ANNEX B

RUSHCLIFFE BOROUGH COUNCIL

BUDGET SETTING REPORT AND ASSOCIATED FINANCIAL STRATEGIES

2024/25-2028/29

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1 INTRODUCTION AND EXECUTIVE SUMMARY

1.1 Introduction

The economic environment remains challenging in the aftermath of a global pandemic, the war in the Ukraine and unprecedented levels of inflation. Whilst inflation levels are forecast to improve slowly, the impact on pay and operational costs has been significant, and this remains a pressure for the Council's budget over the period of the Medium-Term Financial Strategy (MTFS).

The Council approved its new Corporate Strategy in December 2023 and this MTFS supports the delivery of the priorities contained within. The main objectives are to ensure that the Council remains financially resilient and able to deliver the services it must by law; secondly to ensure the resilience of the budget in a time of significant budget pressures and real terms decreases in funding; thirdly to ensure that the Council continues to embrace opportunities that support the economic growth and development in the Borough; fourthly maintain discretionary services valued by the residents; and finally, support the Council's targets for carbon reduction. For the sixth consecutive year, the Council has again received a one-year settlement providing certainty for 2024/25 only. The Council received a 5.9% increase in Core Spending Power assuming it maximises its council tax increase, significantly less than recent inflationary pressures. Planning for the longer term is challenging with less certainty and more risk.

From a revenue budget perspective, the Council is mostly self-sufficient increasingly difficult decisions are necessary to balance the current budgetary pressures caused by elevated inflation, particularly driven by pay pressures and rising fuel costs. Government assumes Council Tax will be maximised at the higher of £5 or 3% in its funding assessment however the Council must also consider the rising costs of discretionary services and therefore the need to increase fees and charges and/or reduce expenditure. The Council remains 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. Due to areas such as car parking and garden waste collection not having had increases in charges for at least 5 years these will be increasing and for green waste with higher inflation a recommendation to increase annually the charge by £2 each year from 2025/26.

The Council is currently debt-free and therefore not subject to the impact of significant increases in interest rates on borrowing. The sustained level of high inflation and subsequent impact on the cost of living presents a risk to the Council as discretionary household spending contracts. The Council takes a prudent approach and maintains an adequate level of reserves to mitigate such risks, however the use of reserves is not a long-term solution and identification and delivery of schemes for the Transformation and Efficiency Plan will be critical in ensuring a balanced budget can be achieved going forward.

Proposed reforms for Business Rates, New Homes Bonus (NHB), and Fairer Funding Reviews have been further delayed due to the forthcoming General Election and is now not anticipated until 2026/27 at the earliest. The short-term delay in the Business Rates reset does however provide temporary support to the budget as the Council retains its Business Rates growth. NHB for 2024/25 has been confirmed as the final year with no announcement yet made on the consultation undertaken in 2021 for a replacement scheme. The Development Corporation and the Freeport on the power station site continues to progress with announcements in the autumn statement that investment zone and freeport tax reliefs, the time period that these apply, will be extended from five to ten years. The Freeport will provide excellent opportunities for economic growth and promotes a key gateway for significant economic development within the Borough.

Planning fees for major business developments are to be set locally to recover costs in exchange for commitment on timeliness of decisions. This allows the Council to increase its planning fees but also means that late decisions are penalised by a refund of the full fee. The increases are reflected in the budget.

Homelessness also remains a focus for the Government with additional grant funding available for homelessness prevention. The Council continues to respond effectively to cases of homelessness in the Borough working with partner agencies to work with individuals' wide-ranging needs. Rushcliffe's budgeted allocation for 2024-25 from the Government is £181,099.

Capital resources have, in recent years, delivered significant major projects: Bingham Arena and Enterprise Centre and Rushcliffe Oaks Crematorium. These projects have delivered much needed services for residents and supported the Council budget through income generation. Capital resources going forward are diminishing and this coupled with unsuccessful attempts to lever external funding presents a risk for the Council, increasing the likelihood of borrowing. Emerging priorities and responsibilities such as Climate Change and Biodiversity Net Gain put additional pressure on the capital programme. Disabled Facilities Grant funding continues to be insufficient to meet demand which is to be capped according to the amount of Better Care Fund Grant the Council receives. Careful consideration has been given to prioritising schemes that either: fulfil a health and safety duty, essential to keep assets operational, or are match funded environmental initiatives that present revenue budget efficiencies. Asset reviews are ongoing to assess the efficiency in the delivery of Council services and will ultimately decide whether assets should be maintained or disposed. The Council will have to borrow in the future, but as a responsible council will only borrow when absolutely necessary, following key good practice principles of prudence, affordability and sustainability which also represent good professional practice as espoused by CIPFA.

The Capital Programme has a value of £24.8m to 2028/29 with significant schemes remain focussed on Leisure Centre upgrades, Vehicle Replacement, Support for Registered Housing Providers, Disabled Facilities Grants, and the potential Compulsory Purchase Order to acquire Flintham Mess for housing development. These, and other capital schemes in the programme, demonstrate the Council's commitment to economic growth, meeting challenging housing targets, supporting the vulnerable and improving both leisure facilities and the environment.

Nationally, Councils continue to report budget gaps that cannot be bridged with an increasing number of S114 notices issued recently (effectively declaring bankruptcy). Whilst being debt free means the Council is in a better position than most, it is not exempt from the significant cost pressures and risks going forward. The Council is not complacent and has therefore taken a prudent course of action with reserves (excluding New Homes Bonus) to reduce marginally from £8.7m to £7.4m over the term of the MTFS at a period when the potential for adverse financial risk remains significant. £1.5m of NHB for 2024/25 is being repatriated to the Climate Change Reserve and Regeneration and Community Projects Reserve, to support capital pressures. The final settlement announced an increase in the Guaranteed Minimum Funding Grant from 3% to 4% and it is proposed that this be appropriated to both the Climate Change Reserve (£0.1m) to support bio-diversity net zero or carbon off-setting improvements; and £28k to a new Flood Grant and Resilience Reserve providing grants to those properties that have had their integral or stand-alone garages flooded and reinvigorate the existing flood resilience store grant scheme. Many of the reserves are to support ongoing maintenance of Council assets, whilst the Climate Change Reserve is held to support the Council's carbon reduction targets and the Treasury Capital Depreciation Reserve (created 2022/23) mitigates the potential risk from variations in the capital value of pooled investments. The Organisation Stabilisation Reserve will be used to balance any fluctuations in the budget over the term of the MTFS with the 2024/25 and 2025/26 surpluses helping to support the deficits in later years although this is not a long-term solution. The Council's priority is therefore to futureproof the budget by way of identifying efficiencies and opportunities (via the Transformation and Efficiency Plan (TEP)) and any scope to increase reserves will be taken. A requirement of having the additional money in the final settlement is the Council should produce a Productivity Plan. The Council TEP will fulfil this requirement.

The Council remains committed to ensuring empty properties are brought into use for residents. The Levelling Up and Regeneration Bill allows Councils to reduce the period a property has been empty and unfurnished from 24 months to 12 months prior to levying the 100% premium on Council Tax. Last year Members approved introducing this amendment from April 2024. Furthermore, this strategy proposes the introduction of a premium for properties classified as second homes (after 52 weeks) of 100% of Council Tax, commencing April 2025.

For 2024/25, Government have maintained the referendum principles for districts at the higher of 3% or £5 (this would be £5.18 at 3%) reflecting the financial pressure that Councils across the country are under. The Council's budget for 2024/25 proposes an increase in Council Tax of £5 or 2.9% (including Special Expenses) to £177.63 with the recommended increase for Rushcliffe being £3.93 or 2.55% (excludes Special Expenses) to £157.88. This will give an average Band D Council Tax increase of less than 8p per week, ensuring Rushcliffe's Council Tax remains amongst the lowest in the country (and the lowest in Nottinghamshire) and an increase below inflation. The Government assume that Council Tax will be raised by the maximum in its assessment of the Council's Core Spending Power (CSP) and whilst the Council acknowledges the cost-of-living challenges that residents face, sufficient resources are needed to continue to deliver excellent services to Rushcliffe residents now and in the future; and importantly projected funding levels and reserves are sufficient to protect the Council against unexpected financial shocks. This is essential given the risks and uncertainty that prevails in the current financial environment.

