,500		Capital Financing Costs: £560 p.a.	
Residual Value: N/A		Category of Asset: Operational Land and Buildings	

PROJECT APPRAISAL FORM

Project Name: Cotgrave Leisure Centre - Changing Village Refurb		Cost Centre: 0402	Ref: 6
Detailed Description: The changing village areas (fixtures/fittings/finishes) are at least 20 years old and as well as looking visually tired, they are also increasingly difficult to maintain in a clean and safe condition. Refurbishment will improve appearance and customer experience, and hopefully reduce the building's energy and water consumption. Refurb will include floor, wall and ceiling finishes; replacement of cubicle partitioning systems and associated mech. and elec. fittings.			
Location: Cotgrave Leisure Centre		Executive Manager: Neighbourhoods	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
Other Options Rejected and Why: Do not carry out refurb works – this would result in further deterioration of the fabric/fixtures/finishes which will potentially increase revenue maintenance/operating costs and with worsening visual appearance, diminish customer experience/satisfaction.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£300,000		£300,000	
Capital Cost (Breakdown) £:			
Works £270,000	Equipment	Other	Fees £30,000
Additional Revenue cost/(saving)per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: £20,000		Capital Financing Costs: £2,250 p.a.	
Residual Value: N/A		Category of Asset: Operational Land & Buildings	

PROJECT APPRAISAL FORM

Project Name: Cotgrave Leisure Centre Refurbish Roofs to Sports Hall and Pool Hall		Cost Centre: 0423	Ref: 7
Detailed Description: The sheet roof covering to the sports hall is approx. 30 years old and requires attention – proposal is to apply a warranted liquid coating which will provide a 15/20 year guarantee. The pool hall roof coverings are in excess of 20 years old and although generally in fair condition, require local upgrade works to extend useful life.			
Location: Cotgrave Leisure Centre		Executive Manager: Neighbourhoods	
Contribution to the Council's aims and objectives:			
Corporate Priorities:			
<ul style="list-style-type: none"> • Quality of Life • Efficient Services 			
Strategic Commitments:			
<ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes:			
<ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
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 customer perception.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£150,000		£150,000	
Capital Cost (Breakdown) £:			
Works £140,000	Equipment	Other	Fees £10,000
Additional Revenue cost/(saving)per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts	
Useful Economic Life (years): 20		New/Replacement: Replacement	
Depreciation per annum: £7,500		Capital Financing Costs: £1,125 p.a.	
Residual Value: N/A		Category of Asset: Operational Land & Buildings	

PROJECT APPRAISAL FORM

Project Name: Keyworth Leisure Centre - Refurbish Pool Hall and Changing Village		Cost Centre: 0424	Ref: 8
Detailed Description: The pool hall and changing village areas (fixtures/fittings/finishes) are at least 20 years old and as well as looking visually tired they are also increasingly difficult to maintain in a clean and safe condition. Refurbishment will improve appearance and customer experience, and hopefully reduce the buildings energy and water consumption. Refurb will include floor, wall and ceiling finishes; replacement of cubicle partitioning systems and associated mech. and elec. fittings.			
Location: Keyworth Leisure Centre		Executive Manager: Neighbourhoods	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
Other Options Rejected and Why: Do not carry out refurb works – this would result in further deterioration of the fabric/fixtures/finishes which will potentially increase revenue maintenance/operating costs and with worsening visual appearance, diminish customer experience/satisfaction.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£250,000		£250,000	
Capital Cost (Breakdown) £:			
Works £230,000	Equipment	Other	Fees £20,000
Additional Revenue cost/(saving)per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts	

Useful Economic Life (years): 15	New/Replacement: Replacement
Depreciation per annum: £16,700	Capital Financing Costs: £1,875 p.a.
Residual Value: N/A	Category of Asset: Operational Land & Buildings

PROJECT APPRAISAL FORM

Project Name: VE 75th Commemoration	Cost Centre: 0642	Ref: 9
Detailed Description: Development and delivery of a project to mark the 75 th anniversary of VE day commemorating the end of fighting in World War II. The final content of the project is still to be determined.		
Location: West Bridgford	Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • The Environment Strategic Commitments: <ul style="list-style-type: none"> • The action is in line with the Council's Armed Forces Covenant and Armed forces ERS Gold accreditation • Maximising our community leadership role for influence. 		
Community Outcomes: <ul style="list-style-type: none"> • To ensure that the commitment and sacrifice made by all those involved in safeguarding the nation is commemorated. • Working with the community to enhance and protect our environment. 		
Other Options Rejected and Why: The Council could decide not to undertake a physical capital project and commemorate VE day through promotion of appropriate events and educational information. However, this would have less of a legacy than the proposed project.		
Start Date:	Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22
£20,000	£20,000	
Capital Cost (Breakdown) £:20,000 to be determined		
Works	Equipment	Other
		Fees
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21 £0	Year 2: 21/22 £0
Year 3: 22/23 £0	Year 4: 23/24 £0	Year 5: 24/25 £0
Proposed Funding		
External:	Internal: Capital Receipts	
Useful Economic Life (years): to be determined	New/Replacement: New	
Depreciation per annum: to be determined	Capital Financing Costs: £150 p.a.	
Residual Value: Nil	Category of Asset: to be determined	

