

**ANNEX**

**RUSHCLIFFE BOROUGH COUNCIL**

**BUDGET SETTING REPORT  
AND ASSOCIATED FINANCIAL STRATEGIES  
*2022/23-2026/27***

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## **1. INTRODUCTION AND EXECUTIVE SUMMARY**

### 1.1 Introduction

Last year we thought we were facing unprecedented financial challenges as a result of Covid. Many of those challenges still remain as we move into 2022/23 and beyond although we remain optimistic that the pandemic is coming to an end. The Council's Medium Term Financial Strategy (MTFS) firstly seeks 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. Uncertainty still remains for the longer term (not just as a result of Covid). For 2022/23 we received another one-year settlement. The Council looks forward to understanding the impact of future Business Rates, New Homes Bonus and Fairer Funding Reviews. We hope for multi-year financial settlements which will give greater financial certainty. Along with anticipated Environmental and Planning legislation changes, these are risks that could quite easily de-stabilise a relatively positive medium term financial position for Rushcliffe. The Council's healthy level of reserves will help mitigate against such risks.

The budget in comparison to last year has less Covid support and a more positive outlook with regards to levels of income. For 2021/22 assumptions were made of 20% reductions for key areas of income such as Planning fees. Based on current data for 2022/23 we move towards pre-Covid levels. As a consequence of the improved position fewer grants are required from central government (reducing from £1.1m to £0.27m). The other key issue we have had to adjust for is inflation in relation to both pay and other supplies and services (particularly utility and fuel costs). Given such risks the Council's contingency budget has increased to £0.3m.

Business Rates assumptions have been impacted by two factors the further delay in business rates reforms (and the long-awaited business rates reset) and a recent successful business rate appeal in relation to the power station (the business rates paid to the Council reducing from £3.9m to £1.6m). There is an impact specifically in 2022/23 in relation to the power station (largely due to the appeal being backdated to 2017). The Council's prudence in making a provision for this risk means a liability of over £6m is largely absorbed. There is a residual deficit (£1.18m) on the Collection Fund that is funded from the Collection Fund Reserve (£0.253m) and the Organisation Stabilisation Reserve (£0.935m). The overall business rates risk in relation to both the business rates reset and the impending closure of the power station is mitigated by prudent assumptions linking business rates to either 'baseline' or 'safety net' positions, far lower than current levels of business rates received (around £3m as opposed to £4m), Commendably the Council has retained its financial stability whilst dealing with business rate volatility over the past 10 years. The Council is sustainable due to its range of income streams, including Council Tax, commercial property income and fees and charges, with a proportionate approach to generating income.

Given the significant risks going forward being prudent remains the most sensible course of action with reserves (excluding New Homes Bonus with 2022/23 expected to be the last year of this scheme) to remain at £8.7m to £10m over the term of the MTFS at a period when the potential for adverse financial risk remains significant. Many of the reserves are to support ongoing maintenance of council assets. 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. The 2021/22 reserves position at £11.9m is higher due to the additional Covid business grants received which are used in the following years to offset Business Rates Collection Fund deficits (given the substantial business rates reliefs provided to the retail, hospitality, and leisure sectors).

Whilst we understand our financial challenges the budget looks to the future. The Climate Change Action reserve focuses on improving the environment, a further £0.2m is provided. The Development Corporation and Freeport are exciting challenges and the 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. Again a further £0.2m has been appropriated to this reserve. A new £1m reserve has also been created to assist in vehicle replacement, given the need to ensure frontline services such as refuse continue to be efficient and to mitigate against the risk of the rising purchase costs of vehicles, due to new and more environmentally friendly technology, such as electric vehicles.

The Council continues to invest significant capital within the Borough (£27.4m to 2026/27). This year will see the completion of two major projects fulfilling corporate ambitions - the Bingham Leisure Hub and the Rushcliffe Oaks Crematorium. These and other capital schemes in the programme demonstrate 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. A new capital scheme is to provide a travellers site (£1m). The Council has a requirement through the local plan to provide a site or a number of pitches. Any further developments on this will be reported via Cabinet.

In line with the Government's referendum principles, the budget for 2022/23 proposes an increase in Council Tax of 2.42% to £150.93 (the Council has the option of increasing Council Tax by up to £5, with the recommended increase being £3.57). This will give an average band D Council Tax increase of less than 7p per week, ensuring Rushcliffe's Council Tax remains amongst the lowest in the country (and the lowest in Nottinghamshire) and an increase well below inflation. 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 and as we come through the pandemic, continue to understand the full impact on both businesses and the community.

This budget and future uncertainty is 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 its resulting challenges. 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 2026/27 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:

	<b>2021/22</b>	<b>2022/23</b>
RBC Precept	<b>£6.522m</b>	<b>£6.850m</b>
Council Tax Band D	<b>£147.36</b>	<b>£150.93</b>
Council Tax Increase	<b>3.24%</b>	<b>2.42%</b>
Retained Business Rates	<b>£2.820m</b>	<b>£3.958m</b>
New Homes Bonus	<b>£1.633m</b>	<b>£1.587m</b>
Reserves (at 31 March)	<b>£15.175m</b>	<b>£15.8m</b>
Capital Programme	<b>£28.158m</b>	<b>£13.841m</b>

<b>Special Expenses</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Increase/ (Decrease) £</b>	<b>Increase/ (Decrease) %</b>
Total Special Expense Precept	£732,900	<b>£816,700</b>	<b>83,800</b>	<b>11.43%</b>
West Bridgford	£49.65	<b>£53.91</b>	<b>4.26</b>	<b>8.58%</b>
Keyworth	£3.41	<b>£3.30</b>	<b>(0.11)</b>	<b>-3.23%</b>
Ruddington	£4.00	<b>£3.82</b>	<b>(0.18)</b>	<b>-4.50%</b>

- 1.3 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	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Budgeted inflation	a	0%	<b>0%</b>	0%	0%	0%	0%
Pay costs increase	b	0%	<b>3.75%</b>	3.25%	3.25%	3.25%	3.25%
Employer's pension contribution rate	c	17.60%	<b>17.60%</b>	17.60%	17.60%	17.60%	17.60%
Return on cash investments	d	0.10%	<b>0.50%</b>	0.75%	1.00%	1.25%	1.25%
Tax base increase	e	0.62%	<b>2.55%</b>	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 £152k saving in the 2022/23 budget. Adjustments are made for contract inflation and areas of higher risk such as utilities. We have also increased the contingency allocation which for 2022/23 is £0.3m linked to both pay and inflation risks.
- b) Payroll projections have increased due to upward pressure on both national insurance contributions and employee pay and the 2022/23 figure includes 1.75% from 2021/22.
- c) 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.
- d) Cash investment returns are based on projections consistent with the Council's Capital and Investment Strategy and are reduced at the start of the MTFS period due to expectations on low base rates of interest but anticipates a slight improvement by 2026/27.
- e) Tax base increases have been recalculated for 2022/23. The projections for 2021/22 reflected the impact of Covid such as increased Council Tax discounts and to reflect the delay in housing developments and current estimates suggest that the actual tax base was not as badly affected as was estimated. As a result, the increase in tax base for 2022/23 is 2.55%. Later years reflect normal anticipated growth in housing within the Borough at 2%.

### 3. FINANCIAL RESOURCES

3.1 The proposals for Local Government funding (i.e., Fairer Funding and Business Rates) have again been delayed by the impact of Covid. It has not yet been announced when the Fairer Funding review will now take place, but it is assumed this will be at least 2023/24. It has also not been confirmed by Government when the reforms to Business Rates will take place, but it is assumed that the earliest a reset would take place is from 2023/24. Consultation on the future of New Homes Bonus took place earlier in 2021 and it was announced in the draft settlement that for 2022/23 only the Council would receive an additional £0.934m. It has not yet been confirmed if there will be any replacement for NHB from 2023/24 onwards. Delays to the reforms continue to add further uncertainty over funding within the period of this MTFS with only one year of funding currently certain and makes planning for the medium term even more difficult.

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 Business Rates

The Business Rates receipts for 2021/22 were difficult to estimate due to uncertainty surrounding the impact of Covid. 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. However additional Covid related reliefs were announced by Government which had a significant impact on the Business Rates receipts, albeit compensated by grants. Similar proposals have been announced for 2022/23 which will again be compensated by additional grants.

Covid has impacted the progress on the Government's proposals for structural financial reform. There are now further delays in implementing a new funding system and the proposals for 75% Business Rates retention now look unlikely to go ahead due to the Government's levelling up agenda.

Ratcliffe-on-Soar Power Station has been a potential risk to the Council due to the proportion of Business Rates attributable to it and the likelihood of business rates appeals. Despite the fact that the proportion has reduced over the last few years the Power Station still makes up a reasonable proportion of the tax base at 8.34% (£2.94m) with the Council's exposure around £1.18m. In January the Council was notified that an appeal by the Power Station to the Valuation Office had been settled with an effective date of 01 April 2017. Whilst the Collection Fund has sufficient provision for appeals in relation to the Power Station for previous years, the appeal will have an impact on the Business Rates retained from the Power Station in the current year (2021/22) and going forward. The estimated annual loss to the collection fund is £1.32m (Council share £0.528m) and this reduction in income has been factored into the 2022/23 estimates. With other in-year adjustment there is a £0.3m reduction on the anticipated budget for Business Rates.

The Power Station is expected to cease production in 2024 and the Council had budgeted for the significant drop in income from 2024/25 therefore some of the impact of the loss has effectively been accelerated to 2022/23 and 2023/24 – 2 years sooner than originally planned.

The forecast for 2023/24 allows for a full reset of Business Rates (by central government) with the budget set at an estimated Baseline Funding level (the amount that the Council is expected to retain) plus 100% retained receipts from Renewable Energy properties. For 2024/25 and due to the anticipated closure of the Power Station in 2024, the Council has been prudent and budgeted at safety net (the minimum that the Council would receive in Business Rates receipts) plus 100% retained receipts from Renewable Energy properties.

Further to the uncertainties above there is an added complication in relation to the plans for a Freeport, the boundaries of which include part of the Power Station. Effectively the whole of the power station site will transfer to the Freeport for the purpose of business rates that are collected. The expectation is that there will be a 'no detriment' agreement meaning that the Council will be compensated for any lost Business Rates that may accrue in the future and subsequently the budget has therefore not changed as a result of the Freeport proposals.

Due to the changes announced in business rates reliefs in response to Covid in 2020/21 and 2021/22 and the power station appeal, the collection fund is currently in a deficit position (£4.317m). The recovery of the deficit is included in the 2022/23 net budget position and is offset by a release from the Collection Fund Reserve which was created during 2020/21 and further increased in 2021/22 from S31 grants received to compensate for the additional reliefs and further reliefs due in 2022/23. In essence this is a timing issue where the grants for business rates have been received in the General Fund in advance of being appropriated to the Collection Fund the following year which is when the deficit arises.

Government have announced a business rates relief scheme for 2022/23 to support local high street businesses as they recover from the pandemic. The scheme will provide eligible, occupied, retail, hospitality, and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business.

Government have also announced that there will again be a freeze on the Business Rates multiplier in 2022/23 (remaining at 49.9p) however CPI (normally used to set the multiplier) was higher and would have resulted in the multiplier being greater by 5.1p. 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 2022/23 Retained Business Rates budget of £3.958m.

The impact in 2022/23 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 which will again change as a result of the Power Station

appeal. From 2023/24 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 and any surplus is treated as a ‘windfall’ and helps support corporate priorities going forward or if the Organisation Stabilisation Reserve is used, can help replenish this.

The forecast position on Business Rates is shown below.

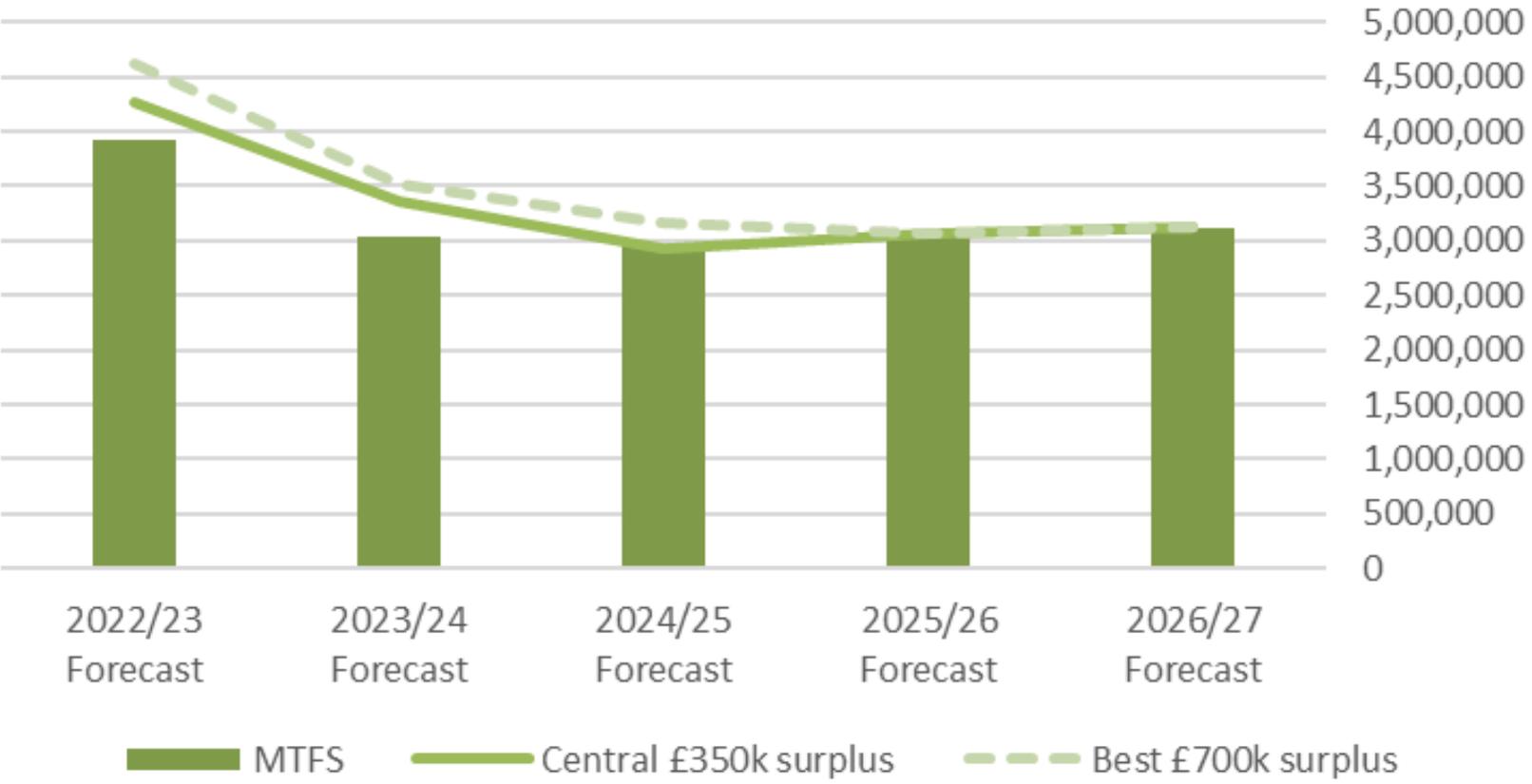
Table 2 Business Rates

<b>£'000</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Retained Business Rates	2,820	<b>3,958</b>	3,078	2,994	3,098	3,206
Increase/ (reduction)	(1,164)	<b>1,138</b>	(880)	(84)	104	108
Increase/ (reduction)	(29%)	<b>40%</b>	(22%)	(3%)	3%	3%
Forecast Business Rates (Surplus)/deficit and central pool surplus	4,000	<b>4,317</b>	0	0	0	0

Sensitivity Analysis

There is uncertainty surrounding Business Rates from 2023/24 and therefore the budget assumes full reset removing Business Rates growth resulting in a significant drop in income (baseline plus Renewable Energy receipts). However, there is an upside risk that the reset will see the baseline set at lower levels than expected meaning there would be the benefit of higher growth, the amount we could budget for ranging from £3.9m to £4.6m. From 2023/24 onwards there is also uncertainty surrounding the plans for the Freeport coupled with the closure of Ratcliffe-on-Soar Power Station (expected 2024) however as explained in section 3.3 it is not expected that the Freeport arrangements will have any effect on the Business Rates income due to ‘no-detriment’ arrangements. Subsequently we have therefore assumed for the MTFs that the Council will receive the minimum income (safety net plus renewable energy) for the remainder of the MTFs as a result of the Power Station closure. The Central and Best-case scenarios allow for a small amount of retained growth dependent upon the level of baseline at a reset. The graph below shows the potential variations in receipts (dependent upon estimated receipts from the Nottinghamshire pool surplus in 2022/23) over the MTFs with the uncertainty in later years reflected in budgeted assumptions remaining equal for all scenarios.

# Business Rates Sensitivity



### 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 and aside from the additional one-year funding for 2022/23 (see section 3.7 below), there has not yet been any announcement on the results of the recent consultation regarding any future ongoing funding. 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. Due to increases in Special Expenses limiting the amount of increases the Council can apply, we have assumed an increase in Council Tax of £3.57 (2.42%) in 2022/23, £4.96 and £4.80 for 2023/24 and 2024/25 respectively, and thereafter £5 each year. A Council Tax freeze would result in a reduction of £162k in revenue. The Council's referendum limit calculation also includes Special Expenses and the combination of Rushcliffe's Council Tax and Special Expense together equates to a £5 increase on a Band D. The 2022/23 increase of 2.42% is below 2021/22 inflation levels.

The 2022/23 tax base has been set at 45,387.6 (an increase of 2.55%). The projections for 2022/23 have been based upon the current Council Tax base. Anticipated growth during 2022/23 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 announced last year that Billing Authorities would be required (by legislation) to 'spread' any deficits occurring in 2020/21 (as a result of reduced receipts from Covid). The anticipated deficit for Council Tax (occurring in the year) was approximately £1.4m (the Council's exposure is approximately £0.15m) which was subsequently spread over the three years 2021/22 to 2023/24 (£51k per annum). In-year variances (actual against anticipated surpluses or deficits) also affect the overall surplus/deficit to be recovered (reduced to £45k in 2021/22) For 2022/23 the overall net deficit is expected to be £48k.

The Government is not intending to reimburse Councils for losses incurred through Council Tax collections as was the case for 2020/21. However, the budget includes £24k grant income in both 2022/23 and 2023/24 to offset 2020/21 losses which were subject to spreading over 3 years.

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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Council Tax Base (a)	44,259.60	<b>45,387.60</b>	46,295.35	47,221.26	48,165.68	49,129.00
Council Tax £:p (b)	£147.36	<b>£150.93</b>	£155.89	£160.68	£165.68	£170.68
£ Annual Increase	£4.62	<b>£3.57</b>	£4.96	£4.79	£5.00	£5.00
% increase	3.24%	<b>2.42%</b>	3.29%	3.07%	3.11%	3.02%
Gross Council Tax collected (a x b)	£6,522,095	<b>£6,850,173</b>	£7,216,888	£7,587,728	£7,980,311	£8,385,562
Increase in Precept	£243,294	<b>£328,078</b>	£366,715	£370,840	£392,583	£405,251
Council Tax(Surplus)/Deficit	£45,000	<b>£47,600</b>	£51,000	£0	0	0

### 3.5 Special Expenses

The Council sets a special expense to cover any expenditure it incurs in a part of the Borough which elsewhere is undertaken by a town or parish council. These costs are then levied on the taxpayers of that area. As with 2021/22, 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 £0.11 (-3.23%) and Ruddington £0.18 (-4.5%). Expenditure in West Bridgford has increased due mainly to annuity charges for historical works in West Bridgford. There is an overall net increase to West Bridgford of £84k and an increase in the Band D charge of £4.26 (8.58%).

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

Table 4 Special Expenses

	2021/22		2022/23		
	Cost	Band D	Cost	Band D	
	£	£	£	£	% change
West Bridgford	712,600	49.65	796,400	53.91	8.58
Keyworth	9,200	3.41	9,200	3.30	-3.23
Ruddington	11,100	4.00	11,100	3.82	-4.50
<b>Total</b>	<b>732,900</b>		<b>816,700</b>		

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 will cease the New Homes Bonus (NHB) scheme in 2023/24 and consulted during 2021 on the potential future replacement of the NHB scheme. Whilst the outcome of this consultation and any potential replacement for the scheme has not yet been announced, the Council will receive £0.934m in addition to the legacy payment of £0.653m originally expected in 2022/23. The table below depicts the funding and cessation of the scheme by 2023/24.