The Council faces many challenges in setting a balanced budget, compounded by one-year settlements, delayed reforms, increased costs, and real terms cuts in government funding. The associated financial strategies continue the progress made in recent years to ensure that the Council's financial plans are robust, affordable, and deliverable. This MTFS focuses on delivering high quality services now and in the future and with a budget that is both financially and environmentally sustainable. The net budget position over 5 years shows an overall deficit of £1.6m (4% of annual gross expenditure) and whilst this can comfortably be accommodated from reserves in the short term, the Council's priority will be to identify and deliver robust plans to transform processes and deliver efficiencies; and focus on opportunities to grow the Borough and manage the impact of growth and the changing socio-political, financial and environmental climate.

Executive Summary

This report outlines the Council's Medium Term Financial Strategy (MTFS) through to 2028/29 including the revenue and capital budgets, supported by several key associated financial policies alongside details of changes to fees and charges. Some of the key figures are as follows:

Table 1 – Five-year Budget Estimate

Year	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Net (Surplus)/Deficit (£)	(1,123,600)	(890,100)	1,256,800	1,253,200	1,088,600	1,584,900

Table 2 – Key changes

	2023/24	2024/25
RBC Precept	£7.092m	£7.419m
Council Tax Band D	£153.95	£157.88
Council Tax Increase	2.42%	2.55%
Councl Tax Band D with Special Expenses	£172.63	£177.63
Council Tax Increase with Special Expenses	2.00%	2.90%
Retained Business Rates	£4.905m	£5.463m
New Homes Bonus	£1.414m	£1.509m

Table 3 – Change in precepts - Special Expenses

	2023/24	2024/25	Increase/ (Decrease) £	Increase/ (Decrease) %
Total Special Expense Precept	£860,700	£928,000	67,300	7.82%
West Bridgford	£55.95	£59.44	£3.49	6.24%
Keyworth	£4.38	£4.69	£0.31	7.08%
Ruddington	£3.68	£3.29	(0.39)	(10.60%)

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 elements outside of the Council's control. Several 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

Table 4 – Statistical assumptions which affect the five-year financial strategy

Assumed increases/inflation	Note	2024/25	2025/26	2026/27	2027/28	2028/29
Utilities	a	3%	3%	3%	3%	3%
Diesel/Fuel	b	8%	0%	0%	0%	0%
Contracts	a	6%	3%	3%	3%	3%
Pay costs increase	c	5%	3%	2%	2%	2%
Employer's pension contribution rate	d	18.50%	18.50%	18.50%	18.50%	18.50%
Return on cash investments	e	4.50%	3.30%	2.75%	2.50%	2.50%
Tax base increase	f	2%	1.60%	1.60%	1.60%	1.60%

Notes to assumptions

a) Due to elevated levels of inflation in 2023/24, particularly on utilities and contracts linked to RPI/CPI, inflation has been included in the budget where necessary in line with inflation forecasts.
b) The 2024/25 Diesel/fuel budget has been re-assessed with some vehicles to be converted to take Hydrotreated Vegetable Oil (HVO) fuel which is more expensive but better for the environment. Fuel by its nature is volatile in price and no further increase to the budget is anticipated after 2025/26 by which time the market may have normalised. We will continue to review costs over the medium term.
c) Payroll projections have increased due to upward pressure on National Living Wage and pay negotiations which also include the agreed pay award for 2023/24 of £2,125 per employee. Over the past 2 years pay increases have exceeded 6% per annum.
d) The Council is in the second year of its triennial valuation of the pension fund (covering the period 2023/24 to 2025/26). There was an increase to the employer's contribution rate to 18.5% (from 17.9%) but a reduction in the estimated annual deficit payment (to meet historical pension liabilities) from £0.976m per annum to £0.84m, £0.72m, £0.6m in 2023/24, 2024/25 and 2025/26 respectively. The Council has in the past chosen to prepay the deficit however for this triennial valuation the saving from prepaying the deficit is £125k over 3 years. As interest rates are currently high, the lost opportunity cost from investing the funds would balance out any saving from prepaying the deficit and therefore this option does not make financial sense.

e) Cash investment returns are based on projections consistent with the Council's Capital and Investment Strategy. The Bank of England Base rate has over the last year reached what is hoped to be the peak at 5.25%. This is expected to begin to reduce albeit slowly from 2024/25 onwards with assumptions that interest rates will drop to 2.5% by the end of this 5-year MTFS.

f) The tax base for 2024/25 remains at 2% however, due to the declining trend in housing growth, this has been reduced for future years to 1.6%

A £0.3m contingency is in place to manage adverse budget variances and potential increases such as the Internal Drainage Board Levy which may rise in response to recent flooding.

3 FINANCIAL RESOURCES

The proposals for Local Government funding (i.e., Fairer Funding and Business Rates) have been delayed further due to the forthcoming General Election. It has not yet been announced when the review will take place, but it is assumed this will not be before 2026/27 at the earliest. Likewise, it is assumed that the earliest a business rates reset would take place is from 2026/27. The result of the consultation on New Homes Bonus (undertaken in 2021) has not yet been announced, however it has been confirmed that the 2024/25 payment would be the last. For the purposes of the MTFS, no further funding is included after 2024/25. The final NHB receipt has been reflected as an increase to Capital reserves rather than used to balance the 2024/25 budget. 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 challenging and there is unlikely to be a multi-year settlement until at least 2026/27.

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

3.1 Business Rates

Following the revaluation of Business Rates in April 2023 there was a period of uncertainty surrounding the tariff that the Council would pay and the value of net rates that would be retained. During the year there has been no significant revenue impact of the revaluation (as was the intention of Government in making compensating adjustments to the tariff and baseline funding) and this makes budgeting for 2024/25 easier. The reset of Business Rates has been further delayed (now not likely until at least 2026/27) which effectively means the Council retains growth that would otherwise be removed on a reset. Whilst this does provide additional support to the budget, it is only temporary and effectively moves the ‘cliff edge’ on by another year. The Autumn settlement announced that the retail, hospitality, and leisure reliefs would continue for 2024/25 and the timing of the announcement means that these can be included in the estimated net rates and S31 grants for 2024/25. One notable change that has been made to the Business Rates system for 2024/25 is the de-coupling of the standard and small business multiplier (the figure used to calculate Business Rates payable). Whilst the small business multiplier has been frozen and will attract a compensatory payment, the standard multiplier will be increased by CPI which will also result in an adjustment to the baseline and tariff. The challenge for Councils in budgeting for this is due to the use of a proxy formula to apply a split between the small and standard properties and this is specific to each Council based on data held by the Valuation Office Agency, which may differ to the present position.

The Council ordinarily makes assumptions reflecting national experience of successful ratings appeals and for this year will continue to use the national average appeals percentage to calculate the provision required. The national average included in the settlement is 3.2% (3.3% in 2023/24) and this is reflected in the Council's budget for retained Business Rates.

The Power Station is expected to cease production in 2024 and the Council has budgeted for the reduction in income down to approximately 50% (£0.41m) in 2024/25 (Zero from 2025/26 - full year equivalent of £0.83m and £0.33m RBC proportion). Positively business rates growth has continued within the Borough ensuring the impact of power station rates reductions have been more than mitigated.

The forecast for 2026/27 allows for a full reset of Business Rates (by central government) with the budget set at baseline plus 100% retained receipts from Renewable Energy properties. Hence in 2026/27 there is an anticipated reduction of £1.8m.

There remains a challenge in setting the Business Rates budget, notwithstanding the decoupling of the multiplier and closure of the Power Station, the added complication regarding the Freeport and retention of growth going forward once development takes place. The expectation is that there will be a 'no detriment' agreement meaning that the Council will receive business rates growth, above its baseline, as it ordinarily would without the Freeport, after business rates resets.

The Business Rates element of the Collection Fund is estimated to be in surplus by £88k (RBC share £35k) at the end of 2023/24 and the deficits created as a result of additional Covid reliefs have now been discharged. The balance in the Collection Fund Reserve will be retained to smooth the impact of the reset anticipated for 2026/27 if transition grant is not forthcoming.

