ANNEX B

RUSHCLIFFE BOROUGH COUNCIL

BUDGET SETTING REPORT
AND ASSOCIATED FINANCIAL STRATEGIES
2021/22-2025/26

Contents

1. INTRODUCTION AND EXECUTIVE SUMMARY

1.1 Introduction

2020/21 has had unprecedented challenges therefore the 2021/22 budget seeks firstly, to ensure that the Council remains financially resilient and able to deliver the services it must by law; secondly to initiate the process of redressing the imbalances created by the Covid-19 pandemic, by appropriately focussing on economic recovery and growth and prosperity within the Borough and supporting the most vulnerable in our community; thirdly to ensure that health and wellbeing remains a high priority; and finally to remain committed to carbon reduction and supporting the environment. Thus, ensuring the Council continues to deliver its Corporate Strategy objectives.

The Council welcomes additional financial support from central government in relation to Covid-19 (around £0.8m) in relation to loss of fees and charges income, additional expenditure costs and support for homelessness and rough sleeping. This has mitigated some of the anticipated pressures although in terms of longer term Covid-19 legacy, the sooner the socio-economic environment returns to something like normality then the full financial impact of Covid-19 will be evident.

2021/22 is the year in which we were anticipating the now delayed comprehensive spending review and Business Rates and Fair Funding reviews would come into play, however this is not the case. We have for 2021/22 assumed a ‘cliff edge’ for a reduction in business rates linked to the impact of Covid on businesses (currently at least partially insulated by business rates relief in the retail, hospitality and leisure sectors). Whilst we have budgeted for Business Rates at a ‘safety net’ position at £2.8m it is entirely possible the ‘central case’ materialises with business rates received being £4.3m or more (Section 3.3). This would therefore negate the need for the use of the Organisation Stabilisation Reserve as currently projected. A more localised business rates risk concerns the Ratcliffe-on-Soar Power Station, due to close in 2025.

Fundamentally there remains much risk with the budget going forward in terms of both Covid, Business Rates and Fairer Funding (reviews possibly to take effect from 2022/23). Being prudent remains the most sensible course of action with reserves (excluding New Homes Bonus) to remain at £6m to £7m over the term of the MTFS at a period when the potential for adverse financial risk has never been greater. Any scope to increase reserves for both opportunities to deliver the Council’s corporate priorities, and to mitigate against adverse future financial risk, will be taken.

Estimates for 2021/22 have made assumptions about both loss of income and any increase in expenditure as a result of Covid. The net deficit position is £1.5m over the next 2 years, this is a manageable risk and business rates uplift may well ensure there is no recourse to use reserves. The Council continues to invest significant capital within the Borough (£38.8m to 2025/26) with projects such as the Bingham Leisure Hub and the crematorium demonstrating the Council's commitment to economic growth, meeting challenging housing targets, improving leisure facilities and the environment. Such projects are major components of the Council's Transformation Programme to ensure there are sufficient resources to deliver core services.

Whilst we understand our financial challenges the budget looks to the future. The Climate Change Action reserve focuses on improving the environment. The Development Corporation reserve demonstrates the Council's commitment to regenerating the Ratcliffe-on-Soar power station site with the creation of employment, improvement in transport connectivity and maximising carbon neutral ambitions.

In line with the Government's referendum principles, the budget for 2021/22 proposes an increase in Council Tax of 3.24% to £147.36 (the Council has the option of increasing Council Tax by up to £5, or 2%, whichever is the higher, with the recommended increase being £4.62). This will give an average band D Council Tax increase of less than 9p 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, with the full impact of Covid-19 yet to be determined and the impact on both businesses and the community.

This budget and its uncertainty remains challenging. The associated financial strategies continue the progress made in recent years to ensure that the Council's financial plans are robust, affordable and deliverable despite Covid-19 and the pressures it has created. This budget is designed to ensure we maintain high quality services for current and 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 2025/26 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:

	2020/21	2021/22
RBC Precept	**£6.279m**	**£6.522m**
Council Tax Band D	**£142.74**	**£147.36**
Council Tax Increase	**3.59%**	**3.24%**
Retained Business Rates	**£3.984m**	**£2.820m**
New Homes Bonus	**£2.311m**	**£1.633m**
Reserves (at 31 March)	**£14.510m**	**£15.175m**
Capital Programme	**£18.936m**	**£28.158m**

Special Expenses	2020/21	2021/22	Increase/ (Decrease) £	Increase/ (Decrease) %
Total Special Expense Precept	£711,900	**£732,900**	**21,000**	**2.95**
West Bridgford	£48.51	**£49.65**	**1.14**	**2.35**
Keyworth	£3.76	**£3.41**	**(0.35)**	**(9.31)**
Ruddington	£4.12	**£4.00**	**(0.12)**	**(2.91)**

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	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Budgeted inflation	a	0%	**0%**	0%	0%	0%	0%
Pay costs increase		2%	**0%**	0%	1%	1%	1%
Employer's pension contribution rate	b	17.60%	**17.60%**	17.60%	17.60%	17.60%	17.60%
Return on cash investments	c	1.87%	**0.10%**	0.25%	0.50%	0.50%	0.50%
Tax base increase	d	1.87%	**0.62%**	2.00%	2.00%	2.00%	2.00%

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 £105k saving in the 2021/22 budget. Adjustments are made for contract inflation and areas of higher risk such as utilities.

b) The next triennial valuation of the pension fund is due in 2022 and will cover the period 2023/24 to 2025/26. For the budget, we have assumed the same employer's contribution rate of 17.6% and annual deficit payment of £918k. The Council pre-paid the deficit in both 2017/18 and 2020/21 and will consider this option again at the next valuation subject to an assessment of potential savings.

c) Cash investment returns are based on projections consistent with the Council's Capital and Investment Strategy and much reduced due to expectations on low base rates of interest and other rates for investment likely to be available.

d) Tax base increases have been reset for 2021/22 to reflect the delay in housing developments as a result of Covid. Later years reflect normal anticipated growth in housing within the Borough.

3. FINANCIAL RESOURCES

3.1 The proposals for Local Government funding (i.e. Fairer Funding and Business Rates) have now been further delayed by the impact of Covid. It is anticipated that the review will now take place in 2021/22 with implementation in 2022/23. It has not been confirmed by Government that the reforms will take place next year. Government however did confirm that consultation on the future of New Homes Bonus will take place in 2021, following an announcement that an additional year of funding will be included in 2021/22 only. The delays to the reforms will add further uncertainty over funding within the period of this MTFS with only one year of funding currently certain.

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

3.3 <u>Business Rates</u>

The legacy of Covid on Business Rates for 2021/22 has provided much uncertainty over the expected receipts. The Council would ordinarily make assumptions reflecting experience to date with regard to the award of additional reliefs, successful ratings appeals and government policy changes. The Government's proposals for 75% Business Rates retention and a new funding system have now been postponed for a second time due to Covid. The Council has taken a prudent approach and for 2021/22 has budgeted at safety net (the minimum that the Council would receive in Business Rates receipts) plus retained receipts from Renewable Energy properties. The forecasts for 2022/23 onwards allow for a full reset of Business Rates and the loss of receipts from Ratcliffe-on-Soar Power Station which is expected to cease production in 2025. The power station makes up a reasonable proportion of the tax base at 7.8% (£5.74m) with the Council's exposure around £3m.

In March 2020 the Government announced that the retail discount relief would be extended to include most customer facing businesses and childcare providers due to the impact of Covid. As has been in the past with previous changes, the Council has been fully compensated by S31 grant payment (specific grant from central government). However, the payments made out of the collection fund to the preceptors (including Rushcliffe) are set at 31st January in the preceding year and cannot be changed. This causes a timing difference as grant received to compensate for the additional reliefs have been received in the current year but the deficit created as a result of payments out of the collection fund will not materialise in the budget until 2021/22. The surplus cash from the S31 grants is therefore to be appropriated to the Organisation Stabilisation reserve and released in 2021/22 to mitigate the budgeted deficit, this amounts to £4.0m.

A further risk is that UK businesses could receive a rebate of £481m from appeals under a Material Change of Circumstances (MCC) due to Covid. As yet, no decisions have been taken on reductions to rateable values as a result of the pandemic. Losses incurred under the potential appeals may be covered by the Government's 75% reimbursement scheme (see below).

Government have announced that there will be a freeze on the Business Rates multiplier in 2021/22 (remaining at 49.9p) however CPI (normally used to set the multiplier) was 0.55% in September 2020. The Council will be compensated for the lost yield in relation to this freeze which will be paid in the form of S31 Grant. This is included in the 2021/22 Retained Business Rates budget of £2.8m.

It has also been announced that 75% of business rate losses will be reimbursed and this will be measured by comparing the NNDR1 with the NNDR3 outturn. Compensation will be paid based on the reduction in non-domestic rating income in 2020/21. At the time of budgeting, it is not anticipated that there will be a deficit on Business Rates (excluding the deficit caused by the additional reliefs referred to above as this has been compensated by S31 grant) and as such there is no reimbursement anticipated.

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 2022/23 at the earliest) regarding resetting the system means that the amount of Business Rates the Council can retain after 2022/23 is assumed to change significantly. The Organisation Stabilisation Reserve helps mitigate against risks including Business Rates uncertainty.

The impact in 2021/22 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 2022/23 onwards, if a new system of Business Rates is 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. We currently show no surplus from the Nottinghamshire Business Rates Pool as a prudent assumption.

The forecast position on Business Rates is shown below.

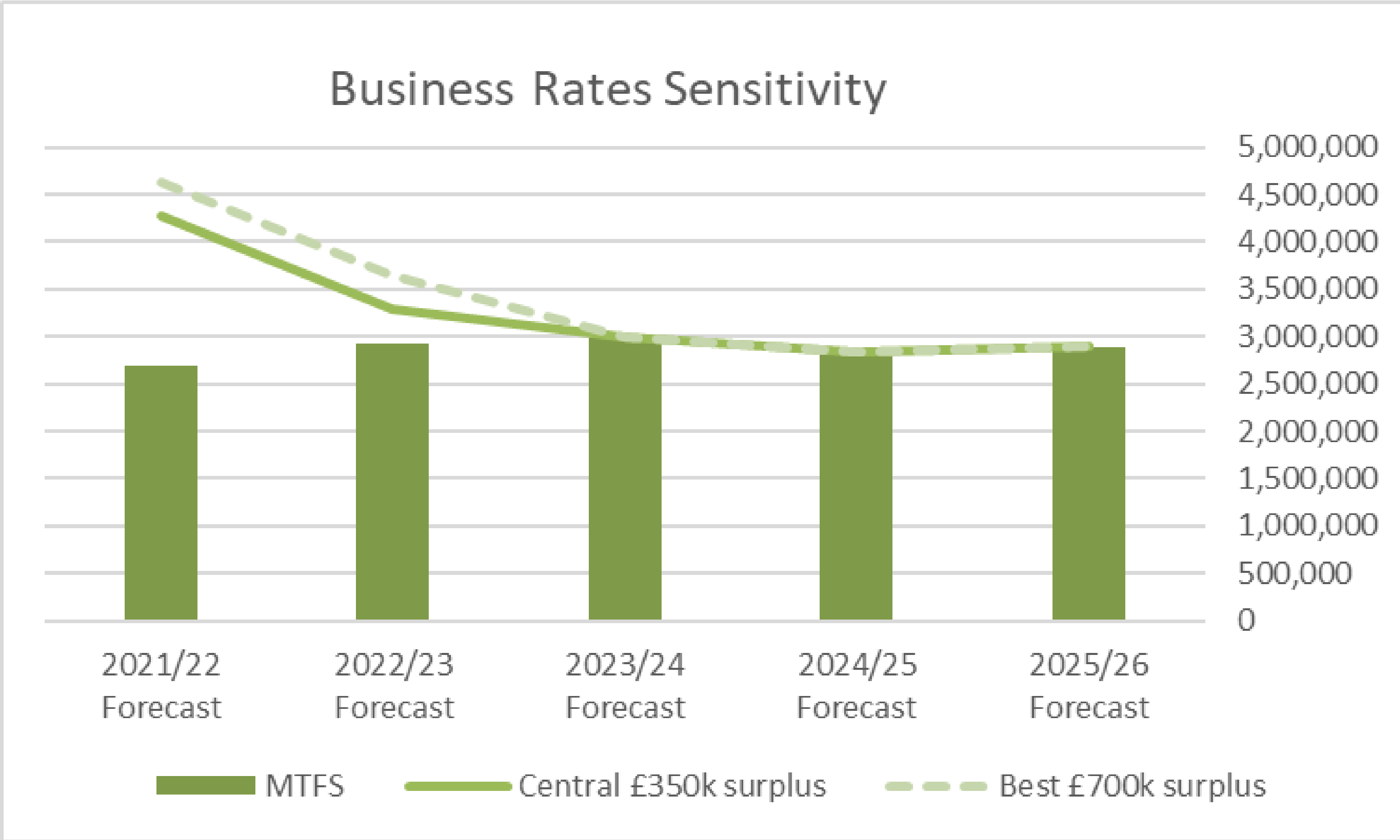
Table 2 Business Rates

£'000	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Retained Business Rates	3,984	**2,820**	2,928	2,978	2,836	2,893
Increase/ (reduction)	217	**(1,164)**	**108**	**50**	**(142)**	**57**
Increase/ (reduction)	6%	**(29%)**	**4%**	**2%**	**(5%)**	**2%**
Forecast Business Rates (Surplus)/deficit and central pool surplus	(542)	**4,000**	0	0	0	0

Sensitivity Analysis

There is uncertainty surrounding Business Rates from 2022/23 and the budget assumes the minimum the Council can expect to receive in 2021/22 (safety net plus Renewable Energy receipts) and that there will be a full reset removing Business Rates growth from 2022/23. However there is an upside risk that receipts will continue at similar levels to 2020/21 and the Council will continue to benefit from existing growth with the amount we can budget for ranging from £2.7m to £4.6m. From 2023/24 there is uncertainty surrounding reforms coupled with the closure of Ratcliffe-on-Soar Power Station and the Council has therefore assumed for all scenarios that a full reset is likely for the remainder of the MTFS. The graph below shows the potential variations in receipts over the MTFS with the uncertainty from 2023/24 to 2025/26 reflected in budgeted assumptions remaining equal for all scenarios.