Table 5 – New Homes Bonus

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
New Homes Bonus Received in Year	(1,633)	(1,587)	0	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 had a significant impact on the fees and charges receipts during 2020/21 and it was anticipated that the effects of the virus would continue into 2021/22 and 2022/23 and the budget assumed anticipated reductions in fees and charges of approximately 20% in 2021/22 and 10% in 2022/23. The majority of the losses budgeted related to Planning and Car Parking both of which have not experienced the losses that had been anticipated and subsequently the 10% reduction in budget in 2022/23 has been removed.

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

Table 6 – Fees, Charges and Rental Income

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Car Parks	(683)	<b>(852)</b>	(852)	(852)	(852)	(852)
Licences	(308)	<b>(277)</b>	(277)	(277)	(277)	(277)
Non Sporting Facility Hire	(138)	<b>(123)</b>	(147)	(147)	(147)	(147)
Other Fees & Charges	(529)	<b>(924)</b>	(901)	(963)	(1,027)	(1,029)
Planning Fees	(957)	<b>(1,317)</b>	(1,317)	(1,317)	(1,317)	(1,318)
Rents	(1,797)	<b>(1,922)</b>	(2,027)	(2,047)	(2,047)	(2,047)
Green waste income	(1,400)	<b>(1,400)</b>	(1,400)	(1,587)	(1,587)	(1,587)
Service Charges	(302)	<b>(353)</b>	(354)	(354)	(354)	(354)
<b>Total</b>	<b>(6,114)</b>	<b>(7,168)</b>	<b>(7,275)</b>	<b>(7,544)</b>	<b>(7,608)</b>	<b>(7,611)</b>

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 a slight reduction in 2023/24 due to the loss of Land Charges income for which responsibility will transfer to the HM Land Registry. From 2024/25 onwards, estimated income increases due to the new Crematorium which is expected to open in autumn 2022. Garden Waste is normally increased on a cyclical basis every 3 years (last

increased in 2020/21) and the next planned increase is 2024/25. 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.

As explained in section 3.8 above, the car parking income budget was reduced for 2021/22 and 2022/23 due to reductions in usage caused by COVID. Usage of the council car parks has seen a faster recovery than anticipated leading to the 2022/23 budget being reinstated to pre-covid levels. There have been no further increases assumed for car parking charges as the Council continues to support local businesses and their recovery in a post Covid world.

Except where current or previous decisions will affect future income yields, the MTF5 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 (£13.254m) which is used to meet the costs of the national housing benefit scheme. Other Income is shown in Table 7 the majority of which is the Leisure Services contract. Interest on investments reflect assumptions based on balances available to invest and expected interest rates (see Appendix 5).

'Other Income' in Table 7 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 summer 2022. Homelessness Prevention funding received in 2021/22 is now expected to continue for the foreseeable future and makes up a large proportion of the Other Government Grants line below.

Table 7 – Other Income

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax costs recovered	(156)	(163)	(179)	(179)	(179)	(179)
Council Tax/ Housing Benefit Admin Grants	(215)	(233)	(228)	(224)	(219)	(215)
Interest on Investments	(462)	(673)	(626)	(610)	(602)	(599)
Income from Other Local Authorities	(86)	(5)	(5)	(5)	(5)	(5)
Other Income	(396)	(678)	(875)	(942)	(993)	(1,025)
Recycling Credits	(180)	(200)	(200)	(200)	(200)	(200)
Other Government Grants	(120)	(302)	(300)	(300)	(300)	(300)
<b>Sub Total</b>	<b>(1,615)</b>	<b>(2,254)</b>	<b>(2,413)</b>	<b>(2,460)</b>	<b>(2,498)</b>	<b>(2,523)</b>
Housing Benefit Subsidy	(11,788)	(13,254)	(13,254)	(13,279)	(13,279)	(13,279)
<b>Total Other Income</b>	<b>(13,403)</b>	<b>(15,508)</b>	<b>(15,667)</b>	<b>(15,739)</b>	<b>(15,777)</b>	<b>(15,802)</b>

### 3.10. Summary

Table 8 – All sources of income

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Retained Business Rates	(2,820)	<b>(3,958)</b>	(3,078)	(2,994)	(3,098)	(3,206)
Other Grant Income*	(1,130)	<b>(271)</b>	(164)	(164)	(164)	(164)
New Homes Bonus	(1,633)	<b>(1,587)</b>	0	0	0	0
Council Tax (RBC)	(6,522)	<b>(6,850)</b>	(7,217)	(7,588)	(7,980)	(8,385)
Council Tax (Special Expenses)	(733)	<b>(816)</b>	(835)	(861)	(864)	(875)
Fees, Charges and Rental Income	(6,114)	<b>(7,168)</b>	(7,275)	(7,544)	(7,608)	(7,611)
Other income	(13,403)	<b>(15,508)</b>	(15,667)	(15,739)	(15,777)	(15,802)
Transfers from Reserves**	(3,034)	<b>(2,619)</b>	(1,108)	(753)	(661)	(216)
<b>Total Income</b>	<b>(35,389)</b>	<b>(38,777)</b>	<b>(35,344)</b>	<b>(35,643)</b>	<b>(36,152)</b>	<b>(36,259)</b>

\* The Lower Tier Grant (£107k) is the second year of a new grant with the purpose of supporting services such as leisure services and looks to partially rebalance the impact of the loss of New Homes Bonus (the other grants are Covid linked). For 2022/23 the Council has been allocated £164k Services Grant. This will contribute towards the increase in employer National Insurance Contributions and pay pressures.

\*\* The transfer from reserves in 2022/23 includes the mitigation of the budgeted deficit in Business Rates referred to in section 3.3 above and from 2023/24 the net transfer from reserves reduces as it is not anticipated that further large deficits will be funded by grants in this way. The net transfer from reserves also incorporates the £1.3m per annum payment for the Arena, Bingham Hub, and the Crematorium in relation to Minimum Revenue Provision (MRP). The position on reserves is shown in Section 6.

#### 4. 2022/23 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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	10,697	<b>11,437</b>	11,824	12,031	12,339	12,559
Premises	1,008	<b>1,144</b>	1,103	1,106	1,109	1,112
Transport	926	<b>1,030</b>	1,046	1,048	1,053	1,058
Supplies & Services	3,763	<b>4,220</b>	4,206	3,993	3,883	3,773
Transfer Payments	11,773	<b>13,219</b>	13,229	13,254	13,254	13,254
Third Party	2,811	<b>2,915</b>	2,954	3,018	3,084	3,098
Depreciation	1,768	<b>1,768</b>	1,768	1,768	1,768	1,768
Capital Financing	45	<b>0</b>	0	0	0	0
<b>Gross Service Expenditure</b>	<b>32,791</b>	<b>35,733</b>	<b>36,130</b>	<b>36,218</b>	<b>36,490</b>	<b>36,622</b>
Reversal of Capital Charges	(1,768)	<b>(1,768)</b>	(1,768)	(1,768)	(1,768)	(1,768)
Collection Fund Deficit	4,045	<b>4,365</b>	51	0	0	0
Minimum Revenue Provision	1,074	<b>1,293</b>	1,293	1,293	1,293	858
<b>Overall Expenditure</b>	<b>36,142</b>	<b>39,623</b>	<b>35,706</b>	<b>35,743</b>	<b>36,015</b>	<b>35,712</b>

#### 4.2 Explanations for some of the main variances above are:

- Employee costs reflect a 3.75% award (the cumulative impact of 1.75 % in 2021/22 and 2% 2022/23) and 2% thereafter and 1.25% in National Insurance Contributions.
- Premises include an assumption of inflation of 35% in 2022/23 reducing by 15% in 2023/24, in relation to utilities and rising fuel prices.
- Transport costs include an increase of £75k for fuel due to general price increases and pressures in the current environment and an increase in vehicle repairs due to ageing waste collection vehicles of £25k.
- Supplies and services most significant increases in 2022/23 are due to; increased budget provision relating to the redevelopment of the power station site / Freeport £165k (funded from reserves) and an increase in general contingencies £168k to £300k.
- Transfer Payments were expected to reduce in 2021/22 due to expectations of reduced housing benefit claims as a result of the move to Universal Credits (handled by the Department for Work and Pensions (DWP)). This reduction was not as significant as expected and therefore estimates have been based on current caseload and the DWP handling working age claims under Universal Credits.
- Capital Financing costs (interest on borrowing) have been removed from the budget from 2022/23 onwards as there is currently no expectation that the Council will need to externally borrow during this MTFS periods.
- The £4.365m Collection Fund deficit relates to Business Rates (£4.317m Table 2); the deficit arising at outturn in 2020/21 and 2021/22 as a result of additional reliefs granted to leisure, hospitality, retail, and childcare; and the deficit arising in 2021/22 as a result of a successful appeal from the power station and a small Council tax deficit of £48k (Table 3). Additional business support grants have been received during the year which will be appropriated to reserves to cover this deficit. The release of this grant is included in the net transfer from reserves in Table 8 above.
- Minimum revenue Provision (MRP) increases in 2022/23 to reflect the internal borrowing requirement for The Crematorium, Bingham Hub and Cotgrave Masterplan.

4.3 As with 2021/22 the Council will again receive £163k in Homelessness and Rough Sleeping funding from the Government. 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 a 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

	<b>2021/22 Estimate £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>	<b>2026/27 Estimate £'000</b>
Total Income	(35,389)	(38,777)	(35,344)	(35,643)	(36,152)	(36,259)
Gross Expenditure	36,142	39,623	35,706	35,743	36,015	35,712
<b>Net Budget Position (Surplus)/Deficit</b>	<b>753</b>	<b>846</b>	<b>362</b>	<b>100</b>	<b>(137)</b>	<b>(547)</b>
<b>Revised Transfer (From)/ to Reserves</b>	<b>(3,787)</b>	<b>(3,465)</b>	<b>(1,470)</b>	<b>(853)</b>	<b>(524)</b>	<b>331</b>

- 5.2 The above shows a budget deficit in 2022/23 of £0.846m, deficits of £0.362m and £0.100m in 2023/24 and 2024/25 respectively. The £0.846m deficit is a result of the power station appeal and will be funded from the Organisation Stabilisation Reserve. It is anticipated that from 2025/26 the budget will move into a surplus position as a result of the Crematorium and Bingham Hub which will then be used to replenish the reserve, the total for the period being a deficit of £0.624m. In-year budget efficiencies will be appropriated to the Organisation Stabilisation Reserve to reduce this residual deficit and restore the reserve to original levels. 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 reduce the use of reserves for the 2022/23 deficit and mitigate the risks going forward on Business Rates, from reforms and the loss of the Power Station, or to support any other priorities arising during 2022/23.
- 5.3 Section 7 covers the Transformation Programme - including the use of reserves, balancing the budget for 2022/23 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.
- 6.2 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 £20.9m to £12.1m (21/22 – 26/27). **Appendix 6** details the movement in reserves for 2022/23 which also includes capital commitments. This shows a reduction from £20.9m to £15.8m (2021/22 to 2022/23) primarily reflecting the release of £3.7m to offset the Collection Fund deficit in 2022/23 (from the recently created Collection Fund Reserve and £0.846m from the Organisation Stabilisation Reserve to fund the remaining impact of the power station business rates appeal (mentioned in Section 3.3). In addition, the sum of £2.293m is required to be released from the NHB Reserve. Of this, £1.293m will offset the impact of the MRP charged in the year. A further £1m from New Homes Bonus is earmarked to be used to support the acquisition of a Traveller Site. The latter is necessary given a requirement of the Local Plan and if a site is not provided means the Council is susceptible to random traveller planning applications across the Borough.
- 6.3 The Climate Change Action Reserve remains despite the pressures of Covid. The reserve will be topped up in 2022/23 by £0.2m and will support projects that contribute to the Council's ambitions to protect and enhance the environment including the reduction of its carbon footprint. A balance of £0.970m will be available and will be allocated as projects get approved. £30k has been earmarked for enhancement works at Rushcliffe Country Park (Photovoltaic Panels and a new heat pump). From the original £1m reserve established, £0.2m was transferred to the Freeport Reserve. The East Midlands Development Corporation will support partnership working to deliver transformational infrastructure and economic development projects. Rushcliffe's Freeport Reserve will be utilised over 3 years to support the work with a contribution of £0.165m each year. This will leave a balance of £0.2m, appropriated to the reserve in 2022/23. Cabinet have also taken the opportunity, given the favourable 2021/22 revenue position, to propose a new £1m reserve towards vehicle replacement, to help future proof key frontline services such as refuse collection; and that they use the latest carbon reduction technology.
- 6.4 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 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.

6.5 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 31.03.21 £'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	Balance 31.03.27 £'000
<i>Investment Reserves:</i>							
Regeneration and Community Projects	1,887	1,887	2,035	2,198	2,375	2,557	2,749
Sinking Fund - Investments	212	376	201	451	641	896	611
<i>Corporate Reserves:</i>							
Organisation Stabilisation	3,786	2,963	2,117	1,755	1,655	1,792	2,339
Collection Fund S31	5,990	3,731	24	0	0	0	0
Climate Change Action	800	800	970	970	970	970	970
Freeport Reserve	400	330	365	200	200	200	200
Vehicle Replacement	0	1,000	1,000	1,000	1,000	1,000	1,000
Risk and Insurance	100	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350	350
Elections	100	150	200	50	100	150	200
<i>Operating Reserves:</i>							
Planning	209	209	170	131	44	44	44
Leisure Centre Maintenance	111	7	7	7	7	7	7
<b>Total Excluding NHB Reserve</b>	<b>13,945</b>	<b>11,903</b>	<b>7,539</b>	<b>7,212</b>	<b>7,442</b>	<b>8,066</b>	<b>8,570</b>
New Homes Bonus	8,420	8,979	8,273	6,980	5,687	4,394	3,536
<b>Total Earmarked Reserves</b>	<b>22,365</b>	<b>20,882</b>	<b>15,812</b>	<b>14,192</b>	<b>13,129</b>	<b>12,460</b>	<b>12,106</b>
<i>General Fund Balance</i>	2,604	2,604	2,604	2,604	2,604	2,604	2,604
<b>TOTAL</b>	<b>24,969</b>	<b>23,486</b>	<b>18,416</b>	<b>16,796</b>	<b>15,733</b>	<b>15,064</b>	<b>14,710</b>

## 7. THE TRANSFORMATION STRATEGY AND EFFICIENCY STRATEGY

7.1 For the past 7 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, scrutiny etc; 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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Budget Deficit excluding Transformation Plan	5,191	<b>5,685</b>	5,637	5,744	5,406	4,947
Cumulative Savings in Transformation Plan	4,185	<b>4,512</b>	4,902	5,237	5,349	5,381
Gross Budget Deficit/(Surplus)	1,006	<b>1,173</b>	752	435	(25)	(515)
Additional Transformation Plan savings	(253)	<b>(327)</b>	(390)	(335)	(112)	(32)
Net budget Deficit/(Surplus)	753	<b>846</b>	362	100	(137)	(547)
Cumulative Transformation Target (Appendix 3)	(445)	<b>(772)</b>	(1,162)	(1,497)	(1,609)	(1,641)

7.3 For a second year the Council's financial position has been impacted by the legacy of Covid. In addition to this the Government have implemented tighter restrictions on how Councils can generate additional income, limiting borrowing for wider projects dependent upon capital spending proposals and excluding borrowing from the PWLB where capital spend is solely for commercial gain. The Council will continue to look at alternative ways for commercialism to reduce the funding gap. The Council has continued

to constrain spending and increase income where possible and continues to review how it delivers its services for potential efficiency savings. The negative impact of Covid means that the Council has a need to draw on reserves in 2023/24 and 2024/25 however projections currently show that the reserves can be replenished by the end of this MTFS. Significant asset investment projects, particularly the development of a Crematorium and the Bingham Leisure Hub make a significant financial contribution to these projections in addition to delivering both socio-economic benefits, but they are not without their own project risks. Both of which are expected to complete during 2022/23 and together are expected to generate over £1m of budget efficiencies, per annum, by the end of this MTFS period.

- 7.4 The Council must continue to review its existing transformation projects on an on-going annual basis. The current Transformation plan focuses mainly on the two large projects identified above and the challenge moving forward will be to keep momentum and identify projects that will contribute to savings in the future. Officers continue to seek efficiencies wherever possible and look for wider projects to improve value for money. As can be seen at Table 12 over the five-year period £1.196m of expected efficiencies have been identified. The current transformation projects which will be worked upon for delivery from 2022/23 are given at **Appendix 3**.
- 7.5 The Council has during 2021/22 looked to cease its investments in commercial property and as such the income receipts are not expected to significantly increase from 2022/23 onwards.

## 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

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>
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 for future years and we achieve our central case predictions this will reduce the need to utilise reserves. No evidence that Covid has affected business rates collection rates but continue to monitor. Use of reserves as necessary to mitigate 'one-off shocks'
Central Government policy changes e.g., Fairer Funding, changes to NHB and Business Rates reset 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 in years of uncertainty.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>
The Council does not achieve Council Tax income levels as projected in the MTFS and linked to Government referendum limits and Special Expenses. 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. Monitor and report on Special Expenses. Continue to monitor Council Tax collection.
Inadequate capital resources	Medium	Medium	Proportionate spending and sale of surplus assets and ongoing review of assets (last reported to Cabinet in 2021), 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. Review of potential increases to fees and charges on an annual basis. Ensure future changes are built into the MTFS.
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. Budget set to include latest assumptions on inflationary increases. Additional contingency for pay and inflationary pressures.
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

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>
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) 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 1 April 2022. Assess and monitor impact on new leases.
Environmental Agenda Impact on both revenue and capital budgets	High	Medium	Creation of Climate Change Action Reserve £1m ongoing review of significant projects and outcome of scrutiny review. A new vehicle replacement reserve which will help fund, for example, electric vehicles
Streetwise transfer in-house with performance to be maintained and improved and revenue and capital risks and opportunities	High	High	Potential transfer of Streetwise service back in-house. Risk of requirement for additional resources but also potential for transformational efficiencies. Monitor and project manage. Update reports to Cabinet through usual financial reporting arrangements
Traveller's site located to accord with the Local Plan and avoid unplanned traveller pitches throughout the Borough	Medium	High	Site identification, financial implications to be determined and reported in further Cabinet reports, £1m in Capital Programme.

- 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 particularly as recent settlement announcements have been limited to one year only. 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 diversified its property portfolio, 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. The Council continues to maximise its returns from its existing investments by regularly reviewing the performance of its commercial property and a report was scrutinised at Governance Scrutiny Group and Cabinet in November 2021.
- 8.4 The MTFS presents deficits from 2022/23 to 2024/25 which are funded using the Organisation Stabilisation Reserve. The budget then moves into a surplus position when the reserves will be partially 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. Covid highlighted the importance of holding adequate reserves as the Council was able to continue delivering services to its residents throughout the pandemic. 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:
- Resetting Business Rates Baseline – this could result in most or all of the growth being removed and result in a significant drop in retained income from Business Rates.
  - The Power Station is due to be de-commissioned in 2024. Whilst the proportion of Business Rates applicable to the Power Station has reduced in recent years (and impact accelerated by the recent successful appeal) the closure will ultimately impact upon the Business Rates income potentially undermining 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 although any reforms are now unlikely to occur before 2023/24.
  - Businesses were revalued in 2017 with a further revaluation now planned for 2023. There have also been further reliefs announced for 2022/23 for the retail, hospitality, and leisure sectors as the impact of Covid continues

- 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. This is mostly dependant on growth and surplus from the Business Rates Pool.
- New Homes Bonus - as identified at paragraph 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 however there has not, at the time of writing, been any announcement following the consultation last Spring.
- Special Expenses – as highlighted in section 3.5 the Council’s ability to raise Council Tax without referendum is affected by the charges for Special Expenses as both are included for the purposes of calculating the referendum trigger. Potential future increases in annuity charges in the Special Expense may put pressure on the ability to raise sufficient Council Tax if the projected tax base increases do not materialise or increase at a rate lower than required increases in budget.