PROJECT APPRAISAL FORM

Project Name: Play Areas W.B. (Special Expense)	Cost Centre: 0664	Ref: 10
<p>Detailed Description: The priority project for 2020/21 will be the existing bike track at the Boundary Road West Bridgford. This has been well used, however due to being constructed from timber it has come to the end of its useful life. There is ongoing deterioration which requires costly repair to keep the facility safe to use. The Facilities Manager has researched a replacement alternative to wood and the most appropriate proposed solution for a new facility is a sand and gravel subbase for the raised mounds with a crushed limestone wearing coarse similar to the successful provision at Rushcliffe Country Park.</p> <p>The new facility would be aimed at 5 to 12 age range with older teenagers and adults progressing to the larger scheme within Rushcliffe Country Park.</p> <p>Projects for 2021/22 will be assessed and prioritised.</p>		
Location: West Bridgford	Executive Manager: Communities	
<p>Contribution to the Council's aims and objectives: Corporate Priorities:</p> <ul style="list-style-type: none"> • Quality of Life • Efficient Services <p>Strategic Commitments:</p> <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Delivering a scheme refurbishment identified within the Rushcliffe Play Strategy 		
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. • To provide a facility to engage with young people who may otherwise not take part in formal sports or physical activity. 		
<p>Other Options Rejected and Why: If the Boundary Road project was not progressed, the existing ramps would continue to need costly repair and will be decommissioned within the next few months.</p>		
Start Date: April 2020		Completion Date: March 2021
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22
£100,000	£50,000	£50,000
Capital Cost (Breakdown) £:		
Works £95,000	Equipment	Other
		Fees £5,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21	Year 2: 21/22
Year 3: 22/23	Year 4: 23/24	Year 5: 24/25
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: £375 p.a.
Residual Value: N/A	Category of Asset: Infrastructure/Equipment

PROJECT APPRAISAL FORM

Project Name: West Park Julien Cahn Pavilion – main hall floor refurb (Special Expense)		Cost Centre: 0320	Ref: 11
Detailed Description: The suspended timber floor to the main hall is at the end of its useful life and it is proposed that it be refurbished/upgraded to maintain the facilities operational performance and standards.			
Location: West Park		Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
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. In addition, areas of the stripwood boarding are wearing thin reducing physical integrity of the floor.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£75,000		£75,000	
Capital Cost (Breakdown) £:			
Works £70,000	Equipment	Other	Fees £5,000
Additional Revenue cost/(saving)per annum:	Year 1: 20/21	Year 2: 21/22	
Year 3: 22/23	Year 4: 23/24	Year 5: 24/25	
Proposed Funding			
External:		Internal: Capital Receipts repayable by way of Special Expense annuity	

Useful Economic Life (years): 20	New/Replacement: Replacement
Depreciation per annum: £3,750	Capital Financing Costs: £560 p.a.
Residual Value: N/A	Category of Asset: Operational Land & Buildings

PROJECT APPRAISAL FORM

Project Name: Gresham Pitches	Cost Centre: 0280	Ref: 12
<p>Detailed Description:</p> <p>The Rushcliffe Playing Pitch Strategy and the Football Association Local Football Plan both identify Gresham Sports Park as a priority site to meet the demand for artificial grass pitch (AGP) provision in the West Bridgford Area. The project would consist of creating an additional AGP onsite in addition to the existing one and undertaking grass pitch improvements.</p> <p>An initial feasibility study has been commissioned through specialist consultants Labosport to determine the extent of any flood risk mitigation required and a capital cost estimate for the scheme. The report has been received which provides details of the constraints of the site and associated design specifications which will inform a grant application to the Football Foundation (who have pledged in principle support for this scheme) and future detailed tendering information.</p> <p>The outline scheme estimate is around £750,000 for the AGP which is in line with expectations. The grass pitch improvements and ancillary works is estimated at £250k. The Council has significant S106 planning gain allocations towards this site which means that it is expected that the project could progress without direct Council capital funding.</p> <p>The new AGP facilities would generate an additional revenue stream of around £40k per annum and the grass pitch improvements would reduce the amount of games lost to being unplayable.</p>		
Location: Gresham Wilford Lane	Executive Manager: Communities	
<p>Contribution to the Council's aims and objectives:</p> <p>Corporate Priorities:</p> <ul style="list-style-type: none"> • Quality of Life • Efficient Services <p>Strategic Commitments:</p> <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 		
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 		
<p>Other Options Rejected and Why:</p> <p>If this project was not progressed the need for an additional AGP to serve the needs of Rushcliffe residents would remain unmet as the site is of strategic importance and it would increase the pressure on existing facilities as housing growth within the area is delivered. The £785k section 106 contributions towards this development would need to be returned to the developers if the scheme was not to come forward.</p>		
Start Date: Spring 2021		Completion Date: Autumn 2021
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22
£1,000,000	£1,000,000	
<p>Capital Cost (Breakdown) £: 750k for AGP and £250k (estimate) of grass pitch improvements and ancillary works</p>		

Additional Revenue cost/(saving)per annum:	Year 1: 20/21	Year 2: 21/22
Year 3: 22/23	Year 4: 23/24	Year 5: 24/25
Proposed Funding		
External: Up to £785k available from S106 Developer Contributions; £500k Football Association grant bid. This totals £1.285m and can support expenditure over the £1m contained in the programme if detailed costings come in higher.	Internal: No impact anticipated on RBC own capital resources.	