For 2024/25 and 2025/26 an assumption has been made that the Council will receive a share of the Nottinghamshire Business Rates pool surplus whilst growth is still anticipated. This is not included in the budget forecast after 2025/26 as the anticipated Business Rates reset will likely remove all growth. From 2026/27 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.

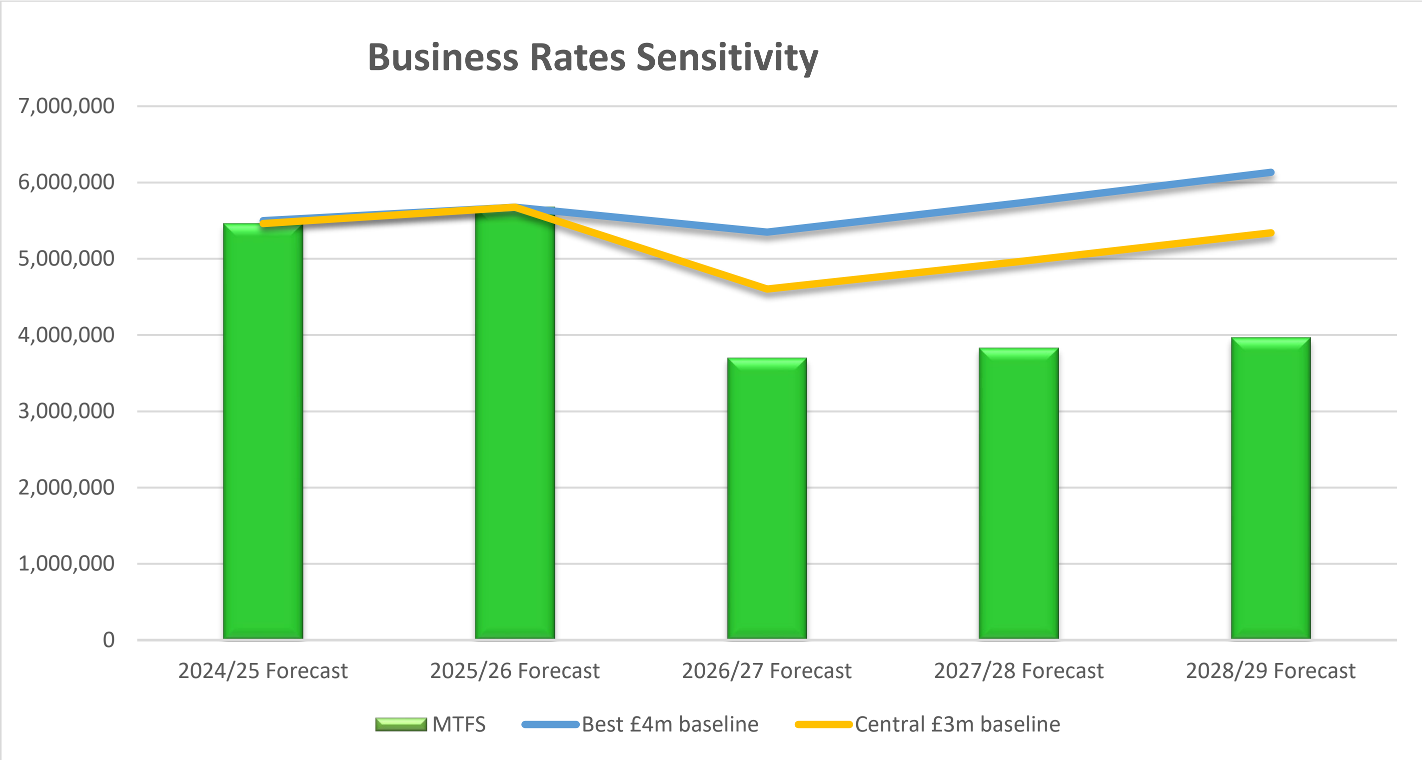
Table 5 - Forecast position for Business Rates

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Retained Business Rates £'000	(4,905)	(5,463)	(5,676)	(3,850)	(3,927)	(4,006)
Increase/(Decrease) £'000	947	558	213	(1,826)	77	79
Increase/(Decrease) %	24%	11%	4%	(32%)	2%	2%

3.2 Business Rates Sensitivity Analysis

As explained above, there is uncertainty surrounding Business Rates from 2026/27 and for prudence the budget assumes full reset removing Business Rates growth. However, there is an upside risk that the reset will see the baseline set at higher levels than expected meaning there would be the benefit of higher growth or alternatively transitional support. Baseline funding plus renewables would result in a budget of £3.8m however this figure could increase if a higher baseline (need) is set. We have therefore assumed for the MTFS that the Council will receive baseline plus renewable energy for the remainder of the MTFS because of the Power Station closure and the reset. The Central and Best-case scenarios allow for a small amount of retained growth dependent upon the level of baseline at a reset. As we are already budgeting at the lowest baseline, chart 1 below shows the potential variations in receipts based on increases to the baseline over the period of the MTFS.

Chart 1 – Business Rates Sensitivity



3.3 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 2025/26 and 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 option of increasing their Council Tax by the higher of 3% or £5 for a Council Tax Band D (maintained at 3% for a second year). The overriding Rushcliffe principle is that the Council aims to stay in the lower quartile for Council Tax. The Council acknowledges the cost-of-living challenges being faced by its residents however the Council must also consider the future delivery of services and reserves needed to withstand financial shocks. The Council is required to consider Special Expenses when assessing increases against the referendum limit and together both the Special Expenses and Borough increase totalling £5 or 2.9% rather than the maximum assumed increase of 3% or £5.18. We have assumed an increase in Council Tax of £5 each year for the remainder of the MTFS. A Council Tax freeze on the RBC element of Council Tax would result in a reduction of £185k in revenue in 2024/25 and £0.953m over the 5 years. The 2024/25 increase of 2.9% is significantly below recent inflation levels.

The 2024/25 tax base has been set at 46,989.8 (an increase of 2%). The projections for 2024/25 have been based upon the current Council Tax base. Anticipated growth during 2024/25 has been calculated and included in the projections and thereafter we have assumed a 1.6% increase per annum. This will be reviewed as the Council looks to deliver its housing growth targets.

The overall net deficit is expected to be £33k (RBC share £3k).

Table 6 - Movement in Council Tax, the tax base, precept, and the Council Tax Collection Fund deficit

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Council Tax Base	(a)	46,068.40	46,989.80	47,741.60	48,505.50	49,281.60	50,070.10
Council Tax	(b)	£153.95	£157.88	£161.28	£166.27	£171.19	£176.11
Annual Increase (RBC element)		£3.02	£3.93	£3.40	£4.99	£4.92	£4.92
% Increase		2.42%	2.55%	2.15%	3.09%	2.96%	2.87%
Gross Council Tax Collected	(a x b)	(7,092,200)	(7,418,700)	(7,699,800)	(8,065,000)	(8,436,500)	(8,817,800)
Increase in Precept		£242,027	£326,500	£281,100	£365,200	£371,500	£381,300
Council Tax (Surplus)/Deficit		£177,000	£3,200				

3.4 Empty Property and Second Homes Premium

The Council remains committed to ensuring properties are brought into use for residents. The Levelling Up and Regeneration Bill allows Councils to reduce the period the property has been empty and unfurnished from 24 months to 12 months prior to levying the 100% premium. Last year Members approved introducing this amendment from April 2024.

Furthermore, this strategy proposes the introduction of a premium for properties classified as second homes. A second home is a property listed as chargeable for Council Tax which is unoccupied (meaning that it's not occupied as someone's main home) and furnished to a level to allow overnight accommodation. Significantly a second home does not have to be periodically occupied, just be available for occupation should it be required. A significant level of second homes within Rushcliffe are properties that are let out on a furnished basis and are between tenants (if the period between occupancy is less than 12 months the premium does not apply). It does not affect the determination that no one will be using the property as a second home, the defining factor is the availability if required. This premium will apply after 52 weeks and will be set at 100% of the amount of Council Tax charged. Approval of this proposal would bring into effect this charge from April 2025. This is expected to generate an additional £230k (£15k RBC share) affecting 625 properties as at January 2024. The results of the government consultation issued on 6 July 2023 relating to exemptions to the empty and/or second homes premium will be incorporated into the revised policy when they are released.

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 previous years, special expenses will be levied in West Bridgford, Ruddington and Keyworth.