## 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 and investment in Social Housing. 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 at Table 14. This remains an ambitious programme totalling £27.4m for 5 years.
- 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 to help balance the Council's MTFS. Significant projects in the Capital Programme include:
- a) A total provision of £20m has been included in this and previously published Capital Programmes for the continued development of Bingham Hub. There is a £2m balance in 2022/23 to meet final costs. 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. The build is well underway and it is planned that the centre will open in late summer 2022.
  - b) £8.5m has been included in total to provide a new Crematorium in the Borough. Of this, £3m has been brought forward from 2021/22 to 2022/23 to meet final build and fit out costs.
  - c) The provision for Support to Registered Housing Providers has benefitted significantly from Planning Agreements monies arising from Land North of Bingham. RBC is due up to £3.8m (£2.3m has already been received and the balance is due May 2022). This sum, together with the balances of other Planning Agreement monies and capital receipts set aside for Affordable Housing gives a total sum available of £5.240m split 50:50 between 2022/23 and 2023/24. Options for commitment of these sums are being assessed.
  - d) £1.710m over the 5 years for investment in the upgrade of facilities at leisure centres. There are: planned refurbishments to changing villages; floor replacement; 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.
  - e) £1m has been included in 2022/23 for the acquisition of a Traveller Site in the Borough. This is to meet requirements of the Local Plan (as mentioned in the Reserves Section).

- f) Information Systems Strategy (£0.23m plus a four-year rolling programme to give a total of £1.22m) will ensure that the Council keeps pace with new technologies, protects itself against cyber-attacks and continues to modernise services and deliver 'channel shift' in an increasingly virtual world.
- g) On-going vehicle replacement programme (£3.751m over the next five years).
- h) Disabled Facilities Grants (DFGs) provision of £0.530m has been provided each year but there may be 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) To facilitate the provision of a Community Facility in Edwalton, £0.5m has been included. Options are being explored for funding with any balance being subject to Special Expense annuity charges.
- k) Some smaller sums have been included to enhance our land and buildings and investment property portfolios. In particular, £0.320m for enhancement work to West Park Buildings and these will be subject to annuity charges repayable through the West Bridgford Special Expense.
- l) A Contingency sum of £0.15m has been included in 2022/23 dropping to £0.1m for future years, to give flexibility to the delivery of the programme and to cover unforeseen circumstances.
- m) Expected total 'internal' borrowing, including 2021/22, totals £11m. Given the projected level of the Council's cash balances at March 2022, it is anticipated external borrowing is not required (in the medium term). The timing and incidence of actual external borrowing will be affected by any slippage in the capital programme, unexpected capital funding (for example capital receipts), and cash balances and this is reflected in the capital financing requirement shown at table 2 of the Capital and Investment Strategy (Appendix 5).

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

**CAPITAL PROGRAMME 2022/23 – 2026/27**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year
	Current Estimate	Indicative Estimate	TOTAL				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>EXPENDITURE SUMMARY</b>							
Development and Economic Growth	21,078	7,085	360	225	130	610	8,410
Neighbourhoods	5,306	6,226	5,615	2,090	1,340	1,225	16,496
Finance and Corporate	838	530	480	530	480	500	2,520
<b>Total</b>	<b>27,222</b>	<b>13,841</b>	<b>6,455</b>	<b>2,845</b>	<b>1,950</b>	<b>2,335</b>	<b>27,426</b>
<b>FUNDED BY</b>							
Usable Capital Receipts	(8,092)	(8,921)	(4,127)	(1,940)	(1,110)	(955)	(17,053)
Government Grants	(3,360)	(695)	(695)	(695)	(695)	(695)	(3,475)
Use of Reserves	(399)	(1,605)	(150)	(210)	(145)	(685)	(2,795)
Grants and Contributions	(530)	0	0	0	0	0	0
Section 106 Monies	(3,841)	(2,620)	(1,483)	0	0	0	(4,103)
Internal Borrowing and Borrowing	(11,000)	0	0	0	0	0	0
<b>Total</b>	<b>(27,222)</b>	<b>(13,841)</b>	<b>(6,455)</b>	<b>(2,845)</b>	<b>(1,950)</b>	<b>(2,335)</b>	<b>(27,426)</b>
<b>RESOURCES MOVEMENT</b>							
Opening Balances:	7,362	7,595	7,528	5,031	6,085	5,731	
Projected Receipts:	15,455	13,774	3,958	3,899	1,596	1,610	
Use of Resources:	(16,222)	(13,841)	(6,455)	(2,845)	(1,950)	(2,335)	
Balance Carried Forward:	6,595	7,528	5,031	6,085	5,731	5,006	

9.3 The Council 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 was taken out of the programme in direct response to the changes in access for PWLB borrowing whereby it is no longer allowable to borrow for yield (or financial return).

- 9.4 The Council's capital resources are slowly being depleted to fund the Capital Programme. It is projected that capital resources will be in the region of £5m at the end of the five-year life of the Programme. This comprises: £4.367m Earmarked Capital Reserves; £0.390m Capital Receipts and £0.250m minor capital grants and contributions. The level of Capital Receipts will slowly be replenished but will only significantly increase if major assets are identified for disposal in the future, given the extent of future capital commitments.
- 9.5 Projected capital receipts over the course of the MTFS include:
- A further £7m from the Sharphill Overage Agreement (£12m already received);
  - Sale of land in Cotgrave: approximately £7m;
  - Disposal of the old Depot Site, approximately £4.8m; and
  - Over £1.4m in repaid loan principal from Nottinghamshire County Cricket Club and Streetwise.
- 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 following significant capital grants and contributions will be used to support the funding of the proposed capital programme:
- £4m from Planning Agreements for off-site affordable housing. £3.8m of this comes from a new S106 for Land North of Bingham;
  - £1.65m Sustainable Urban Development (SUD) funding to support the development of new offices in Bingham part of which will be applied to meet 2021/22 expenditure (£0.75m of Growth Development Fund grant from the Local Enterprise Partnership (LEP) has been previously applied for the offices plus £0.174m from LEP to support the Community Hall element of Bingham Leisure Hub); and
  - An estimated £0.695m 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

	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Anticipated Interest Rate (%)	0.5	0.75	1	1.25	1.25
Expected interest from investments (£)	(592,300)	(554,000)	(545,900)	(542,700)	(539,800)
Other interest (£)	(81,000)	(72,000)	(64,000)	(59,000)	(59,000)
<b>Total Interest (£)</b>	<b>(673,300)</b>	<b>(626,000)</b>	<b>(609,900)</b>	<b>(601,700)</b>	<b>(598,800)</b>

- 10.2 CIPFA have just released new editions of the Treasury Management Code and Prudential Code (20th Dec 2021). Some changes in the Prudential Code come into immediate effect, namely an authority must not borrow to invest primarily for financial return. Authorities may, however, defer introducing revised reporting requirements until 2023/24 (these include changes in capital strategy, prudential indicators, and investment reporting). There is no effective date stipulated for the Treasury Management Code but where possible these changes are reflected in the strategy. 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.
- 10.3 The CIS covers the Council's approach and risk management with regards to commercial assets. It documents the spreading of risk across the size of individual investments and diversification in totality across different sectors. As a result of recent changes to the code as detailed above, the Council has recently shifted its focus from acquisitions of commercial assets to maximising the returns from its existing portfolio. The Council undertakes regular performance reviews on the assets with the most recent review reported to Cabinet and Governance Scrutiny Group in November 2021.

## 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. A review was undertaken in 2021/22 to assess the performance of the Council's existing commercial assets and their continued contribution to the Councils strategic aims. This will continue to be monitored and reported to scrutiny on a regular basis.
- 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 £3.57 increase in 2022/23, £4.96 in 2023/24, £4.79 in 2024/25 and thereafter £5 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 2026/27 is £1.15m and over the 5-year period £3.213m.

Table 16: Alternate Council Tax Levels

£'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Band D £150.93 in 2022/23 Increase at £4.96 in 2023/24, £4.79 in 2024/25 and £5 each year thereafter – Recommended Option						
<b>Total Council Tax Income</b>	<b>(6,522)</b>	<b>(6,850)</b>	<b>(7,217)</b>	<b>(7,588)</b>	<b>(7,980)</b>	<b>(8,385)</b>

<b>Total for Freeze (Band D £147.36)</b>		<b>(6,688)</b>	<b>(6,822)</b>	<b>(6,959)</b>	<b>(7,098)</b>	<b>(7,240)</b>
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<b>Total for 2% each year (Band D £150.31)</b>		<b>(6,822)</b>	<b>(7,098)</b>	<b>(7,384)</b>	<b>(7,683)</b>	<b>(7,993)</b>
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Difference (£'000)	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Freeze vs £5	(162)	(395)	(629)	(882)	(1,145)	(3,213)
2% vs £5	(28)	(119)	(204)	(297)	(392)	(1,040)

- 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.

**Funding Analysis for Special Expense Areas**

	2021/22	2022/23	% Change
	(£)	(£)	
<b>West Bridgford</b>			
Parks and Playing Fields	398,900	422,800	
West Bridgford Town Centre	91,400	91,400	
Community Halls	56,900	78,500	
Contingency	14,700	14,700	
Revenue Contribution to Capital Outlay	50,000	75,000	
Annuity Charges	80,700	94,000	
Sinking Fund	20,000	20,000	
<b>Total</b>	<b>712,600</b>	<b>796,400</b>	
<b>Tax Base</b>	<b>14,353.8</b>	<b>14,773.7</b>	
<b>Special Expense Tax</b>	<b>49.65</b>	<b>53.91</b>	<b>8.58%</b>
<b>Keyworth</b>			
Cemetery & Annuity Charges	9,200	9,200	
<b>Total</b>	<b>9,200</b>	<b>9,200</b>	
<b>Tax Base</b>	<b>2,700.60</b>	<b>2,791.00</b>	
<b>Special Expense Tax</b>	<b>3.41</b>	<b>3.3</b>	<b>-3.23%</b>
<b>Ruddington</b>			
Cemetery & Annuity Charges	11,100	11,100	
<b>Total</b>	<b>11,100</b>	<b>11,100</b>	
<b>Tax Base</b>	<b>2,777.5</b>	<b>2,908.8</b>	
<b>Special Expense Tax</b>	<b>4.00</b>	<b>3.82</b>	<b>-4.50%</b>
<b>TOTAL SPECIAL EXPENSES</b>	<b>732,900</b>	<b>816,700</b>	

## REVENUE BUDGET SERVICE SUMMARY

## Appendix 2

	2021/22 ESTIMATE £	2022/23 ESTIMATE £	2023/24 ESTIMATE £	2024/25 ESTIMATE £	2025/26 ESTIMATE £	2026/27 ESTIMATE £
Chief Executive	2,055,100	<b>2,021,100</b>	2,254,600	2,082,400	2,129,500	2,161,500
Finance and Corporate Services	4,292,300	<b>4,317,800</b>	4,395,300	4,531,800	4,669,300	4,776,300
Development and Economic Growth	6,400	<b>48,900</b>	99,800	17,600	(12,600)	27,900
Neighbourhoods	6,919,000	<b>6,670,700</b>	6,437,200	6,302,100	6,318,700	6,243,500
Net Service Expenditure	13,272,800	<b>13,058,500</b>	13,186,900	12,933,900	13,104,900	<b>13,209,200</b>
Capital Accounting Adjustments	(1,767,600)	<b>(1,767,600)</b>	(1,767,600)	(1,767,600)	(1,767,600)	(1,767,600)
Minimum Revenue Provision	1,074,000	<b>1,293,000</b>	1,293,000	1,293,000	1,293,000	858,000
Transfer to/(from) Reserves	(3,034,000)	<b>(2,619,000)</b>	(1,108,000)	(753,000)	(661,000)	(216,000)
<b>Total Net Service Expenditure</b>	9,545,200	<b>9,964,900</b>	11,604,300	11,706,300	11,969,300	<b>12,083,600</b>
Funding						
Other Grant Income	(1,129,700)	<b>(271,000)</b>	(164,000)	(164,000)	(164,000)	(164,000)
Localised Business Rates, includes SBRR	(2,819,600)	<b>(3,957,800)</b>	(3,078,000)	(2,994,100)	(3,098,300)	(3,206,300)
Collection Fund (Surplus)/Deficit	4,045,000	<b>4,364,500</b>	51,000	0	0	0
Council Tax Income						
- Rushcliffe	(6,522,100)	<b>(6,850,400)</b>	(7,217,000)	(7,587,500)	(7,980,000)	(8,385,300)
- Special Expenses Areas	(732,900)	<b>(816,700)</b>	(834,800)	(861,100)	(864,100)	(874,800)
New Homes Bonus	(1,632,900)	<b>(1,587,500)</b>	0	0	0	0
<b>Total Funding</b>	(8,792,200)	<b>(9,118,900)</b>	(11,242,800)	(11,606,700)	(12,106,400)	<b>(12,630,400)</b>
<b>Net Budget (Surplus)/Deficit</b>	<b>753,000</b>	<b>846,000</b>	<b>361,500</b>	<b>99,600</b>	<b>(137,100)</b>	<b>(546,800)</b>

**Rushcliffe Borough Council**

**Transformation Strategy and Efficiency Plan 2022/23 – 2026/27**

**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 £6.8m 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 2022/23 this is estimated at £152k. 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 84% of residents are satisfied with Rushcliffe as a place to live and 59% of residents are satisfied with the way the Council runs its services. (2021).

This revised Transformation Strategy sets out the Council's approach to making further savings between now and 2026/27. 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
- Funding secured – the £2.4m funding secured over the last 12 to 18 months is supporting the delivery of new office units in Bingham, reducing the capital impact on the Council which will eventually result in a revenue return through rental income

For a second year the Council's financial position has been impacted by the legacy of Covid. In addition to this Government have implemented tighter restrictions on how Councils can generate additional income, limiting borrowing for wider projects dependent upon capital spending proposals. These limitations now mean that the Council must look for alternative ways to commercialism to reduce the funding gap. The Council has continued to constrain spending and increase income where possible but also continues to review how it delivers its services for potential efficiency savings. The negative impact of Covid means that the Council has a need to draw on reserves in 2022/23 to 2024/25 however projections currently show that the final two years of this MTFs can partially replenish the reserve. Significant asset investment projects, particularly the development of a Crematorium and the Bingham Leisure Hub make a significant financial contribution to these projections in addition to delivering both socio-economic benefits, but they are not without their own project risks.

### Savings targets

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Gross Budget Deficit excluding Transformation Plan	5,685	5,637	5,744	5,406	4,947
Cumulative Savings in Transformation Plan	4,512	4,902	5,237	5,349	5,381
Gross Budget Deficit/(Surplus)	1,173	752	435	(25)	(515)
Additional Transformation Plan savings	(327)	(390)	(335)	(112)	(32)
Net budget Deficit/(Surplus)	846	362	100	(137)	(547)

Other arrangements exist with neighbouring authorities such as the Building Control partnership with South Kesteven and Newark & Sherwood, and our wholly owned company; Streetwise. The Council continues to identify innovative ways of delivering its services more economically, efficiently, and effectively, including collaboration or, if it needs to, bring insource services which are currently provided externally where a business case supports such an initiative.

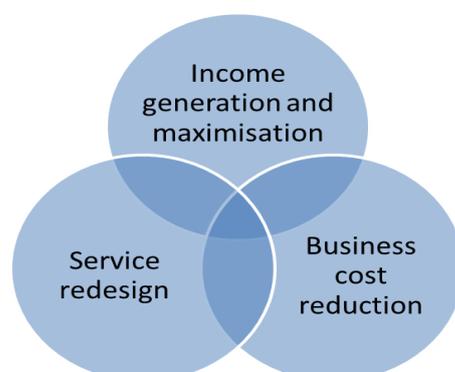
The Council must continue to review its existing transformation projects on an on-going annual basis. The current Transformation plan focuses mainly on two large projects and the challenge moving forward will be to keep momentum and identify projects that will contribute to savings in the future. Officers continue to seek efficiencies wherever possible and look for wider projects to improve value for money. The current transformation projects which will be worked upon for delivery from 2022/23 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);
- 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 Capital and Investment 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.

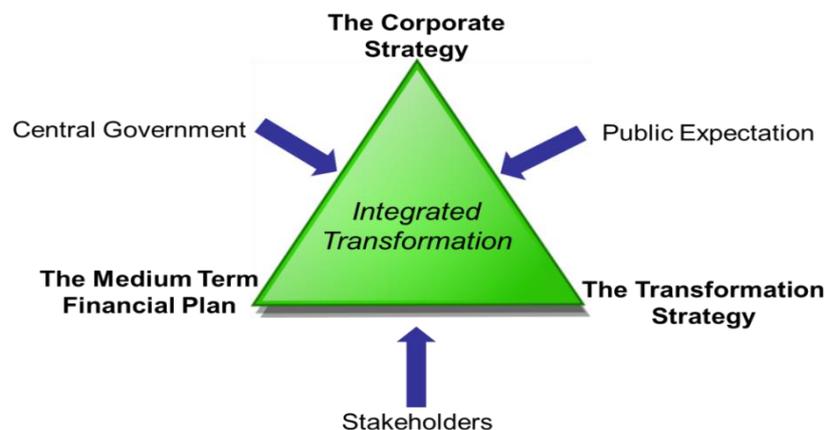


The Transformation Strategy is an evolving document and although it essentially covers the next five years it should not be bound by time or scope. To this end and within the emerging complex environment, three partnership models have been identified to provide a framework to generate further efficiencies. 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 to deliver over £6.8m by 2026/27 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 Director 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 2026/27. Budget update sessions (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 several 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 Update Sessions**

As part of the budget setting process for 2022/23, Members discussed the impact of Covid 19 on the budget, options for Council tax increases, funding streams (particularly the impact of business rates reset) and Freeport proposals. The impact

on both capital and transformation programmes of significant capital projects namely the Crematorium and the Bingham Leisure Hub was discussed and that current projections mean there is no recourse to externally borrow. 'Thinking Big' ideas have the potential to contribute significantly to bridging the funding gap without reducing frontline services and robust investigations have been undertaken for such projects. Over the past few years there have been several "Thinking Big" initiatives including moving to the Arena, focusing on Fairham 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. The performance of the Council's commercial assets was reported to Governance Scrutiny Group and Cabinet in November 2021 and will continue to be reviewed and reported on a regular basis.

### **Transformational Projects 2022-2027**

As has already been mentioned above, this Strategy is a continuation of the Council's original Transformation Programme and consequently, several 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 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 2022-2027 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.

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

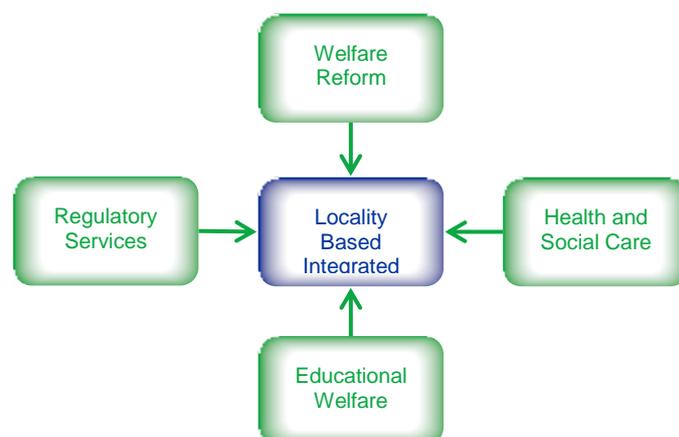
## Rushcliffe's Accepted Models of Partnership Working

### 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.



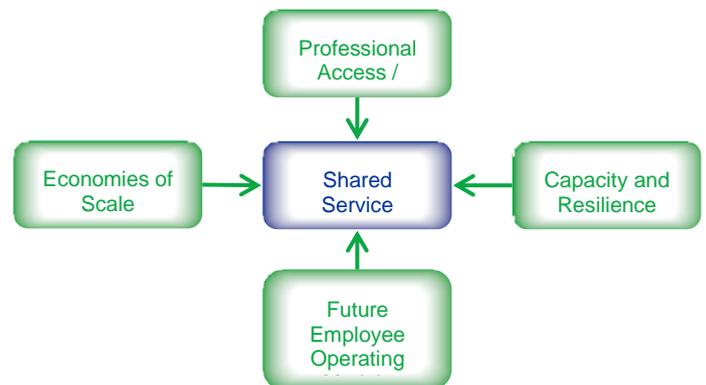
The service was expanded into Bingham where an integrated delivery service model has been deployed and is being delivered from the new Health Centre. This has been further rolled out to Cotgrave and East Leake where the contact points are located in libraries, supporting extended opening times of libraries 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 several such partnerships in the past, 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. The Council is actively involved with the ‘County deal’ which may provide opportunities for collaboration with all councils across Nottinghamshire.