Useful Economic Life (years): 25	New/Replacement : New and replacement
Depreciation per annum: £40,000	Capital Financing Costs: Nil as fully funded
Residual Value: N/A	Category of Asset: Operational Land & Buildings

PROJECT APPRAISAL FORM

Project Name: Gresham Sports Pavilion		Cost Centre: 0347	Ref: 13
Detailed Description: General refurbishment of facility including wholesale internal/external redecoration; targeted replacement vinyl floor coverings; upgrade to lighting; remedial works to suspended ceilings etc.			
Location: Gresham Wilford Lane		Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
Other Options Rejected and Why: Do not carry out refurb works – this would result in further deterioration of the fabric/fixtures/finishes which will potentially increase revenue maintenance/operating costs and with worsening visual appearance, diminish customer experience/satisfaction.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1: 20/21	Year 2: 21/22	
£100,000		£100,000	
Capital Cost (Breakdown) £:			
Works £90,000	Equipment	Other	Fees £10,000
Additional Revenue cost/(saving)per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: £100k Capital Receipts	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: £6,700		Capital Financing Costs: £750 p.a.	
Residual Value: N/A		Category of Asset: Operational Land & Buildings	

PROJECT APPRAISAL FORM

Project Name: Gresham Pavilion - Upgrade 3G Pitch Lighting		Cost Centre: 0324	Ref: 14
Detailed Description: The existing pitch lighting is 10 years old and the light fittings and control gear are becoming increasingly unreliable and are expensive 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 Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services • The Environment Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. • Comply with our Carbon Management Plan. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. • Reducing energy consumption in line with our Carbon Management Plan. 			
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 1:20/21	Year 2: 21/22	
£35,000	£35,000		
Capital Cost (Breakdown) £:			
Works	Equipment £33,000	Other	Fees £2,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21 Not quantifiable at this stage, but should see revenue spend on electricity consumption and reactive repair work reduce.	Year 2: 21/22 As 20/21	
Year 3: 22/23 As 20/21	Year 4: 23/24 As 20/21	Year 5: 24/25 As 20/21	
Proposed Funding			
External:		Internal: Capital Receipts	

Useful Economic Life (years): 10	New/Replacement: Replacement
Depreciation per annum: £3,500	Capital Financing Costs: £260 p.a.
Residual Value: N/A	Category of Asset: Plant/Equipment

PROJECT APPRAISAL FORM

Project Name: Rushcliffe Country Park Skatepark	Cost Centre: 0672	Ref: 15
Detailed Description: <p>The existing skate-park at the Country park is well used, however due to being constructed from timber there is ongoing deterioration which requires costly repair to keep the facility safe to use. One ramp was removed during 2019 due to the extent of deterioration of the surface and sub-frame. The Rushcliffe Playing Pitch Strategy highlights the priority to replace existing timber skate-parks across Rushcliffe with concrete skate-parks which are much more sustainable from a user and maintenance perspective. To facilitate this strategic approach, the Council set up a Skatepark grant fund from which £110k has been earmarked for this project (subject to final bid approval in early 2020).</p> <p>User group consultation work has been commissioned through Skate Nottingham (social enterprise who supported the development of the Hook Skatepark) to inform the project brief prior to tender.</p>		
Location: Ruddington	Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Delivering a priority identified within the Rushcliffe Playing Pitch Strategy 		
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. • To provide a facility to engage with young people who may otherwise not take part in formal team sports based physical activity 		
Other Options Rejected and Why: If this project was not progressed the existing skate-park ramps would continue to need costly repair and would be likely to be decommissioned within the next few years.		
Start Date: April 2020		Completion Date: March 2021
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22
£220,000	£220,000	
Capital Cost (Breakdown) £:		
Works £210,000	Equipment	Other
		Fees £10,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21	Year 2: 21/22
Year 3: 22/23	Year 4: 23/24	Year 5: 24/25

Proposed Funding	
External:	Internal: Capital Receipts
Useful Economic Life (years): 20	New/Replacement: Replacement
Depreciation per annum: £11,000	Capital Financing Costs: £1,650 p.a.
Residual Value: N/A	Category of Asset: Infrastructure

PROJECT APPRAISAL FORM

Project Name: Rushcliffe Country Park Visitor Centre		Cost Centre: 0504	Ref: 16
Detailed Description:			
<p>The visitor centre facilities at Rushcliffe Country Park are dated and require an upgrade to meet the needs of visitors, staff and the regular volunteer workforce. A recent feasibility study for a major new café facility established that this was not seen as financially justifiable, therefore further feasibility work is required to determine low cost facility improvements that could improve the following – catering, energy efficiency, office environment and dedicated indoor space for the friends of RCP group. The friends group have some funding that may be available to enhance this project to meet their needs. The priority early in 2020/21 is to undertake further feasibility work to determine the scope of the scheme to be delivered.</p>			
Location: Ruddington		Executive Manager: Communities	
Contribution to the Council's aims and objectives:			
Corporate Priorities:			
<ul style="list-style-type: none"> • The Environment • Quality of Life • Efficient Services 			
Strategic Commitments:			
<ul style="list-style-type: none"> • Implementing environmentally beneficial infrastructure changes • Working to achieve a carbon neutral status for the Council's operations • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes:			
<ul style="list-style-type: none"> • Maximising our community leadership role to influence the behaviours of partners, businesses and our residents • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
Other Options Rejected and Why:			
<p>The Council could decide not to improve facilities at this award winning site. This would not address residents strongly stated desire (as identified through a 1,000 response survey in the previous feasibility study) for improved catering at this site and could lead to disillusionment of the volunteer friends group. Furthermore, over the longer term it could lead to loss of Green Flag status and associated reputational impact.</p>			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£250,000	£250,000		
Capital Cost (Breakdown) £: to be determined			
Works	Equipment	Other	Fees
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21		Year 2: 21/22