Appendix 1, summarised in Table 7, details the Band D element of the precepts for the special expense areas. Expenditure in West Bridgford has increased due to inflationary rises across nearly all expenditure for the area, some of the rises has been mitigated by reductions in Utility costs, a reduction to the contingency budget and increased income generation. There is an overall net increase to West Bridgford of £66.5k and an increase in the Band D charge of £6.24 (6.24%). Costs in Keyworth have risen by £1.5k. This equates to a 7.08% increase (£0.31). Special expense Band D tax amounts have decreased in Ruddington due to an increase in tax base and costs have reduced. The Band D amount for Ruddington has decreased by £0.39 (-10.6%).

The budgets for the West Bridgford Special Expense area have been discussed at the West Bridgford Special Expenses and Community Infrastructure Levy group, given the more detailed nature of the budget.

Table 7 - Special Expenses

	2023/24		2024/25		
	Cost £	Band D £	Cost £	Band D £	% Change
West Bridgford	836,900	55.95	903,400	59.44	6.24
Keyworth	12,700	4.38	14,200	4.69	7.08
Ruddington	11,100	3.68	10,400	3.29	(10.6)
Total					

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 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 2024/25. It is not yet known if there will be a replacement for this scheme therefore the Council has assumed zero from 2025/26 depicted in Table 8.

Table 8 – New Homes Bonus

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
New Homes Bonus received in year	1,414	1,509	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. Some fees and charges have been increased to offset increased cost caused by higher-than-normal inflation and pay increases although limiting these in areas for the more vulnerable (such as home alarms).

The Fees, Charges and Rental Income budget is shown in Table 9.

Table 9 – Fees, Charges and Rental Income

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Car Parks	(894)	(1,118)	(1,133)	(1,133)	(1,133)	(1,233)
Licences	(304)	(317)	(324)	(331)	(338)	(345)
Non Sporting Facility Hire	(142)	(154)	(145)	(150)	(154)	(159)
Other Fees & Charges	(1,521)	(733)	(734)	(741)	(750)	(760)
Planning Fees	(1,497)	(1,532)	(1,575)	(1,620)	(1,665)	(1,712)
Rents	(2,052)	(2,134)	(2,187)	(2,251)	(2,254)	(2,259)
Service Charge	(547)	(488)	(509)	(511)	(511)	(511)
Crematorium Income	(790)	(711)	(776)	(859)	(938)	(991)
Sale of Waste Bins	(1,400)	(1,688)	(1,786)	(1,886)	(1,986)	(2,086)
Total	(9,147)	(8,875)	(9,169)	(9,482)	(9,729)	(10,056)

Income assumptions are determined by several factors including current performance, decisions already taken and known risks and opportunities. Where possible, the MTFS has made provision for future inflationary increases in fees and charges to balance the cost of providing services whilst having regard for the local economy, service market position and the ability of residents to pay. Anticipated income from commercial property investment forms part of the Council's Transformation Strategy and Efficiency Plan. These rents are budgeted to increase in-line with contractual rent reviews.

Car Parking charges are to increase following a static period post Covid during which the Council continued to support local businesses and their recovery and the impact of the cost-of-living challenge. Rising inflation means these charges are due to increase by an average 27.5% (West Bridgford Car Parks) but as they have not increased for 6 years this is an average increase of 4.6%. These are shown at Appendix 5

The budget for Other Fees and Charges shows a decrease from 2023/24 due to the re-integration of Streetwise services back into the Council, and subsequent reduction in income from external customers as more focus is given to service quality in the borough.

Statutory increases in Planning Fees came into effect December 2023 together with inflationary increases in non-statutory planning fees and charges. However, the Levelling Up Bill also requires Councils to meet statutory deadlines for processing applications or risk refunding the fee.

A new business case has been drawn up for Rushcliffe Oaks Crematorium which is expected to be working at fuller capacity after becoming operational in 2023 and establishing itself in the market.

Garden Waste is normally increased on a cyclical basis every 3 years, last increased in 2020/21. The 2024/25 budget includes an increase in charges of £5 per bin (originally planned for 2023/24) covering inflationary increases over the last 4 years. Going forward there remains the risk of inflation as well as challenges the environmental agenda presents, which are likely to further increase costs such as vehicle purchases. It is therefore proposed to increase Garden Waste charges £2 annually (see Appendix 5 for the current and revised charges).

3.9 Other Income

In addition to fees and charges, the Council also receives a range of other forms of income, these are summarised in Table 10 below. The majority relates to Housing Benefit Subsidy (£12.3m) which is used to meet the costs of the national housing benefit scheme. Over recent years the subsidy has reduced due to the transfer of new claimants to Universal Credits, and this is expected to continue to decline over the coming years although offset by inflationary increases to benefits. Other Income is mainly the Leisure Services contract, this has increased since 2023/24 due to Bingham Arena which opened in February 2023 and Streetwise which was brought back in house in September 2022. Interest on investments reflect assumptions based on balances available to invest and expected interest rates (see Appendix 8) this has reduced from 2023/24 which enjoyed a period of high interest rates and therefore interest rates are anticipated to decline. Homelessness Prevention funding makes up a sizeable proportion of the Other Government Grants line (£181k).

Table 10 – Other Income

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Council Tax Costs Recovered	(230)	(236)	(236)	(236)	(236)	(236)
Council Tax/Housing Benefit Admin Grants	(145)	(141)	(136)	(132)	(132)	(132)
Interest on Investments	(1,359)	(1,043)	(931)	(688)	(564)	(538)
Other Income	(829)	(1,340)	(1,468)	(1,507)	(1,509)	(1,511)
Recycling Credits	(200)	(200)	(200)	(200)	(200)	(200)
Other Government Grants	(364)	(491)	(351)	(351)	(351)	(351)
Sub Total	(3,127)	(3,451)	(3,322)	(3,114)	(2,992)	(2,968)
Housing Benefit Subsdiy	(12,285)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)
Total	(15,412)	(15,751)	(15,622)	(15,414)	(15,292)	(15,268)

3.10 Income Summary

Table 11 – All Sources of Income

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Retained Business Rates	(4,905)	(5,463)	(5,676)	(3,850)	(3,927)	(4,006)
Business Rates Pool Surplus	0	(300)	(300)	0	0	0
Other Grant income*	(640)	(616)	(119)	(120)	0	0
New Homes Bonus	(1,414)	(1,509)	0	0	0	0
Council Tax (RBC)	(7,092)	(7,419)	(7,700)	(8,065)	(8,437)	(8,818)
Council Tax (Special Expenses)	(861)	(928)	(998)	(1,015)	(1,035)	(1,054)
Collection Fund Surplus	0	(32)	0	0	0	0
Fees, charges and rental income	(9,147)	(8,875)	(9,169)	(9,482)	(9,729)	(10,156)
Other income	(15,412)	(15,751)	(15,622)	(15,414)	(15,292)	(15,268)
Transfers from Reserves			(526)			
Total	(39,471)	(40,893)	(40,110)	(37,946)	(38,420)	(39,302)

* Services Grant continues for a fourth year; however, this has been reduced to £16k (£93k 2023/24) and is assumed to continue until 2026/27. Minimum Funding Guarantee was introduced in 2023/24 and was intended to ensure local authorities see an increase of at least 3% in their Core Spending Power – this has been increased to 4% for 2024/25 and for Rushcliffe this amounts to £0.5m. There is uncertainty in 2026/27 relating to potential Business Rates reform and how this will impact on the guaranteed funding grant, for prudence nothing has been included. Revenue Support Grant of £100k incudes Local Council Tax Support admin subsidy and Family Annex Discount which was previously included in service budgets (and therefore this is not additional funding and not typical RSG).

4 2024/25 SPENDING PLANS

The Council's spending plans for the next five years are shown in Table 12 and include the assumptions in Section 2. As Transformation Programme- Savings/Growth projects are delivered (e.g., Increases in charges including car parking and garden waste) the spending profile will change.