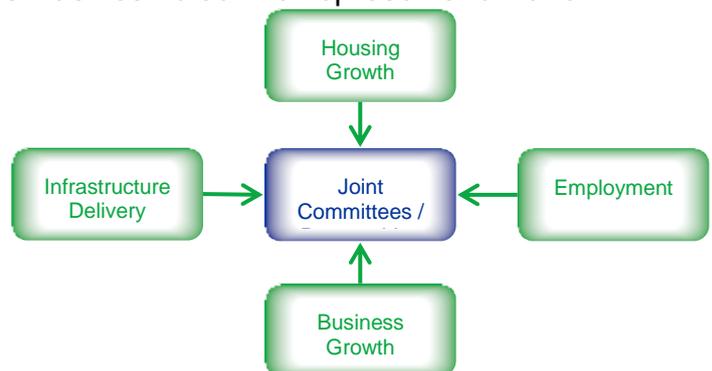
## 3. Partnerships for Governance

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 creation of an interim vehicle for the establishment of the East Midlands Development Corporation. This entailed commitment of a financial contribution from all affected local authorities (Rushcliffe Borough Council, Broxtowe Borough Council, North West Leicestershire District Council, Nottinghamshire County Council and Leicestershire County Council) and Government (funding still awaited but anticipated following IRP announcement) in a match funding arrangement. To this end, a reserve of £500k has been created.

If the interim vehicle is supported with the required resources and expertise, it 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 working with partners on the power station site inclusion in the Business Case for the East Midlands Freeport along with East Midlands Airport and East Midlands Intermodal Park in South Derbyshire.

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 as 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 these 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, districts, and the City. 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)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Transformation Savings to date</b>						
Service Efficiencies	1,908	1,908	1,908	1,908	1,908	1,908
Thematic Reviews	953	953	953	953	953	953
Additional income	995	995	995	995	995	995
Additional Savings	329	329	329	329	329	329
<b>Overall Total</b>	<b>4,185</b>	<b>4,185</b>	<b>4,185</b>	<b>4,185</b>	<b>4,185</b>	<b>4,185</b>
<b>Transformation Targets</b>						
Additional Green Bin Income				187		
Projects*		327	390	148	112	32
<b>Total</b>	<b>253</b>	<b>327</b>	<b>390</b>	<b>335</b>	<b>112</b>	<b>32</b>
<b>Cumulative Transformation savings</b>	<b>4,185</b>	<b>4,512</b>	<b>4,902</b>	<b>5,237</b>	<b>5,349</b>	<b>5,381</b>

\* Includes Bingham Leisure Hub and Crematorium

### 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:

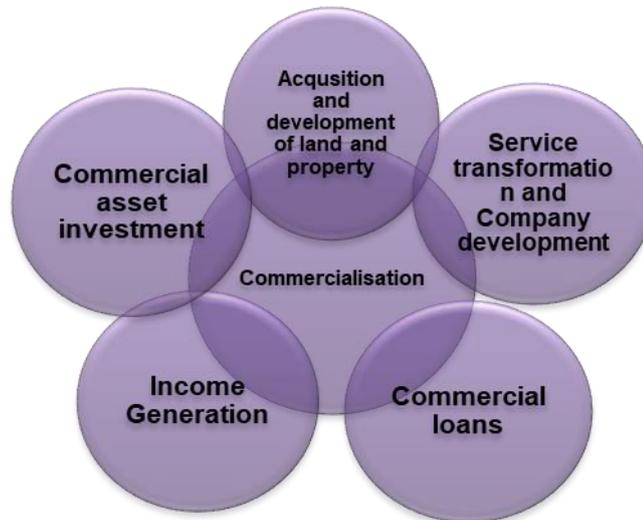
1. Quality of Life
2. Efficient Services
3. Sustainable Growth
4. The Environment

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:



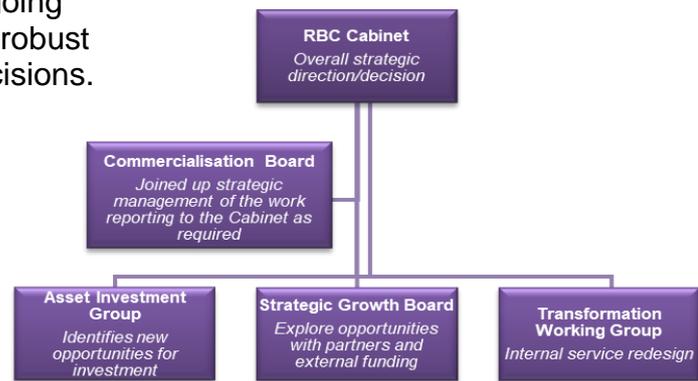
### What we have already achieved

- 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. Note such activity has ceased going forward given the limitations on future borrowing from the PWLB if we borrowed to invest in property purely for commercial gain.
- Renovation of existing assets to maximise income e.g., Bridgford Hall

## 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:



Ref	Scheme	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		Latest Estimate	Indicative Estimate				
		£000	£000	£000	£000	£000	£000
	<b>Development and Economic Growth</b>						
	Cotgrave Regeneration PH II	547	500	0	0	0	0
	Crematorium	4,012	3,000	0	0	0	0
1	The Point Enhancements	50	200	50	0	0	300
	Traveller Site Acquisition	0	1,000	0	0	0	0
	Unit 1 Bardon 22	0	0	0	0	0	115
	6F Boundary Court	0	0	0	0	0	15
	Cotgrave Business Hub	0	0	0	0	70	0
	Manvers Business Park Enhancements	10	300	0	0	0	70
	Bingham Leisure Hub (£20m)	16,240	2,000	0	0	0	0
2	Compton Acres Water Course	1	60	150	0	0	0
	Unit 10 Moorbridge	22	0	0	0	0	60
3	Bridgford Park Kiosk	0	0	25	0	0	0
	Colliers BP Enhancements	14	0	0	0	0	50
	Energy Efficiency LED Schemes	103	0	0	0	0	0
	Bridgford Pk Toilets Refurbishment	0	0	0	0	0	0
	Bridgford Hall Enhancements	11	0	0	0	0	0
	Bingham Mkt Place Enhancements	68	0	0	0	0	0
	Park Cottage Fabric Upgrade	0	0	0	65	0	0
	Walkers Yard 1a/b	0	0	0	70	0	0
4	Abbey Circus WB fencing open space Special Expense	0	0	35	0	0	0

Ref	Scheme	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		Latest Estimate	Indicative Estimate				
	<b>Neighbourhoods</b>						
7	Vehicle Replacement	565	926	1150	1055	405	215
8	Support for Registered Housing Providers	237	2620	2620	0	0	0
	Hound Lodge - Enhancements	0	125	125	75	0	0
	Assistive Technology	16	40	40	40	40	40
	Discretionary Top Ups	57	100	100	100	100	100
	Disabled Facilities Grants	858	530	530	530	530	530
	Arena Reception and Corridor Floor Upgrade	15	75	0	0	0	0
	Bowls Hall Replacement Furniture	0	0	0	0	0	0
	BLC Improvements	104	0	0	0	0	0
9	CLC - Enhancements	0	675	200	150	0	45
	KLC - Enhancements	0	470	0	0	0	170
	Arena Enhancements	80	0	0	0	0	0
10	EGC Enhancements	0	30	0	0	0	0
	RBC EV Network	13	0	0	0	0	0
	Car Park Resurfacing	120	95	0	0	0	0
	Car Park Improvements - Lighting Other	0	0	0	0	0	0
	Car Park Improvements - Lighting West Bridgford	0	0	0	0	0	0
	Capital Grant Funding	40	0	0	0	0	0
	Covid Memorial Garden	20	0	0	0	0	0
11	Play Areas W.B. - Special Expense	150	75	75	75	75	75
	Boundary Rd Cycle Track Special Expense	78	0	0	0	0	0
12	West Park Enhancements Special Expense	0	320	0	0	40	0
13	Gresham Pitches, 3G Lighting, improvements	1258	0	100	0	0	0
	Gresham Sports Pavilion	125	0	0	0	0	0
14	Rushcliffe CP - Enhancements	374	75	0	0	0	25

Ref	Scheme	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		Latest Estimate	Indicative Estimate				
	<b>Neighbourhoods</b>						
	Rushcliffe CP - Skatepark	144	0	0	0	0	0
15	Rushcliffe CP - Play Area	0	0	100	0	0	0
16	Alford Road Football Goals Special Expense	0	10	0	0	0	0
	Lutterell Hall Special Expense	150	0	0	0	125	0
17	Edwalton Community Facility Special Expense	0	0	500	0	0	0
	Skateboard Parks	112	0	0	0	0	0
18	Gamston Community Hall Special Expense	115	0	50	40	0	0
	Extnl Door/Window Upgrades Various Sites	15	35	0	0	0	0
	LAD2 Green Energy Grants	635	0	0	0	0	0
	Warm Homes on Prescription	25	25	25	25	25	25
	<b>Sub total</b>	<b>5,306</b>	<b>6,226</b>	<b>5,615</b>	<b>2,090</b>	<b>1,340</b>	<b>1,225</b>
	<b>Finance and Corporate Services</b>						
19	Information Systems Strategy	460	230	230	280	230	250
20	Streetwise Loan	150	150	150	150	150	150
	Contingency	228	150	100	100	100	100
	<b>Sub total</b>	<b>838</b>	<b>530</b>	<b>480</b>	<b>530</b>	<b>480</b>	<b>500</b>
<b>PROGRAMME TOTAL</b>		<b>27,222</b>	<b>13,841</b>	<b>6,455</b>	<b>2,845</b>	<b>1,950</b>	<b>2,335</b>

**PROJECT APPRAISAL FORM**

**PROJECT APPRAISAL FORM**

<b>Project Name:</b> The Point Enhancements		<b>Cost Centre:</b> 0360		<b>Ref:</b> 1	
<b>Detailed Description:</b> Original lighting and other building service installations are nearing the end of their useful/service life and are inefficient. These include office lighting, common area heating and automatic doors around the building. An initial provision of £100k has been slipped from 21/22 to give a provision of £200k in 22/23 to carry out upgrade works to office lighting to LED, improve common area heating and to carry out balcony waterproofing works. In addition, £50k has been included for 23/24 to allow for upgrading of automatic entrance doors and replacement of glazed canopies.					
<b>Location:</b> The Point			<b>Executive Director:</b> Development and Economic Growth		
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Efficient Services</li> <li>• Sustainable Growth</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Robust asset management.</li> <li>• Responsible income generation and prudent borrowing where deemed appropriate, to facilitate the delivery of services.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• Bringing new business to the Borough and nurturing our existing businesses, helping them to grow and succeed.</li> <li>• Working to achieve a carbon neutral status for the Council's operations.</li> </ul>					
<b>Community Outcomes:</b> Upgrade works will enhance the efficiency of the facility, improving comfort for users and help to maximise use of resources.					
<b>Environmental Outcomes:</b> Upgrading of building services and equipment will reduce energy consumption/carbon emissions and will also help to reduce incidences of unscheduled maintenance and associated vehicle journeys. Maintaining building fabric in a weatherproof and dry condition also helps to reduce heat loss.					
<b>Other Options Rejected and Why:</b> Do not carry out upgrade work. This would put at risk operational certainty for the facility, negatively impact customer comfort and safety and fail to minimise operational costs and carbon emissions.					
<b>Start Date:</b> 2022			<b>Completion Date:</b> 2024		
<b>Capital Cost (Total):</b>		<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>	
£250,000		£200,000		£50,000	
<b>Capital Cost (Breakdown) £:</b> to be determined					
<b>Works</b> £227,000		<b>Equip</b>		<b>Other</b>	
				<b>Fees</b> £23,000	
<b>Revenue cost per annum:</b>		<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>	
		Not quantifiable at this stage,		<b>As for 22/23</b>	

	but should see revenue spend on repairs reduce	
<b>Year 3: 24/25</b> <b>As for 22/23</b>	<b>Year 4: 25/26</b> <b>As for 22/23</b>	<b>Year 5: 26/27</b> <b>As for 22/23</b>
<b>Proposed Funding</b>		
<b>External:</b>		<b>Internal:</b> Investment Properties Reserve
<b>Useful Economic Life (years):</b> 25	<b>New/Replacement:</b> Replacement	
<b>Depreciation per annum:</b> £10,000	<b>Capital Financing Costs:</b> £1,250 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Investment Property	
<b>IFRS16 New Lease Checklist Completed?</b>		N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Compton Acres Watercourse Improvements		<b>Cost Centre:</b> 0358	<b>Ref:</b> 2
<b>Detailed Description:</b> The proposal is for further phased improvements to sections of the watercourse running through Compton Acres to maintain and improve flows and includes localised bankside reinforcement works, targeted and localised dredging of Lyme Park balancing pond and remedial works to bridging points.			
<b>Location:</b> Compton Acres WB		<b>Executive Director:</b> Development and Economic Growth	
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Quality of Life – maintenance of key land drainage infrastructure</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Protecting our residents and assets</li> <li>• Protecting our natural resources and to implement environmentally beneficial infrastructure changes</li> <li>• Protecting the environment and public health by fulfilling our statutory responsibilities</li> <li>• Working to achieve a carbon neutral status for the council's operations</li> </ul>			
<b>Community Outcomes:</b> Undertaking the works will maintain public safety around key areas of the watercourse and help to ensure that risks due to flooding in the area are reasonably mitigated.			
<b>Environmental Outcomes:</b> Ensuring that watercourses are well maintained not only helps to alleviate flood risk, but also supports biodiversity by reducing the risk of stagnation and maintaining water quality. Keeping these assets well maintained also helps to minimise the need for and likelihood of reactive works being required which in turn reduces vehicle movements and carbon emissions.			
<b>Other Options Rejected and Why:</b> Not carrying out the improvement works would potentially lower public perception, increase risk to public safety and elevate risks associated with flooding. It would also increase the likelihood of need to carry out ad hoc emergency repairs/attendance to address emergent issues, activity of this type carries a relatively high revenue spend tariff.			
<b>Start Date:</b> 2022		<b>Completion Date:</b> 2024	
<b>Capital Cost (Total):</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
£210,000	£60,000	£150,000	
<b>Capital Cost (Breakdown) £:</b>			
<b>Works</b> £190,000	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £20,000
<b>Additional Revenue cost/ (saving) per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts	

<b>Useful Economic Life (years):</b> 20	<b>New/Replacement:</b> Replacement and New
<b>Depreciation per annum:</b> £10,500	<b>Capital Financing Costs:</b> £1,050 p.a. as opportunity cost of lost interest.
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Infrastructure
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Bridgford Park Kiosk		<b>Cost Centre:</b> TBC		<b>Ref:</b> 3	
<b>Detailed Description:</b> The proposal is for the construction of a dedicated toilet facility for the kiosk. The Covid pandemic has highlighted the need for totally independent toilet facilities for the operator of the kiosk and this need has been welcomed and encouraged by Environmental Health team. The intention is to construct a single accessible WC facility to the rear of the kiosk, the design of which requires careful consideration given the buildings close proximity to the Grade 2 listed Hall.					
<b>Location:</b> West Bridgford			<b>Executive Manager:</b> Development and Economic Growth		
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• Sustainable Growth</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Providing high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>• Responsible income generation to facilitate the delivery of services.</li> <li>• Nurturing existing businesses.</li> <li>• Working to achieve Carbon Neutral status for the Council's operations.</li> </ul>					
<b>Community Outcomes:</b> <ul style="list-style-type: none"> <li>• Provision of high-quality facilities as well as employment opportunities.</li> <li>• Continued investment in local economy to support economic development.</li> <li>• Consideration and implementation of Carbon saving measures</li> </ul>					
<b>Environmental Outcomes:</b> Although there will be carbon emissions associated with the initial construction works, it is not anticipated that there will be any nett increase in day-to-day emissions from the site. It is considered that the improvements in sanitation justify the initial carbon emissions related to construction.					
<b>Other Options Rejected and Why:</b> Do not carry out upgrade works. This would put at risk operational certainty for the facility and fail to address the health of its staff and the public in turn.					
<b>Start Date:</b> 2023			<b>Completion Date:</b> 2024		
<b>Capital Cost (Total):</b>		<b>Year 1:22/23</b>		<b>Year 2: 23/24</b>	
£25,000		£0		£25,000	
<b>Capital Cost (Breakdown) £:</b>					
<b>Works</b> £23,000		<b>Equipment</b>		<b>Other</b>	
				<b>Fees</b> £2,000	
<b>Additional Revenue cost/(saving)per annum:</b>		<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>	
<b>Year 3: 24/25</b>		<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>	
<b>Proposed Funding</b>					

<b>External:</b>	<b>Internal:</b> Investment Property Reserve	
<b>Useful Economic Life (years):</b> 40	<b>New/Replacement:</b> New	
<b>Depreciation per annum:</b> £625	<b>Capital Financing Costs:</b> £125 p.a. as opportunity cost of lost interest	
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Investment Property	
<b>IFRS16 New Lease Checklist Completed?</b>		N/A

**PROJECT APPRAISAL FORM**

<b>Project Name:</b> Abbey Circus Fencing – Special Expense	<b>Cost Centre:</b> TBC	<b>Ref:</b> 4
<b>Detailed Description:</b> The Council owns and maintains a triangle of green space at Abbey Circus in West Bridgford. The site has always been fenced off preventing public access, but during the lockdown it became apparent there was a desire amongst many local residents for the space to be opened up for informal recreational use. It was made accessible to the public approximately one year ago by the unlocking of gates and, despite some concerns over anti-social behaviour and unwanted access, this has proved a success with residents, who recently installed temporary Christmas decorations. Very few messages of concern have been received and the basis for these has been unfounded. The site is surrounded by poor quality, utilitarian mesh fencing which has reached the end of its useful life and detracts from the character of the wider area and the space itself. The intention is to replace it with more substantial metal fencing/railings that will secure the site and improve its appearance.		
<b>Location:</b> West Bridgford	<b>Executive Manager:</b> Development and Economic Growth	
<b>Contribution to the Council’s aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <p>Residents have made it clear they wish for the site to remain secure. The site is surrounded by roads, it is considered that retaining a secure boundary will make it more user friendly for families and children. If we neglect this space it will encourage antisocial behaviour and make the site less attractive to legitimate users.</p> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Robust asset management</li> <li>• Provide high quality community facilities which meet the needs of our residents</li> <li>• Working to achieve a carbon neutral status for the council’s operations</li> </ul>		
<b>Community Outcomes:</b> Allows a previously inaccessible open space to be used by the public. Will improve the appearance of a prominent public open space and encourage its use by making it a more enticing space.		
<b>Environmental Outcomes:</b> Whilst this scheme is primarily focused on replacing the fencing, it is hoped that other work can take place to improve the tree and shrub planting on the site. Ensuring we are maximising our property holdings and aligning them with the needs of residents.		
<b>Other Options Rejected and Why:</b> The fence could be completely removed, or the existing fence could be retained. Fence removal is unlikely to be supported by the local community due to concerns about the site being used by travellers and because it would make it less safe for families to use as it is surrounded by roads. The existing fencing has exceeded its useful life and is beyond economical repair to retain it is likely to give rise to increasing health and safety issues.		
<b>Start Date:</b> 2023	<b>Completion Date:</b> 2024	

<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	
£35,000	£0	£35,000	
<b>Capital Cost (Breakdown) £:</b>			
<b>Works</b> £32,000	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £3,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>	<b>Year 5: 26/27</b>	
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts in the first instance repayable from West Bridgford special expense by annuity	
<b>Useful Economic Life (years):</b> 25	<b>New/Replacement:</b> Replacement		
<b>Depreciation per annum:</b> £1,400	<b>Capital Financing Costs:</b> £175 p.a. as opportunity cost of lost interest.		
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Infrastructure		
<b>IFRS16 New Lease Checklist Completed?</b>			N/A

**PROJECT APPRAISAL FORM**

<b>Project Name:</b> Highways Verge Improvements		<b>Cost Centre:</b> TBC		<b>Ref:</b> 5	
<b>Detailed Description:</b> There are a number of former council housing estates across the Borough which were constructed at time when multiple car ownership by households was not anticipated or designed for and where off and on street parking is very limited. This results in residents regularly parking upon grass verges which become spoiled and unsightly giving rise to resident complaints and ongoing maintenance costs. These grassed areas are often too small to provide any recreation or amenity space and it is considered that several parking spaces could be accommodated within them to help provide additional parking and to protect the remaining grassed areas from being churned up by vehicles.					
<b>Location:</b> various locations including Cotgrave, Keyworth and Cropwell Bishop			<b>Executive Director:</b> Development and Economic Growth		
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Quality of Life.</li> <li>• Efficient Services</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Robust asset management</li> <li>• Provide high quality community facilities which meet the needs of our residents</li> <li>• Working to achieve a carbon neutral status for the council's operations</li> </ul>					
<b>Community Outcomes:</b> Additional parking could benefit elderly residents or residents with disabilities. Increased pride in their local community. At present muddy churned up ground looks a mess and gives the impression of poor maintenance and neglect.					
<b>Environmental Outcomes:</b> It may be the case that limited tree planting could take place adjacent the proposed parking areas to help maintain the amenity of the area and give more function to the grassed areas that remain. If concerns are raised over the use of hard paving, grass reinforcement or grass-crete solutions can be investigated. Carbon savings in terms of transportation are very likely given that ongoing maintenance visits to attend to the spoiled verges will diminish.					
<b>Other Options Rejected and Why:</b> Do nothing. It is considered that vehicle ownership is unlikely to decrease, and the issue will therefore continue.					
<b>Start Date:</b> April 2022			<b>Completion Date:</b> March 2024		
<b>Capital Cost (Total):</b>		<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	<b>Future Years:</b>	
£250,000		£0	£100,000	£150,000	
<b>Capital Cost (Breakdown) £:</b>					
<b>Works</b> £227,000		<b>Equipment</b>		<b>Other</b>	
				<b>Fees</b> £23,000	
<b>Additional Revenue cost/(saving)per annum:</b>		<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>	
<b>Year 3: 24/25</b>		<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>	