It is possible that Government may extend the current retail, hospitality and leisure relief scheme for 2021/22 or that business rates retains more resilience, which would mean the Council is unlikely to go into safety net position. If this materialises the Council is unlikely to have recourse to use the Organisation Stabilisation Reserve to support the budget (for 2021/22 £0.8m)


Business Rates Sensitivity
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
2021/22 Forecast
2022/23 Forecast
2023/24 Forecast
2024/25 Forecast
2025/26 Forecast
MTFS
Central £350k surplus
Best £700k surplus

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 Rushcliffe 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 £4.62 (3.24%) 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 £78,100 in 2021/22. A Council Tax freeze would result in a reduction of £204,500. The Council's referendum limit calculation also includes Special Expenses, the combination of Rushcliffe's Band D Council Tax and Special Expense equates to £5.

The 2021/22 tax base has been set at 44,259.6 (an increase of 0.62%). The projections for 2021/22 have been based upon the current Council Tax base, including both additional Local Council Tax Support claims resulting from Covid (as these reduce the overall tax base) and reduced growth in 2020/21 against original expectations. Anticipated growth during 2021/22 has been calculated and included in the projections and thereafter we have assumed a 2% increase per annum. This will be reviewed as the Council looks to deliver its housing growth targets.

The Government has announced that due to potentially significant deficits in collection funds across the Country as a result of Covid-related reduced receipts, Billing Authorities will be required (by legislation) to 'spread' any deficits occurring in 2020/21. This is a departure from the normal process of collecting deficits in the following year and is intended to help smooth the cash flow for the precepting bodies. Only the deficit occurring in the current financial year is required to be spread in this way with prior year surpluses or deficits adjusted in the year following as normal. The anticipated deficit for Council Tax (occurring in the year) is approximately £1.4m with the County Council taking the majority share. The Council's exposure is approximately £0.15m which will be spread over the three years 2021/22 to 2023/24 (£51k per annum). There is a small surplus relating to previous years which is adjusted in 2021/22 reducing the deficit to £45k.

As with Business Rates above, 75% of Council Tax losses in 2020/21 will also be compensated for by way of S31 grant. Council tax losses will be calculated by comparing the budgeted Council Tax requirement (CTR1) with the outturn position. This will be accrued into the reserves in 2020/21 to be released to offset the budgeted deficit of £51k in each of the following 3 years. For budgeting purposes this figure has been estimated at £70k and therefore £23k per annum (net impact £28k per annum).

In 2020/21 the Council is due a share of a £670m new grant and its purpose is to compensate authorities for the expected additional cost of Local Council Tax Support (LCTS) schemes in 2021/22. The Council's allocation is £0.1m. The grant is un-ringfenced and is in recognition of the increased costs of providing local Council Tax support following the pandemic and wider support for reduced Council Tax income to the Council.

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

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax Base (a)	43,987.70	**44,259.60**	45,144.79	46,047.69	46,968.64	47,908.01
Council Tax £:p (b)	£142.74	**£147.36**	£152.31	£157.26	£162.21	£167.16
£ Annual Increase	£4.95	**£4.62**	£4.95	£4.95	£4.95	£4.95
% increase	3.59%	**3.24%**	3.36%	3.25%	3.15%	3.05%
Gross Council Tax collected (a x b)	£6,278,801	**£6,522,095**	£6,876,003	£7,241,459	£7,618,783	£8,008,304
Increase in Precept	£329,236	**£243,294**	£353,909	£365,456	£377,324	£389,520
Council Tax(Surplus)/Deficit	£97,500	**£45,000**	£51,000	£51,000	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 2020/21, 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 decreased in Ruddington and Keyworth due to an increase in tax base whilst costs have remained broadly the same. The Band D amount for Keyworth has decreased by £0.35 (-9.31%) and Ruddington £0.12 (-2.91%). Expenditure in West Bridgford has increased due to events and activities held in West Bridgford. This is partially offset by a reduction in costs associated with Lutterell Hall (now run by a management company), resulting in an overall net increase to West Bridgford of £22k and an increase in the Band D charge of £1.14 (2.35%).

The budget for the Special Expenses areas have been discussed at the West Bridgford and Special Expenses and Community Infrastructure Levy group.

Table 4 Special Expenses

	2020/21		2021/22		
	Cost	**Band D**	**Cost**	**Band D**	
	£	£	£	£	% change
West Bridgford	690,500	48.51	712,600	49.65	2.35
Keyworth	10,100	3.76	9,200	3.41	-9.31
Ruddington	11,300	4.12	11,100	4.00	-2.91
Total	**711,900**		**732,900**		

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 was intended to give clear incentive to local authorities to encourage housing growth in their areas. The Government intends to cease the New Homes Bonus (NHB) scheme in 2023/24. It was announced during the settlement that due to Covid pressures there would be an additional one-off payment made to Local Authorities in 2021/22 due to delays in consulting on the closure of the existing scheme. This will not form part of any remaining legacy payments. Government also confirmed that it would be consulting on the potential future replacement of the NHB scheme in 2021. The table below depicts both the reduced funding and cessation of the scheme by 2023/24.

Table 5 – New Homes Bonus

	2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
New Homes Bonus Received in Year	(2,311)	**(1,633)**	(653)	0	0	0

3.8 Fees, Charges and Rental Income

The Council is dependent on direct payment for many of its services. The 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. Covid has had a significant impact on the fees and charges receipts during 2020/21 and it is anticipated that the effects of the virus will continue into 2021/22 and 2022/23 as the rollout of the vaccines will take time to take effect therefore extending the period of social distancing. The budget assumes anticipated reductions in fees and charges of approximately 20% in 2021/22 and 10% in 2022/23. The Government has announced that Local Authorities will be reimbursed for 75% of lost Sales Fees and Charges income for the first quarter of 2021/22 only. The methodology of the reimbursement calculation has not yet been agreed and therefore we have currently assumed £0.17m based expected reductions in receipts for the first quarter of 2021/22. This is included in the other grant income line in table 8 below.

The Fees, Charges and Rental Income budget is shown in Table 6.

Table 6 – Fees, Charges and Rental Income

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Car Parks	(858)	**(683)**	(771)	(858)	(858)	(858)
Licences	(303)	**(308)**	(308)	(308)	(308)	(308)
Non Sporting Facility Hire	(188)	**(138)**	(140)	(142)	(142)	(142)
Other Fees & Charges	(605)	**(529)**	(810)	(894)	(954)	(1,016)
Planning Fees	(1,138)	**(958)**	(1,063)	(1,167)	(1,167)	(1,167)
Rents	(1,724)	**(1,796)**	(1,913)	(2,017)	(2,037)	(2,037)
Green waste income	(1,324)	**(1,400)**	(1,400)	(1,587)	(1,587)	(1,587)
Service Charges	(301)	**(302)**	(303)	(305)	(305)	(305)
Total	(6,441)	(6,114)	(6,708)	(7,278)	(7,358)	(7,420)

Income assumptions are determined by a number of factors including current performance, decisions already taken and known risks and opportunities.

The budget for Other Fees and Charges sees an increase from 2022/23 onwards due to the Crematorium which is expected to open in 2022. Garden Waste is increased on a cyclical basis every 3 years. The charge was last increased in 2020/21 and the next planned increase is due in 2023/24. This takes account of future inflation and potential pressures linked to the environmental agenda which is likely to further increase costs such as vehicle purchases. Future increases will need to be considered and agreed by Members.

There has been no increase assumed for car parking charges due to the expected position in the economy with only a gradual recovery expected and highly dependent on the success of the vaccine. Encouraging consumers back into the high streets will be a key part in the recovery of the economy.

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. 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 (£11.6m) which is used to meet the costs of the national housing benefit scheme. Other Income is shown in Table 7. Interest on investments reflect assumptions based on balances available to invest and expected interest rates (see Appendix 5). Other Income line shows an increase year on year which reflects the planned receipts from the Leisure Contract to include Bingham Hub which is scheduled to open in June 2022. The Homelessness funding was expected to cease in 2021/22 reflected in a reduction in the Other Government Grants line on the table below. It has recently been announced that there will be an additional grant for Homelessness paid in 2021/22 and this is shown on the Other Grant Income line on table 8. Costs recovered relate mostly to Council Tax Court Costs.

Table 7

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Costs recovered*	(188)	**(156)**	(172)	(188)	(188)	(188)
Council Tax/ Housing Benefit Admin Grants	(230)	**(214)**	(200)	(200)	(200)	(200)
Interest on Investments	(377)	**(462)**	(504)	(557)	(552)	(546)
OLAs Contribution	(95)	**(86)**	(86)	(86)	(86)	(86)
Other Income	(368)	**(337)**	(530)	(732)	(800)	(850)
Recycling Credits	(160)	**(180)**	(180)	(180)	(180)	(180)
Other Government Grants	(245)	**(120)**	(120)	(120)	(120)	(120)
Sub Total	(1,663)	**(1,555)**	(1,792)	(2,063)	(2,126)	(2,170)
Housing Benefit Subsidy	(14,264)	**(11,788)**	(11,788)	(11,788)	(11,788)	(11,788)
Total Other Income	**(15,927)**	**(13,343)**	**(13,580)**	**(13,851)**	**(13,914)**	**(13,958)**

3.10. Summary

Table 8 – All sources of income

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Retained Business Rates	(3,984)	**(2,820)**	(2,928)	(2,978)	(2,836)	(2,893)
Other Grant Income*	(18)	**(1,130)**	0	0	0	0
New Homes Bonus	(2,311)	**(1,633)**	(653)	0	0	0
Council Tax (RBC)	(6,279)	**(6,522)**	(6,876)	(7,242)	(7,619)	(8,008)
Council Tax (Special Expenses)	(712)	**(733)**	(733)	(733)	(733)	(733)
Collection Fund (Surplus)/deficit	(445)	**0**	0	0	0	0
Fees, Charges and Rental Income	(6,441)	**(6,114)**	(6,708)	(7,278)	(7,358)	(7,420)
Other income	(15,927)	**(13,343)**	(13,580)	(13,851)	(13,914)	(13,958)
Transfers from Reserves**	0	**(3,034)**	(197)	(1,111)	(530)	(355)
Total Income	(36,117)	**(35,329)**	(31,675)	(33,193)	(32,990)	(33,367)

*The table below summarises the grants allocated to the Council in 2021/22. Covid Support Tranche 5 is expected to be paid in April 2021 and follows four earlier tranches of grant paid during 2020/21. As referred to in section 3.8 above the Government will be reimbursing Local Government for lost sales, fees and charges for the first quarter of 2021/22 and it is anticipated that this will be based on losses against the 2020/21 budget. The Lower Tier Grant is a new grant with the purpose of supporting services such as homelessness, planning, recycling and refuse collection and leisure services and looks to partially rebalance the impact of the loss of New Homes Bonus (the other grants are Covid linked). Government have extended the Homelessness and Rough Sleeping funding for a further year and the Council's allocation is £163k. Section 4 details the expenditure that this grant will be used to fund. The Council will also be receiving £100k under the Local Council Tax Support funding to mitigate the impact of a reduced tax base.

Grant Awarded	Description
£397,000	Covid support (Tranche 5)
£170,000	Fees and Charges reimbursement (estimated)
£300,000	Lower Tier Grant
£163,000	Homelessness and Rough Sleeping
£100,000	Local Council Tax Support
£1,130,000	**Total**

** The transfer from reserves in 2021/22 includes the mitigation of the budgeted deficit in Business Rates referred to in section 3.3 above. The net transfer from reserves in 2023/24 increases as there are no NHB receipts being transferred to reserves. This line also incorporates the £1m per annum payment for the Arena. The net transfer from reserve decreases from 2024/25 as contributions are made from investment property income to the sinking fund reserve. The position on reserves is shown in Section 6.

4. 2021/22 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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Employees	10,586	**10,637**	10,566	10,732	10,748	10,842
Premises	1,072	**1,008**	1,026	1,010	1,010	1,010
Transport	864	**926**	932	941	938	938
Supplies & Services	3,580	**3,763**	3,852	3,994	3,910	3,934
Transfer Payments	14,297	**11,773**	11,783	11,793	11,793	11,793
Third Party	2,636	**2,811**	2,874	2,937	3,003	3,070
Depreciation/Impairment	2,131	**1,768**	1,768	1,768	1,768	1,768
Capital Financing	76	**45**	111	132	129	127
Gross Service Expenditure	**35,242**	**32,731**	**32,912**	**33,307**	**33,299**	**33,482**
Reversal of Capital Charges	(2,131)	**(1,768)**	(1,768)	(1,768)	(1,768)	(1,768)
Collection Fund Deficit	0	**4,045**	51	51	0	0
Net Contribution to Reserves	1,859	**0**	0	0	0	
Minimum Revenue Provision	1,000	**1,074**	1,274	1,274	1,000	1,250
Revenue Contribution to Capital	147	**0**	0	0	0	0
Overall Expenditure	**36,117**	**36,082**	**32,469**	**32,864**	**32,531**	**32,964**

4.2 Explanations for some of the main variances above are:

- Employee costs reflect a zero-pay award in 2021/22 and 2022/23 and 1% thereafter. 2023/24 also reflects pay costs associated with the upcoming Borough elections (£76k);
- Supplies and services increase due to Streetwise costs of £35k, Tanker Services up by £34k due to increased disposal costs and contingency by £32.5k to cover potential increases to National Living Wage. The cost of Borough Elections included in 2023/24 is £116k and there is a contribution from reserves to mitigate the impact.
- Transfer Payments are expected to reduce. Estimates are based on current caseload and the DWP handling working age claims under Universal Credits.
- Capital Financing costs increase reflecting the borrowing costs arising from the estimated £7.5m borrowing in relation to the capital programme (referred to in paragraph 9.4);
- There is no longer a net contribution to reserves due to the reduction in NHB receipts being transferred to reserves; and
- The revenue contribution to capital is now included within the net transfer from reserves shown in table 8 above.
- The £4m Collection Fund deficit relates to the deficit arising in 2020/21 as a result of additional reliefs granted to retail and childcare.

4.3 The Council will receive £163k in 2021/22 in Homeless and Rough Sleeping funding. This grant will continue to fund two posts supporting housing options and homelessness prevention and provides a prevention fund to assist with rent deposits or advances to secure private rented accommodation for those at risk. It also includes provision for Street Outreach initiative to assist rough sleepers and grants to support homelessness provision, education and advice.