Table 12 – Spending Plans

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	14,521	15,502	15,838	16,137	16,596	16,873
Premises	1,712	1,706	1,702	1,743	1,782	1,822
Transport	1,760	1,651	1,678	1,684	1,687	1,687
Supplies & Services	5,080	5,351	5,301	5,302	5,436	5,508
Transfer Payments	12,410	12,283	12,283	12,283	12,283	12,283
Third Party	1,289	1,260	1,306	1,336	1,367	1,375
Depreciation	1,895	1,895	1,895	1,895	1,895	1,895
Capital Salaries Recharge	(200)	(240)	(66)	(54)	(54)	(54)
Gross Service Expenditure	38,467	39,408	39,937	40,326	40,992	41,389
Reversal of Capital Charges	(1,895)	(1,895)	(1,895)	(1,895)	(1,895)	(1,895)
Collection Fund Deficit	506	0	0	0	0	0
Net Contribution to Reserves	1,352	1,078	0	28	397	619
Minimum Revenue Provision	1,311	1,178	1,178	743	178	178
Overall Expenditure	39,741	39,769	39,220	39,202	39,672	40,291

* The contribution to reserves in 2024/25 includes contributions to capital reserves from the final year of the New Homes Bonus (NHB) payment the NHB reserve continues to be used for the Minimum Revenue Provision (MRP) which includes £1.2m per annum payment for the Rushcliffe Arena, Bingham Arena and Enterprise Centre, and Rushcliffe Oaks Crematorium. The position on reserves is shown in Section 6.

The Organisation Stabilisation Reserve (OS) is used to smooth budget surplus/deficits over the five-year period as shown in table 13 below.

Explanations for some of the main variances above are:

- Employee costs reflect both salaries increase (the cumulative impact of £2,125 per FTE in 2023/24 and 5% budgeted 2024/25, 3% 2025/26 and 2% thereafter).
- Capital Salaries recharge increase in 2024/25 due to Property staff costs in relation to 3 major schemes: Cotgrave Leisure Centre, Keyworth Leisure Centre, and West Park, reducing in later years.
- Premises costs include reassessment of the utilities charges which were given extra allowance in 2023/24 due to spiralling costs. Future increases are at 3% per annum.
- Transport costs include an increase of £59k with the conversion of using of environmentally friendly HVO (Hydrotreated Vegetable Oil) instead of diesel. Increases in the price of rubber has had a knock-on effect for the tyre's budgets of £54k. These are offset with savings in Streetwise for the hire of vehicles which are due to be replaced with vehicles purchased by the Council.
- Supplies and services most significant increases in 2024/25 are due to; increased external audit fees £0.1m and on maintenance contracts £154k.
- Transfer Payments were temporarily increased in 2023/24 as we received a one-off Government grant to support the Council Tax Support scheme, this increase in cost has now dropped out (£125k).
- Depreciation is net zero impact on the general fund (fully offset by the reversal of capital charges line)
- There have been increases in grants £118k (Climate change and Safer Streets 5), green waste collection charges £278k, car parking £224k, rental charges £81k. These have been offset by reductions in the investment income due to projected reductions in the bank interest rates and a revised income target for Rushcliffe Oaks Crematorium.
- The £32k Collection Fund surplus deficit relates to Business Rates (£35k); the surplus arising at outturn in 2023/24 and a Council tax deficit of £3k.
- Minimum Revenue Provision (MRP) decreases in 2024/25 to reflect revisions to Rushcliffe Oaks Crematorium and Bingham Arena and Enterprise Centre.

5 BUDGET REQUIREMENT

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 13- Budget requirement

	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Total income	(39,471)	(40,893)	(40,110)	(37,946)	(38,420)	(39,202)
Gross Expenditure	39,741	39,769	39,220	39,203	39,673	40,291
Net Budget Position (Surplus)/Deficit	270	(1,124)	(890)	1,257	1,253	1,089
Planned Transfer (to)/from Reserves	(1,352)	(1,078)	526	(28)	(397)	(619)
Revised Transfer (to)/from Reserves	(1,082)	(2,202)	(364)	1,229	856	470

Table 13 shows a budget surplus of £1.124m in 2024/25, £0.890m surplus 2025/26, and deficits of £1.257m, £1.253m and £1.089m in 2026/27 to 2028/29, due mostly to the reduction in Business Rates income from the anticipated reset. The total deficit position of £1.585m over the 5-year period will be managed using the Organisation Stabilisation Reserve to smooth the effect of variation in net budget requirement. The Transformation and Efficiency Plan continues to identify savings to reduce this deficit.

In 2025/26 there is a net transfer from reserves due to the fall out of New Homes Bonus (NHB), the significant movement in 2026/27 reflects the Business Rates reset and corresponding reduction in rates received. This then moves back to a transfer to reserves from 2027/28 due to the end of MRP payments in relation to Rushcliffe Arena.

Section 7 covers the Transformation and Efficiency Plan - including the use of reserves, balancing the budget for 2024/25 and future financial pressures.

6 RESERVES

To comply with the requirements of the Local Government Act 2003, a review has been undertaken of the Council's reserves, considering current and future risks. This has included an assessment of risk registers, pressures upon services, inflation, and interest rates.

Table 14 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 £18.5m to £12.6m (2024/25 – 2028/29). Appendix 4 details the movement in reserves for 2024/25 which also includes capital commitments. This shows that the balance will remain stable at £18.5m 23/24 to 24/25. The in-year movement reflects the release of £1m from NHB to offset the MRP charged in the year and the in-year NHB receipt of £1.509m transferred to the Climate Change Reserve (£0.75m) and Regeneration and Community Projects (£0.759m). 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. Organisation Stabilisation Reserve is topped up by the estimated revenue surplus.

The Climate Change Action Reserve remains despite the economic pressures. The reserve supports projects that contribute to the Council's ambitions to protect and enhance the environment including the reduction of its carbon footprint. A balance of £0.705m is available from 2024/25 proposed to be topped up by a further £0.1m from the increase in Minimum Funding Guarantee Grant from 3% to 4% to support potential spend in relation to bio-diversity net zero improvements. Allocations will be made as projects get approved. Existing capital schemes are assessed for any carbon reduction measures and funding from the reserve allocated. The East Midlands Development Corporation will support partnership working to deliver transformational infrastructure and economic development projects. £0.165m third year tranche of Rushcliffe's Development Corporation Reserve was released in 2023/24, this leaves a balance of £0.2m for any other support, particularly in relation to the Freeport. The Council continues to look at avenues of external funding to support carbon reduction initiatives (such as at its leisure centres); and if successful these will be reported via Cabinet and Corporate Overview Group in their financial updates.

A Vehicle Replacement Reserve was established last year to support the acquisition of new vehicles, plant, and equipment arising from Streetwise insourcing. This will be actively used to support the capital programme where there are insufficient capital receipts.

The Treasury Capital Depreciation Reserve (currently £1.2m) exists to mitigate the potential losses of reductions in the capital value of the Council's multi-asset investments. These assets provide a considerable proportion of the Council's total investment income but are however at-risk fluctuations on market value linked to adverse impacts on the economy of the Covid pandemic and more recently the war in Ukraine. There is currently a statutory override in place until March 2025. The Council has been unsuccessful in bids for external Government funding. It is apparent the lack of social deprivation in Rushcliffe compared to other areas is limiting our ability to be successful with such initiatives. Being prudent, we need to ensure we do have future funds to deliver capital projects as a result £1m was approved last year for appropriation to the Regeneration and Community Projects Reserve to ensure key projects can continue to be supported and that the Council continues to provide excellent services.

A new Flood Grant and Resilience Reserve is proposed, with an allocation of £28k from the remaining balance in the increase in Guaranteed Funding Grant from 3% to 4% (£0.1m of which to Climate Change as referred to above). This reserve will be used to for grants of £120 for properties with integral or stand-alone garages flooded and to top up the existing flood resilience store grant scheme.

It is important that the level of reserves is regularly reviewed to manage future risks. All the reserves have specifically identified uses including some of which are held primarily for capital purposes: Investments Reserve, Vehicle Replacement Reserve, and Regeneration and Community Projects Reserve (to meet special expense and other economic growth-related capital commitments). The release of reserves will be constantly reviewed to balance funding requirements and the potential need to externally borrow to support the Capital Programme.