Year 3: 22/23	Year 4: 23/24	Year 5: 24/25
Proposed Funding		
External:	Internal: Capital Receipts	

Useful Economic Life (years): to be determined	New/Replacement: to be determined
Depreciation per annum: to be determined	Capital Financing Costs: £1,875 p.a.
Residual Value: N/A	Category of Asset: to be determined

PROJECT APPRAISAL FORM

Project Name: Lutterell Hall Enhancements (Special Expense)		Cost Centre: 0326	Ref: 17
Detailed Description: Refurb/upgrade works are proposed to the kitchens and customer toilets in 2020/21 – the kitchen/toilet fixtures and fittings are approx. 10 years old and approaching the end of their useful life - replacement will maintain operational standards and performance. Refurbishment of the main hall floor and tiled covering to the pitched roof areas is planned for 2021/22 – the suspended timber floor to the main hall is at the end of its useful life and it is proposed that it be refurbished/ upgraded to maintain the facilities operational performance and standards. Similarly, the plain tile coverings to the main roof areas are estimated to be 90 years old and at the end of their useful life. Replacement with a sympathetic tiled covering is proposed which will extend roof life for decades to come. Opportunities to improve thermal efficiency will also be explored as part of these works.			
Location: West Bridgford		Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
Other Options Rejected and Why: Doing nothing would put at risk the operational performance and efficiency of the facility and risk further deterioration of the building fabric, these issues in turn would potentially increase revenue operating costs and also impact customer experience/satisfaction. The opportunity to potentially improve the buildings energy efficiency would also be missed.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£275,000	£50,000	£225,000	
Capital Cost (Breakdown) £:			
Works £248,000	Equipment	Other	Fees £27,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts repayable by Special Expense annuity	

Useful Economic Life (years): Kitchen/Toilets 10 Floor/Roof 40	New/Replacement: Replacement
Depreciation per annum: Kitchen/Toilets £5,000 Floor/Roof £5,625	Capital Financing Costs: £2,060 p.a. on total outlay
Residual Value: N/A	Category of Asset: Operational Land and Buildings

PROJECT APPRAISAL FORM

Project Name: Gamston Community Hall Enhancements (Special Expense)		Cost Centre: 0317	Ref: 18
Detailed Description: Refurb/upgrade works are proposed to the customer toilets in 2020/21 – the toilet fixtures and fittings are approx. 20 years old and approaching the end of their useful life - replacement will maintain operational standards and performance. Refurbishment of the main hall floor finish is planned for 2021/22 – the traditional Granwood floor finish is over 20 years old, has localised defects and approaching the end of its useful life. Replacement with a modern finish will improve customer experience and hopefully reduce life cycle cleaning/maintenance.			
Location: Gamston		Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
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, potentially reduce revenue income.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£115,000	£45,000	£70,000	
Capital Cost (Breakdown) £:			
Works £100,000	Equipment	Other	Fees £15,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts repayable by way of Special Expense annuity	

Useful Economic Life (years): Toilets 10 Floor 20	New/Replacement: Replacement
Depreciation per annum: Toilets £4,500 Floor £3,500	Capital Financing Costs: £860 p.a. on total outlay
Residual Value: N/A	Category of Asset: Operational Land and Buildings

PROJECT APPRAISAL FORM

Project Name: External Doors and Window Upgrades Various Sites (some will be Special Expenses)		Cost Centre: 0505	Ref: 19
Detailed Description: External windows and doors at several sites including buildings at the Rushcliffe Country Park, Gamston Community Centre and Julien Cahn Pavilion are beyond economic repair and require replacement/upgrading.			
Location: Various		Executive Manager: Communities	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Quality of Life • Efficient Services Strategic Commitments: <ul style="list-style-type: none"> • Protecting our residents' health and facilitating healthier lifestyle choices. • Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council. • Creating opportunities for young people to realise their potential. • Ongoing appraisal and alignment of resources linked to growth aspirations. 			
Community Outcomes: <ul style="list-style-type: none"> • To ensure the provision of high quality community facilities which meet community need. • To protect our residents' health and facilitate healthier lifestyle choice. 			
Other Options Rejected and Why: Do not carry out the replacement/upgrade works - this would potentially put at risk operational performance/safety of the facility (some are fire doors), increase day to day maintenance costs, reduce customer perception/satisfaction and an opportunity to improve thermal performance would be missed.			
Start Date:		Completion Date:	
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22	
£50,000		£50,000	
Capital Cost (Breakdown) £:			
Works £46,000	Equipment	Other	Fees £4,000
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21		Year 2: 21/22
Year 3: 22/23	Year 4: 23/24		Year 5: 24/25
Proposed Funding			
External:		Internal: Capital Receipts repayable by Special Expense annuity where appropriate	
Useful Economic Life (years): 15		New/Replacement: Replacement	
Depreciation per annum: £3,300		Capital Financing Costs: £375 p.a.	
Residual Value: N/A		Category of Asset: Operational Land and Buildings	