<b>Proposed Funding</b>		
<b>External:</b>	<b>Internal:</b> From capital receipts	
<b>Useful Economic Life (years):</b> 40	<b>New/Replacement:</b> replacement/new	
<b>Depreciation per annum:</b> £6,250	<b>Capital Financing Costs:</b> £1,250 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Infrastructure	
<b>IFRS16 New Lease Checklist Completed?</b>		N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Keyworth Cemetery (Part of Keyworth Special Expense)		<b>Cost Centre:</b> TBC	<b>Ref:</b> 6
<b>Detailed Description:</b> The church yard at St Mary Magdalene was closed approximately 10 years ago and responsibility for ongoing maintenance was transferred to the Council. At transfer a survey of the church yard condition identified issues with the masonry boundary walls, some of which would require regular inspection and maintenance and others which were more substantial and would probably require localised rebuilding. This proposal is for attention to one of the latter defects and concerns the rebuilding of the flank retaining wall to the main stepped approach which is leaning over and potentially becoming unsafe.			
<b>Location:</b> Keyworth		<b>Executive Director:</b> Development and Economic Growth	
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Robust asset management</li> <li>• Implement beneficial infrastructure maintenance</li> </ul>			
<b>Community Outcomes:</b> Repair and maintenance of the church yard features keeps the grounds safe and accessible for the use by the community and helps to preserve the heritage asset.			
<b>Environmental Outcomes:</b> The undertaking of this essential maintenance work will not contribute to carbon reduction, however, carrying out a more substantive repair will help to mitigate the more frequent visits that would result from doing holding repairs and carbon associated with these visits due to travel etc.			
<b>Other Options Rejected and Why:</b> Doing nothing in respect of the defects identified, would give rise more progressive deterioration of the heritage asset and risks due to health and safety for users.			
<b>Start Date:</b> 2022		<b>Completion Date:</b> 2023	
<b>Capital Cost (Total):</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
£25,000	£25,000	£0	
<b>Capital Cost (Breakdown) £:</b>			
<b>Works</b> £23,000	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £2,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts in the first instance repayable from Keyworth Special Expense by annuity	
<b>Useful Economic Life (years):</b> 25		<b>New/Replacement:</b> Replacement	

<b>Depreciation per annum:</b> £1,000	<b>Capital Financing Costs:</b> £125 p.a. as opportunity cost of lost interest.
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Operational land & buildings
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Vehicle Replacement	<b>Cost Centre:</b> 0680	<b>Ref:</b> 7
<p><b>Detailed Description:</b>                  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</p>		
<b>Location:</b> Eastcroft Depot	<b>Executive Manager:</b> Neighbourhoods	
<p><b>Contribution to the Council's aims and objectives:</b>  <b>Corporate Priorities:</b></p> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <p><b>Strategic Commitments:</b></p> <ul style="list-style-type: none"> <li>• Working with our partners to create great, safe, and clean communities to live and work in.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• 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.</li> <li>• Working with ley partners to respond to any proposals from the new Environment Bill and any changes or directives from central government regarding what wastes should be collected and how.</li> <li>• Delivering a high-quality waste and recycling collection service.</li> <li>• A commitment to look at cleaner vehicles in line with our commitment to protect the environment, in particularly alternative fuel vehicles</li> <li>• Working to achieve a carbon neutral status for the council's operations.</li> </ul> <p>The replacement of vehicles is critical to the performance of the front-line services. Regular vehicle and plant replacement with new updated engines help to meet climate change and national indicator targets for emissions and helps maintain a cleaner air quality within the Borough.</p>		
<p><b>Community Outcomes:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>		
<p><b>Environmental Outcomes:</b></p> <ul style="list-style-type: none"> <li>• The Council is actively looking at newer cleaner technologies and is committed to working with others to consider options and procure newer vehicles that will help commit to our carbon management plan. Whilst larger HGV electric vehicles may not be an option for Rushcliffe due to the range and geographical nature of our Borough, we have recently trialled (Dec 2021) the use of Hydro generated Vegetable Oil (HVO) in 2 vehicles and are currently considering the impact of the trial with potential 90% reduction in emissions and also the operational logistics and costs of fuelling our</li> </ul>		

vehicles utilising HVO. Smaller fleet vehicles such as small vans, etc could be replaced by electric vehicles which are readily available, and this option will be considered as and when such vehicles are due for replacement in line with the replacement programme

**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 into lengthy lease/hire contracts means the service can react and adapt to change quickly.

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

<b>Start Date:</b> Ongoing		<b>Completion Date:</b>	
<b>Capital Cost (Total):</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
£2,076,000 (2 years)	£926,000	£1,150,000	
<b>Capital Cost (Breakdown)</b>			
<b>Works</b> £0	<b>Equipment</b> £2,076,000	<b>Other</b> £0	<b>Fees</b> £0
<b>Additional Revenue cost/ (saving) per annum:</b>	<b>Year 1: 22/23</b> £0	<b>Year 2: 22/24</b> £0	
<b>Year 3: 24/25</b> £0	<b>Year 4: 25/26</b> £0	<b>Year 5: 26/27</b> £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 need to be considered for the budget year 2023/24.			
<b>Proposed Funding:</b>			
<b>External:</b> N/A		<b>Internal:</b> Capital Receipts	
<b>Useful Economic Life (years):</b> Various		<b>New/Replacements:</b> New and Replacements	
<b>Depreciation per annum:</b> Various		<b>Capital Financing Costs:</b> £4,630 p.a. in year 1 and £5,750 p.a. in year 2 as opportunity cost of lost interest.	
<b>Residual Value:</b> Various		<b>Category of Asset:</b> Vehicle and Plant	
<b>IFRS16 New Lease Checklist Completed?</b>			N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Support for Registered Housing Providers	<b>Cost Centre:</b> 0301	<b>Ref:</b> 8
<p><b>Detailed Description:</b>                  The programme now contains an additional £3.780m from the planning agreement for Land North of Bingham. This is in addition to the £1.138m capital receipts funding balance from Stock Transfer and £322k from smaller planning agreements for off-site affordable housing. Total £5.240m</p> <p>This budget is ringfenced to support the provision of affordable housing usually through the grant funding of Registered Providers (RPs). Any grant allocation to RPs is subject to grant condition agreements which govern the use of grant in perpetuity.</p> <p>Opportunities for commitment of funds from Land North of Bingham continue to be explored. It is difficult to predict the timing of commitments and actual expenditure. The profiling of provisions in the capital programme may change.</p>		
<b>Location:</b> Rushcliffe Borough	<b>Executive Manager:</b> Neighbourhoods	
<p><b>Contribution to the Council's aims and objectives:</b>  <b>Corporate Priorities:</b></p> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• Sustainable Growth</li> <li>• The Environment</li> </ul> <p><b>Strategic Commitments:</b></p> <ul style="list-style-type: none"> <li>• Working with partners to support sustainable growth</li> <li>• Supporting energy efficient housing development</li> <li>• Improving the quality of life of our residents through provision of affordable housing</li> <li>• Meeting the needs of households in housing need</li> <li>• Supporting vulnerable residents into secure, sustainable accommodation.</li> <li>• Working to achieve a carbon neutral status for the Council's operations.</li> </ul>		
<p><b>Community Outcomes:</b></p> <ul style="list-style-type: none"> <li>• To maintain balanced communities through the provision of affordable housing</li> </ul>		
<p><b>Environmental Outcomes:</b></p> <ul style="list-style-type: none"> <li>• To support enhanced environmental standards in residential developments we support</li> </ul>		
<p><b>Other Options Rejected and Why:</b></p> <ul style="list-style-type: none"> <li>• The budget needs to be allocated or it will be reclaimed.</li> </ul>		
<b>Start Date:</b> 2022		<b>Completion Date:</b> To be determined
<b>Capital Cost (Total):</b>	<b>Year 1 (22/23)</b>	<b>Year 2 (23/24)</b>
£5,240,000	£2,620,000	£2,620,000
<b>Capital Cost (Breakdown) £:</b> To be determined		
<b>Works</b>	<b>Equipment</b>	<b>Other</b>
		<b>Fees</b>

<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>	<b>Year 5: 26/27</b>
<b>Proposed Funding</b>		
<b>External:</b> Planning Agreements – Land North of Bingham £3.780m Other £322k	<b>Internal:</b> Capital Receipts £1.138m	
<b>Useful Economic Life (years):</b> N/A	<b>New/Replacement:</b> N/A	
<b>Depreciation per annum:</b> N/A	<b>Capital Financing Costs:</b> £5,690 p.a. as opportunity cost of lost interest on capital receipts	
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> To be determined. Grants to RPs – Revenue Expenditure funded from Capital under Statute (REFCUS)	
<b>IFRS 16 New Lease Assessment Checklist Completed?</b>		N/A

**PROJECT APPRAISAL FORM**

<b>Project Name:</b> Cotgrave Leisure Centre - Enhancements	<b>Cost Centre:</b> TBC	<b>Ref:</b> 9
<p><b>Detailed Description:</b>          Provisions slipped from 21/22 Cabinet (Dec 21): £310k Change Village Refurbishment; £150k roofs to sports and pool halls; and £15k external lighting upgrade          In addition:          £100k Sports Hall Floor Replacement          £100k Dry Change Refurbishment</p> <p>£200k included in 23/24 for refurbishment of pool lining.</p> <p>£150k included in 24/25 for upgrades to dry side ventilation; A/C upgrade; electrical distribution system; further external lighting upgrades; and replacement of the cold-water storage tank.</p> <p>The £675k capital investment in financial year 22/23 would see a significant refurbishment of the leisure centre to improve disability access, toilet facilities and the changing village to provide a modern fit for purpose environment accessible to all and will include reconfiguration to better utilise the space and provide fitness studios in keeping with the modern fitness culture. In addition, works to the sports hall will see upgrades to ensure integrity of the fabric and structure and replace worn end of life flooring. Works will include any required upgrades to lighting, heating, ventilation, security, and fire systems as determined by reconfigured spaces.</p>		
<b>Location:</b> Cotgrave Leisure Centre	<b>Executive Manager:</b> Neighbourhoods	
<p><b>Contribution to the Council's aims and objectives:</b>  <b>Corporate Priorities:</b></p> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <p><b>Strategic Commitments:</b></p> <ul style="list-style-type: none"> <li>• Protecting our residents' health and facilitating healthier lifestyle choices.</li> <li>• Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>• Creating opportunities for young people to realise their potential.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• Working to achieve carbon neutral status for the Council's operations.</li> </ul>		
<p><b>Community Outcomes:</b></p> <ul style="list-style-type: none"> <li>• To ensure the provision of high-quality community facilities which meet community need.</li> <li>• To protect our residents' health and facilitate healthier lifestyle choice.</li> </ul>		
<p><b>Environmental Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Material selection, wherever possible locally sourced, carbon efficient production, longevity of materials will be considered when selecting finishes</li> <li>• Upgrades to lighting and mechanical building elements will look to use low energy technology wherever feasible</li> </ul>		
<p><b>Other Options Rejected and Why:</b>          Do not carry out refurb works – this would result in further deterioration of the fabric/fixtures/finishes which will potentially increase revenue maintenance/operating costs and with worsening visual appearance, diminish customer experience/satisfaction. This may also lead to loss of customers resulting in a less efficient service.</p>		
<b>Start Date:</b> 2022	<b>Completion Date:</b> 2025	

<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	<b>Year 3: 24/25</b>
£875,000 (2 years)	£675,000	£200,000	£150,000
<b>Capital Cost (Breakdown) £:</b> to be determined			
<b>Works</b> £833,000	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £42,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
	<b>Year 3: 24/25</b>		<b>Year 4: 25/26</b>
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts	

<b>Useful Economic Life (years):</b> 20	<b>New/Replacement:</b> Replacement
<b>Depreciation per annum:</b> £43,750	<b>Capital Financing Costs:</b> £4,375 p.a. as opportunity cost of lost interest.
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Operational Land & Buildings/Equipment
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Edwalton Golf Course - Enhancements	<b>Cost Centre:</b> TBC	<b>Ref:</b> 10
<p><b>Detailed Description:</b>                  Refurbishment of a self-contained annex within the Edwalton Golf Pavilion, with associated change of use to bring it into the main pavilion to provide additional commercial hire space for the Golf Operator.</p> <p>Up until February 2020 a self-contained two-bedroom flat within the golf pavilion was let as a domestic residence to a tenant. The property was flooded in storms and the tenant was relocated. It became obvious on gaining entry to the flat that the property had been in a poor state of repair even before the flood. The property has since sat empty with no remediation measures and has continued to deteriorate. As the property continues to sit empty it incurs council tax liability which will increase in March 2022 due to it being a long-term void.</p> <p>Business case assessment has determined it better to re-let the area as commercial use, complimentary to the golf operations, rather than as another residential flat. Hire income would come to the council via the golf operator contract management fee arrangement.</p> <p>Work would include stripping out all flood damaged fixtures and fittings, replacing the kitchen to provide kitchenette for hire, converting the bathroom to an accessible unisex toilet, refurbishing the lounge and the bedrooms to provide lettable rooms for hire, either events by the hour or on licence to complimentary golf services such as physiotherapy or similar. Works would include remedying all damp, new flooring, wall surfaces, woodwork and architrave, lighting and any required heating upgrades and any measures needed to the fire alarm system. Some basic remedial works to the small outside garden area to provide a pleasant easy to maintain outdoor space would also be required.</p>		
<b>Location:</b> Edwalton Golf Course	<b>Executive Manager:</b> Neighbourhoods	
<p><b>Contribution to the Council's aims and objectives:</b></p> <p><b>Corporate Priorities:</b></p> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <p><b>Strategic Commitments:</b></p> <ul style="list-style-type: none"> <li>• Protecting our residents' health and facilitates healthier lifestyle choices.</li> <li>• Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• Working to achieve carbon neutral status for the Council's operations.</li> </ul>		
<p><b>Community Outcomes:</b></p> <ul style="list-style-type: none"> <li>• To ensure the provision of high-quality community facilities which meet community need.</li> <li>• To protect our residents' health and facilitate healthier lifestyle choice.</li> </ul>		
<p><b>Environmental Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Upgrades to the heating system will seek to ensure that the most appropriate energy efficient system is installed to reduce bills and carbon footprints in the future.</li> <li>• Careful thought to the external landscaping will seek to ensure biodiversity alongside ease of maintenance</li> </ul>		
<p><b>Other Options Rejected and Why:</b>                  Do not carry out refurb works – this would result in further deterioration of the fabric/fixtures/finishes which will potentially increase revenue maintenance/operating costs and with worsening visual appearance, diminish customer experience/satisfaction. This would also result in council tax liability</p>		

costs with no opportunity to offset with an income,			
Refurbish and re-let as a self-contained flat – the rooms are better used to increase the space in the pavilion to provide services to benefit residents and to encourage/facilitate healthier lifestyle choices than to create a dwelling for one individual. Including the refurbished rooms into the existing pavilion and golf operator delivery model provides greater flexibility for the future of the pavilion than if a sitting residential tenant was in occupation.			
<b>Start Date:</b> 2022		<b>Completion Date:</b> 2023	
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	
£30,000	£30,000	£0	
<b>Capital Cost (Breakdown) £:</b> to be determined			
<b>Works</b> £28,500	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £1,500
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts. Potential Climate Change elements of the scheme to be determined and assessed for funding from the specific reserve.	
<b>Useful Economic Life (years):</b> 15		<b>New/Replacement:</b> Replacement	
<b>Depreciation per annum:</b> £2,000		<b>Capital Financing Costs:</b> £150 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> N/A		<b>Category of Asset:</b> Operational Land & Buildings/Equipment	
<b>IFRS16 New Lease Checklist Completed?</b>			N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Play Areas W.B. (Special Expense)	<b>Cost Centre:</b> 0664	<b>Ref:</b> 11
<p><b>Detailed Description:</b> The priority project for 2022/23 will be Adbolton Lane Play area, Lady Bay West Bridgford</p> <p>The scheme will prioritise the replacement of play equipment and safety surfacing, ground-based games graphics and improvements to drainage to combat water ponding to the front of the play area in times of wet weather</p> <p>It is proposed that the project will be managed by Via East Midlands and procured via the ESPO framework</p>		
		
<p>It is proposed to deliver these works in Autumn 2022 for when Children and young people return to school/college.</p> <p>Projects for 2023/24 will be assessed and prioritised.</p>		
<b>Location:</b> West Bridgford	<b>Executive Manager:</b> Neighbourhoods	
<p><b>Contribution to the Council's aims and objectives:</b></p> <p><b>Corporate Priorities:</b></p> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <p><b>Strategic Commitments:</b></p> <ul style="list-style-type: none"> <li>• Protecting our residents' health and facilitating healthier lifestyle choices.</li> <li>• Provide high quality community facilities which meet the needs of our residents.</li> <li>• Creating opportunities for young people to realise their potential.</li> <li>• Delivering a scheme refurbishment identified within the Rushcliffe Play Strategy</li> <li>• Working to achieve carbon neutral status for the Council's operations.</li> </ul>		
<p><b>Community Outcomes:</b></p> <ul style="list-style-type: none"> <li>• To ensure the provision of high-quality community facilities which meet community need.</li> <li>• To protect our residents' health and facilitate healthier lifestyle choice.</li> <li>• To provide a facility to engage with young people who may otherwise not take part in formal sports or physical activity.</li> </ul>		
<p><b>Environmental Outcomes:</b></p> <ul style="list-style-type: none"> <li>• The tender process will take into consideration supply chain, Carbon reduction measures from the supplier use of materials to procure the most sustainable play facility for the community</li> </ul>		
<p><b>Other Options Rejected and Why:</b> Doing nothing would result in increased maintenance costs for ageing equipment, reduced appeal of the</p>		

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.			
<b>Start Date:</b> April 2021		<b>Completion Date:</b> March 2022	
<b>Capital Cost (Total):</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
£150,000	£75,000	£75,000	
<b>Capital Cost (Breakdown) £: split of equipment costs to be determined</b>			
<b>Works</b> £143,000	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £7,000
<b>Additional Revenue cost/ (saving) per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Regeneration and Community Projects Reserve (Special Expense)	
<b>Useful Economic Life (years):</b> 15		<b>New/Replacement:</b> Replacement	
<b>Depreciation per annum:</b> £10,000		<b>Capital Financing Costs:</b> £750 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> N/A		<b>Category of Asset:</b> Infrastructure/Equipment	
<b>IFRS16 New Lease Checklist Completed?</b>			N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> West Park Enhancements - Special Expense	<b>Cost Centre:</b> 0320	<b>Ref:</b> 18
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**Detailed Description:**

The Sir Julian Cahn Pavilion centenary year is 2023. The wooden constructed former cricket pavilion underwent a substantive refurbishment in 2004 and is now in need of further works to preserve the building and ensure that it meets the needs of the local community. It is proposed that it becomes the primary building for wedding and parties offered by the council.



The upgrade would include replacing the existing toilets and bar area; kitchen unit replacements; replacement of timber bay windows; installation of bi-fold doors to provide access to the grassed area in front of the building; and remodelling the disabled entry to provide improved access.

Works to include replacement of sanitary ware, fixtures, fittings, and finishes. We would also explore upgrading the boiler and establish if solar panels could be fitted to the rear of the building's roof to improve environmental standard and minimise water and power consumption. An additional £20k has been included to upgrade the public toilet.

Further survey work is needed to understand if there is any underpinning work required given the construction and age of the pavilion and the current costing and timescales are estimated based upon Estate's capacity to support the delivery of the project.