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 14 – Specific Reserves

£'000	Balance 31.03.24	Balance 31.03.25	Balance 31.03.26	Balance 31.03.27	Balance 31.03.28	Balance 31.03.29
Investment Reserves:						
Regeneration and Community Projects	2,568	3,119	2,865	3,029	2,867	2,769
Sinking Fund - Investments	624	554	654	334	534	649
Corporate Reserves:						
Organisation Stabilisation	1,885	2,941	3,763	2,488	1,217	128
Treasury Capital Depreciation Reserve	1,173	1,173	1,173	1,173	1,173	1,173
Collection Fund S31	1,085	1,020	1,020	1,020	1,020	1,020
Climate Change Action	228	805	805	805	805	730
Flood Grant & Resilience	0	28	28	28	28	28
Devco and Freeport Reserve	200	200	200	200	200	200
Vehicle Replacement Reserve	370	555	740	602	367	0
Risk and Insurance	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350
Elections	50	100	150	200	50	100
Operating Reserves:						
Planning	56	56	0	0	0	0
Leisure Centre Maintenance	30	45	60	75	90	105
Total Excluding NHB Reserve	**8,719**	**11,046**	**11,908**	**10,404**	**8,801**	**7,352**
New Homes Bonus	9,652	7,474	6,296	5,553	5,375	5,197
Total Earmarked Reserves	**18,371**	**18,520**	**18,204**	**15,957**	**14,176**	**12,549**
General Fund Balance	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	**20,975**	**21,124**	**20,808**	**18,561**	**16,780**	**15,153**

7 THE TRANSFORMATION AND EFFICIENCY PLAN

Since 2010, the Council has successfully implemented a Transformation and Efficiency Plan (TEP), to drive change and efficiency activity to deal with the scale of the financial challenges the Council faces, currently inflation pressures and potential changes to the system of local government finance. At the final settlement, the Government announced that £600m of additional funding would be distributed to Councils. A requirement of which is that all Councils should produce a Productivity Plan to demonstrate financial sustainability. An updated TEP is provided in Appendix 7. The Executive Management Team, alongside budget managers, have undertaken a review of all Council budgets resulting in savings which have been fed into the MTFS. The TEP focuses on the following themes:

- Transformation of services to make better use of resources e.g. Service Efficiencies and Asset Reviews.
- Take advantage of advances in technology e.g. the Digital By Design Programme.
- Reduce wasteful spend within systems or for example on consultants (as part of member/management challenge).
- Barriers preventing activity that the Government can help to reduce

This Programme will form the basis of how the Council meets the financial challenge summarised at Appendix 7 reducing the gross deficit position. The below demonstrates that by 2028/29 with £1.7m of efficiencies their remains a £1.089m deficit.

Table 15 – Savings targets

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Gross Budget Deficit excluding Transformation Plan	4,709	5,333	7,714	7,851	7,927
Cumulative Savings in Transformation Plan	(5,100)	(5,833)	(6,223)	(6,457)	(6,598)
Gross Budget Deficit/(Surplus)	(391)	(500)	1,491	1,394	1,329
Additional Transformation Plan savings	(733)	(390)	(234)	(141)	(240)
Net budget Deficit/(Surplus)	(1,124)	(890)	1,257	1,253	1,089

The Council’s budget for 2024/25 and beyond includes the impact of inflationary increases whilst also being restricted by Government policy on commercial activity to generate additional income, limiting borrowing for wider projects dependent upon capital spending proposals, and excluding borrowing from the Public Works Loan Board (PWLB) where capital spend is solely for commercial gain. The Council has continued to review its services and processes and, where possible, identify efficiencies and increase income. The impact of the above pressures will result in a need to draw on reserves from 2026/27 onwards with 2024/25 and 2025/26 temporarily supported by additional business rates due to the delay in the Business Rates reset. Completion of investment projects namely Rushcliffe Oaks Crematorium and the Bingham Arena and Enterprise Centre help to support the budget going forward in addition to delivering socio-economic benefits.

The Council must continue to review its existing transformation projects on an on-going annual basis. In recent years, the Transformation plan has included two large projects (Bingham Arena and Enterprise Centre and Rushcliffe Oaks Crematorium) which opened February 2023 and April 2023. Going forward, the plan includes service efficiencies and income generation, and the challenge will be to continue to identify projects against the backdrop of the cost-of-living challenge and higher levels of inflation. Officers continue to seek efficiencies wherever possible and look for wider projects to improve value for money and both the officers and Members have worked together to identify £1.738m of expected efficiencies over the 5-year period. The current transformation projects and efficiency proposals which will be worked upon for delivery from 2024/25 are given in Appendix 7.

8 RISK AND SENSITIVITY

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 16 – Key Risks

Risk	Likelihood	Impact	Action
The Council is unable to balance its budget and the budget is not sustainable in the longer term as a result of increased inflation (largely driven by pay and utility cost increases) and government funding reductions with uncertainty due to one-year settlement.	Medium	Medium	Going concern report presented to Governance Group to confirm that the Council has sufficient reserves to withstand the short-term financial shocks. Budget set to include latest assumptions on inflationary increases. Further plans for the transformation strategy to mitigate risk over the longer term. Budget reporting processes and use of budget efficiencies and reserves. Maintain reserves at a sufficient level.
Fluctuation in Business Rates linked to changes in the local economy and revaluation of major business rates payers.	High	Medium	Utilising NNDR1 (Government business rates return) for business rates forecast for next year which takes into account valuations. Continued monitoring of the collection rates and appeals for business rates. Use of reserves as necessary to mitigate 'one-off shocks'.
Central Government policy changes e.g., Fairer Funding, ceasing NHB and Business Rates reset leading to reduced revenue; or increased demand on resources for example environmental policy changes with regards to waste will create future financial risk (Extended Producer Responsibility (EPR) and weekly food collections).	Medium	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 for business rates in years of uncertainty. Inclusion of demand and/or income in the MTFS and Capital Programme and calculations to understand the impact of any proposals.

Risk	Likelihood	Impact	Action
Insufficient staff capacity – skills, knowledge, and availability etc impacting on the Council ability to operate efficiently and to deliver the transformation plan.	Medium	Medium	Ensuring market rates are being paid, internal staff development and promotion and development of staff benefits package. If necessary, use of agency support.
Environmental carbon reduction and bio-net diversity commitments leading to greater pressure on revenue and capital budgets.	High	Medium	Climate Change Reserve being replenished, ongoing review of significant projects and outcome of scrutiny review. A vehicle replacement reserve which will help fund, for example, electric vehicles. Apply for external funding where possible.
Increased demand for services such as homelessness and migration or general housing growth.	Medium	Medium	Additional government funding and internal resources provided.
Reducing demand as a result of a contracting economy, higher inflation and reduced personal disposable incomes. For example, less housing being built and bought, impacting on planning income.	Medium	High	Performance indicators and current financial due diligence via quarterly reporting to Cabinet and Corporate Overview Group (COG) . Adjusting cost base as necessary.
Risk of increased capital programme costs due to either increased demand (e.g., DFGs, Traveller's site) or inflation.	High	High	Continuation of the waiting list for Disabled Facilities Grants (DFGs). Working with Nott's authorities on a more equitable distribution of resources. Further resource in capital reserves to be appropriated if efficiencies are identified.
Insufficient capital resources to fund the capital programme.	Medium	Medium	Ongoing cashflow management. The Council has the ultimate recourse to borrow. Review of Capital Programme to prioritise.
Opportunity for additional business rates from the Freeport/Development Corporation or risk of liabilities if either does not progress.	Medium	Medium	Continue to monitor progress and inform business rate assumptions through Officer working Groups/Board.
Risk of financial loss resulting from the decline in the capital value of pooled investments.	Medium	Medium	Treasury Capital Depreciation Reserve to mitigate any losses. Regular monitoring of

Risk	Likelihood	Impact	Action
			environment and fund values. Seek advice from Treasury Advisors on strategy going forward.
The ongoing impact of flooding in the borough linked to climate change.	Medium	Medium	The Council continues to deliver flood relief schemes and bears the impact of the Internal Drainage Board levy. Contingency budget maybe utilised if the levy continues to rise. New Flood Resilience Reserve created.
Understanding the impact on RBC of the Combined Mayoral Authority.	Medium	Medium	Continue to play a role in the inaugural year of the authority, and going forward, and report implications back to Council through its usual governance processes.