PROJECT APPRAISAL FORM

Project Name: Information Systems Strategy	Cost Centre: 0596	Ref: 20
<p>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.</p>		
Location: Rushcliffe Arena	Executive Manager: Finance and Corporate	
<p>Contribution to the Council's aims and objectives: Corporate Priorities:</p> <ul style="list-style-type: none"> • Efficient Services <p>Strategic Commitments:</p> <ul style="list-style-type: none"> • Ongoing appraisal and alignment of resources linked to growth aspirations. • Include digital principles in our communications and ways of undertaking business 		
<p>Community Outcomes:</p> <ul style="list-style-type: none"> • To ensure that we make best use of digital development where appropriate to deliver better services and operate more efficiently. • To enable residents to do business with us in a digital way if that is their preference. <p>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:</p> <ul style="list-style-type: none"> • Enabling Efficiency <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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 1:20/21	Year 2: 20/21	
£615,000 (2 years)	£335,000	£280,000	
Capital Cost (Breakdown): To be determined			
Works	Equipment	Other	Fees
Additional Revenue cost/ (saving) per annum:	Year 1: 20/21	Year 2: 21/22	
Proposed Funding			
External: N/A		Internal: Capital Receipts	

Useful Economic Life (years): 3	New/Replacement: New and Replacement
Depreciation per annum: £112,000 year 1	Capital Financing Costs: £2,510 year 1
Residual Value: Nil	Category of Asset: Intangible Assets and Equipment

PROJECT APPRAISAL FORM

Project Name: Streetwise Loan	Cost Centre: 0656	Ref: 21
Detailed Description: This provision to facilitate a loan to Streetwise Environmental Ltd to assist with the purchase of new and replacement vehicles. The loans will be repayable over 4 years, quarterly intervals at a market rate of interest to be agreed by the S151 Officer.		
Location: Unit 10 Moorbridge - Streetwise premises	Executive Manager: Finance and Corporate	
Contribution to the Council's aims and objectives: Corporate Priorities: <ul style="list-style-type: none"> • Efficient Services • Sustainable Growth Strategic Commitments: <ul style="list-style-type: none"> • Ongoing appraisal and alignment of resources lined to growth aspirations • Reviewing service delivery models to ensure that residents are receiving consistently excellent services either delivered directly by the Council, or by our arm's length companies, or by private and public sector partners. • Bringing new business to the borough and nurturing our existing businesses, helping them to grow and succeed. 		
Community Outcomes: <ul style="list-style-type: none"> • To ensure that we have an integrated and strategic approach to how we provide our services. 		
Other Options Rejected and Why: Offering the loan from ourselves maintains the strong working partnership between RBC and Streetwise Environmental Ltd. The loans will be repaid in full and thereby sums returned to the capital receipts pot. RBC revenue budget will be supported by the interest earned on the loans.		
Start Date: On-going		Completion Date:
Capital Cost (Total) :	Year 1:20/21	Year 2: 21/22
£300,000 (2 years)	£150,000	£150,000
Capital Cost (Breakdown) £:		
Works	Equipment	Other £300,000 - loan
		Fees
Additional Revenue cost/(saving)per annum:	Year 1: 20/21 (£5,800)	Year 2: 21/22 (£9,900)
Year 3: 22/23 (£6,700)	Year 4: 23/24 (£3,600)	Year 5: 24/25 (£1,000)
Proposed Funding		
External:		Internal: Capital Receipts
Useful Economic Life (years): N/A		New/Replacement: N/A
Depreciation per annum: N/A		Capital Financing Costs: Net nil as loan repaid
Residual Value: N/A		Category of Asset: Long/Short Term Debtor

CAPITAL AND INVESTMENT STRATEGY 2020/21 – 2024/25

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 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

4. The Council's capital expenditure plans are summarised below and forms the first of the prudential indicators. Capital expenditure needs to have regard to:
 - Corporate objectives (e.g. strategic planning);
 - Stewardship of assets (e.g. asset management planning);
 - Value for money (e.g. option appraisal);
 - Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
 - Affordability (e.g. implications for council tax); and
 - Practicability (e.g. the achievability of the Corporate Plan)
5. Each year the Council will produce a Capital Programme to be approved by Full Council in March as part of the Council Tax setting.
6. Each scheme is supported by a detailed appraisal (which may also be a Cabinet Report), 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.

7. 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

8. 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

	2019/20 Original £'000	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Capital Expenditure	16,506	25,230	18,936	8,250	2,035	2,513	2,613
Less Financed by:							
Capital Receipts	4,414	8,564	14,922	3,076	1,122	1,600	1,800
Capital Grants/ Contributions	2,439	2,152	2,428	2,726	613	613	613
Reserves	50	481	70	50	300	300	200
Underlying need to Borrow	9,603	14,033	1,516	2,398	-	-	-

9. 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 or are more than expected in the medium term; and what is the future of New Homes Bonus (NHB) from 2020 given it will be subject to a consultation this summer. The legacy payments for previous years are anticipated to reduce by 1 year each year resulting in the NHB payments ceasing in 2023/24

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

10. 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.
11. 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.
12. The table below summarises the overall position with regard to borrowing and available investments and shows an increase in CFR reflecting the capital commitment on projects such as the crematorium and Bingham Hub

Table 2: CFR and Investment Resources

	2019/20 Projected £'000	2020/21 Forecast £'000	2021/22 Forecast £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000
Opening CFR	8,300	15,067	21,849	23,173	21,926	20,679
CFR in year	7,767	7,782	2,398	-	-	-
Less: MRP etc	(1,000)	(1,000)	(1,074)	(1,247)	(1,247)	(1,247)
Closing CFR	15,067	21,849	23,173	21,926	20,679	19,432
Less: External Borrowing	-	(5,000)	(9,902)	(9,772)	(9,642)	(9,512)
Internal Borrowing	15,067	16,849	13,271	12,154	11,037	9,920
Less:						
Usable Reserves	(14,820)	(16,676)	(16,627)	(18,001)	(18,145)	(15,510)
Working Capital	(17,061)	(14,501)	(13,316)	(14,243)	(14,243)	(14,243)
Available for Investment(-)	(16,814)	(14,328)	(16,672)	(20,090)	(21,351)	(19,833)

13. 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 2020-21 and 2021-22. Available resources (usable reserves and working capital) remain steady over the medium term, with usable reserves being used to finance both capital and revenue expenditure over time.
14. 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.
15. CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the Authority’s gross external 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.