The project would also include the installation of modern technology such as Wi-Fi

<b>Location:</b> West Park – Julien Cahn Pavilion	<b>Executive Manager:</b> Neighbourhoods
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**Contribution to the Council's aims and objectives:**

**Corporate Priorities:**

- Quality of Life
- Efficient Services
- The Environment

**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.
- Ongoing appraisal and alignment of resources linked to growth aspirations.
- Working to achieve carbon neutral status for the Council's operations.

**Community Outcomes:**

Upgrade works will enhance customer experience and improve efficiency of the facility.

**Environmental Outcomes:**

The Pavilion would be refurbished to the latest building regulations and environmental standards, it is proposed to have solar PV to its southern roof elevation and explore if an air source heat pump could be installed to minimising its Carbon Footprint. Thermal efficient windows and water and heat saving

infrastructure would be included in the refurbishment.			
<b>Other Options Rejected and Why:</b> Do not refurbish the Pavilion – this would result in lower customer experience/perceptions of the facility and miss an opportunity to minimise operational costs and achieve Carbon reduction targets for our Estate.  It would also put at risk an historic building within West Bridgford falling into decline			
<b>Start Date: Jan 2023</b>		<b>Completion Date: July/August 2023</b>	
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	
<b>£320,000</b>	<b>£320,000</b>		
<b>Capital Cost (Breakdown) £:</b> equipment still to be identified from works element			
<b>Works £290,000</b>	<b>Equipment</b>	<b>Other</b>	<b>Fees £30,000</b>
<b>Revenue cost per annum:</b>	<b>Year 1: 22/23</b> Not quantifiable at this stage but should see revenue spend on electricity and repairs reduce; income from bookings to increase.		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts in the first instance repayable from West Bridgford Special Expense by annuity. Potential Climate Change elements to be determined and assessed for funding from the specific reserve.	
<b>Useful Economic Life (years):</b> 30 years		<b>New/Replacement:</b> Replacement	
<b>Depreciation per annum:</b> £10,700		<b>Capital Financing Costs:</b> £1,600 p.a. – opportunity cost of lost interest	
<b>Residual Value:</b> N/A		<b>Category of Asset:</b> Operational Land and Buildings/Equipment	

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Gresham Improvements to Land Drainage	<b>Cost Centre:</b> 0280	<b>Ref:</b> 13
<b>Detailed Description:</b> Surface water drainage of the Gresham site is generally via a substantial swale which separates the main car park from the playing fields to the south east. This swale has become surcharged with sediment and fallen vegetable matter which is reducing water storage capacity and impeding flows. As the swale is lined with trees and is largely inaccessible, regular maintenance is difficult. It is proposed to carry out a wholesale clearance of the swale to restore its capacity and improve water flows. The works will be carried out by specialist contractors following detailed study to ensure that protected species are not negatively impacted, and biodiversity is supported.		
<b>Location:</b> Gresham	<b>Executive Director:</b> Neighbourhoods	
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Protecting our residents' health and facilitating healthier lifestyle choices.</li> <li>• Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>• Creating opportunities for young people to realise their potential.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• Robust asset management</li> <li>• Working to achieve carbon neutral status for the Council's operations.</li> </ul>		
<b>Community Outcomes:</b> To ensure the provision of high-quality community facilities which meet community need. To protect our residents' health and facilitate healthier lifestyle choice.		
<b>Environmental Outcomes:</b> Protected species, if present, will be preserved and biodiversity will be enhanced by the increased water flows which help to minimise stagnation and methane gas emissions.		
<b>Other Options Rejected and Why:</b> Doing nothing would increase the risk of localised flooding which puts at risk the operational performance and efficiency of the facility, giving rise to reducing customer perception which negatively impacts revenue generation.		
<b>Start Date:</b> 2023		<b>Completion Date:</b> 2024
<b>Capital Cost (Total):</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>
£100,000	£0	£100,000
<b>Capital Cost (Breakdown) £:</b> to be determined		
<b>Works</b> £95,000	<b>Equipment</b>	<b>Other</b>
		<b>Fees</b> £5,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>	<b>Year 5: 26/27</b>

<b>Proposed Funding</b>	
<b>External:</b>	<b>Internal:</b> Capital Receipts
<b>Useful Economic Life (years):</b> 25	<b>New/Replacement:</b> New
<b>Depreciation per annum:</b> £4,000	<b>Capital Financing Costs:</b> £500 p.a. as opportunity cost of lost interest.
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Infrastructure
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Rushcliffe Country Park Enhancements	<b>Cost Centre:</b> 0504	<b>Ref:</b> 14
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### **Detailed Description:**

£75k provision comprises:

#### **£20k RCP composting toilet upgrade**

Upgrade the current toilet provision to an improved 'Zero Discharge' system that is more hygienic, suitable for the location and able to cope with the high user numbers.

The toilets that serve the play area at RCP were installed in 2009. They were chosen as there is no water supply in that area of the park and composting toilets were seen to be the best option at the time.

The toilets worked when initially installed however as the park gained popularity and received more footfall, they stopped working efficiently due to the lack of 'rest' time needed to break down the waste. The previous park manager worked with the supplier to find solutions, but after multiple alterations they were not able to successfully make them work in the way designed.



*Image 1. The current toilet provision at Rushcliffe County Park*



*Image 2. The raw waste was stored unhygienically, smells and required shovelling out by hand.*



*Image 3. An example of the upgraded toilets.*

Based on a case study of RCP, the toilet providers have developed a new 'Zero discharge' system for busy areas that doesn't compost the waste and just requires the tanks to be emptied a couple of times a year. This is essentially what is currently taking place, but would be in a presentable, smell free and hygienic way.

#### **Budget implications**

Upgrading and utilising the infrastructure that is already in place will bring the cost down considerably. The total cost to upgrade and develop the toilet system and housing is estimated at £20,000.

In comparison, to fully replace the toilets with new would cost an estimated £30,000.

### **£25k footpath improvements**

There are 8km of paths around Rushcliffe Country Park. The park attracts an estimated 300,000+ visitors per year. Increased footfall, more frequent and extreme weather events have led to significant erosion of the park's paths (See image 4).



*Image 4. An example of path erosion*

Without continual maintenance they become unusable for wheelchair and pushchair users and have led to numerous complaints.

An annual program of repairs is needed to address the degradation of the paths. Priority areas include the visitors centre and children's play area. Maintenance works would then need to radiate out from these gradually bringing the rest of the park back up to what is expected of a Green Flag award winning park.

A request for £25,000 capital provision to be made in 2022/23 to bring the park footpaths up to standard. These works will need to be supported with a rolling annual path maintenance budget of £5,000 (initially covering a five-year period 2023/24 - 2027/28) and for this to be included in the revenue budget.

### **£22k PV panels**

The proposed is a 14.85kWp system location on the south facing aspect of the education centre.

The output of the solar will be classed as use for the education centre (reducing scope 2 emissions) which is one of the main reasons for its positioning on the education centre roof.

The cost for the system (including installation) is £21,970, this will be met from the Climate Change reserve fund, estimated pay back of around 11 years.

In conjunction with the installation of the air source heat pump below, will relieve pressure on the in-year renovation budget as well as being the correct and appropriate use of the fund.

### **£8k Source heat pump**

The current boiler is 15 years old; it is expensive to run (£1,500 per year on fuel), and is at the end of its useful life.

The only storage location for the wood pellets is the workshop storage room where containers of oil and petrol are also stored.

From a health and safety perspective, biomass presents significant safety issues.

Flammability - Wood pellets can spontaneously self-combust if exposed to moisture.

Carbon monoxide poisoning - Whilst stored, wood pellets absorb oxygen from the atmosphere, in small spaces with poor ventilation this can result in lethal buildup of carbon monoxide. 11 people have died in the last decade from entering an enclosed wood pellet storage room.

DSEAR risk -Tipping of wood pellets into a boiler creates dust, this dust is highly explosive under the right conditions.

Manual handling – sacks of wood pellets are carried by rangers from the tool shed to feed the boiler –

the distance to carry will be increased when the tool shed is moved.

An air-to-water heat pump transfers heat from the outside air to water, which heats radiators or underfloor heating.

Full installations costs £8,000

Payback 5 – 9 years (dependent on system cost)

Air as a fuel source is free, it generates no direct emissions. The fan runs on mains electricity; however, they are efficient and low usage and for every 1kWh of electricity used the system produces 3kWh of heat.

Frees up internal space as the pump system is mostly external to the building

**Location:** Rushcliffe Country Park

**Executive Manager:** Neighbourhoods

**Contribution to the Council’s aims and objectives:**

**Corporate Priorities:**

- Quality of Life
- Efficient Services
- The Environment

**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.
- Ongoing appraisal and alignment of resources linked to growth aspirations.
- Working to achieve carbon neutral status for the Council’s operations.

**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.

**Environmental Outcomes:**

**Bio-Mass Boiler**

The burning of biomass results in both carbon dioxide and nitrogen dioxide emissions (NO<sub>2</sub> and CO<sub>2</sub>), which is bad for the environment, although this is better than oil or gas, there are cleaner alternatives entering the market. Clean air source heat pumps and solar PV represent current best practice.

**Other Options Rejected and Why:**

Toilets - To leave toilets in their current state poses significant health and safety risk. Traditional toilet provisions were considered for the area, however the high cost of installing the necessary water and sewage works made this option unviable.

Footpaths – The current state of the footpaths is a risk to both health and safety and reputation.

PV panels and heat pump – a like for like replacement would do little to achieve our carbon reduction targets the council has set for 2030.

**Start Date:** 2022

**Completion Date:** 2023

**Capital Cost (Total):**

**Year 1:22/23**

**Year 2: 23/24**

£75,000

£75,000

£0

<b>Capital Cost (Breakdown) £:</b> to be determined			
<b>Works</b> £41,500	<b>Equipment</b> £30,000	<b>Other</b>	<b>Fees</b> £3,500
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b> £5000 pa for footpaths -£1500 pa wood pellets	<b>Year 2: 23/24</b>	
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>	<b>Year 5: 26/27</b>	
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts £45k Climate Change Reserve £30k	

<b>Useful Economic Life (years):</b> Toilet - 20 Footpaths- 5 PV panels and air source heat pump - 20	<b>New/Replacement:</b> New and replacement
<b>Depreciation per annum:</b> Toilet £1,000 Footpaths £5,000 PV & air pump £1,500	<b>Capital Financing Costs:</b> £375p.a. as opportunity cost of lost interest.
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Operational L & B/Infrastructure/Equipment
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Rushcliffe Country Park Play Area	<b>Cost Centre:</b> 0412	<b>Ref:</b> 15
<p><b>Detailed Description:</b> Rushcliffe Country park Play Area</p> <p>The scheme will prioritise the replacement of individual pieces of play equipment and safety surfacing, ground-based games graphics and improvements to sand-based play equipment and sand migration.</p> <p>It is proposed that the project will be project managed by Via East Midlands and procured via the ESPO framework</p> <div style="text-align: center;">  </div> <p>We will also explore opportunities for shading adjacent to the play area for small children and families and opportunity to improve the natural elements of the play experience.</p>		
<b>Location:</b> Rushcliffe Country Park	<b>Executive Manager:</b> Neighbourhoods	
<p><b>Contribution to the Council's aims and objectives:</b></p> <p><b>Corporate Priorities:</b></p> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> </ul> <p><b>Strategic Commitments:</b></p> <ul style="list-style-type: none"> <li>• Protecting our residents' health and facilitating healthier lifestyle choices.</li> <li>• Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>• Creating opportunities for young people to realise their potential.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> </ul>		
<p><b>Community Outcomes:</b></p> <ul style="list-style-type: none"> <li>• To ensure the provision of high-quality community facilities which meet community need.</li> <li>• To protect our residents' health and facilitate healthier lifestyle choice.</li> </ul>		
<p><b>Environmental Outcomes:</b></p> <ul style="list-style-type: none"> <li>• The tender process will take into consideration supply chain, Carbon reduction measures from the supplier use of materials to procure the most sustainable play facility for the community</li> </ul>		
<p><b>Other Options Rejected and Why:</b></p> <p>Doing nothing would put at risk the operational performance and efficiency of the facility, reducing customer experience/satisfaction and, in turn, reduce revenue income.</p>		
<b>Start Date:</b> 2023	<b>Completion Date:</b> 2024	
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>

£100,000	£0	£100,000	
<b>Capital Cost (Breakdown) £:</b> to be determined			
<b>Works</b> £25,000	<b>Equipment</b> £70,000	<b>Other</b>	<b>Fees</b> £5,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>	<b>Year 5: 26/27</b>	
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts	

<b>Useful Economic Life (years):</b> 15	<b>New/Replacement:</b> Replacement/New
<b>Depreciation per annum:</b> £6,600	<b>Capital Financing Costs:</b> £500 p.a. as opportunity cost of lost interest.
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Infrastructure/Equipment
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Alford Road Football Goals 22-23 – Special Expense	<b>Cost Centre:</b> 0639	<b>Ref:</b> 16
<b>Detailed Description:</b>  The Football Goals at Alford Road have come to the end of their useful life with no evidence of when they were last replaced. The supports are breaking on a regular basis and are showing signs of corrosion. The current goals do not meet the latest safety standard BSEN748 and BS8461:2012 <ul style="list-style-type: none"> <li>Remove &amp; dispose of existing goals &amp; sockets on 5no. pitches.</li> <li>Supply &amp; install 3no. sets 24' x 8' goals &amp; sockets.</li> <li>Supply &amp; install 2no. set 12' x 6' goals &amp; sockets.</li> </ul>		
<b>Location:</b> Alford Road	<b>Executive Manager:</b> Neighbourhoods	
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>Quality of Life</li> <li>Efficient Services</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>Protecting our residents' health and facilitating healthier lifestyle choices.</li> <li>Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>Creating opportunities for young people to realise their potential.</li> <li>Ongoing appraisal and alignment of resources linked to growth aspirations.</li> </ul>		
<b>Community Outcomes:</b> <ul style="list-style-type: none"> <li>To ensure the provision of high-quality community facilities which meet community need.</li> <li>To protect our residents' health and facilitate healthier lifestyle choice.</li> </ul>		
<b>Environmental Outcomes:</b> <ul style="list-style-type: none"> <li>We would look to procure the equipment using local supply chains and local contractors.</li> </ul>		
<b>Other Options Rejected and Why:</b> Doing nothing would put at risk the operational performance and efficiency of the facility, reducing customer experience/satisfaction and, in turn, reduce revenue income.		
<b>Start Date:</b> 2022		<b>Completion Date:</b> 2022
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>
£10,000	£10,000	£0
<b>Capital Cost (Breakdown) £:</b>		
<b>Works</b>	<b>Equipment</b> £10,000	<b>Other</b>
		<b>Fees</b>
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>	<b>Year 5: 26/27</b>
<b>Proposed Funding</b>		

<b>External:</b>	<b>Internal:</b> Capital Receipts in the first instance repayable by annuity	
<b>Useful Economic Life (years):</b> 10	<b>New/Replacement:</b> Replacement	
<b>Depreciation per annum:</b> £1,000	<b>Capital Financing Costs:</b> £50 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Equipment	
<b>IFRS16 New Lease Checklist Completed?</b>		N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Edwalton Community Facility – Special Expense	<b>Cost Centre:</b> TBC	<b>Ref:</b> 17
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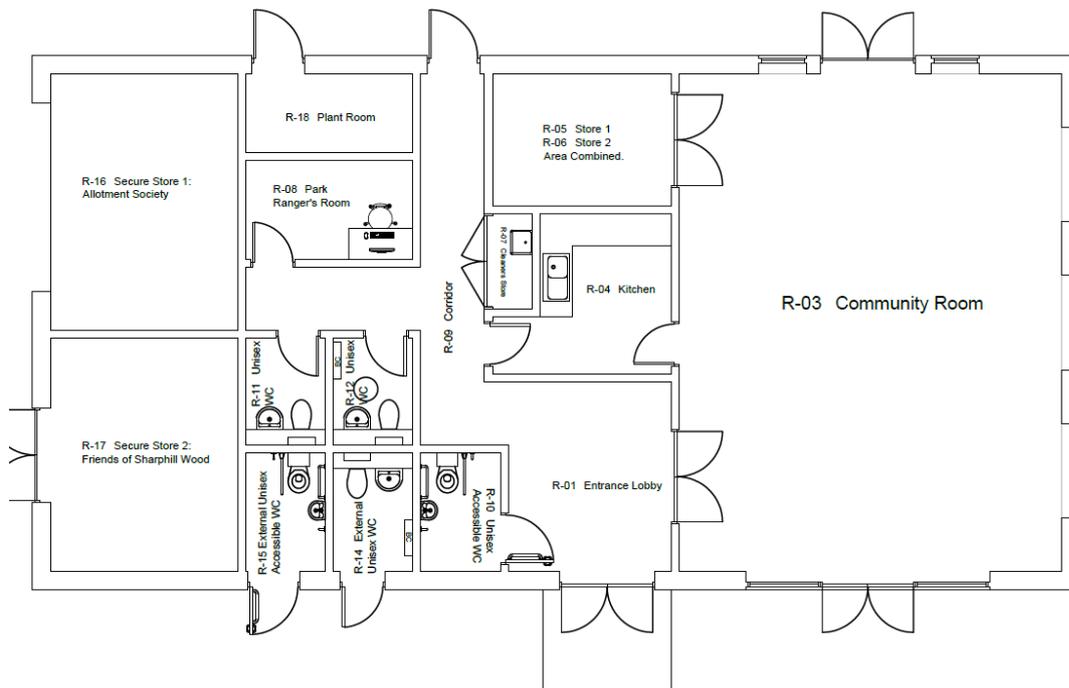
### Detailed Description: Edwalton Community Facility

The Edwalton Community Hall proposals will form part of a new community focal point for the area as part of the Sharphill Sustainable Urban Extension (SUE). They will provide connections to the community parks and woods supporting environmental conservation projects, community groups and volunteers. Shown below as item 3 with its associated car parking, community orchard and allotments



The community hall will complement existing community infrastructure including the newly opened Rosecliffe Spencer Academy Primary School which would cater for larger group gatherings.

The proposed development will have a meeting room serving groups with a capacity of up to 40 people. The building will also include rangers/facilities office, storage, toilets, and kitchen facilities. It is also proposed to have externally accessed toilets for working parties using the woods and community groups that can be accessed when the main building is closed. The building will also have externally accessed storage for the allotment holders and Friends of Sharphill Wood to store materials which will improve co-ordination and the delivery of environmental based projects.



The Standard specification details we would like to see incorporated are:

**External Standard Specification:**

- Traditional masonry cavity external walls with brick work outer leaf and block work inner leaf
- Eaves height to be 3m to soffit minimum
- Truss rafter roof construction with Decra pan tiled effect roof finish
- Windows powered coated aluminium
- Roller shutters to all glazed openings (Doors and windows)
- External doors to the toilets and store rooms to be steel door sets.
- PV panels to the southern roof slope
- Paved area surrounding the building
- Anti vandal rain water pipes
- Anti vandal wall mounted bulk head fittings.

**Internal Standard Specification:**

- Solid floor construction, either a ground bearing slab or a beam and block solution
- Internal Walls, Plaster boarded ceilings with suitable paint finish
- Non-Slip vinyl flooring throughout. Polyflor Safety
- Entrance Matting. Burmatex
- Lighting, LED lighting throughout with PIR controls
- Air source heat pump for space heating and domestic hot water
- Ventilation to the kitchen and toilets
- All domestic water services to be mains fed except for the hot water calorifier.

**Location:** Edwalton

**Executive Manager:** Neighbourhoods

**Contribution to the Council's aims and objectives:**

**Corporate Priorities:**

- Quality of Life
- Efficient Services
- The Environment

**Strategic Commitments:**

- Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.