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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Total Income	(36,117)	(35,329)	(31,675)	(33,193)	(32,990)	(33,367)
Gross Expenditure	36,117	36,082	32,469	32,864	32,531	32,964
Net Budget Position (Surplus)/Deficit	**0**	**753**	**794**	**(329)**	**(459)**	**(403)**
Revised Transfer From Reserves	**0**	**(3,787)**	**(991)**	**(782)**	**(71)**	**48**

5.2 The above shows a deficit position of £753k in 2021/22 and £794k in 2022/23 mostly relating to the anticipated impact of Covid on income streams and additional expenditure. It is anticipated that from 2023/24 the budget will move into a surplus position which will then be used to replenish the reserve, the total for the period being deficit £357k. Due to the current uncertainty surrounding Business Rates the budget does not include any surplus from the Nottinghamshire Pool. Any surplus arising will be transferred to the Organisation Stabilisation Reserve to further mitigate the risks going forward on Business Rates from reforms and the loss of the Power Station.

5.3 Section 7 covers the Transformation Programme - including the use of reserves, balancing the budget for 2021/22 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 2020/21 £5.165m will be transferred to the Organisation Stabilisation reserve. Of this sum, £3.769m arises from the Business Rates S31 grants allocated in 2020/21 to compensate for additional reliefs given to the retail sector. This will be required to be released back to revenue in 2021/22 to meet the Collection Fund deficit arising from these additional reliefs. £673k arises as a result of additional grant funding received in the year. This will be used to support the budget and uncertainty of the impact of Covid on future years. The balance of £523k comprises £723k surplus from the Nottinghamshire Business Rates Pool less £200k which has been moved to the Development Corporation (DevCo) Reserve. It is expected around £0.17m of the DevCo Reserve will be utilised in 2021/22. Reserves will continue to be used to help manage the impact of Covid, reduced government funding, future changes to the Business Rates Retention scheme and ensuring ongoing service stability.

6.2 In 2020/21 the balance on the Organisation Stabilisation reserve (OSR) is expected to be £7.176m. This is a higher level than previously estimated because it contains the temporary transfer of S31 grants surplus (£4.0m needs to be released in 2021/22). Future projections indicate the reserve will have a balance of £2.748m by 2025/26 subject to the ongoing impact of Covid. Covid has clearly demonstrated the benefit of having this reserve to support Council services at a time of significant crisis. Going forward not only due to Covid but also the prevailing uncertainty in relation to both large Council projects and future funding means that this reserve is necessary.

6.3 Table 11 details the estimated balances on each of the Council's specific reserves over the 5 year MTFS. This also shows the General Fund Balance. Total Specific Reserves reduce from £22m to £14.5m (20/21 – 25/26). **Appendix 6** details the movement in reserves for 2021/22 which also includes capital commitments. This shows a reduction from £19.5m to 15.175m primarily reflecting the aforementioned release of £4.0m to meet S31 grant commitments in 2021/22. In addition, the sum of £0.753m is required to be released to support the revenue budget deficit. It is important that the level of reserves is regularly reviewed 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 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) charge to the revenue budget comprising of a statutory and a voluntary amount arising from internal borrowing (primarily for the Arena). 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. Year-on-year additions to the NHB reserve increase are predicated on the assumptions made on NHB in Section 3.7.

The MTFS presented to Council last year supported the creation of the Climate Change Action Reserve and despite the pressures of Covid this reserve remains. The reserve will support projects that contribute to the Council's ambitions to protect and enhance the environment including reduction of its carbon footprint. A balance of £0.8m is available and will be allocated as projects get approved with £30k provisionally earmarked for a contribution to an electric car charging canopy at Gamston (note from the £1m reserve £0.2m has been transferred to the Development Corporation Reserve). As presented to Full Council in December 2020 the East Midlands Development Corporation will support partnership working to deliver transformational infrastructure and economic development projects, with the reserve to be utilised over the next 3 years. A further £0.2m is being transferred from the Nottinghamshire Business Rates Pool surplus for 2020/21 and combined with the existing £0.1m in the revenue budget this will support expenditure of up to £0.5m.

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

	Balance 31.03.20 £'000	Balance 31.03.21 £'000	Balance 31.03.22 £'000	Balance 31.03.23 £'000	Balance 31.03.24 £'000	Balance 31.03.25 £'000	Balance 31.03.26 £'000
Investment Reserves:							
Regeneration and Community Projects	1,794	1,721	1,859	2,016	2,176	2,343	2,515
Sinking Fund - Investments	166	179	0	0	50	100	150
Corporate Reserves:							
Organisation Stabilisation	2,402	7,176	2,399	1,581	1,886	2,345	2,748
Climate Change Action	1,000	800	800	800	800	800	800
Development Corporation	100	400	400	400	400	400	400
Risk and Insurance	100	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350	350
Elections	50	100	150	200	50	100	150
Operating Reserves:							
Planning	209	209	131	45	45	45	45
Leisure Centre Maintenance	116	7	7	7	7	7	7
Total Excluding NHB Reserve	**6,287**	**11,042**	**6,196**	**5,499**	**5,864**	**6,590**	**7,265**
New Homes Bonus	7,186	8,420	8,979	8,385	7,138	5,891	4,644
Total Earmarked Reserves	**13,473**	**19,462**	**15,175**	**13,884**	**13,002**	**12,481**	**11,909**
General Fund Balance	2,604	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	**16,077**	**22,066**	**17,779**	**16,488**	**15,606**	**15,085**	**14,513**

7. THE TRANSFORMATION STRATEGY AND EFFICIENCY STRATEGY

7.1 For the past 6 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

	2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Gross Budget Deficit excluding Transformation Plan	3,932	**5,191**	5,946	5,345	5,008	5,140
Cumulative Savings in Transformation Plan	(3,932)	**4,185**	4,668	5,171	5,319	5,431
Gross Budget Deficit/(Surplus)	0	**1,006**	1,278	174	(311)	(291)
Additional Transformation Plan savings	(192)	**(253)**	(483)	(503)	(148)	(112)
Net budget Deficit/(Surplus)	0	**753**	795	(329)	(459)	(403)
Cumulative Transformation Target (Appendix 3)	(192)	**(445)**	(928)	(1,431)	(1,579)	(1,691)

7.3 In order to deliver a balanced budget for 2021/22 amidst increasing funding pressures from the legacy of Covid, the Council has looked to constrain Council spend and increase income. The Council continues to review how it delivers its services, to identify innovative ways of delivering its services more economically, efficiently and effectively, however the impact of Covid has made this a challenging year and as such this budget proposes a substantial use of reserves in 2021/22 and 2022/23. 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 £1.691m of expected efficiencies have been identified. The current transformation projects which will be worked upon for delivery from 2021/22 are given at **Appendix 3**.

7.5 The Council has added to their asset portfolio with two brand new units at Edwalton Business Park. The income generated from these assets contribute approximately £0.25m per annum to the Transformation Programme.

7.6 Included in the programme for 2021/22 are staffing efficiencies arising from natural wastage (i.e. not replacing staff when they leave). In total this contributes £0.135m per annum to the transformation plan savings.

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
The Council is unable to balance its budget and the budget is not sustainable in the longer term as a result of Covid.	Low	High	Going concern report presented to Governance Group to confirm that the Council has sufficient reserves to withstand the short-term financial shock as a result of Covid.
Fluctuation in Business Rates linked to the impact of Covid, business appeals and in particular the power station and a decline in the retail sector	High	Medium	Growth plans and accurate monitoring, lobbying central government, potential alternative use of the power station site, increase in S31 grants to offset additional Business Rate reliefs. Playing an active role supporting the Development Corporation with a £0.5m reserve created and the potential for a Freeport. Growth Boards will also help support the business community. Budget at safety net position and we achieve our central case predictions this will reduce the need to utilise reserves.
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	Medium	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.

Risk	Likelihood	Impact	Action
The Council does not achieve Council Tax income levels as projected in the MTFS and linked to Government referendum limits. Covid impacts upon levels of Council tax collected	Medium	High	Continue to monitor government policy and lobbying. Budget workshops for members so they are clearly informed regarding the impact of alternative decisions. Spread Council Tax losses over 3 years as per statutory instrument.
Inadequate capital resources	Medium	Medium	Proportionate spending and sale of surplus assets and ongoing review of 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. Borrowing when necessary.
Fee income volatility linked to Covid, for example number and size of planning applications, the impact on leisure provision.	High	Medium	Engagement in consultation in policy creation. Ensure future changes are built into the MTFS. Additional grant funding from Government for quarter 1 in 2021/22
Inflationary pressures, particularly pay and utility costs. Pay rises are linked to the outcome of national negotiations and whether they are adopted locally.	Medium	low	Budget reporting processes and use of budget efficiencies and reserves
Pensions triennial revaluation and the potential increase to pension contributions	High	Medium	To be aware of actuary’s report and implications. Risks affected by local demographics and the impact on interest rates and share prices of international economic conditions. The Covid impact to be assessed at the next valuation. Also the ability to influence central government policy on the Local Government scheme. Budget impact reflected in the MTFS

Risk	Likelihood	Impact	Action
Variable demand for services given the potential impact of Covid on housing and businesses 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 and Bingham Leisure Hub.	Low	High	Effective programme and project management
The impact of wider economic conditions (particularly Covid and BREXIT) on interest rates, the property market, impacting on investments and any future borrowing	High	Medium	Advice from the Council's treasury advisors, and more investment diversification with a wider range of institutions and property investment diversification. Monitoring borrowing rates. Prudent assumptions in the MTFS.
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. Implementation deferred to 1 April 2022. Assess and monitor.
Environmental Agenda Impact on both revenue and capital budgets	High	Medium	Creation of Climate Change Action Reserve (£1m less £0.2m transferred to Development Corporation Reserve), ongoing review of significant projects and outcome of scrutiny review.

8.2 The Covid pandemic has resulted in an unprecedented impact on health, wellbeing and the economy both nationally and locally. This is highlighted in the risks above and the resultant impact on the Council's budget from anticipated reductions in income, impact on leisure costs and use of the Council's Organisation Stabilisation Reserve.

8.3 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 deliver 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. Due to recent changes in PWLB loan criteria, the Council's capital programme does not include any investments that are purely for financial return.

8.4 The MTFS presents a deficit position for 2021/22 and 2022/23 funded by the use of Organisation Stabilisation Reserve. The budget then moves into a surplus position when the reserves will be replenished. 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 (notwithstanding those related to Covid). 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 a tenth 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 with a further revaluation now planned for 2022. There may also be further reliefs announced in 2021/22 for the retail, hospitality and leisure sectors as the impact of Covid is expected to continue

- There is also upside Business Rates risk dependent on the resilience of local businesses and if business rates income achieves the central case then this will significantly reduce the need for the use of reserves

- New Homes Bonus - as identified at 3.7, the Government intends to cease the New Homes Bonus (NHB) scheme in 2023/24. There may be a replacement scheme which gives an opportunity for further funding. 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.

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 £38.9m for 5 years (slippage of £18.4m has been approved from the 2020/21 programme and is included in this figure).

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

CAPITAL PROGRAMME 2021/22 – 2025/26

	2020/21 Current Estimate	2021/22 Indicative Estimate	2022/23 Indicative Estimate	2023/24 Indicative Estimate	2024/25 Indicative Estimate	2025/26 Indicative Estimate	5 Year TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE SUMMARY							
Transformation	6,471	23,730	250	105	400	820	25,305
Neighbourhoods	2,281	2,828	1,988	1,918	1,868	993	9,595
Communities	2,087	1020	75	125	115	100	1,435
Finance and Corporate	5,239	580	480	480	530	480	2,550
Total	**16,078**	**28,158**	**2,793**	**2,628**	**2,913**	**2,393**	**38,885**
FUNDED BY							
Usable Capital Receipts	(7,829)	(15,199)	(1,880)	(1,915)	(1,850)	(1,160)	(22,004)
Government Grants	(726)	(613)	(613)	(613)	(613)	(613)	(3,065)
Use of Reserves	(452)	(500)	(300)	(100)	(450)	(620)	(1,970)
Grants and Contributions	(586)	(2,572)	0	0	0	0	(2,572)
Section 106 Monies	(1,258)	(2,818)	0	0	0	0	(2,818)
Internal Borrowing and Borrowing	(5,227)	(6,456)	0	0	0	0	(6,456)
Total	**(16,078)**	**(28,158)**	**(2,793)**	**(2,628)**	**(2,913)**	**(2,393)**	**(38,885)**
RESOURCES MOVEMENT							
Opening Balances:	5,834	2,155	2,125	4,228	5,098	5,930	
Projected Receipts:	7,172	21,672	4,896	3,498	3,745	1,574	
Use of Resources:	(10,851)	(21,702)	(2,793)	(2,628)	(2,913)	(2,393)	
Balance Carried Forward:	2,155	2,125	4,228	5,098	5,930	5,111	

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. Against a background of financial challenge as a result of Covid, the strength of the Council's financial position is such that it continues to support economic growth and recovery in the Borough. 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 to improve services, be transformative 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 £16m for the continued development of Bingham Hub for 2021/22 (this figure includes £11m approved brought forward from 2020/21). This will ensure there are new leisure facilities (including a Community Hall) to replace the existing Bingham Leisure Centre and new office units to expand business and employment opportunities. A contractor has been appointed and it is planned that the centre will open in 2022. The overall investment total is estimated to be no more than £20m.
b) £6.5m to provide a new Crematorium in the Borough. Of this, £4.5m has been brought forward from 2020/21 plus £2m to meet revised expected costs. This gives a total provision for the scheme of £8.5m.
c) £1.745m over the 5 years for investment in the upgrade of facilities at leisure centres. There are: planned refurbishments to changing villages; roof enhancements; and upgrades for plant and lighting. Schemes are considered in the light of the Leisure Strategy and are aimed at maintaining excellent standards of leisure provision.
d) £0.29m in 2021/22 for development of facilities at Rushcliffe Country Park for an enhanced Visitor Centre.
e) Information Systems Strategy (£0.33m plus a four-year rolling programme to give a total of £1.3m) will ensure that the Council keeps pace with new technologies and maintains digital integrity;
f) On-going vehicle replacement programme (£3.61m over the next five years).
g) Support for Registered Housing Providers £1m to continue to facilitate the provision of affordable homes across the Borough.
h) Disabled Facilities Grants (DFGs) provision of £0.515m has been provided each year but there has been further funding announced and this is subject to change when the formal Better Care Funding (BCF) allocations are approved. Other schemes in the programme supported by BCF include discretionary DFGs, Assistive Technology (Home Alarms), and Warmer Homes on Prescription.
i) Ongoing provisions of £0.15m per annum to provide market loan facilities for Streetwise Environmental Ltd to support their vehicle replacement programme.
j) Smaller sums have been included to enhance our land and buildings and investment property portfolios.

k) A Contingency sum of £0.1m has been included each year to give flexibility to the delivery of the programme and to cover unforeseen circumstances.
l) Expected total borrowing, including 2020/21, totals £11.7m. It is anticipated that up to £7.5m 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 (e.g. capital receipts) and this is reflected in the capital financing requirement shown at table 2 of the Capital and Investment Strategy (Appendix 5).