16. The new accounting standard IFRS16 comes into force on 1st April 2020. IFRS 16 affects how leases are measured, recognised and presented in the accounts and essentially means that some leases may have to be classified as capital expenditure. The full impact of this change is still yet to be determined and this is likely to impact on the CFR. As we currently have no external borrowing this is unlikely to affect the Authorised Limit.

Minimum Revenue Provision Policy

17. Revised CLG Regulations have been issued which require the Governance Scrutiny Group to consider a Minimum Revenue Provision (MRP) Statement in advance of each year. Further commentary regarding financing of the debt is provided in paragraphs 30-35. 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 2020/21 to 2024/25

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 are covered at paragraph 65 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 2020/21 will be the economic growth consequences of the UK’s exit from the European Union and the trading arrangements agreed with the EU and the rest of the world. Uncertainties over the future are weighing on growth.
22. Economic growth is projected to fall slightly to 1.1% over the coming year, owing to high uncertainties surrounding the outcome of Brexit negotiations. Unemployment remains low at 3.8% and is projected to reach 4.1% during 2020.
23. The current Bank of England base rate remains 0.75% and has been since 2 August 2018. The Bank of England is closely watching the British economy to see how it responds to Brexit. Link forecasts that rates will rise to 1.00% in 2020/21 however when estimating investment returns we have prudently assumed the rate to remain at 0.75% for the foreseeable future.
24. Inflation levels are expected to increase to 2.01% in 2020.
25. 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

	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Anticipated Interest Rate (%)	1.87	1.87	1.87	1.87	1.87
Expected interest from investments (£)	293,800	311,900	389,900	442,200	438,800
Other interest (£)	83,000	78,000	74,000	70,000	64,000
Total Interest (£)	376,800	389,900	463,900	512,200	502,800

Sensitivity:	£	£	£	£	£
- 0.25% Interest Rate	(1,000)	(4,000)	(12,000)	(16,000)	(16,000)
+ 0.25% Interest Rate	1,000	4,000	12,000	16,000	16,000

26. 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.
27. The Council has managed bail-in risk by both reducing the amount that can be invested with each institution to £10 million and by investment diversification between creditworthy counterparties.

Borrowing Strategy 2020/21 to 2024/25

Prudential Indicators for External Debt

28. 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.
29. The approved sources of long-term and short-term borrowing are:
- Internal borrowing
 - Municipal Bond Agency
 - 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

30. 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

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Authorised Limit	25,000	25,000	25,000	25,000	25,000	25,000

b) Operational Boundary for External Debt

31. 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 £20m as the Council is expected to borrow over the period of the MTFS.

Table 5: The Operational Boundary

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Operational Boundary	20,000	20,000	20,000	20,000	20,000	20,000

Prudential Indicators for Affordability

32. 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

33. 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 treasury investments will decline initially due to non-treasury investments in Cotgrave Masterplan/Phase 2, Industrial units at Moorbridge, and other Asset Investment Strategy investments and capital commitments (Crematorium and Bingham Hub).

Table 6: Proportion of Financing Costs to Net Revenue Stream

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund	6.77%	6.01%	7.31%	8.58%	7.91%	8.07%

Investment Strategy 2019/20 to 2024/25

34. The movement in investments are due to increases in Capital Receipts related to Sharphill and S106 receipts as shown below.

Table 7: Investment Projections

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Investments at 31 March	16,814	14,328	16,672	20,090	21,351	19,833

35. 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.

36. The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council’s mission and values. This would include avoiding direct investment in institutions with material links to:
- a) Human rights abuse (e.g. child labour, political oppression);
 - b) Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels); and
 - c) Socially harmful activities (e.g. tobacco, gambling).
37. 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.
38. 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 (i):

Table 8: Counterparty Details

Credit Rating	Banks* Unsecured	Banks* Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 20 Years	n/a	n/a
AAA	£3.0m 3 years	£10.0m 10 years	£10.0m 20 years	£3.0m 10 years	£5.0m 10 years
AA+	£3.0m 2 years	£10.0m 10 years	£10.0m 5 years	£3.0m 4 years	£5.0m 4 years
AA	£3.0m 1 year	£10.0m 4 years	£10.0m 3 years	£3.0m 2 years	£5.0m 4 years
AA-	£3.0m 1 year	£10.0m 2 years			£5.0m 4 years
A+	£3.0m 6 months	£10.0m 2 years			£5.0m 2 years
A	£3.0m 6 months	£10.0m 1 year			£5.0m 2 years
A-	£3.0m 3 months	£10.0m 6 months			£5.0m 2 years
Pooled Funds**	£10m 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.