The Council recognises there are upside risks in maximising opportunities. Transformational change in services, optimising asset use , and growing the Borough (e.g., such as the Freeport and Combined Mayoral Authority) can mitigate the above stated risks. Due to PWLB restrictions, the Council's capital programme does not include any investments that are purely for financial return which means the Council has to be creative and maximise both income generating opportunities and efficiencies, so it remains self-sufficient and continues to grow the Borough and provide excellent services.

The MTFS presents a net deficit of approximately £1.6m over the 5-year period and this will be funded using the Organisation Stabilisation Reserve or by identifying other business efficiencies or further income. There is a budgeted surplus arising in 2024/25 and 2025/26 due to the delay in Business Rates reset and this will be used to replenish the reserve. Reserves are necessary to ensure the Council can continue to deliver services to its residents and to protect the Council from risks in relation to funding uncertainty and rising costs.

9 CAPITAL PROGRAMME

9.1 Setting the Capital Programme

Officers submit schemes to be included in a draft Capital Programme, which also includes on-going provisions to support Disabled Facilities Grants (DFG) and investment in Social Housing. This draft programme is discussed by Executive Management Team (EMT) along with supporting information and business cases where appropriate with the big projects and the overall fiscal 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 8 along with the proposed five-year capital programme which is summarised at Table 17. This remains an ambitious programme totalling £24.8m for 5 years, although the programme is diminishing as resources reduce and therefore the likelihood of borrowing increases.

9.2 Significant Projects in the Capital Programme

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, because of both Covid and inflation pressures, 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. 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 provision of £1m has been included to acquire/develop a Gypsy and Traveller Site(s) in the Borough. Based on the Gypsy and Traveller needs assessment, Rushcliffe needs to provide 13 permanent pitches by 2038, with 7 required before 2025.
b) A scheme for the Compulsory Purchase Order (CPO) of Flintham Mess appears in the programme in 2025/26. This is estimated at £4m and will be financed by its subsequent sale. The Council is working alongside the potential for the CPO to resolve the ongoing health and safety and amenity issues.

c) The on-going vehicle replacement programme totals £2.7m in the programme over 5 years. This will be subject to future review as consideration is given to transitioning to electric/hybrid vehicles.
d) The provision for Support to Registered Housing Providers has benefitted significantly from Planning Agreements monies arising from Land North of Bingham £3.8m. 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 £5.1m (including 23/24) of which £0.4m is committed. The balance of £4.7m is available and options for commitment of these sums are being assessed.
e) £3.5m over the 5 years for investment in the upgrade of facilities at Keyworth and Cotgrave Leisure Centres, Community Halls, and other Leisure Facility Sites. 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. A bid for Salix funding at CLC was successful levering in £1.2m for carbon reduction work.
f) Disabled Facilities Grants (DFGs) provision of £3.5m has been provided in the 5-year programme. Funding has become extremely tight to meet the statutory spending requirement and in 2023/24 Rushcliffe had to take the unusual step of allocating £0.5m of its own resources to support spending pressures, this is not sustainable. Cabinet and Senior Officers will continue to actively lobby Central Government and Local Authorities across Nottinghamshire for additional and redistributed Better Care Fund (BCF) grant allocations. Rushcliffe's BCF spending plans are no longer able to support DFGs, Assistive Technology (Home Alarms) or the Warmer Homes on Prescription scheme.
g) Rolling provisions for the Information Systems Strategy (£0.975m across the 5 years) will ensure that the Council keeps pace with innovative technologies, protects itself against cyber-attacks and continues to modernise services and deliver 'channel shift' in an increasingly virtual world.
h) To facilitate the provision of a Community Facility in Edwalton, £0.5m has been included. Cabinet 08.11.22 set out the potential options for delivery. Support from UKSPF of £250k has been earmarked towards costs of the build. Any resultant cost to Rushcliffe arising from this transaction will be subject to the West Bridgford Special Expense.
i) In year provisions of £75k have been included to enhance Play Areas in West Bridgford on a rolling programme. These costs are subject to the West Bridgford Special Expense.
j) Sums have been included to enhance our land and buildings and investment property portfolios. Cost of works on Investment Properties are met from the Sinking Fund for Investments. Planned works will ensure that the property remains fit for purpose and continues to deliver efficient services.

k) A Contingency sum of £0.15m has been included each year, to give flexibility to the delivery of the programme and to cover unforeseen circumstances.
l) Given the projected level of the Council’s cash balances at March 2024 and future years, external borrowing is unlikely to be needed in the medium term. The cash flow balances are strongly underpinned by the holding of Developer Contributions: S106s and CIL monies. It is anticipated that the council will not need to borrow internally either to finance the Capital Programme. The projected Capital Financing Requirement (CFR - the Council’s underlying need to borrow) reduces from is £9.5m at the end of2023/24 to £7.8m at the end of 24/25 due to the receipt of sale proceeds from the disposal of Hollygate Lane. Part of this receipt has been applied to reduce the CFR and thereby reduce the impact of MRP in future years. The timing and incidence of internal/external borrowing will be affected by any slippage in, or additions to, the capital programme, delayed capital receipts, and cash balances and this is reflected in the CFR shown at table 2 of the Capital and Investment Strategy (Appendix 8).

Rushcliffe Borough Council

9.3 Table 17 – Five-year capital programme, funding and resource implications

	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	Total £'000
Expenditure Summary						
Development & Economic Growth	2,950	4,210	580	0	125	7,865
Neighbourhoods	7,829	3,591	1,205	1,290	1,397	15,312
Finance & Corporate	300	395	220	330	330	1,575
Total	**11,079**	**8,196**	**2,005**	**1,620**	**1,852**	**24,752**
Funded By						
Usable Capital Receipts	(2,989)	(5,999)	(292)	0	0	(9,280)
Government Grants	(2,745)	(695)	(695)	(695)	(695)	(5,525)
Use of Reserves	(2,053)	(680)	(1,018)	(925)	(1,157)	(5,833)
Grants & Contributions	0	0	0	0	0	0
Section 106 Monies	(3,292)	(822)	0	0	0	(4,114)
Borrowing	0	0	0	0	0	0
Total	**(11,079)**	**(8,196)**	**(2,005)**	**(1,620)**	**(1,852)**	**(24,752)**
Resources Movement						
Opening Balances	10,350	7,623	5,017	4,619	4,593	
Projected Receipts	8,822	5,590	1,607	1,594	1,595	
Use of Resources	(11,549)	(8,196)	(2,005)	(1,620)	(1,852)	
Balance Carried Forward	7,623	5,017	4,619	4,593	4,336	

9.4 Capital Funding Resources

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 £4.3m at the end of the five-year life of the Programme. This comprises: £3.9m Earmarked Capital Reserves and £0.4m Capital Receipts. The Earmarked Capital Reserves includes the transfer in 2023/24 of £1m to the Regeneration and Community Projects Reserve to support capital projects (included in the 2023/24 Budget and MTFS approved by Council March 2023). The level of Capital Receipts will slowly be replenished by repayment of loans to third parties but will only significantly increase if major assets are identified for disposal in the future. The Council have committed to undertaking a review of all assets held.

Projected capital receipts over the course of the MTFS include:

- A further £3m from the Sharphill Overage Agreement in Jan 2024 (£15m already received)
- Sale of land in Cotgrave: £3.7m received 23/24 with a further £3.7m due in 24/25
- £4m from the subsequent disposal of Flintham Mess following the Compulsory Purchase
- £0.567m in repaid loan principal from Nottinghamshire County Cricket Club
- An estimated £50k per year from the Right to Buy Clawback agreement which gives the Council a share of Preserved Right to Buy arrangements following Large Scale Voluntary Stock Transfer in 2003

The capital resources position should be viewed in the context of funding the completed redevelopment of the Rushcliffe 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' in 2026/27 (10 years on from completion) from the income stream provided by New Homes Bonus.