9.3 The Council has previously allocated £20m to the Asset Investment Strategy within its Capital Programme. Just over £16m of this has been utilised for investment opportunities, asset acquisitions, and development of office/industrial/retail units which will secure strong future income streams to support the revenue budget. The remaining balance of £3.8m is to be taken out of the programme.

9.4 The Council’s capital resources are slowly being replenished as potential receipts from the Sharphill Overage Agreement are recognised. Sums have been received in the current year and are expected each year until 2024/25. It is predicted that capital resources will be in the region of £4.9m at the end of the five-year life of the Programme. This comprises: £2.5m Capital Receipts; £2.3m 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 2021/22 to support the Capital Programme but will slowly build back up from 2022/23 to 2024/25 as income from Sharphill is received. The balance dips again in 2025/26 to £2.5m.

9.5 Projected capital receipts over the course of the MTFS include:

- A further £11m from the Sharphill Overage Agreement (£8.1m already received);
- Over £0.988m in repaid loan principal from Nottinghamshire County Cricket Club and Streetwise;
- Disposal of the old Depot Site, approximately £4.8m; and
- Sale of land in Cotgrave: approximately £7m.

9.6 The capital resources position should 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 8.4.

9.7 The projected borrowing of £7.5m is likely to be achieved 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. In addition to external borrowing, the Council anticipates up to £3m internal borrowing for the Crematorium. Formal funding decisions are taken at the end of each financial year when the level of capital expenditure is assessed in line with the capital resources and usable reserves available.

9.8 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 (LEP) and £1.65m Sustainable Urban Development (SUD) funding to support the development of new offices in Bingham. £0.174m has also been approved from the LEP to support the Community Hall element of 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 (Home Alarms);

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

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Anticipated Interest Rate (%)	0.1	0.25	0.5	0.5	0.5
Expected interest from investments (£)	(373,000)	(422,500)	(484,900)	(488,400)	(486,700)
Other interest (£)	(89,000)	(81,000)	(72,000)	(64,000)	(59,000)
Total Interest (£)	**(462,000)**	**(503,500)**	**(556,900)**	**(552,400)**	**(545,700)**

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 and is reviewed by the Governance Scrutiny Group.

10.3 Government recently undertook a consultation into Local Authority borrowing as a result of a small number of Local Authorities borrowing disproportionate amounts to fund commercial investments. Following the outcome of this it has been announced that borrowing from PWLB will not be permitted if there is any investment included in the Capital Programme that is primarily for commercial gain. The Council does not currently have any investments in the Capital Programme that meet this definition and therefore should not be restricted in future borrowing from the PWLB.

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 £4.62 increase in 2021/22 and thereafter 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 2025/26 is £1.17m and over the 5-year period £3.389m.

Table 16: Alternate Council Tax Levels

£'000	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Band D £147.36 in 2021/22 Increase at £4.62 in 2021/22 and £4.95 each year thereafter – Recommended Option						
Total Council Tax Income	**(6,279)**	(6,522)	(6,876)	(7,241)	(7,619)	(8,008)
Total for Freeze (Band D £142.74)		(6,318)	(6,444)	(6,573)	(6,704)	(6,838)
Total for 2% each year (Band D £145.59)		(6,444)	(6,704)	(6,975)	(7,257)	(7,550)

Difference (£'000)	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Freeze vs £4.95	(204)	(432)	(669)	(914)	(1,170)	(3,389)
2% vs £4.95	(78)	(172)	(266)	(362)	(458)	(1,336)

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

Appendix 1

Funding Analysis for Special Expense Areas

	2020/21 (£)	2021/22 (£)	% Change
West Bridgford			
Parks and Playing Fields	404,400	398,900	
West Bridgford Town Centre	55,900	91,400	
Community Halls	68,700	56,900	
Contingency	14,700	14,700	
Revenue Contribution to Capital Outlay	50,000	50,000	
Annuity Charges	76,800	80,700	
Sinking Fund	20,000	20,000	
Total	**690,500**	**712,600**	
Tax Base	**14,233.5**	**14,353.8**	
Special Expense Tax	**48.51**	**49.65**	**2.35%**
Keyworth			
Cemetery & Annuity Charges	8,800	7,900	
Annuity	1,300	1,300	
Total	**10,100**	**9,200**	
Tax Base	**2,689.7**	**2,700.60**	
Special Expense Tax	**3.76**	**3.41**	**-9.31%**
Ruddington			
Cemetery & Annuity Charges	11,300	11,100	
Total	**11,300**	**11,100**	
Tax Base	**2,743.9**	**2,777.5**	
Special Expense Tax	**4.12**	**4.00**	**-2.91%**
TOTAL SPECIAL EXPENSES	**711,900**	**732,900**	

REVENUE BUDGET SERVICE SUMMARY

Appendix 2

	2020/21 £	**2021/22 ESTIMATE £**	2022/23 ESTIMATE £	2023/24 ESTIMATE £	2024/25 ESTIMATE £	2025/26 ESTIMATE £
Communities	2,907,200	**3,458,900**	3,387,900	3,246,400	3,264,700	3,270,600
Finance and Corporate Services	3,442,800	**3,244,200**	3,305,900	3,527,200	3,392,000	3,459,500
Neighbourhoods	6,520,700	**6,749,500**	6,195,000	5,746,600	5,714,400	5,699,900
Transformation	2,000	**(179,800)**	(265,300)	(343,000)	(344,600)	(326,100)
Net Service Expenditure	12,872,700	**13,272,800**	12,623,500	12,177,200	12,026,500	**12,103,900**
Capital Accounting Adjustments	(2,130,600)	**(1,767,600)**	(1,767,600)	(1,767,600)	(1,767,600)	(1,767,600)
Minimum Revenue Provision	1,000,000	**1,074,000**	1,274,000	1,274,000	1,000,000	1,250,000
Revenue Contribution to Capital	146,800	**0**	0	0	0	
Transfer to/(from) Reserves	1,859,200	**(3,034,000)**	(197,000)	(1,111,000)	(530,000)	(355,000)
Total Net Service Expenditure	13,748,100	**9,545,200**	11,932,900	10,572,600	10,728,900	**11,231,300**
Funding						
Other Grant Income	(17,500)	**(1,129,700)**	0	0	0	0
Localised Business Rates, includes SBRR	(3,984,300)	**(2,819,600)**	(2,927,500)	(2,978,000)	(2,835,900)	(2,892,600)
Collection Fund (Surplus)/Deficit	(444,500)	**4,045,000**	51,000	51,000	0	0
Council Tax Income						
- Rushcliffe	(6,278,800)	**(6,522,100)**	(6,876,000)	(7,241,500)	(7,618,800)	(8,008,300)
- Special Expenses Areas	(711,900)	**(732,900)**	(732,900)	(732,900)	(732,900)	(732,900)
New Homes Bonus	(2,311,100)	**(1,632,900)**	(653,100)	0	0	0
Total Funding	(13,748,100)	**(8,792,200)**	(11,138,500)	(10,901,400)	(11,187,600)	**(11,633,800)**
Net Budget (Surplus)/Deficit	**0**	**753,000**	**794,400**	**(328,800)**	**(458,700)**	**(402,500)**

Appendix 3

Rushcliffe Borough Council

Transformation Strategy and Efficiency Plan 2021/22 – 2025/26

Introduction

The Council has consistently embraced a Transformation agenda and Efficiency Plan. In 2010, the Council adopted an original 4 Year Plan which set out a 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 original life of the Plan. This approach was reinforced in 2012 with the publication of our Corporate Strategy subtitled 'Proactively Preparing for the Future'.

The Transformation Programme since its inception and going forward aims to support the delivery of over £5.4m 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 2021/22 this is estimated at £105k. 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 2025/26. 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

Some of the more significant savings already achieved are:

- Service Efficiencies – general review of services identifying structural and process efficiencies in addition to a detailed review of the budgets to identify further savings
- Thematic – Savings achieved from the Leisure Strategy, renovation of Bridgford Hall and income generation from the Asset Investment Strategy
- Income Reviews – Garden Waste, Car Parking and general review of Fees and Charges
- Additional Savings – Income generated from investment projects, transfer of leisure provider to a community interest company and growth in planning income

Whilst the Council has achieved significant savings, further savings are required to address the estimated funding gap particularly in the wake of Covid. It has been a challenging year and as such the balanced budget proposed relies substantially on the utilisation of reserves. Going forward identifying potential savings will be both more important and challenging. This revised Transformation Programme will form the basis of how the Council meets the financial challenge summarised in the table below.

Savings targets

	2021/22 £'000	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Gross Budget Deficit excluding Transformation Plan	**5,191**	5,946	5,345	5,008	5,140
Cumulative Savings in Transformation Plan	**4,185**	4,668	5,171	5,319	5,431
Gross Budget Deficit/(Surplus)	**1,006**	1,278	174	(311)	(291)
Additional Transformation Plan savings	**(253)**	(483)	(503)	(148)	(112)
Net budget Deficit/(Surplus)	**753**	**795**	**(329)**	**(459)**	**(403)**

In order to deliver a balanced budget for 2021/22 the Council has looked to constrain Council spend and increase income. The Council have also procured two brand new business units at Edwalton Business Park which will generate revenue in the form of rental receipts. 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.

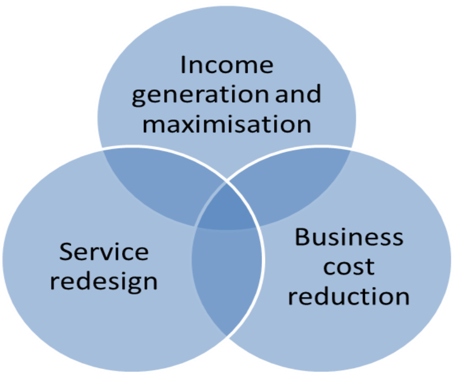
Moving forward, this momentum must continue, and the Council's key transformation projects need to be reviewed on an on-going annual basis. While the Council has identified a range of projects that can be used to deliver the anticipated savings required, this remains a challenging exercise. The current transformation projects which will be worked upon for delivery from 2021/22 are given at **Appendix B**. Some of the more significant projects include:

- Income streams from investments made through the Asset Investment Strategy (e.g. Edwalton Business Park units as mentioned above);
- The 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; and
- Cyclical reviews of all service areas including staff savings from natural wastage

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**.

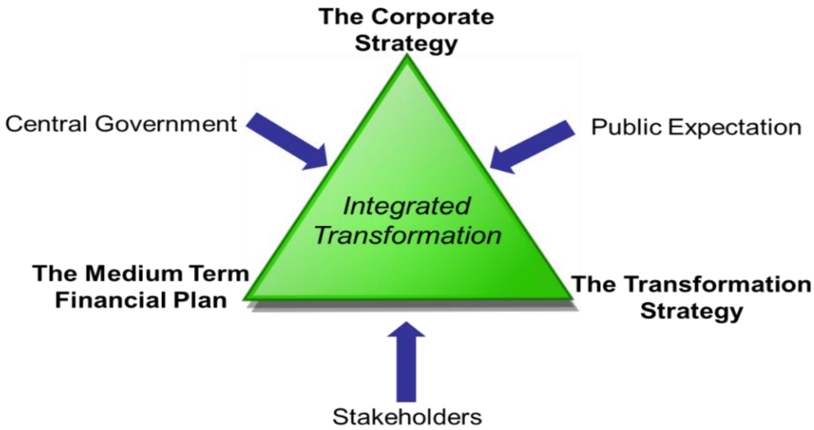
An Integrated Approach to Transformation

This Strategy formalises the Council's integrated approach to transformation. It highlights the work that has been, and continues to be, done in the last seven years to deliver over £5.4m 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.

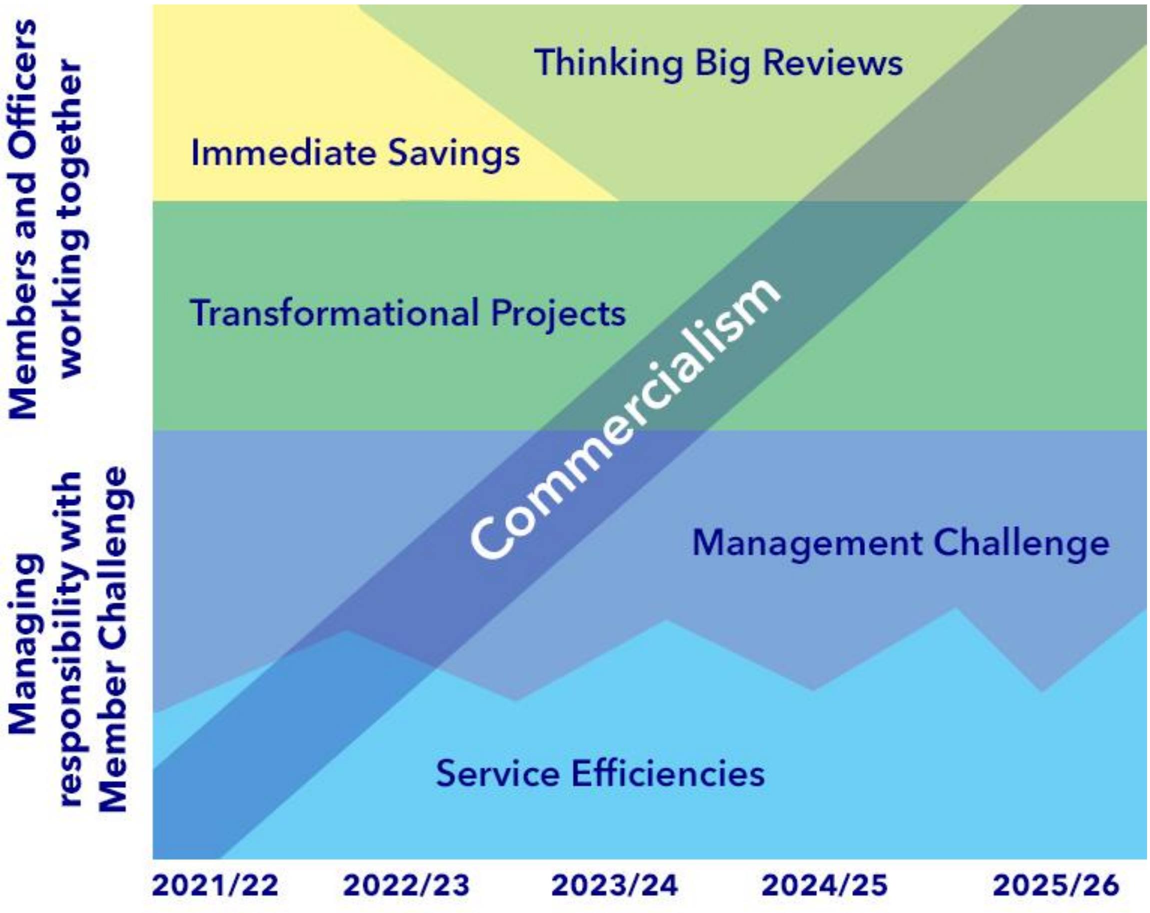


Rushcliffe's Integrated Approach to Transformation

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. For example, the Bingham Member working group which allows for Member involvement in key decisions regarding the development of Bingham Hub.