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

39. 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 Link (Our new TM Advisors -see paragraph 60) even if they met the criteria above.
40. 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 Governance Scrutiny 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.
41. The Authority may incur operational exposures, for example through 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.
42. Credit rating information is provided by Link 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.
43. 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.
44. 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

45. 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.
46. 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

47. 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 strategy and cash flow forecast.
48. 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

49. 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"

50. The Council now defines “high credit quality” organisations as those having a credit rating of A- and above.

Non-specified investments

51. 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)	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£3m
Total non-specified investments	£15m

Investment Limits

52. The Authority’s revenue reserves available to cover investment losses in a worst-case scenario are forecast to be £14.51 million on 31st March 2021. 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 £10.0 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	£10m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£3m per country
Registered providers	£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

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

a) Interest Rate Exposures

54. 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	2024/25
Upper Limit on fixed interest rate exposure	50%	50%	50%	50%	50%	50%
Upper Limit on variable interest rate exposure	100%	100%	100%	100%	100%	100%

55. 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

56. 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

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Limit on Principal invested over 1 year	8,400	7,200	8,300	10,000	10,700	9,900

Policy on the use of financial derivatives

57. 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).
58. 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.
59. 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

60. During 2019/20 the Council held a competitive tender process and as a result has new Treasury Management Advisors. Link Asset Services have been appointed as the Council's treasury management advisors until 31st October 2022. 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.

61. 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

62. 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 GSG;
- 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

63. 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

64. The definition of investments in CIPFA's definition of treasury management activities above (paragraph 20) 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.
65. 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.
66. 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.
67. 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 (ii).
68. 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	Internal 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

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

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

71. 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

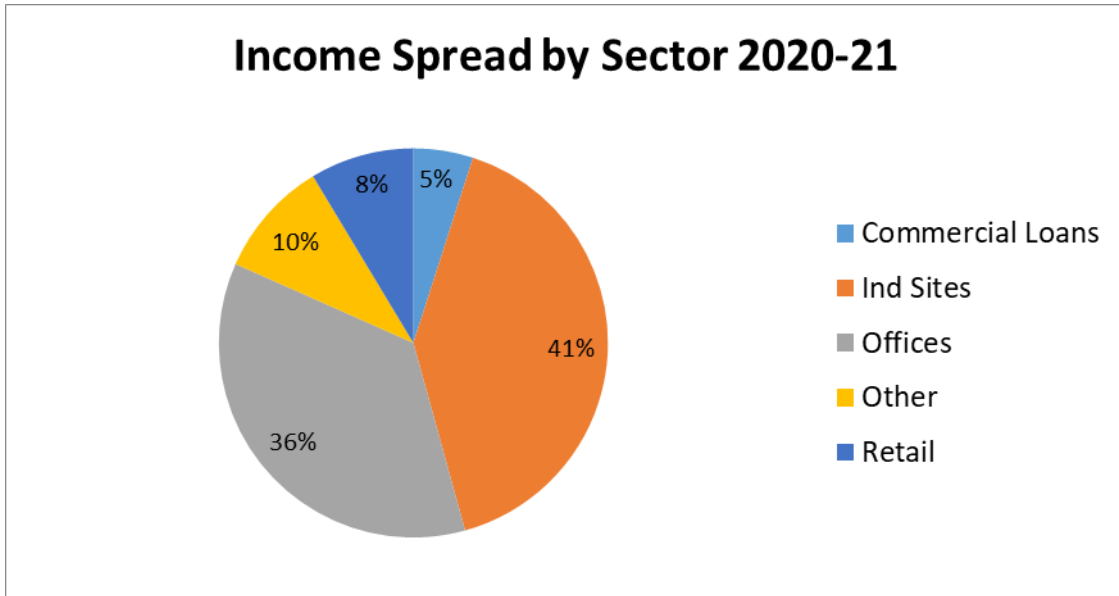
72. The expected contributions from commercial investments included in the Asset Investment Strategy are shown in Table 13. In order to manage the risk to the Council's budget, income from commercial investments should not be a significant proportion of the Council's income. Our objective is that this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

Table 13: Commercial Investment income and costs

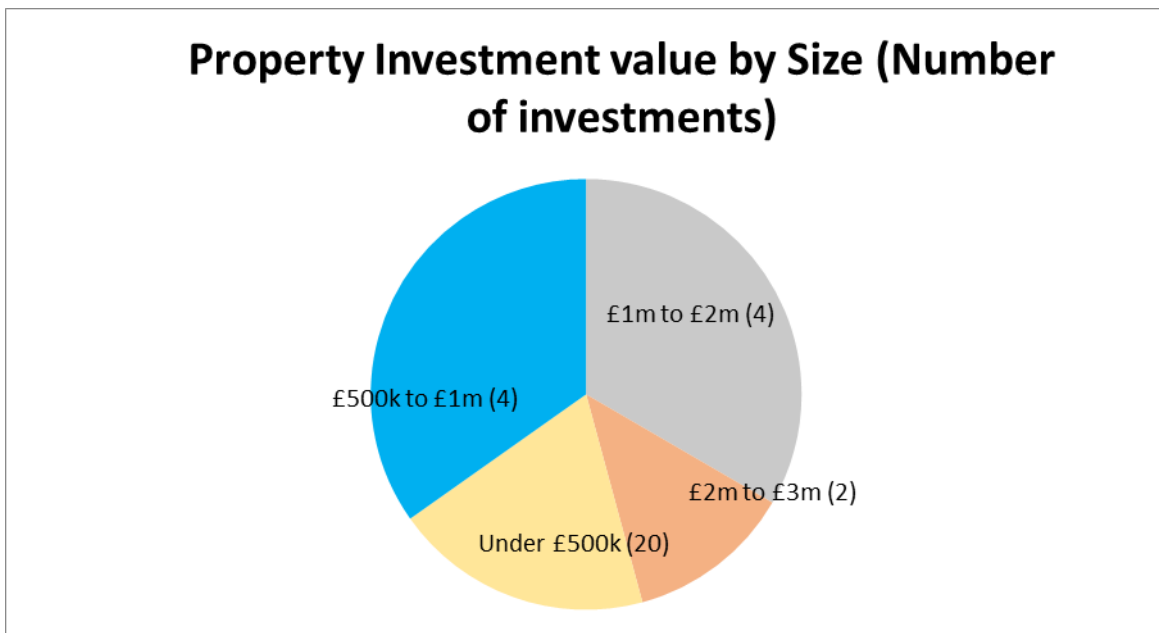
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Property Income	(1,330)	(1,524)	(1,718)	(2,038)	(2,083)	(2,130)
Running Costs	382	356	357	357	357	357
Net Contribution to core functions	(948)	(1,168)	(1,361)	(1,681)	(1,726)	(1,773)
Interest from Commercial Loans	(84)	(80)	(76)	(71)	(67)	(63)
Total Contribution	(1,032)	(1,248)	(1,437)	(1,752)	(1,793)	(1,836)
Sensitivity:						
+/- 10% Commercial Property Income	133	152	172	204	208	213
Indicator:						
Investment Income as a % of total Council Income	18.3%	19.8%	20.7%	24.1%	24.2%	24.7%