<ul style="list-style-type: none"> <li>Responsible income generation where deemed appropriate, to facilitate the delivery of services.</li> <li>Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes.</li> </ul>			
<b>Community Outcomes:</b> <ul style="list-style-type: none"> <li>To provide additional community infrastructure.</li> <li>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.</li> </ul>			
<b>Environmental Outcomes:</b> The Edwalton Community building would be built to the latest building regulations and environmental standards, it is postposed to have solar PV to its southern roof elevation and an air source heat pump to ensure it is minimising its Carbon Footprint.  One of the key objectives of the building is to support community projects and groups to conserve and protect Sharphill Woods and the associated community parkland that will be created.			
<b>Other Options Rejected and Why:</b> The Authority could decide not to progress the project, but this would not address the community need identified in the area			
<b>Start Date:</b> 2022 advanced design/surveys		<b>Completion Date:</b> 2024	
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	
£500,000	£0	£500,000	
<b>Capital Cost (Breakdown) £:</b> to be determined			
<b>Works</b> £455,000	<b>Equipment</b>	<b>Other</b>	<b>Fees</b> £45,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 5: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b> External funding sources will be explored		<b>Internal:</b> Capital Receipts in the first instance repayable by annuity. Climate Change elements to be determined and assessed for funding from the specific reserve.	
<b>Useful Economic Life (years): 40 years</b>		<b>New/Replacement:</b> New	
<b>Depreciation per annum:</b> £12,500		<b>Capital Financing Costs:</b> £2,500 p.a.	
<b>Residual Value:</b> N/A		<b>Category of Asset:</b> Operational Land and Buildings Special Expense	
<b>IFRS16 New Lease Checklist Completed?</b>			To be assessed

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Gamston Community Centre - Special Expense		<b>Cost Centre:</b> TBC	<b>Ref:</b> 18
<b>Detailed Description:</b> The proposal is for the upgrade of fixed mechanical and electrical equipment as it reaches the end of its useful life and to maintain building/user safety. A £50k budget is requested for the upgrade of heating plant in in 23/24 and £40k budget for replacement of fixed wiring in 24/25. The intention will be to utilise modern high efficiency replacement heating plant to minimise operating costs [offset rising energy costs] and maximise carbon efficiency – it is proposed that this element of the scheme be funded from the Carbon Management/Climate Change Reserve fund.			
<b>Location:</b> Gamston		<b>Director:</b> Neighbourhoods	
<b>Contribution to the Council’s aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Efficient Services</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Robust asset management -the upgrading of ageing plant as it reaches the end of its useful life is sound asset management.</li> <li>• Provide high quality community facilities which meet the needs of our residents and contribute towards the financial independence of the Council.</li> <li>• Responsible income generation where deemed appropriate, to facilitate the delivery of services.</li> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes.</li> </ul>			
<b>Community Outcomes:</b> 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.			
<b>Environmental Outcomes:</b> New heating plant installed will significantly reduce the sites operating costs and reduce carbon emissions due to higher efficiency of new plant and improved controls.			
<b>Other Options Rejected and Why:</b> Not carrying out upgrade works would put at risk operational certainty for the facility, negatively impact customer comfort and safety and fail to minimise operational costs and maximise carbon emission reductions.			
<b>Start Date:</b> 2023		<b>Completion Date:</b> 2025	
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	<b>Year 3: 24/25</b>
£90,000	£0	£50,000	£40,000
<b>Capital Cost (Breakdown) £:</b>			
<b>Works</b> £38,000	<b>Equipment</b> £50,000	<b>Other</b>	<b>Fees</b> £2,000
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>

Year 3: 24/25	Year 4: 25/26	Year 5: 26/27
<b>Proposed Funding</b>		
<b>External:</b>	<b>Internal:</b> Capital Receipts in the first instance repayable from the West Bridgford Special Expense by annuity. Cost of replacement heating plant and controls (£50k) to be assessed for funding from the Climate Change Reserve.	
<b>Useful Economic Life (years):</b> 15	<b>New/Replacement:</b> Replacement	
<b>Depreciation per annum:</b> £6,000	<b>Capital Financing Costs:</b> £450 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Operational Land and Buildings Special Expense/Plant & Equipment	
<b>IFRS16 New Lease Checklist Completed?</b>		N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Information Systems Strategy	<b>Cost Centre:</b> 0596	<b>Ref:</b> 19
<b>Detailed Description:</b> An emerging strategy enabling an agile approach to operational delivery, taking advantage of new proven developments. The ICT Technical Delivery Plan details all technical projects, and the schedule for implementation, during the lifetime of the ICT Strategy.		
<b>Location:</b> Rushcliffe Arena	<b>Executive Manager:</b> Finance and Corporate	
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Efficient Services</li> <li>• Quality of Life</li> <li>• The Environment</li> <li>• Digital-by-Design</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Ongoing appraisal and alignment of resources linked to growth aspirations.</li> <li>• Include digital principles in our communications and ways of undertaking business</li> <li>• Working to achieve carbon neutral status for the Council's operations.</li> </ul>		
<b>Community Outcomes:</b> <ul style="list-style-type: none"> <li>• To ensure that we make best use of digital development where appropriate to deliver better services and operate more efficiently.</li> <li>• To enable residents to do business with us in a digital way if that is their preference.</li> </ul> <p>The ICT Strategy is closely aligned to the Council's "Four Year Plan" reviews and ICT will be instrumental in delivering the outcomes identified during these reviews. The Strategy will deliver:</p> <ul style="list-style-type: none"> <li>• Enabling Efficiency                         <ul style="list-style-type: none"> <li>○ Using Digital by Design principles to enable the Council to redesign processes/services to be more accessible and efficient, producing better, quicker, and more consistent outcomes for customers.</li> </ul> </li> <li>• Responding flexibly and with agility to customer needs                         <ul style="list-style-type: none"> <li>○ To facilitate digital channels 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, 'My Account' portal, automated telephony, and kiosk technologies.</li> </ul> </li> <li>• Increase our ability to work in effective partnerships                         <ul style="list-style-type: none"> <li>○ 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.</li> </ul> </li> <li>• Modern architecture supporting efficient and agile working culture                         <ul style="list-style-type: none"> <li>○ Enabling the greater flexibility and agility of both employees and members through the deployment of appropriate technology including effective collaboration systems and tools.</li> </ul> </li> <li>• Robust arrangements for business continuity, information management and governance and security                         <ul style="list-style-type: none"> <li>○ 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).</li> </ul> </li> </ul>		

<b>Environmental Outcomes:</b>			
<ul style="list-style-type: none"> <li>When new infrastructure or ICT equipment is procured, power consumption forms part of the decision making when assessing quality of products.</li> </ul>			
<b>Other Options Rejected and Why:</b>			
Projects are the subject of a business case to be presented to, and approved by, the Executive Manager for the corresponding Service Area to ensure that the most appropriate IT solution is chosen, having due regard to the alignment of technologies already in use across other local authorities, value for money and resilience. The option of not doing so would lead to outdated or incompatible technology, which would result in lower performance, higher maintenance costs and hinder the drive for greater efficiencies.			
<b>Start Date:</b> On-going		<b>Completion Date:</b> On-going	
<b>Capital Cost (Total):</b>	<b>Year 1:22/23</b>	<b>Year 2: 23/24</b>	
£460,000 (2 years)	£230,000	£230,000	
<b>Capital Cost (Breakdown):</b> To be determined			
<b>Works</b>	<b>Equipment</b>	<b>Other</b>	<b>Fees</b>
<b>Additional Revenue cost/ (saving) per annum:</b>	<b>Year 1: 22/23</b>		<b>Year 2: 23/24</b>
<b>Year 3: 24/25</b>	<b>Year 4: 25/26</b>		<b>Year 6: 26/27</b>
<b>Proposed Funding</b>			
<b>External:</b> N/A		<b>Internal:</b> Capital Receipts	
<b>Useful Economic Life (years):</b> 3		<b>New/Replacement:</b> New and Replacement	
<b>Depreciation per annum:</b> £77,000 year 1		<b>Capital Financing Costs:</b> £2,300 p.a. as opportunity cost of lost interest.	
<b>Residual Value:</b> Nil		<b>Category of Asset:</b> Intangible Assets and Equipment	
<b>IFRS16 New Lease Checklist Completed?</b>			N/A

## PROJECT APPRAISAL FORM

<b>Project Name:</b> Streetwise Loan		<b>Cost Centre:</b> 0656	<b>Ref:</b> 20
<b>Detailed Description:</b> 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.			
<b>Location:</b> Unit 10 Moorbridge - Streetwise premises		<b>Executive Manager:</b> Finance and Corporate	
<b>Contribution to the Council's aims and objectives:</b> <b>Corporate Priorities:</b> <ul style="list-style-type: none"> <li>• Efficient Services</li> <li>• Sustainable Growth</li> <li>• The Environment</li> </ul> <b>Strategic Commitments:</b> <ul style="list-style-type: none"> <li>• Ongoing appraisal and alignment of resources lined to growth aspirations</li> <li>• 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.</li> <li>• Bringing new business to the borough and nurturing our existing businesses, helping them to grow and succeed.</li> <li>• Working to achieve carbon neutral status for the Council's operations.</li> </ul>			
<b>Community Outcomes:</b> <ul style="list-style-type: none"> <li>• To ensure that we have an integrated and strategic approach to how we provide our services.</li> </ul>			
<b>Environmental Outcomes:</b> There are no environmental outcomes in providing the loan, however, an ageing fleet may have safety implications, require increased maintenance and are less fuel efficient. Provision of this loan will assist in the ability of Streetwise to provide cleaner vehicles thereby assisting with carbon reduction			
<b>Other Options Rejected and Why:</b> Offering the loan 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.			
<b>Start Date:</b> On-going		<b>Completion Date:</b>	
<b>Capital Cost (Total):</b>	<b>Year 1: 22/23</b>	<b>Year 2: 23/24</b>	
£300,000 (2 years)	£150,000	£150,000	
<b>Capital Cost (Breakdown) £:</b>			
<b>Works</b>	<b>Equipment</b>	<b>Other</b> £300,000 - loan	<b>Fees</b>
<b>Additional Revenue cost/(saving)per annum:</b>	<b>Year 1: 22/23</b> (0)	<b>Year 2: 23/24</b> (£2,460)	
<b>Year 3: 24/25</b> (£4,415)	<b>Year 4: 25/26</b> (£3,170)	<b>Year 5: 26/27</b> (£1,680)	
<b>Proposed Funding</b>			
<b>External:</b>		<b>Internal:</b> Capital Receipts	
<b>Useful Economic Life (years):</b> N/A		<b>New/Replacement:</b> N/A	
<b>Depreciation per annum:</b> N/A		<b>Capital Financing Costs:</b> Net nil as loan repaid	

<b>Residual Value:</b> N/A	<b>Category of Asset:</b> Long/Short Term Debtor
<b>IFRS16 New Lease Checklist Completed?</b>	N/A

## CAPITAL AND INVESTMENT STRATEGY 2022/23 – 2026/27

### Introduction

1. The Local Government Act 3 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out capital and treasury management activities.
2. The Department for Levelling Up, Housing & Communities (DLUHC) has issued 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 DLUHC Guidance.
4. CIPFA have just released new editions of the Treasury Management Code and Prudential Code (20th Dec 2021). Some changes in the Prudential Code come into immediate effect, namely an **authority must not borrow to invest primarily for financial return**. Authorities may, however, defer introducing revised reporting requirements until **2023/24** (these include changes in **capital strategy, prudential indicators, and investment reporting**). There is no effective date stipulated for the Treasury Management Code but where possible these changes are reflected in the strategy.

### The Capital Strategy

5. The Council's capital expenditure plans are summarised below and forms the first of the prudential indicators. Capital expenditure needs to have regard to:
  - Corporate Priorities (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)
  - Practicability (e.g., the achievability of the Corporate Strategy)
  - Proportionality (e.g., risks associated with investment are proportionate to financial capacity); and
  - ESG (Environmental, Social, and Governance e.g., address environmental sustainability in a manner which is consistent with our corporate policies)
6. Each year the Council will produce a Capital Programme to be approved by Full Council in March as part of the Council Tax setting.

7. Each scheme is supported by a detailed appraisal (which may also be a Cabinet Report), as set out in the Council's Financial Regulations. The capital appraisals will address the following:
- A detailed description of the project
  - How the project contributes to the Council's Corporate Priorities and Strategic Commitments
  - Anticipated outcomes
  - A consideration of alternative solutions
  - An estimate of the capital costs and sources of funding
  - An estimate of the revenue implications, including any savings and/or future income generation potential
  - A consideration of whether it is a new lease agreement
  - A consideration of sustainability in accordance with Corporate objectives
  - Any other aspects relevant to the appraisal of the scheme as the S151 Officer may determine

The appraisal requirement applies to all schemes except where there is regular grant support and if commercial negotiations are due to take place and further reporting to Cabinet or Full Council is therefore required.

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

## Capital Prudential Indicators

### a) Capital Expenditure Estimates

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

**Table1: Projected Capital Expenditure and Financing**

	2021/22 Original £'000	2021/22 Revised £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
<b>Capital Expenditure</b>	28,158	27,222	13,841	6,455	2,845	1,950	2,335
<b>Less Financed by:</b>							
Capital Receipts	15,199	8,092	8,921	4,127	1,940	1,110	955
Capital Grants/ Contributions	6,003	7,731	3,315	2,178	695	695	695
Reserves	500	399	1,605	150	210	145	685
<b>Total Financing</b>	21,702	16,222	13,841	6,455	2,845	1,950	2,335
<b>Underlying need to Borrow</b>	<b>6,456</b>	<b>11,000</b>	-	-	-	-	-

10. The key risks to the capital expenditure plans are that the level of grants estimated is subject to change, anticipated capital receipts are not realised or are more than expected in the medium term; and the future of New Homes Bonus (NHB). Additional monies have been allocated for NHB in 2022-23 (£934k) but the Government intends to cease this scheme in 2023/24 which impacts on the level of capital grants received going forward.

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

11. The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow for capital expenditure and it remains a key indicator under the Prudential Code. 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.
12. The Council also holds usable reserves and working capital which represent the underlying resources available for investment. The Council's current strategy is to use these resources, by way of internal borrowing, to avoid the commitment to external debt.
13. The table below summarises the overall position regarding 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**

	2021/22 Forecast £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000
Opening CFR	6,300	16,226	14,933	13,640	12,347	11,054
CFR in year	11,000	-	-	-	-	-
Less: MRP etc	(1,074)	(1,293)	(1,293)	(1,293)	(1,293)	(858)
<b>Closing CFR</b>	<b>16,226</b>	<b>14,933</b>	<b>13,640</b>	<b>12,347</b>	<b>11,054</b>	<b>10,196</b>
Less: External Borrowing	-	-	-	-	-	-
<b>Internal Borrowing</b>	<b>16,226</b>	<b>14,933</b>	<b>13,640</b>	<b>12,347</b>	<b>11,054</b>	<b>10,196</b>
<b>Less:</b>						
Usable Reserves	(26,781)	(22,701)	(18,171)	(17,795)	(16,335)	(15,349)
Working Capital	(34,850)	(23,149)	(21,466)	(19,779)	(18,093)	(16,447)
<b>Available for Investment</b>	<b>(45,405)</b>	<b>(30,917)</b>	<b>(25,997)</b>	<b>(25,227)</b>	<b>(23,374)</b>	<b>(21,600)</b>

14. The Council is currently debt free and the assumption in the capital expenditure plans is that the Council will not need to externally borrow over the MTFs. 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.
15. The new accounting standard IFRS16 comes into force on 1<sup>st</sup> 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

16. DLUHC Regulations have been issued which require the Governance Scrutiny Group to consider a Minimum Revenue Provision (MRP) Statement in advance of each year. Further commentary regarding financing of the debt is provided in paragraphs 30-35. A variety of options are provided to Councils, so long as there is prudent provision. The Council has chosen the Asset Life Method (Option 3 within the Guidance) with the following recommended MRP Statement:

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

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

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

17. 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) the Council 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 2022/23 to 2026/27

18. The CIPFA Treasury Management Code (2021) defines treasury management activities as:  
  
*“The management of the organisation’s borrowing, investments and cash flows, including 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. Under the revised Prudential code investments are separated into categories for Treasury Investment, Service Investment and Commercial Investment.
19. The CIPFA Code of Practice for Treasury Management in the Public Services (the “CIPFA Treasury Management Code”) and the CIPFA Prudential Code require local authorities to produce a Treasury Management Strategy Statement on an annual basis.
20. This Strategy Statement includes those indicators that relate to the treasury management functions and help ensure that the Council’s capital investment plans are affordable, prudent, and sustainable, while giving priority to the security and liquidity of those investments.

### The Current Economic Climate and Prospects for Interest Rates.

21. **The economy is recovering and expected to reach pre-covid levels at the beginning of 2022. Output is projected to rise by 6.9% in 2021, with growth moderating to 4.7% in 2022 and 2.1% in 2023. Consumption is the main driver of growth during the projection period. Business investment will improve but continues to be held back by uncertainty.**
22. Unemployment will continue to decline. The unemployment rate in the UK is projected to trend around 4% in 2022 dropping to 3.9% in 2023.
23. The Bank of England base rate is currently 0.25%. On the 16 December the Bank of England surprised the markets and raised the Bank Rate from 0.1% to 0.25%. It is expected to continue to rise by 25bps each year over the term of the MTFS. Link (the Council’s Treasury Advisors) are forecasting a stepped increase with rates of 1.25% expected by March 2025.
24. Inflation will keep increasing due to higher energy and commodity prices and continuing supply shortages. The inflation rate year on year is 5.1% in November. Inflation is expected to remain high at high levels for the first half of 2022 and then fall back towards 2% by the end of 2023.
25. The table below shows the assumed average interest (which reflects a prudent approach) that will be made over the next five years for budget setting purposes.

**Table 3: Budgetary Impact of Assumed Interest Rate Going Forward**

	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Anticipated Interest Rate (%)</b>	0.50	0.75	1.00	1.25	1.25
<b>Expected interest from investments (£)</b>	592,300	554,000	545,900	542,700	539,800
<b>Other interest (£)</b>	81,000	72,000	64,000	59,000	59,000
<b>Total Interest (£)</b>	<b>673,300</b>	<b>626,000</b>	<b>609,900</b>	<b>601,700</b>	<b>598,800</b>
<b>Sensitivity:</b>	£	£	£	£	£
- 0.25% Interest Rate	(55,400)	(31,100)	(34,000)	(30,700)	(26,200)
+ 0.25% Interest Rate	55,400	31,100	34,000	30,700	26,200

26. In the event that a bank suffers a loss, the Council could be subject to bail-in to assist with the recovery process. The impact of a bail-in depends on the size of the loss incurred by the bank or building society, the amount of equity capital and junior bonds that can be absorbed first and the proportion of insured deposits, covered bonds and other liabilities that are exempt from bail-in.
27. The Council has managed bail-in risk by both reducing the amount that can be invested with each institution to £10 million and by investment diversification between creditworthy counterparties.

### **Borrowing Strategy 2022/23 to 2026/27**

#### **Prudential Indicators for External Debt**

28. Table 2 above identifies that the Council will not need to externally borrow over the MTFs instead choosing to internally borrow. Whilst this means that no external borrowing costs (interest/debt management) are incurred, there is an opportunity cost of using internal borrowing by way of lost interest on cash balances.
29. The approved sources of long-term and short-term borrowing are:
- Internal borrowing
  - Municipal Bond Agency
  - Public Works Loan Board (or the body that will replace the PWLB in the future)
  - Local authorities
  - UK public and private sector pension funds
  - Commercial banks
  - Building Societies in the UK
  - Money markets
  - Leasing
  - Capital market bond investors
  - Special purpose companies created to enable local authority bond issue

Following the recent consultation PWLB have published new lending terms effective from 26<sup>th</sup> November 2020 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**

30. The authorised limit is the “affordable borrowing limit” required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited. It shows the maximum amount the Council could afford to borrow in the short term to maximise treasury management opportunities and either cover temporary cash flow shortfalls or use for longer term capital investment.

**Table 4: The Authorised Limit**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
<b>Authorised Limit</b>	25,000	25,000	25,000	25,000	25,000	25,000

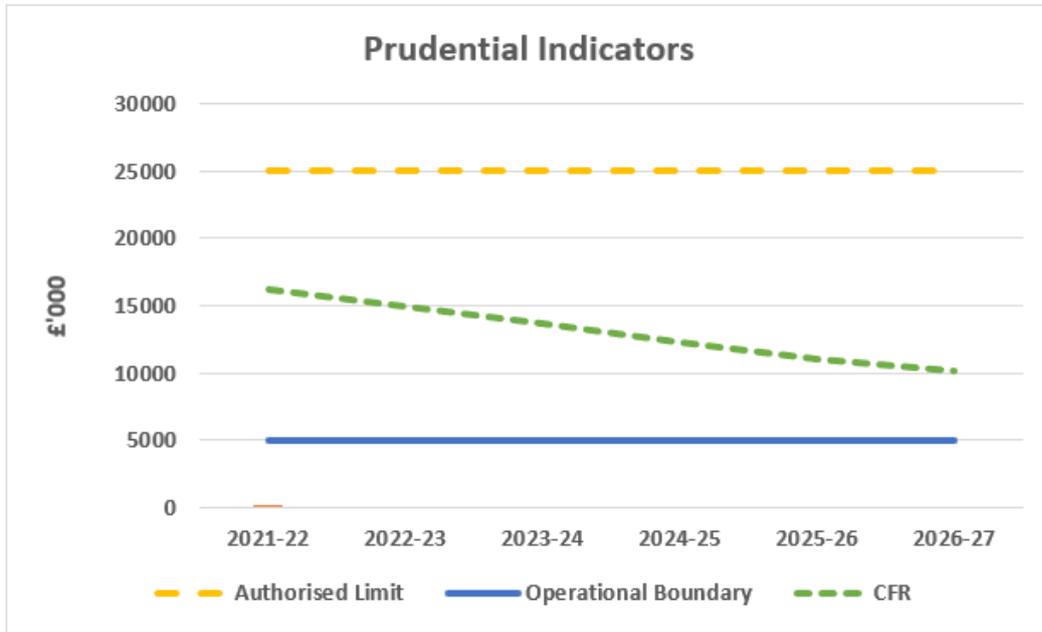
**b) Operational Boundary for External Debt**

31. The operational boundary is the expected borrowing position of the Council during the course of the year. It is normally calculated based on CFR and a buffer say £5m just in case. 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 and, whilst the Council is not expected to externally borrow over the period of the MTFs, this provides a cushion and gives flexibility should circumstances significantly change.