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 any additional savings or remove unused budget. Again, top level targets have been identified where appropriate 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 2025/26. Budget workshops (both this year and in the past), 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(s).

Member Involvement and Budget Workshops

As part of the budget setting process for 2021/22, Members discussed the impact of Covid 19 on the budget, options for Council tax increases and the impact on both capital and transformation programmes of significant capital projects namely the Crematorium and the Bingham Leisure Hub. 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 past few years there have been several “Thinking Big” initiatives including moving to the Arena, focusing on Fairham Pastures and the development of housing and employment land and the development of the Abbey Road Depot site. These are also subject to a combination of involvement of Growth Boards, Scrutiny work or Member Development Groups. The Asset Investment Strategy has paid dividends although the Council’s focus is now on maximising value for money from its existing assets.

Transformational Projects 2021-2026

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.

Going forwards, two major Transformational projects are:

- redevelopment of Chapel Lane Site with the creation of a new leisure centre, community hall, and separate provision of office units; and
- Provision of a Crematorium in Stragglethorpe.

Both of these schemes are embedded in the Corporate Strategy and fully embrace the Council’s four priorities:

- Quality of Life
- Efficient Services
- Sustainable Growth
- The Environment.

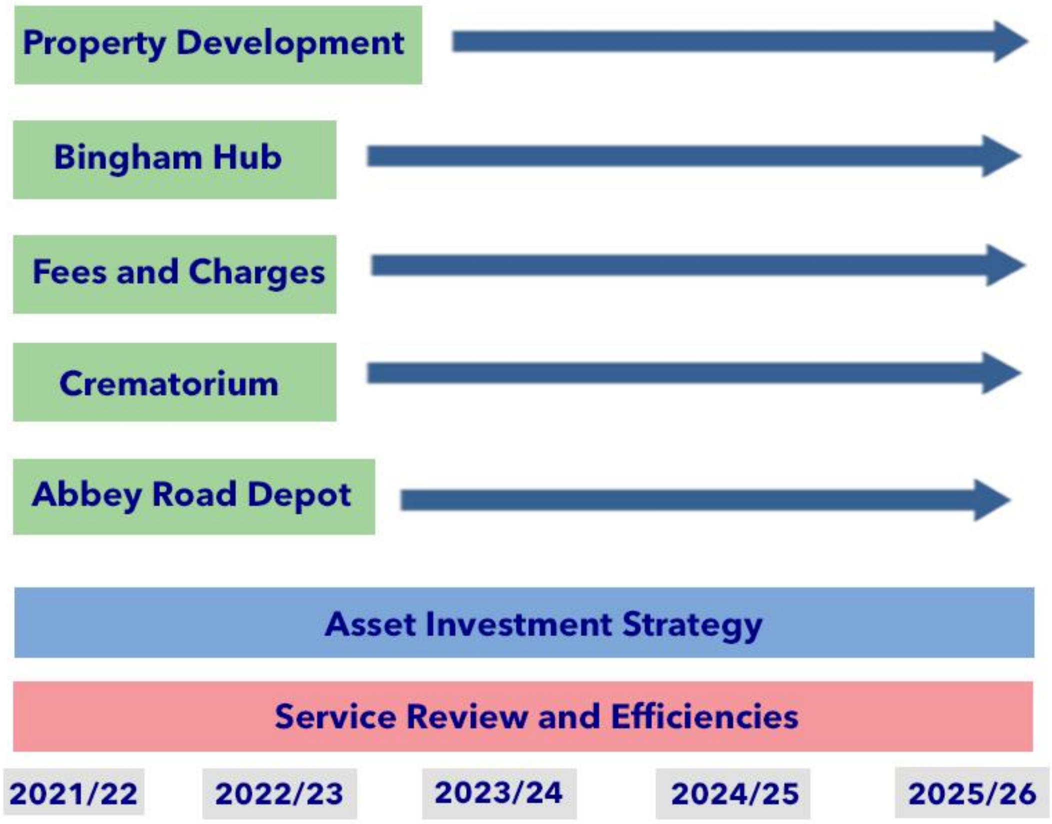
The leisure centre by providing high quality leisure and community facilities, as well as employment opportunities, to the growing population in the east of the Borough. The Crematorium will provide much needed community infrastructure and quality service delivery for Rushcliffe and the residents of neighbouring districts.

Leisure Strategy Activation

Since 2006, the Council’s Leisure Strategy 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 focuses on the Bingham Hub. It is planned that Bingham Hub will be operational from 2022/23. The Council have secured funding from European Regional Development Funding Sustainable Urban Development (ERDF SUD) and D2N2 Local Enterprise Partnership (LEP) to the value of £2.4m to support the development of Bingham Hub including a leisure centre, community hall and office building giving even more added value for the taxpayer.

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 2021-2026 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.

Risk	Probability	Impact	Mitigation
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)
Delay in anticipated savings or a reduction or removal of current savings due to Covid	Possible	>£250k	Accurate profiling of efficiencies. Close monitoring of the environment (e.g. rising prices) that may affect the feasibility of projects and regular reviews on the commercial market (e.g. rental demand) in order to assess likelihood of income falling.

Conclusion

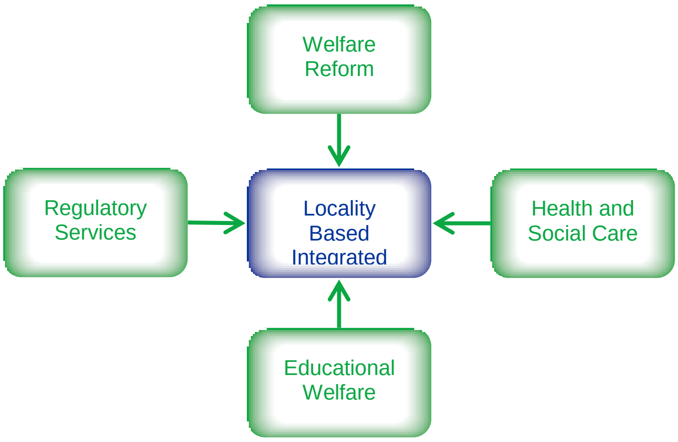
The above sets out Rushcliffe's plans over the next five years and the Council's commitment towards delivering these plans. This plan supports the Council's MTFS and is the vehicle upon which the Council will achieve a balanced budget.

Appendix A

Rushcliffe's Accepted Models of Partnership Working

1. Localised Integrated Working Partnerships

These types of integrated delivery partnerships involve working with other agencies and organisations whose services are delivered to Rushcliffe Borough residents. These partnerships are aimed at improving the connectivity of public services, public regulation, reducing the need to cross-refer people and issues.
The Government has recognised and begun to embrace the value of partnerships of scope and is increasingly looking to realise both financial and customer benefits from these. Central Government policies around community safety, health outcomes, welfare reform and community budget pilots, all demonstrate recognition of the importance of different agencies working together in a single locality to benefit their residents.



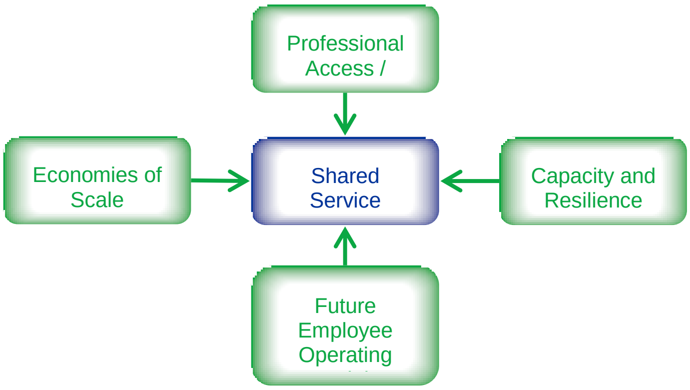
Rushcliffe is a pioneer in this area. The successful development of the Rushcliffe Community Contact Centre which originally brought together joint customer services for the Police, Job Centre plus, voluntary sector, South Nottinghamshire College and other services has been recognised nationally. The transfer to a new location in West Bridgford now facilitates signposting support services to these partners. This approach has been supported by our ability to work in other locations on a remote access basis. The service was expanded into Bingham where an integrated delivery service model has been deployed and is being delivered from the new Health Centre. This has been further rolled out to Cotgrave and East Leake where the contact points are located in libraries, supporting extended opening times of libraries and increased remote access to the Customer Services Team.

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 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, such as payroll, 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.



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 (Welland)), 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 – agreement with Nottingham City Council to relocate Depot Services to operate out of Eastcroft. Further opportunities will be assessed as opportunities arise.

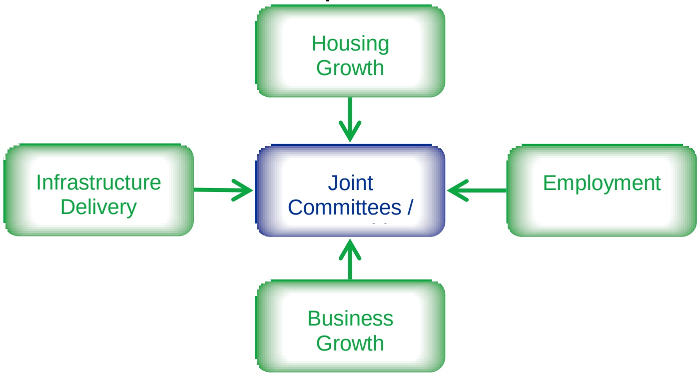
3. Partnerships for Governance

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).

A recent and exciting development in Partnerships for Governance is the agreement by the Council to support the creation of an interim vehicle for the establishment of the East Midlands Development Corporation. This will entail commitment of a financial contribution from other affected local authorities and Government in a match funding arrangement. To this end, a Development Corporation Reserve of £500k has been created.

If the interim vehicle is established and supported with the required resources and expertise, the Development Corporation would attract nationally and internationally significant investment and development into the East Midlands and more specifically in to the Ratcliffe on Soar Power Station site. It is believed that this type of investment is not something that Rushcliffe, or the owners of the power station, could attract on their own. Concurrently the Council is also looking at the power station site having a significant role as part of a 'freeport' along with East Midlands Airport.

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. However Officers ensure that regular updates are received and sent between district and borough councils to keep colleagues informed and good relationships are maintained with these organisations so we remain aware of opportunities are they arise. However, to further combat this, other supporting arrangements are in place. For example the Council has created Growth Boards to either facilitate local economic growth or deal with the challenges growth creates. There is also the City of Nottingham and Nottinghamshire Economic Prosperity Committee to drive future investment in growth and jobs in the City and County. At a regional level there is a Development Corporation Board which focuses on, for example agreeing joint objectives, allocating resources and monitoring outcomes which will impact regionally.



As theses develop, there will be an increasing reliance upon forging relationships which can influence outcomes for Rushcliffe residents; for example, agreeing key infrastructure requirements which benefit not only Rushcliffe but neighbouring boroughs and districts. These models of partnership working provide a framework within which officers can be swift to take advantage of opportunities as they arise. They build upon our existing core principles model highlighted above and provide a clear map for the future.

Appendix B

Savings (£'000)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Transformation Savings to date						
Service Efficiencies	1,767					
Thematic Reviews	1,111					
Additional income	725					
Additional Savings	329					
Overall Total	**3,932**					
Transformation Targets						
Additional Green Bin Income		76		187		
Transformation employee efficiencies		113				
Finance employee efficiencies		22				
Car Parking Partnership		16				
Projects*		26	483	316	148	112
Total		**253**	**483**	**503**	**148**	**112**
Cumulative Transformation savings	**3,932**	**4,185**	**4,668**	**5,171**	**5,319**	**5,431**

* Includes Bingham Leisure Hub, Crematorium and new units at Edwalton Business Park

Appendix C

Commercialisation of Rushcliffe - A balanced investment in our future

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

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

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

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

Core principles

Commercialisation contributes towards the aims of the Medium-Term Financial Strategy and the following strategic goals, contained with the Council's Corporate Strategy 2019-2023, improving:

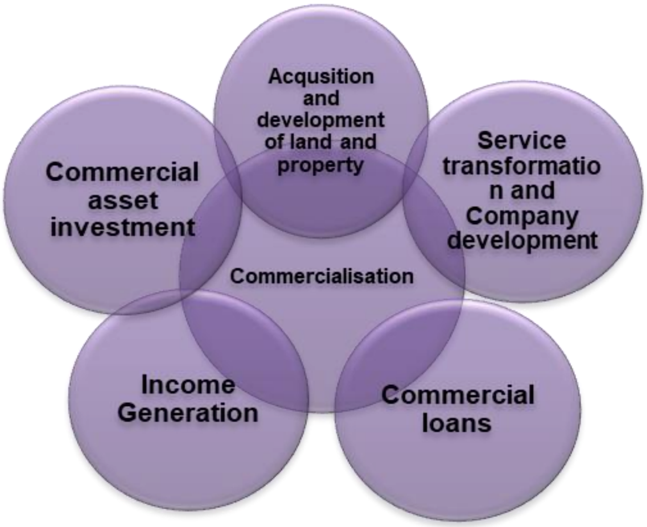
1. Quality of Life
2. Efficient Services
3. Sustainable Growth
4. The Environment

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:



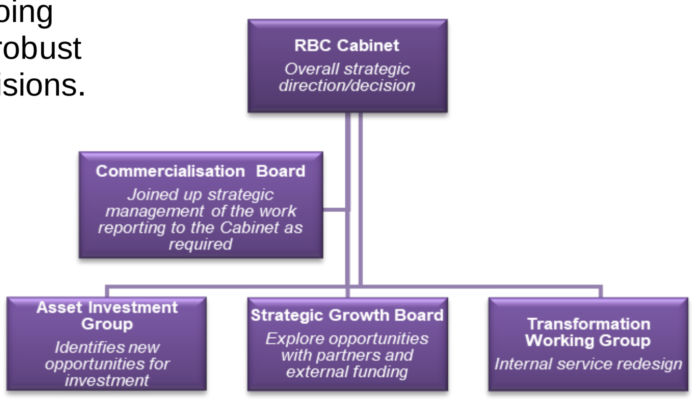
What we have already achieved

- 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. The land at Moorbridge was subsequently sold to facilitate the development of Industrial Units.
- 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.
- Acquisition of two new build Business Units in West Bridgford under the Asset Investment Strategy and supporting the Commercialism Agenda.