b) Risk Exposure Indicators

73. 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



74. 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.
75. 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.
76. 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.
77. 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.

Counterparty Registrations under MIFID II

The Council is registered with the following regulated financial 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

Existing Material Investments

	Current Book Value £000	Previous Book Value £000
The Point Office Accommodation	3.200	3.200
Hollygate Lane, Cotgrave Industrial Units	2.435	2.421
Bardon Single Industrial Unit	1.800	1.800
Trent Boulevard	1.400	1.445
Colliers Business Park Phase 2	1.250	1.200
Bridgford Hall Aparthotel and Registry Office	1.220	1.300
Finch Close	0.925	0.925
Bingham Hub*	0.900	1.593
Boundary Court	0.805	-
Unit 10 Chapel Lane*	0.670	-
Colliers Business Park Phase 1	0.610	-
New Offices Cotgrave	0.345	1.080
Cotgrave Precinct Shops	0.450	1.080
TOTAL INVESTMENT PROPERTY	16.010	16.044
Notts County Cricket Club Loan	2.700	2.700
TOTAL	18.710	18.744

* subsequently split into 2 assets - Unit 10 Chapel Lane and Bingham Hub

<u>Use of Earmarked Reserves in 2020/21</u>	Projected Opening Balance	Projected Income	Projected Expenditure	Net Change in Year	REF	Projected Closing Balance
	£'000	£'000	£'000	£'000		£'000
Investment Reserves						
Regeneration and Community Projects	1,566	147	(50)	97	1	1,663
Sinking Fund - Investments	151	136	(20)	116	2	267
Council Assets and Service Delivery	274	0	0	0		274
New Homes Bonus (NHB)	7,104	2,311	(1,000)	1,311	3	8,415
Invest to Save	150	0	0	0		150
Corporate Reserves						
Organisation Stabilisation	2,448	460	(98)	362	4	2,810
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	51	50	0	50	5	101
Operating Reserves						
Planning	164	0	0	0		164
Leisure Centre Maintenance	116	0	0	0		116
Planned Maintenance	100	0	0	0		100
	12,574	3,104	(1,168)	1,936		14,510

Notes

1. Net £97k being the movement on this reserve to support Special Expenses capital schemes
2. £136k from Investment Property income to support future capital expenditure. £20k used for works at The Point
3. £2.270m Receipts; £1m release for Arena MRP
4. £47k Surplus Housing Grant, £400k NDR Central Pool, £13k I & E Surplus; £83k release Positive Futures Grant; £15k release for Tree Protection;
5. £50k to replenish the Elections Reserve.

Rushcliffe Borough Council Pay Policy Statement 2020-21

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.
- 1.1 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
- 1.2 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 as amended. Using this definition Senior Officers within Rushcliffe currently consists of 12 posts out of an establishment of 262 The posts are as follows:-:

- Chief Executive
- Executive Manager – Finance and Corporate Services (Section 151 Officer)
- Executive Manager - Transformation
- Executive Manager - Neighbourhoods
- Executive Manager - Communities
- Chief Information Officer ¹
- Borough Solicitor (Monitoring Officer)
- 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 262 The Council has defined its lowest paid employees by taking the average salary of five permanent staff (employed on a part-time basis) on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. On this basis the lowest paid full-time equivalent employee of the Council earned £17,364 The Council currently pays £9.00 per hour for its lowest paid employees; this is above the Government's National Living Wage which is currently £8.21 per hour for employees aged 25 or over and exceeds the National minimum wage maximum of £7.70 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 was a shared post and the cost was divided between Broxtowe Borough Council and Newark and Sherwood District Council and Rushcliffe Borough Council. The post holder was on Secondment for 6 of the 12 months covered by this Pay Policy Statement and his costs have been covered by the Host Authority. The postholder obtained another role and this post has not been filled on the same basis.
2. This role is usually below the threshold for reporting but has been involved in special projects that mean the salary has been increased to reflect the extra responsibility.

6.3 The Head of Paid Service, or their 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 Council's code of conduct.

Terms and Conditions – All Employees

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

Local Government Pension Scheme

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

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

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

Car Allowances

The Council pays 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.

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 and on the Governments website.