**Table 5: The Operational Boundary**

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
<b>Operational Boundary</b>	20,000	20,000	20,000	20,000	20,000	20,000

32. The Prudential indicators are shown graphically below.



33. The TM Code introduces a new indicator called the Liability Benchmark which reflects the real need to borrow. This benchmark illustrates that the Council has no need to borrow over the medium term.

### Prudential Indicators for Affordability

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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000	£'000
Closing CFR	16,226	14,933	13,640	12,347	11,054	10,196
<b>Less:</b>						
Usable Reserves	(26,781)	(22,701)	(18,171)	(17,795)	(16,335)	(15,349)
Working Capital	(34,850)	(23,149)	(21,466)	(19,779)	(18,093)	(16,447)
Plus minimum investments	10,000	10,000	10,000	10,000	10,000	10,000
<b>LIABILITY BENCHMARK</b>	<b>(35,405)</b>	<b>(20,917)</b>	<b>(15,997)</b>	<b>(15,227)</b>	<b>(13,374)</b>	<b>(11,600)</b>

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

35. 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 downward trend, in later years, reflects the reduction in MRP as payments in relation to the Arena (i.e., it is fully funded) despite new non-treasury capital commitments in the Crematorium and Bingham Hub which give rise to

further MRP but also generate revenue budget efficiencies with either reduced costs or increasing income.

**Table 6: Proportion of Financing Costs to Net Revenue Stream**

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
<b>General Fund</b>	5.45%	5.29%	5.92%	5.91%	5.82%	2.18%

**Investment Strategy 2022/23 to 2026/27**

36. The movement in investments is due to increases in capital receipts related to Sharphill, disposal of the Depot Site at Abbey Road, sale of land in Cotgrave offset by application to finance capital expenditure. In addition, it reflects projected receipts and release of Section 106 monies.

**Table 7: Investment Projections**

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
<b>Investments at 31 March</b>	45,405	30,917	25,997	25,227	23,374	21,600

37. Both the CIPFA Code and the DLUHC 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 Service Manager Finance 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 credit worthiness 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 DLUHC 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 £19.2 million on 31st March 2022. 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	£40m 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**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Upper Limit on fixed interest rate exposure</b>	50%	50%	50%	50%	50%	50%
<b>Upper Limit on variable interest rate exposure</b>	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 principal 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**

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
<b>Limit on Principal invested over 1 year</b>	22,700	15,400	13,000	12,600	11,600	10,800

**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 considered 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 Treasury Services will act as the Council's treasury management advisors until 31<sup>st</sup> October 2023. 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 updated TM Code requires Local Authorities to document a formal and comprehensive knowledge and skills schedule reflecting the need to ensure that both members officers dealing with treasury management are trained and kept up to date. This will require a suitable training process for members and officers. There will be specific training for members training involved in scrutiny and broader training for members who sit on full Council. Previously these needs have been reported through the Member Development Group, with the Council specifically addressing 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

Now CIPFA will require a tailored, recorded and monitored training schedule to ensure that training provided achieves the desired outcomes.

## Other Options Considered

65. The DLUHC Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. Director of 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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.
67. The Council whilst committed to being self-sustainable has taken the decision to no longer invest on property for commercial gain. This accords with the current professional ethos of CIPFA, mentioned below. Hence the Council no longer has an Asset Investment Fund, which was £20m.
68. Last year the Council acquired two Business Units in West Bridgford, leaving a balance (in the Asset Investment Fund) of £3.828m which was removed from the Capital

Programme. Under the updated Prudential code Local Authorities will no longer be allowed to borrow to fund non-financial assets solely to generate a profit.

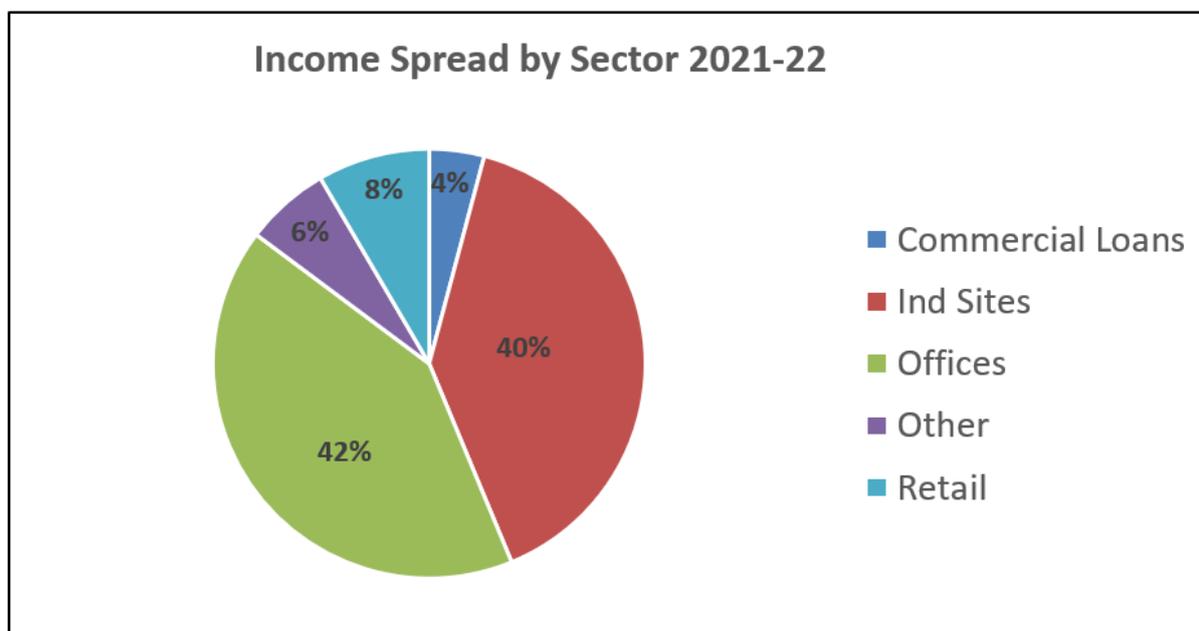
69. The Council will maintain a summary of current material investments, subsidiaries, joint ventures, and liabilities, including financial guarantees (i.e. Streetwise) and the organisation's risk exposure. The current summary is included at Appendix (ii).
70. The Council will also monitor past Commercial Property investments and against original objectives and consider plans to divest as part of an annual review. Cabinet report 14 December 2021 agenda item 6 – Review of Investment Assets refers.
71. Proportionality is now included as an objective in the Prudential Code, clarification and definitions to define commercial activity and investment are included, and the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (CFR). Paragraph 75 covers the issue of proportionality with different types of asset investments the Council has made.
72. The Authority must disclose its dependence on commercial income and the contribution non-core investments make towards core functions. This covers assets purchased through the Council's AIS, as well as other pre-existing commercial investments.
73. The expected contributions from commercial investments are shown below. To manage the risk to the Council's budget, income from commercial investments should not be a significant proportion of the Council's income. It is estimated to be around 23% in the current year.
  - a. **Dependence on commercial income and contribution non-core investments make towards core functions**
74. The expected contributions from existing commercial investments are shown in Table 13. 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**

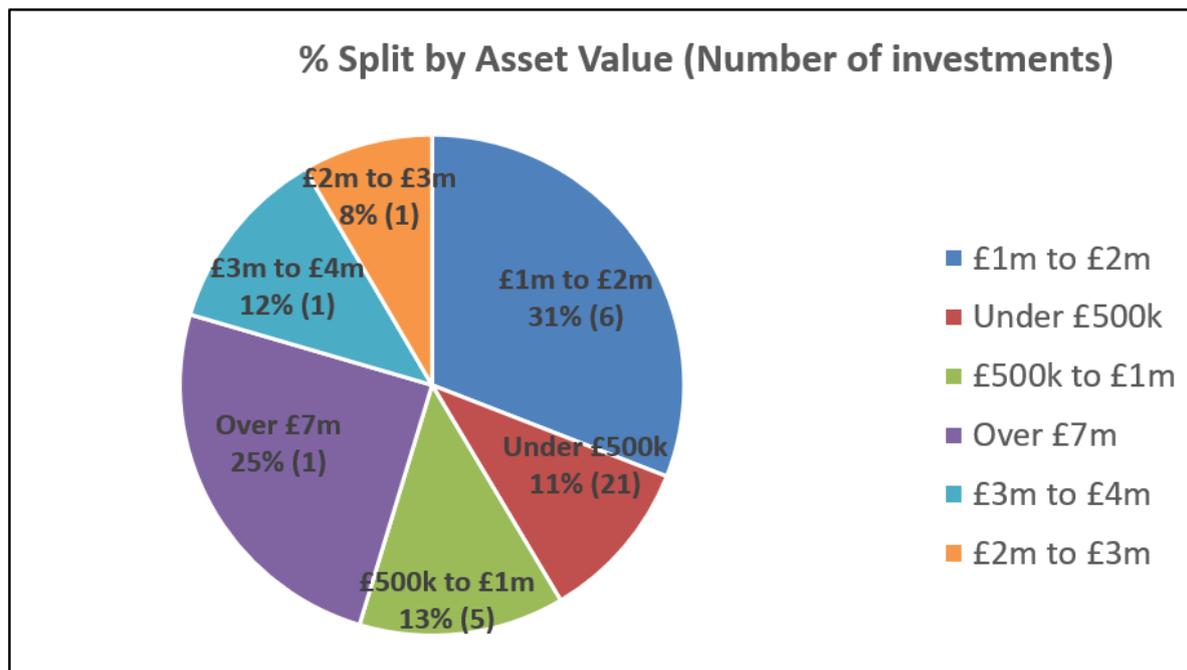
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
<b>Commercial Property Income</b>	(1,660)	(2,046)	(2,256)	(2,338)	(2,402)	(2,404)
<b>Running Costs</b>	516	533	528	528	528	528
<b>Net Contribution to core functions</b>	<u>(1,144)</u>	<u>(1,513)</u>	<u>(1,728)</u>	<u>(1,810)</u>	<u>(1,874)</u>	<u>(1,877)</u>
<b>Interest from Commercial Loans</b>	(89)	(81)	(72)	(64)	(59)	(59)
<b>Total Contribution</b>	<u>(1,233)</u>	<u>(1,594)</u>	<u>(1,800)</u>	<u>(1,874)</u>	<u>(1,933)</u>	<u>(1,936)</u>
<b>Sensitivity:</b>						
+/- 10% Commercial Property Income	166	205	226	234	240	240
<b>Indicator:</b>						
Investment Income as a % of total Council Income	22.8%	22.7%	24.2%	24.1%	24.5%	24.5%
<b>Total Income</b>	7,669	9,362	9,629	9,945	10,047	10,074

**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. A review of the Council's commercial assets was undertaken and reported to Governance Scrutiny Group in November 2021 and on to Cabinet December 21 paragraph 70 refers.
80. The investments are subject to ongoing review with regards to their financial viability or indeed whether they are surplus to requirement. At the November 2021 Governance Group Meeting and December 2021 Cabinet, details on the risks surrounding the Council's commercial properties were reported, as well as providing a pathway to potential commercial asset disposal, if required.

## 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
- Invesco Asset Management Ltd
- CCLA
- Goldman Sachs Asset Management
- Black Rock
- Aegon Asset Management
- Ninety One
- HSBC Asset Management
- Imperial Treasury Services

## Appendix (ii)

	<b>Current Book Value £000</b>	<b>Previous Book Value £000</b>
The Point Office Accommodation	3.508	4.017
Hollygate Lane, Cotgrave Industrial Units	2.628	2.709
Bardon Single Industrial Unit	1.777	1.800
Trent Boulevard	1.412	1.407
Colliers Business Park Phase 2	1.269	1.315
Bridgford Hall Aparthotel and Registry Office	1.120	1.214
Finch Close	0.916	0.959
Boundary Court	0.789	0.816
Unit 10 Chapel Lane	0.666	0.677
Colliers Business Park Phase 1	0.663	0.721
New Offices Cotgrave	0.401	0.452
Mobile Home Park	0.477	0.476
Cotgrave Precinct Shops	0.470	0.500
Unit 1 Edwalton Business Park	1.950	-
Unit 3 Edwalton Business Park	2.450	-
<b>TOTAL INVESTMENT PROPERTY*</b>	<b>16.096</b>	<b>17.063</b>
Notts County Cricket Club Loan	1.646	1.775
<b>TOTAL</b>	<b>17.742</b>	<b>18.838</b>

\* Note values are as at 31<sup>st</sup> March 2021 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

<b><u>Use of Earmarked Reserves in 2022/23</u></b>	<b>Projected Opening Balance</b>	<b>Projected Income</b>	<b>Projected Expenditure</b>	<b>Net Change in Year</b>	<b>REF</b>	<b>Projected Closing Balance</b>
<b>Investment Reserves</b>						
Regeneration and Community Projects	1,887	223	(75)	148	1	2,035
Sinking Fund - Investments	376	325	(500)	(175)	2	201
New Homes Bonus (NHB)	8,979	1,587	(2,293)	(706)	3	8,273
<b>Corporate Reserves</b>						
Organisation Stabilisation	2,963	0	(846)	(846)	4	2,117
Collection Fund S31	3,731	0	(3,707)	(3,707)	5	24
Climate Change Action	800	200	(30)	170	6	970
Freeport Reserve	330	200	(165)	35	7	365
Vehicle Replacement Reserve	1,000	0	0	0	8	1,000
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	150	50	0	50	9	200
<b>Operating Reserves</b>						
Planning	209	0	(39)	(39)	10	170
Leisure Centre Maintenance	7	0	0	0		7
	20,882	2,585	(7,655)	(5,070)		15,812

Notes

1. Net £148k being the movement on this reserve to support Special Expenses capital schemes plus Sinking Funds.
2. £325k from Investment Property income to support future capital expenditure. £500k used for enhancement works at The Point and Manvers Business Park.
3. £1.587m Receipts; MRP release £1.293 (of which Arena = £1m) plus £1m to fund Traveller Site Acquisition.

4. £846k transfer to cover the net deficit in the revenue budget as a result of the deficit in the collection fund
5. £3.707m S31 Grants released in 22-23
6. Additional £200k to support the reserve; £30k to meet capital schemes at RCP.
7. Additional £200k to support Freeport costs; £165k release to meet 2nd year contribution commitments.
8. Newly created Vehicle Replacement Reserve.
9. £50k to replenish the Elections Reserve.
10. £39k release for Local Plan Examinations.

## **Rushcliffe Borough Council Pay Policy Statement 2022-22**

### **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:

<https://www.rushcliffe.gov.uk/aboutus/aboutthecouncil/seniorofficers/roleandremuneration/>

### **3. Senior Officers**

- 3.1 For the purposes of this Statement, Senior Officers are defined as those posts with a salary above £50,000 in line with the Local Government Transparency Code 2014 as amended. Using this definition Senior Officers within Rushcliffe currently consists of 12 posts out of an establishment of 256 The posts are as follows: -:
- Chief Executive
  - Director – Finance and Corporate Services (Section 151 Officer)
  - Director – Development and Economic Growth

- Director - Neighbourhoods
- Chief Information Officer
- Service Manager Chief Executives Department and Monitoring Officer
- Service Manager – Finance
- Service Manager – Economic Growth and Property
- Service Manager – Planning
- Service Manager – Neighbourhoods
- Service Manager – Public Protection
- Service Manager – Corporate Services

#### **4 The Policies**

- 4.1 The Council consults when setting pay for all employees. The Council will meet or reimburse authorised travel, accommodation, and subsistence costs for attendance at approved business meetings and training events. The Council does not regard such costs as remuneration but as non-pay operational costs.

#### **5. Pay of the Council's Lowest Paid Employees**

- 5.1 The total number of Council employees is presently 256 The Council has defined its lowest paid employees by taking the average salary of five permanent staff (employed on a part-time basis) on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. On this basis the lowest paid full-time equivalent employee of the Council earned £18,332 The Council currently pays £9.50 per hour for its lowest paid employees; this is above the Government's National Living Wage which is currently £8.91 per hour and will be raised to £9.50 from 1<sup>st</sup> April 2022 for employees aged 23 or over.
- 6.2 The Council does not explicitly set the pay of any individual or group of posts by reference to a pay multiple. The Council feels that pay multiples cannot capture the complexity of a dynamic and highly varied workforce in terms of job content, skills and experience required. In simple terms, the Council sets different levels of basic pay to reflect differences in levels of responsibility. Additionally, the highest paid employee of the Council's salary does not exceed 10 times that of the lowest paid group of employees.
- 6.3 The Head of Paid Service, or their delegated representative, will give due regard to the published Pay Policy Statement before the appointment of any Officers. Full Council will have the opportunity to discuss any appointment exceeding £100,000 before an offer of appointment is made, in line with the Council's Officer Employment procedure rules within Part 4 of the Council's Constitution.

#### **Additional Payments Made to Chief Officers – Election Duties**

- 7.1 The Chief Executive is nominated as the Returning Officer. In accordance with the national agreement, the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of Returning Officer, Acting Returning Officer, Deputy Returning Officer or Deputy Acting Returning Officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

- 7.2 The role of Deputy Returning Officer may be applied to any other post and payment may not be made simply because of this designation. Payments to the Returning Officer are governed as follows:
- for national elections, fees are prescribed by legislation;
  - for local elections, fees are determined within a local framework used by other district councils within the county. This framework is applied consistently and is reviewed periodically by lead Electoral Services Officers within Nottinghamshire. This includes proposals on fees for all staff employed in connection with elections. These fees are available for perusal on the Council's website.
- 7.3 As these fees are related to performance and delivery of specific elections duties, they are distinct from the process for the determination of pay for Senior Officers

## **Appendix to the Pay Policy Policies on other aspects of pay**

### **Process for setting the pay of Senior Officers**

The pay of the Chief Executive is based on an agreed pay scale which is agreed by Council prior to appointment. Changes to this are determined by the Leader, Deputy Leader and Leader of the Opposition, who are advised by an agreed external professional and the Strategic Human Resources Manager.

The pay of all Officers including Senior Officers is determined by levels of responsibility, job content and the skills and experience required. Consideration is also given to benchmarking against other similar roles, market forces and the challenges facing the authority at that time and to maximise efficiency. The pay of these posts is determined through the Chief Executive, or his/her nominated representative, in consultation with the Strategic Human Resources Manager and in line with the Council's pay scales and its agreed scheme of delegation.

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

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

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

### **Terms and Conditions – All Employees**

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

### **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](http://www.lgps.org.uk) and [www.nottspf.org.uk](http://www.nottspf.org.uk)

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

## **Car Allowances**

The Council pays mileage rates at HMRC recommended rates.

## **Pay Increments**

Where applicable pay increments for all employees are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or his 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) and is currently under further review. The Council's policy on the payment of redundancy payments is set out in this policy. The redundancy payment is based on the length of continuous local government service which is used to determine a multiplier which is then applied to actual pay.

The policy provides discretion to enhance the redundancy and pension contribution of the individual and each case would be considered taking into account individual circumstances. Copies of the policy are available on the Council's website.

### **Payments on termination**

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued leave which by agreement is untaken at the date of leaving or payments that are agreed or negotiated in line with current employment law practices.

### **Publication of information relating to remuneration of Senior Officers**

The Pay Policy Statement will be published annually on the Council's website following its approval by full Council each year.

### **Gender Pay gap reporting**

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