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 the Commercialisation Board (Executive Management Team) to provide strategic leadership to the commercialisation agenda:



CAPITAL PROGRAMME 2021/22 **Appendix 4**

Ref	Scheme	2020/21 Latest Estimate	2021/22 Indicative Estimate	2022/23 Indicative Estimate	2023/24 Indicative Estimate	2024/25 Indicative Estimate	2025/26 Indicative Estimate
		£000	£000	£000	£000	£000	£000
	Transformation						
	Cotgrave Regeneration PH II	1,819	570	0	0	0	0
1	Crematorium	667	6,500	0	0	0	0
2	The Point Enhancements	15	150	250	50	250	500
	New Depot	340	0	0	0	0	0
	Cotgrave Business Hub	0	0	0	0	0	70
	Manvers Business Park - Roof Refurbishment	0	200	0	0	0	0
	Bingham Leisure Hub (£20m)	3,408	16,000	0	0	0	0
	Compton Acres Water Course	0	210	0	0	0	0
	Manvers Business Park - Roller Shutters	0	100	0	0	0	0
	Manvers Business Park - Car Park Surface/Drainage	42	0	0	0	0	0
	Colliers BP - Car Park Surface/Drainage	46	0	0	0	0	0
	Bridgford Pk Toilets Refurbishment	25	0	0	0	0	0
	Bridgford Hall Enhancements	20	0	0	0	0	0
	Bingham Mkt Place Enhancements	89	0	0	0	0	0
	Park Cottage Fabric Upgrade	0	0	0	0	90	0
	Walkers Yard 1a/b	0	0	0	0	60	0
	Abbey Circus WB fencing open space	0	0	0	35	0	0
	Highways Verges: Cotgrave/Bingham/CB	0	0	0	0	0	250
	Keyworth Cemetery	0	0	0	20	0	0
	Sub total	**6,471**	**23,730**	**250**	**105**	**400**	**820**

Ref	Scheme	2020/21 Latest Estimate	2021/22 Indicative Estimate	2022/23 Indicative Estimate	2023/24 Indicative Estimate	2024/25 Indicative Estimate	2025/26 Indicative Estimate
	Neighbourhoods						
3	Vehicle Replacement	282	730	490	930	1055	405
	Support for Registered Housing Providers	612	500	500	0	0	0
	Hound Lodge - Access Control System	25	0	0	0	0	0
	Hound Lodge - Annexe Patio Doors	35	0	0	0	0	0
	Hound Lodge - roof refurbishment/rewire	0	0	150	0	75	0
	Hound Lodge - external wall thermal upgrade	0	0	75	0	0	0
	Assistive Technology	17	16	16	16	16	16
	Discretionary Top Ups	57	57	57	57	57	57
	Disabled Facilities Grants	627	515	515	515	515	515
	Arena Reception and Corridor Floor Upgrade	0	75	0	0	0	0
	Bowls Hall Replacement Furniture	0	15	0	0	0	0
	BLC Improvements	109	0	0	0	0	0
	CLC Pool and Plant Enhancements	0	0	15	200	150	0
	CLC - Changing Village Refurb	12	300	0	0	0	0
	CLC - Pool Lining	25	0	0	0	0	0
	CLC - Refurb Roofs to Sports Hall and Pool Hall	0	150	0	0	0	0
	CLC - Sports Hall Floor Replacement	0	0	0	100	0	0
	CLC - Dry Change Refurbishment	0	0	0	100	0	0
	KLC - Plant and Lighting Enhancements	0	0	170	0	0	0
	KLC - Refurb Pool Hall and Changing Village	0	250	0	0	0	0
	KLC - Refurb Pitched/Flat Roof Areas	0	220	0	0	0	0
	Arena Enhancements	115	0	0	0	0	0
	Car Park Resurfacing	215	0	0	0	0	0
	Car Park Improvements - Lighting Other	102	0	0	0	0	0
	Car Park Improvements - Lighting West Bridgford	48	0	0	0	0	0
	Sub total	**2,281**	**2,828**	**1,988**	**1,918**	**1,868**	**993**

Ref	Scheme	2020/21 Latest Estimate	2021/22 Indicative Estimate	2022/23 Indicative Estimate	2023/24 Indicative Estimate	2024/25 Indicative Estimate	2025/26 Indicative Estimate
	Communities						
	Capital Grant Funding	59	0	0	0	0	0
	VE 75th Commemoration	20	0	0	0	0	0
4	Play Areas W.B. - Special Expense	150	50	50	50	50	50
	West Park Fencing and Drainage Special Expense	25	0	0	0	0	0
	West Park Car Park Lighting Special Expense	25	0	0	0	0	0
	West Park Public Toilet Upgrade Special Expense	20	0	0	0	0	0
	West Park Julien Cahn Pavilion Special Expense	0	115	0	0	0	0
5	Gresham Sports Pitches/Pavilion	1,295	125	0	0	0	0
	Rushcliffe CP - Buildings Enhancements	10	0	0	0	0	0
	Rushcliffe CP - Vehicle Access Controls	0	15	0	0	0	0
	Rushcliffe CP - Footpath Imps	0	15	0	0	0	25
	Rushcliffe CP - Skatepark	218	0	0	0	0	0
	Rushcliffe CP - Visitor Centre	0	285	0	0	0	0
	Lutterell Hall Special Expense	50	225	0	0	0	0
	Skateboard Parks	190	0	0	0	0	0
	Gamston Community Hall Special Expense	0	115	0	50	40	0
	Extnl Door/Window Upgrades Various Sites	0	50	0	0	0	0
	Warm Homes on Prescription	25	25	25	25	25	25
	Sub total	**2,087**	**1,020**	**75**	**125**	**115**	**100**
	Finance and Corporate Services						
6	Information Systems Strategy	385	330	230	230	280	230
7	Streetwise Loan	150	150	150	150	150	150
	Asset Investment Strategy	4,554	0	0	0	0	0
	Contingency	150	100	100	100	100	100
	Sub total	**5,239**	**580**	**480**	**480**	**530**	**480**
	PROGRAMME TOTAL	**16,078**	**28,158**	**2,793**	**2,628**	**2,913**	**2,393**

PROJECT APPRAISAL FORM

Project Name: The Crematorium	**Cost Centre: 0684**	**Ref: 1**

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.

In December 2019 Cabinet approved purchase of a site and design and procurement of the crematorium. The land was purchased 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.

The Cabinet report July 2020 authorised the Chief Executive to appoint the successful multi-disciplinary design team to develop detailed designs and perform contract administration and management duties for the construction contract. The in-house operating model was supported as that which provides the best return for the Council. New technologies continue to be explored to enable delivery of a greener crematorium for the Borough within the project budget. The design team has been appointed.

Location: Stragglethorpe	**Executive Manager:** Transformation

Contribution to the Council's aims and objectives:
Corporate Priorities:
- **Quality of Life** - Sensitive after-life care and bereavement services are an essential part of the quality of life for residents, their friends and family members. This scheme will provide timely services in a peaceful location with modern and flexibly sized accommodation
- **Efficient Services** - This is an opportunity for the Council to invest its capital in new services for its residents which will be run in an efficient manner with high levels of care and customer service for the bereaved as the priority.
- **Sustainable Growth** - The level of housing growth in the Borough is 13,150 during the life of the Local Plan. This will lead to an additional population growth and the crematorium is an example of the community infrastructure that is needed to support population growth
- **The Environment** - 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

Strategic Commitments:
- 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.

Community Outcomes:
- 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.

Other Options Rejected and Why:

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. The in-house operating model was supported as that which provides the best return for the Council.			
Start Date: 29/06/21 (start on site)		**Completion Date:** 16/05/22	
Capital Cost (Total) :	**Previous Years**	**Year 1: 21/22**	**Year 2: 22/23**
£8,500,000	£2,000,000	£6,500,000	
Capital Cost (Breakdown) £: 8,500,000: Land £1.333m in 19/20; £667k design fees and surveys in 20/21; split of remainder to be determined			
Works	**Equipment**	**Other** £1.333m land acquired 19/20	**Fees** £667k
Additional Revenue cost/(saving)per annum:	**Year 1: 21/22** £35,000	**Year 2: 22/23** (£257,000)	
Year 3: 23/24 (£316,000)	**Year 4: 24/25** (£376,000)	**Year 5: 25/26** (£438,000)	
Proposed Funding			
External: £2,950,000 Borrowing – internal or external		**Internal:** £5,550,000 Capital Receipts	

Useful Economic Life (years): 50 years	**New/Replacement:** New
Depreciation per annum: £170,000	**Capital Financing Costs:** Principal and interest on borrowing of £2,950,000 is £100,000 p.a. Opportunity Cost in the form of lost interest on the use of Capital Receipts £13,875p.a.
Residual Value: N/A	**Category of Asset:** Operational Land and Buildings

PROJECT APPRAISAL FORM

<table>
<tr><td colspan="2">Project Name: The Point
Balcony Waterproofing and Passenger Lifts upgrade</td><td colspan="2">Cost Centre: 0360</td><td colspan="2">Ref: 2</td></tr>
<tr><td colspan="6">Detailed Description:
£20k provision for the Car Park Security Gate has been slipped from 2020/21
The waterproof coating to the 2nd floor front balcony is blistering and in poor condition; wholesale replacement is required to maintain the integrity of the structure and prevent water ingress to offices below. £50k
The passenger lifts are approx. 15 years old and reaching the end of their service life; substantial upgrade is proposed to ensure that customers can continue to be transported safely and reliably. £80k. These works will not be commissioned until late 2021/22 so may slip to 2022/23.</td></tr>
<tr><td colspan="2">Location: The Point</td><td colspan="4">Executive Manager: Transformation</td></tr>
<tr><td colspan="6">Contribution to the Council’s aims and objectives:
Corporate Priorities:
• Efficient Services
• Sustainable Growth
• The Environment
•
Strategic Commitments:
• 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.
• Working to achieve a carbon neutral status for the Council’s operations.
•</td></tr>
<tr><td colspan="6">Community Outcomes:
Upgrade works will enhance the efficiency of the facility, improving comfort for users and help to maximise use of resources.</td></tr>
<tr><td colspan="6">Other Options Rejected and Why:
Do not carry out upgrade works – this would put at risk operational certainty for the facility, negatively impact customer comfort and safety and fail to minimise operational costs.</td></tr>
<tr><td colspan="3">Start Date:</td><td colspan="3">Completion Date:</td></tr>
<tr><td>Capital Cost (Total) :</td><td colspan="2">Year 1: 21/22</td><td colspan="2">Year 2: 22/23</td><td></td></tr>
<tr><td>£150,000</td><td colspan="2">£150,000</td><td colspan="2"></td><td></td></tr>
<tr><td colspan="6">Capital Cost (Breakdown) £:</td></tr>
<tr><td>Works £45,000</td><td colspan="2">Equip £95,000</td><td colspan="2">Other</td><td>Fees £10,000</td></tr>
<tr><td colspan="2">Revenue cost per annum:</td><td colspan="2">Year 1: 21/22
Not quantifiable at this stage, but should see revenue spend on repairs reduce</td><td colspan="2">Year 2: 22/23
As for 21/22</td></tr>
<tr><td colspan="2">Year 3: 23/24
As for 21/22</td><td colspan="2">Year 4: 24/25
As for 21/22</td><td colspan="2">Year 5: 25/26
As for 21/22</td></tr>
<tr><td colspan="6">Proposed Funding</td></tr>
</table>

External:	**Internal:** £150,000 from Investment Properties Reserve

Useful Economic Life (years): **15 -20 years**	**New/Replacement: New**
Depreciation per annum: N/A	**Capital Financing Costs:** £375 p.a. as opportunity cost of lost interest.
Residual Value: N/A	**Category of Asset:** Investment Property

PROJECT APPRAISAL FORM

Project Name: Vehicle Replacement	**Cost Centre: 0680**	**Ref: 3**

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. There is beginning to be a concentration of focussing on newer cleaner technology as we replace existing fleet vehicles in line with the Council's Carbon management agenda, exploring alternatives such as electric and hydrogen cell technology to look at cutting down on emissions whilst ensuring the vehicles remain operationally viable and offer value for money

Location: Eastcroft Depot	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:
Corporate Priorities:
- Quality of Life
- Efficient Services
- The Environment

Strategic Commitments:
- 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 new Environment Bill due to become legislation later in 2021 which may have a significant effect of what wastes should be collected and how.
- 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

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

Community Outcomes:
- 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.

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:-
a) The authority has control over the maintenance of the vehicles.
b) It is difficult to change the terms and conditions of a lease.
c) High performing vehicles can have their lifespan lengthened.
d) Poor performing vehicles can have their lifespan shortened.
Not being tied in to lengthy lease/hire contracts means the service can react and adapt to change

quickly. The Council now actively looks at the possible purchase of 2nd hand vehicles and will refurbish vehicles to extend their life and value.					
Start Date: Ongoing			**Completion Date:**		
Capital Cost (Total) :	**Year 1: 21/22**		**Year 2: 22/23**		
£1,220,000 (2 years)	£730,000		£490,000		
Capital Cost (Breakdown)					
Works £0	**Equipment** £1,220,000		**Other** £0	**Fees** £0	
Additional Revenue cost/ (saving) per annum:	**Year 1: 21/22** £0		**Year 2: 22/23**£0		
Year 3: 23/24 £0	**Year 4: 24/25** £0		**Year 5: 25/26** £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 2022/23.					
Proposed Funding:					
External: N/A			**Internal:** Capital Receipts		
Useful Economic Life (years): Various			**New/Replacements:** New and Replacements		
Depreciation per annum: Various			**Capital Financing Costs:** £1,825 year 1		
Residual Value: Various			**Category of Asset:** Vehicle and Plant		

PROJECT APPRAISAL FORM

<table>
<tr><td colspan="2">Project Name:
Play Areas W.B. (Special Expense)</td><td>Cost Centre: 0664</td><td>Ref: 4</td></tr>
<tr><td colspan="4">Detailed Description:
The priority project for 2021/22 will be Alford Road Play area looking at upgrade work to structure and equipment.
Projects for 2022/23 will be assessed and prioritised.</td></tr>
<tr><td colspan="2">Location: West Bridgford</td><td colspan="2">Executive Manager: Communities</td></tr>
<tr><td colspan="4">Contribution to the Council’s aims and objectives:
Corporate Priorities:
• Quality of Life
• Efficient Services
Strategic Commitments:
• 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</td></tr>
<tr><td colspan="4">Community Outcomes:
• 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.</td></tr>
<tr><td colspan="4">Other Options Rejected and Why:
Doing nothing – this would result in increased maintenance costs for ageing equipment, reduced appeal of the play areas leading to lower levels of use and be inconsistent with the vision of high quality parks and leisure facilities. A lack of replacement programme would over time lead to an increased health and safety risk.</td></tr>
<tr><td colspan="2">Start Date: April 2021</td><td colspan="2">Completion Date: March 2022</td></tr>
<tr><td>Capital Cost (Total) :</td><td>Year 1:21/22</td><td>Year 2: 22/23</td><td></td></tr>
<tr><td>£100,000</td><td>£50,000</td><td>£50,000</td><td></td></tr>
<tr><td colspan="4">Capital Cost (Breakdown) £: split of equipment costs to be determined</td></tr>
<tr><td>Works
£95,000</td><td>Equipment</td><td>Other</td><td>Fees
£5,000</td></tr>
<tr><td>Additional Revenue cost/ (saving) per annum:</td><td>Year 1: 21/22</td><td colspan="2">Year 2: 22/23</td></tr>
<tr><td>Year 3: 23/24</td><td>Year 4: 24/25</td><td colspan="2">Year 5: 25/26</td></tr>
<tr><td colspan="4">Proposed Funding</td></tr>
<tr><td colspan="2">External:</td><td colspan="2">Internal: Regeneration and Community Projects Reserve (Special Expense)</td></tr>
</table>

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £3,300	**Capital Financing Costs:** £125 p.a.

PROJECT APPRAISAL FORM

Project Name: Gresham Sports Pavilion Changing room refurb	**Cost Centre: 0347**	**Ref: 5**

Detailed Description:
The changing areas are in excess of 10 years old and as well as looking visually tired they are also increasingly difficult to maintain in a clean and safe condition. Use of the facility is set to increase with the addition of a further 3G pitch later this year; these refurb works are intended to tie-in with the launch of the new facilities. Refurb will generally include floor, wall and selected ceiling finishes and upgrade to some plant services including lighting to LED.

Location: Gresham Sports Pavilion	**Executive Manager:** Communities

Contribution to the Council's aims and objectives:
Corporate Priorities:
- Quality of Life
- Efficient Services

Strategic Commitments:
- Protecting our residents' health and facilitating healthier lifestyle choices
- Providing high quality community facilities which meet the needs of our residents.
- Creating opportunities for young people to realise their potential.
- Ongoing appraisal and alignment of resources linked to growth aspirations.

Community Outcomes:
- Number of leisure users
- Satisfaction of leisure users
- Participation in sport figures
- Quality of facility

Other Options Rejected and Why:
Do not upgrade the refurbishment works– 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 1:21/22**	**Year 2: 22/23**	
£125,000	£125,000		

Capital Cost (Breakdown) £:

Works £120,000	**Equipment**	**Other**	**Fees** £5,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 21/22**	**Year 2: 22/23** Not quantifiable at this stage, but should see revenue spend on repair work reduce.
Year 3: 23/24 As 22/23	**Year 4: 24/25** As 22/23	**Year 5: 25/26** As 22/23

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £8,300	**Capital Financing Costs:** £312 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: 6**

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

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

Contribution to the Council's aims and objectives:
Corporate Priorities:
- Efficient Services
- The Environment

Strategic Commitments:
- Ongoing appraisal and alignment of resources linked to growth aspirations.
- Include digital principles in our communications and ways of undertaking business

Community Outcomes:
- 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.

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

Other Options Rejected and Why:
Every project is the subject of a business case to be presented to, and approved by, the Executive Management Team (EMT) in order to ensure that the most appropriate IT solution is chosen, having due

<table>
<tr><td colspan="12">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.</td></tr>
<tr><td colspan="6">Start Date: On-going</td><td colspan="6">Completion Date: On-going</td></tr>
<tr><td colspan="3">Capital Cost (Total) :</td><td colspan="3">Year 1:21/22</td><td colspan="3">Year 2: 22/23</td><td colspan="3"></td></tr>
<tr><td colspan="3">£560,000 (2 years)</td><td colspan="3">£330,000</td><td colspan="3">£230,000</td><td colspan="3"></td></tr>
<tr><td colspan="12">Capital Cost (Breakdown): To be determined</td></tr>
<tr><td colspan="2">Works</td><td colspan="4">Equipment</td><td colspan="3">Other</td><td colspan="3">Fees</td></tr>
<tr><td colspan="4">Additional Revenue cost/ (saving) per annum:</td><td colspan="4">Year 1: 21/22</td><td colspan="4">Year 2: 22/23</td></tr>
<tr><td colspan="4">Year 3: 23/24</td><td colspan="4">Year 4: 24/25</td><td colspan="4">Year 6: 25/26</td></tr>
<tr><td colspan="12">Proposed Funding</td></tr>
<tr><td colspan="6">External: N/A</td><td colspan="6">Internal: Capital Receipts</td></tr>
</table>

<table>
<tr><td>Useful Economic Life (years):
3</td><td>New/Replacement: New and Replacement</td></tr>
<tr><td>Depreciation per annum:
£110,000 year 1</td><td>Capital Financing Costs: £825 year 1</td></tr>
<tr><td>Residual Value: Nil</td><td>Category of Asset: Intangible Assets and Equipment</td></tr>
</table>

PROJECT APPRAISAL FORM

Project Name: Streetwise Loan	**Cost Centre: 0656**	**Ref: 7**

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:
- Efficient Services
- Sustainable Growth

Strategic Commitments:
- 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:
- 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 1:21/22**	**Year 2: 22/23**	
£300,000 (2 years)	£150,000	£150,000	

Capital Cost (Breakdown) £:

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

Additional Revenue cost/(saving)per annum:	**Year 1: 21/22** (£2,330)	**Year 2: 22/23** (£3,910)
Year 3: 23/24 (£2,420)	**Year 4: 24/25** (£1,820)	**Year 5: 25/26** (£)

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

Appendix 5

CAPITAL AND INVESTMENT STRATEGY 2021/22 – 2025/26

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 Ministry of Housing, Communities and Local Government (MHCLG) issued revised Guidance on Local Authority Investments 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 Strategy)

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

	2020/21 Original £'000	2020/21 Revised £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital Expenditure	18,936	16,078	28,158	2,793	2,628	2,913	2,393
Less Financed by:							
Capital Receipts	14,922	7,829	15,199	1,880	1,915	1,850	1,160
Capital Grants/ Contributions	2,428	2,570	6,003	613	613	613	613
Reserves	70	452	500	300	100	450	620
Total Financing	17,420	10,851	21,702	2,793	2,628	2,913	2,393
Underlying need to Borrow	**1,516**	**5,227**	**6,456**	**-**	**-**	**-**	**-**

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 the future of New Homes Bonus (NHB). Government intend to cease the NHB scheme in 2023/24 which impacts on the level of capital grants received.

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 Minimum Revenue Provision (MRP) and any additional voluntary contributions (VRP) raised through Council Tax, as a result of financing requirements in relation to the

Arena development, Cotgrave redevelopment and in later years Bingham Leisure Hub and the Crematorium.

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, by way of internal borrowing, to avoid the commitment to external debt.

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 Leisure 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	2025/26 Forecast £'000
Opening CFR	8,300	7,300	11,527	16,909	15,635	14,361	13,361
CFR in year	-	5,227	6,456	-	-	-	-
Less: MRP etc	(1,000)	(1,000)	(1,074)	(1,274)	(1,274)	(1,000)	(1,250)
Closing CFR	**7,300**	**11,527**	**16,909**	**15,635**	**14,361**	**13,361**	**12,111**
Less: External Borrowing	-		(4,957)	(7,348)	(7,216)	(7,082)	(6,945)
Internal Borrowing	7,300	11,527	11,952	8,287	7,145	6,279	5,166
Less:							
Usable Reserves	(19,835)	(22,314)	(18,039)	(18,694)	(18,522)	(18,666)	(17,103)
Working Capital	(18,757)	(15,670)	(14,665)	(15,579)	(15,579)	(15,579)	(15,579)
Available for Investment(-)	(31,292)	(26,457)	(20,752)	(25,986)	(26,956)	(27,966)	(27,516)

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 2021-22 and a further £2.5 million in 2022-23. 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 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 has been delayed a further year and comes into force on 1st April 2022. 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 MHCLG 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 30-34 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.

18. As well as the need to pay off an element of the accumulated General Fund borrowing requirement used to fund capital expenditure each year (the capital financing requirement - CFR) through a revenue charge (the MRP) it is also allowed to make additional voluntary contributions (voluntary revenue provision – VRP). In times of financial crisis the Council has the flexibility to reduce voluntary contributions.

Treasury Management Strategy 2021/22 to 2025/26

19. 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 66 below.

20. 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.

21. 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.

22. **The UK faces a long road to economic recovery in the wake of the COVID-19 pandemic.** The furlough scheme was set to end October but has now been extended to the end of March 2021 due to the fear that its withdrawal will lead to many job losses. Consumers will also probably remain cautious in spending and this will dampen growth. While the UK has been gripped by the long running saga of whether or not a deal would be made by 31.12.20, the final agreement on 24.12.20, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. Economic recovery is expected to be only gradual and, therefore, prolonged. The trajectory will be dependent on factors such as the success of the Coronavirus vaccine.

23. The November lockdown in England is expected to see economic growth fall again in Q4. As a result, output in 2020 as a whole will contract by 11.3%. A partial recovery in 2021 could see growth of 5.5% next year but it is not anticipated that output will reach pre-Covid levels before Q2 2022.

24. The extension of the furlough scheme in November has potentially forestalled a sharp increase in unemployment in the final quarter of 2020. The rate of unemployment is now expected to peak at 7.5% around May next year before gradually subsiding, reaching 4.4% by the end of 2024.

25. The current Bank of England base rate is 0.1%. The Bank of England took emergency action in March to cut the Bank Rate to first 0.25% and then to 0.1%. It has remained unchanged, but some forecasters are suggesting that a cut into negative territory could happen. The Bank of England suggest such a move would do more damage than good. Link (the Council's Treasury Advisors) are forecasting no change within the forecast horizon ending on 31 March 2023.

26. Inflation levels are expected to increase to 2% in 2021 and 2.1% in 2022 and 2023.

27. 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

	2021/22	2022/23	2023/24	2024/25	2025/26
Anticipated Interest Rate (%)	0.10	0.25	0.50	0.50	0.50
Expected interest from investments (£)	373,100	422,500	484,900	488,400	486,700
Other interest (£)	89,000	81,000	72,000	64,000	59,000
Total Interest (£)	**462,100**	**503,500**	**556,900**	**552,400**	**545,700**
Sensitivity:	£	£	£	£	£
- 0.25% Interest Rate	(14,500)	(12,500)	(19,500)	(21,300)	(21,300)
+ 0.25% Interest Rate	14,500	12,500	19,500	21,300	21,300

28. 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.

29. 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 2021/22 to 2025/26

Prudential Indicators for External Debt

30. 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. Anticipated levels of external borrowing are reflected in the figures.

31. 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

Following the recent consultation PWLB have published new lending terms effective from 26th November and now General Fund Borrowing is in line with HRA at Gilts +80bps (certainty rate). There is also now the need to categorise the capital programme into 5 categories including service, housing, regeneration etc. If any Authority has assets that are being purchased 'primarily for yield' anywhere in their capital programme they will not be able to access PWLB funding.

a) Authorised Limit for External Debt

32. 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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Authorised Limit	25,000	25,000	25,000	25,000	25,000	25,000

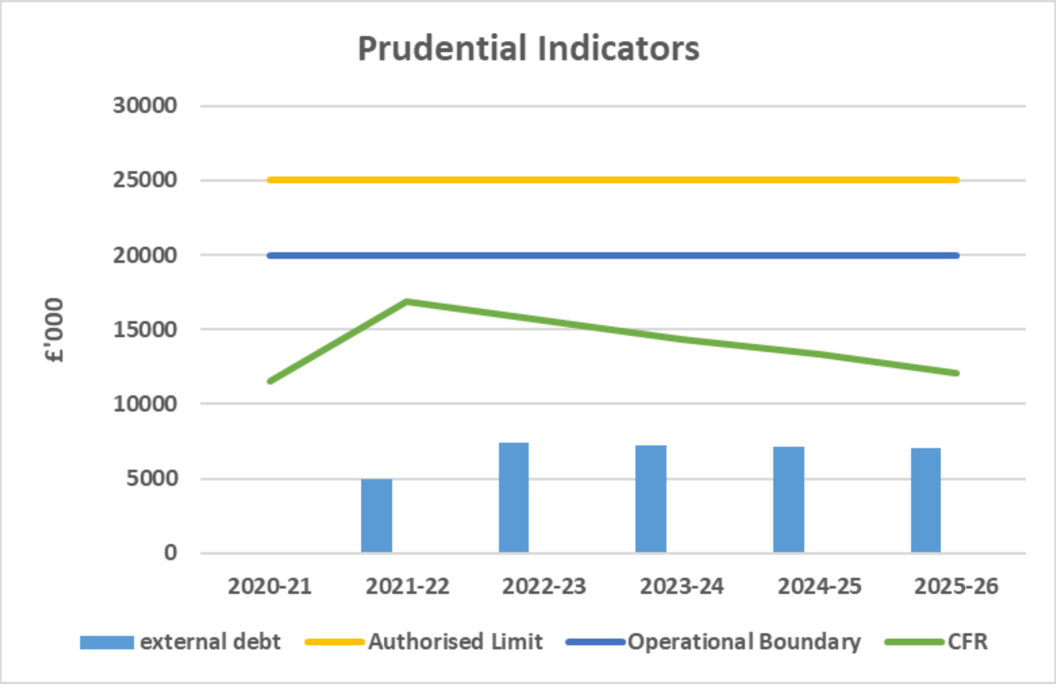
b) Operational Boundary for External Debt

33. 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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Operational Boundary	20,000	20,000	20,000	20,000	20,000	20,000

34. The Prudential indicators for debt discussed are shown graphically below.



Prudential Indicators for Affordability

35. 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

36. 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 reflects the decision to temporarily remove the voluntary element of the amount charged to revenue in 2022/23 and 2023/24, to set aside a provision for repaying external borrowing. Treasury investments will benefit in the interim years despite non-treasury capital commitments in the Crematorium and Bingham Hub.

Table 6: Proportion of Financing Costs to Net Revenue Stream

	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund	5.88%	5.45%	7.53%	7.54%	4.99%	6.99%

Investment Strategy 2020/21 to 2025/26

36. The movement in investments are due to increases in capital receipts related to Sharphill and S106 receipts as shown below.

Table 7: Investment Projections

	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Investments at 31 March	26,457	20,752	25,986	26,956	27,966	27,516

37. Both the CIPFA Code and the MHCLG 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 investments.

38. 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 Corporate Objectives 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).

39. 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.

40. 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.

41. 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 TM Advisors) even if they met the criteria above.

42. 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.

43. The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore

be kept below £2,000,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

44. 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.

45. 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.

46. 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

47. The CIPFA Treasury Management Code recommends that organisations should clearly specify the minimum acceptable credit quality of its counterparties; however they should not rely on credit ratings alone and should recognise their limitations. 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.

48. 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

49. The Council uses its own processes to monitor cash flow 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.

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

Specified investments

51. The MHCLG guidance defines specified investments as those:

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

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

Non-specified investments

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

54. The Authority's revenue reserves available to cover investment losses in a worst-case scenario are forecast to be £18.7 million on 31st March 2021. The maximum that will be lent to any one organisation (other than the UK Government) will be £10.0 million. This figure is constantly under review to assess risk in the case of a single default. 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	£30m in total

Treasury Management limits on activity

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

a) Interest Rate Exposures

56. 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

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
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%

57. 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

58. 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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Limit on Principal invested over 1 year	13,200	10,400	13,000	13,500	14,000	13,800

Policy on the use of financial derivatives

59. 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).

60. 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.

61. 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

62. Link Asset Services will act 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.

63. 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

64. 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;

With regards to officers:

- Attendance at training events, seminars and workshops; and
- Support from the Council's treasury management advisors.
- Identifying officer training needs on treasury management related issues through the Performance Development and Review appraisal process

Other Options Considered

65. The MHCLG 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

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

67. The Council is committed to becoming self-sustainable as Central Government funding reduces. This previously included ensuring that the Council maximised any income from existing assets and, where there was a business case, investing in assets where there was a commercial return. PWLB will no longer allow Local Authorities to borrow if they invest 'primarily for yield'. The Council has historically held significant capital funding resources but these have been committed to major schemes and, going forward, it may need to undertake external borrowing. Current resources are invested with various financial institutions in line with the Treasury Management Strategy.

68. In recent years, the Council identified specific sums for its Asset Investment Strategy within the Capital Programme which totalled £20m. This included commercial investment in areas such as property and subsidiaries, or loans that supported service outcomes. Of the £8.382m balance at the start of the year, £4.554m was committed to two acquisitions of Business Units in West Bridgford. The purchase of Unit 1 Edwalton Business Park was completed 9 July for £2.083m and Unit 3 Edwalton Business Park was completed 13

October for £2.449m. These were reported to Governance Scrutiny Group in November 2020. The balance £3.828m will be referred to Council for removal from the Programme and will not require funding.

69. The Council will maintain a summary of current material investments, subsidiaries, joint ventures and liabilities, including financial guarantees (ie Streetwise) and the organisation's risk exposure. The current summary is included at Appendix (ii).

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

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

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

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

73. 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**

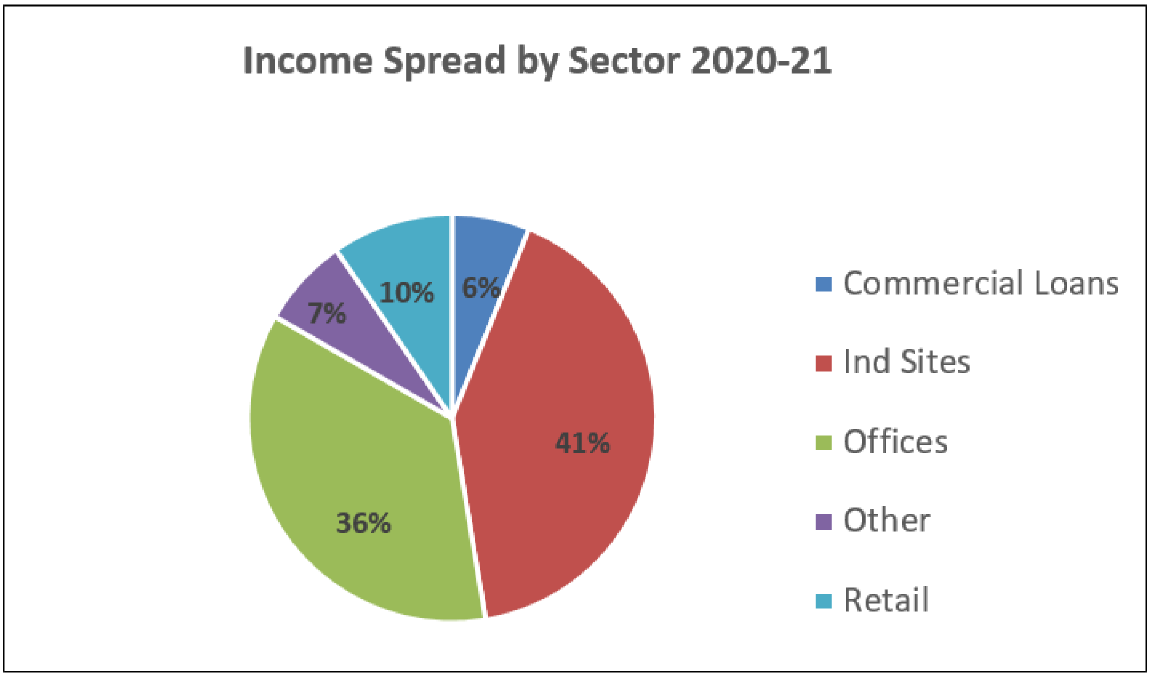
74. The expected contributions from commercial investments included in the Asset Investment Strategy are shown in Table 13. In order to manage the risk to the Council's budget, income from commercial investments should not be a significant proportion of the Council's income. Our objective is that this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

Table 13: Commercial Investment income and costs

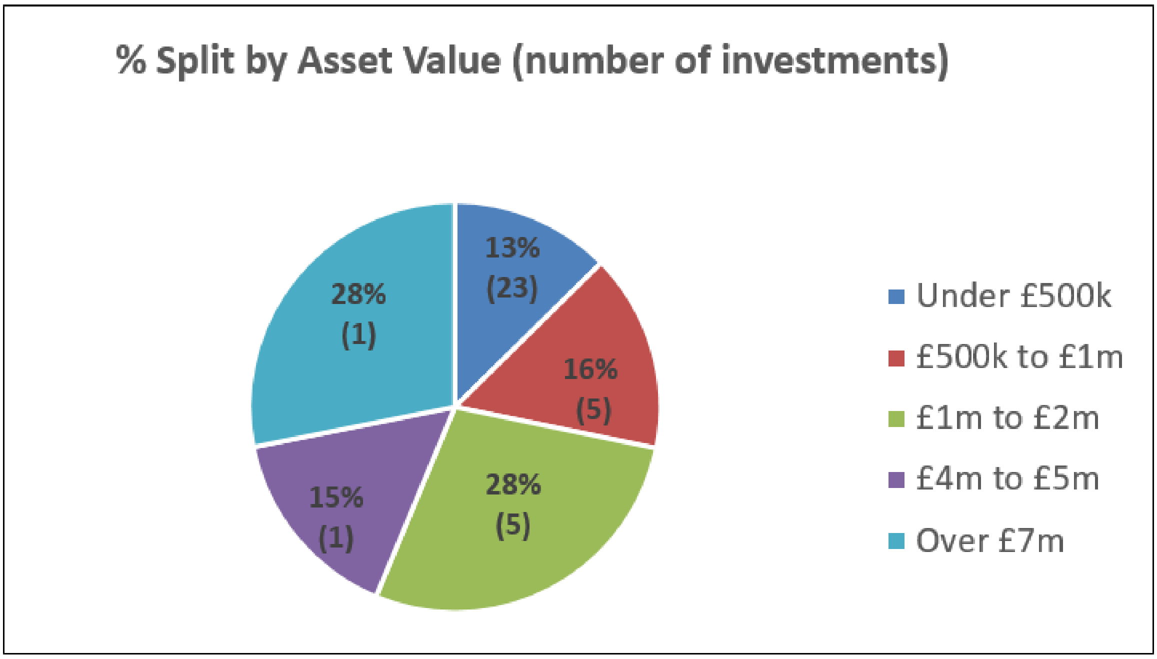
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Commercial Property Income	(1,557)	(1,660)	(2,015)	(2,160)	(2,240)	(2,302)
Running Costs	618	516	517	517	517	517
Net Contribution to core functions	(939)	(1,144)	(1,499)	(1,644)	(1,724)	(1,786)
Interest from Commercial Loans	(83)	(89)	(80)	(72)	(63)	(60)
Total Contribution	(1,022)	(1,233)	(1,579)	(1,716)	(1,787)	(1,846)
Sensitivity:						
+/- 10% Commercial Property Income	156	166	202	216	224	230
Indicator:						
Investment Income as a % of total Council Income	20.0%	22.8%	24.7%	23.9%	24.3%	24.6%
Total Income	8,209	7,669	8,500	9,341	9,485	9,590

b) Risk Exposure Indicators

75. 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



76. 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.

77. 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.

78. 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.

79. 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.

80. The investments are subject to ongoing review with regards to their financial viability or indeed whether they are surplus to requirement.

Appendix (i)

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
- Imperial Treasury Services

Appendix (ii)

	Current Book Value £000	Previous Book Value £000
The Point Office Accommodation	4.017	3.200
Hollygate Lane, Cotgrave Industrial Units	2.709	2.435
Bardon Single Industrial Unit	1.800	1.800
Trent Boulevard	1.407	1.400
Colliers Business Park Phase 2	1.315	1.250
Bridgford Hall Aparthotel and Registry Office	1.214	1.220
Finch Close	0.959	0.925
Boundary Court	0.816	0.805
Unit 10 Chapel Lane	0.677	0.670
Colliers Business Park Phase 1	0.721	0.610
New Offices Cotgrave	0.452	0.345
Mobile Home Park	0.476	0.330
Cotgrave Precinct Shops	0.500	0.450
TOTAL INVESTMENT PROPERTY*	**17.063**	**15.440**
Notts County Cricket Club Loan	1.775	1.775
TOTAL	**18.838**	**17.215**

* Note values are as at 31st March 2019 and 2020

Glossary of Terms

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Covered Bonds – these investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means they are exempt from bail-in.

Financial Derivatives – A financial contract that derives its value from the performance of an underlying asset

LIBID – London Inter Bank Bid Rate. The rate at which banks are willing to borrow from other banks

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks

Use of Earmarked Reserves in 2021/22 **Appendix 6**

	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	1,721	188	(50)	138	1	1,859
Sinking Fund - Investments	179	271	(450)	(179)	2	0
New Homes Bonus (NHB)	8,420	1,633	(1,074)	559	3	8,979
Corporate Reserves						
Organisation Stabilisation	7,176	0	(4,777)	(4,777)	4	2,399
Climate Change Action	800	0	0	0		800
Development Corporation	400	0	0	0		400
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	100	50	0	50	5	150
Operating Reserves						
Planning	209	0	(78)	(78)	6	131
Leisure Centre Maintenance	7	0	0	0		7
TOTAL	**19,462**	**2,142**	**(6,429)**	**(4,287)**		**15,175**

Notes:
1. Net £138k being the movement on this reserve to support Special Expenses capital schemes
2. £271k from Investment Property income to support future capital expenditure. £450k used for enhancement works at The Point and Manvers Business Park
3. £1.633m Receipts; MRP release: Arena £1.012m and Cotgrave Redevelopment £62k.
4. £4m release of S31 Grant Surplus needed in 21/22; £753k to meet the in-year budget deficit and £24k release of Council Tax reimbursement payment.
5. £50k to replenish the Elections Reserve
6. £78k release for Local Plan Examinations

Appendix 7

Rushcliffe Borough Council
Pay Policy Statement 2021-22

1. Introduction

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

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

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

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

2. Objectives of this Statement

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

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

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

3. Senior Officers

3.1 The Localism Act sets out a definition of Senior Officers for the purposes of pay policy statements. Applying that definition to roles at Rushcliffe Borough Council, the following 10 posts from an overall current establishment of 259, would be included: -

- Chief Executive
- Executive Manager – Finance and Corporate Services (Section 151 Officer)
- Executive Manager - Transformation
- Executive Manager - Neighbourhoods
- Executive Manager - Communities
- Service Manager – Finance and Commercial
- Service Manager – Transformation
- Service Manager – Neighbourhoods
- Service Manager – Communities
- Borough Solicitor & Monitoring Officer

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 Council has defined its lowest paid employees as those on the lowest pay point of the Council's pay and grading structure, excluding apprentices. On this basis the lowest paid full-time equivalent employee of the Council earns £17,841. The hourly rate of this salary, at £9.25 is above the National Living Wage which is currently £7.83 per hour for employees aged 25 or over and exceeds the National Minimum Wage maximum of £8.20 for employees aged 21-24. From 1st April 2021, these statutory rates will be increasing to £8.91 and £8.36 per hour respectively.

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

5.3 The Head of Paid Service, or her 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.

6. Additional Payments Made to Chief Officers – Election Duties

6.1 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.

6.2 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.

6.3 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 Council's Strategic Human Resources Adviser. This pay scale is subject to pay awards which are negotiated nationally by the JNC for Chief Executives of Local Authorities.

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 her nominated representative, in consultation with the Council's Strategic Human Resources Adviser and in line with the Council's pay scales and its agreed scheme of delegation.

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

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

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

Terms and Conditions – All Employees

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

Local Government Pension Scheme

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

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

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

Car Allowances

The Council pays mileage rates at HMRC recommended rates.

Pay Increments

Where applicable pay increments for all employees are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or her 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.

The policy is subject to review to ensure it is compliant with any new legislation and regulations which affect redundancy payments.

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.