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

- £4.5m from Planning Agreements for off-site affordable housing. £3.8m of this comes from a new S106 for Land North of Bingham
- £0.805m funds from UKSPF to support Watercourse Improvements and enhancements to leisure facilities
- £1.215m Salix funding for decarbonisation works at CLC
- £0.638m funding via the East Midlands Net Zero Hub to deliver green energy grants

- An estimated £0.695m per annum from the Better Care Fund to deliver Mandatory Disabled Facilities Grants

9.5 Future Capital and Borrowing Sensitivity

We have projected forward a further 5 years capital spend (2029/30 to 2033/34) on just areas of core capital (namely maintaining our existing property, vehicle, and ICT replacement and other statutory spend such as DFGs). This shows that capital resources will be fully depleted in year 2033/34. This would mean the Council would need to borrow to fund the core capital spend. Any additional projects or areas of development would result in external borrowing sooner. As an example the costs of principal and interest to repay a £1m loan over 20 years would be £80k (based on interest rate of 4.89%. Alternatively a £10m loan over 20 years would result in a budgetary pressure of £0.8m per annum therefore additional financial headroom would be required.

The Council has always been mindful of the fundamental principles of good capital and treasury management namely ensuring we remain prudent, and it is both affordable and sustainable (i.e. the revenue consequences are built into our plans). This in line with the CIPFA Codes on Treasury and Capital management. The Council is not afraid to borrow but this must be done in a sensible and manageable way and not put Rushcliffe's future financial and operational future at risk. Before we borrow we will always look at utilising the Council cash balances, external funding and capital receipts as more sensible options and other factors such as the timing of loans and pervading interest rates. If a capital scheme is required that does not pay for itself and this is a corporate objective, then financial budget will be required from elsewhere, and this must be demonstrated prior to any approval. The following are guiding principles that we are now following regarding the budget, to ensure the risk of the budget being unsustainable is reduced:

- *Where possible individuals that use facilities should pay for them*
- *Maximise income where we can and ensure costs are recovered*
- *Focus on reducing discretionary expenditure*
- *Those that own assets are responsible for their maintenance*
- *Continue to identify budget expenditure efficiencies*
- *Maximise the use of Council assets*
- *Defer borrowing for as long as possible and ensuing costs (using cash, balances, reserves, additional capital receipts and external funding where possible) , with individual schemes having robust business cases*

9.6 Shared and Rural Prosperity Funds

In April 2022, Government launched the UK Shared Prosperity Fund (UKSPF). This is a £2.6bn fund for the next three years which replaces the EU Structural funds which were previously allocated through Local Enterprise Partnerships. Rushcliffe's approved annual allocations are detailed in the table below.

In September 2022, the Government also announced a Rural England Prosperity Fund (REPF). The REPF is a top-up to the UKSPF and is available to eligible local authorities in England. It succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England. It supports activities that specifically address the particular challenges rural areas face.

Table 18 - Rushcliffe's UKSPF and anticipated REPF allocations over 3 years

	UKSPF £	REPF £	Total £
2022/23	312,071	0	312,071
2023/24	624,141	149,048	773,189
2024/25	1,635,250	447,145	2,082,395
Total	2,571,462	596,193	3,167,655

Officers are currently working on potential schemes for year 3 and this will go to Cabinet in February 2024 for approval, this follows previous approval given in October 2023 for the year 3 grant pot for community groups and businesses. As the programme develops, capital and revenue updates will be provided to both Cabinet and Corporate Overview Group (COG) through usual budget quarterly reporting.

10 TREASURY MANAGEMENT

Attached at Appendix 8 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 19 – Treasury Assumptions

	2024/25	2025/26	2026/27	2027/28	2028/29
Anticipated Interest Rate	4.50%	3.30%	2.75%	2.50%	2.50%
Expected Interest from investments (£)	1,068,400	976,000	727,400	592,500	558,600
Total interest (£)	1,068,400	976,000	727,400	592,500	558,600

The CIPFA Treasury Management and Prudential Codes includes guidance on existing commercial investments, reference to Environmental, Social and Governance (ESG) in the Capital Strategy, quarterly monitoring of Prudential Indicators, Investment Management Practices (IMPs) and the Liability (or Asset) Benchmark.

The CIS covers the Council's approach to treasury management activities including commercial assets. It documents the spreading of risk across the size of individual investments and diversification in totality across different sectors. The Council primarily focusses on maximising the returns from its existing portfolio with no new commercial investments included in the Capital Programme. The Council undertakes regular performance reviews on the assets with the next review due to be reported to Cabinet and Governance Scrutiny Group in February 2024.

11 OPTIONS

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.

Instead of increasing Council Tax by £5 as per the proposals in section 3.4, the Council could choose to increase by the maximum permitted increase of the higher of 3% or the Council could freeze its Council Tax. Table 20 provides details of the impact on budgets of the recommended option of a £3.93 (2.55%) increase in 2024/25, £3.40 (2.15%) in 2025/26, and thereafter £5 increase against the scenarios of a tax freeze (2024/25 only and £5 thereafter) or maximum of 3% each year. If the Council chose to freeze its Council Tax in 2024/25, the income foregone in is approximately £0.19m per annum and over the 5-year period £0.955m when compared to the £5 per annum increase. If the Council chose to increase by 3% this would increase income by £0.289m over the 5-year period. The difference between a freeze in 2024/25 and 3% all years being £1.244m over the 5-year period.

Table 20 – Alternative Council Tax Levels

Total council tax income £'000	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Band D £157.88 in 2024/25 Increase at £3.40 in 2025/26 and £4.99 each year thereafter - recommended option	(7,419)	(7,700)	(8,065)	(8,436)	(8,818)	(40,438)
Total for Freeze (Band D £153.95) and £5 thereafter	(7,234)	(7,512)	(7,874)	(8,243)	(8,621)	(39,484)
Total for 3% increase each year	(7,427)	(7,725)	(8,114)	(8,518)	(8,942)	(40,726)

Difference (£'000)	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Freeze vs £5	(185)	(188)	(191)	(194)	(197)	(955)
3% vs £5	(9)	(25)	(49)	(82)	(124)	(289)
Freeze vs 3%	(194)	(213)	(240)	(276)	(321)	(1,244)

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

12 APPENDICIES

12.1 Appendix 1 - Funding Analysis for Special Expenses Areas

	2023/24 (£)	2024/25 (£)	% Change
West Bridgford			
Parks and Playing Fields	438,100	486,700	
West Bridgford Town Centre	92,100	115,100	
Community Halls	96,900	101,300	
Contingency	14,700	7,300	
Revenue Contribution to Capital Outlay	75,000	75,000	
Annuity Charges	100,100	98,000	
Sinking Fund	20,000	20,000	
Total	836,900	903,400	
Tax Base	14,958.70	15,199.40	
Special Expense Tax	55.95	59.44	6.24%
Keyworth			
Cemetery and Annuity Charges	12,700	14,200	
Total	12,700	14,200	
Tax Base	2,897.40	3,030.10	
Special Expense Tax	4.38	4.69	7.08%
Ruddington			
Cemetery and Annuity Charges	11,100	10,400	
Total	11,100	10,400	
Tax Base	3,014.70	3,156.30	
Special Expense Tax	3.68	3.29	(10.60%)
Total Special Expenses	860,700	928,000	7.82%

12.2 Appendix 2 – Revenue Budget Service Summary

	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Chief Executive	2,313,500	2,205,400	2,242,700	2,309,600	2,529,100	2,567,400
Finance and Corporate Services	4,099,500	4,952,200	5,163,700	5,551,900	5,790,700	5,941,100
Development and Economic Growth	(154,800)	(199,100)	(90,300)	(283,300)	(330,200)	(360,100)
Neighbourhoods	7,649,400	7,823,600	7,829,400	7,852,000	7,981,600	7,916,700
Net Service Expenditure	13,907,600	14,782,100	15,145,500	15,430,200	15,971,200	16,065,100
Capital Accounting Adjustments	(1,895,000)	(1,894,600)	(1,894,600)	(1,894,600)	(1,894,600)	(1,894,600)
Minimum Revenue Provision	1,311,000	1,178,000	1,178,000	743,000	178,000	178,000
Transfer to/(from) Reserves	1,352,000	1,077,700	(526,000)	28,000	397,000	619,000
Total Net Service Expenditure	14,675,600	15,143,200	13,902,900	14,306,600	14,651,600	14,967,500
Funding						
Other Grant Income	(639,600)	(615,800)	(119,600)	(120,200)	0	0
Localised Business Rates, includes SBRR	(4,904,800)	(5,463,200)	(5,675,900)	(3,850,000)	(3,927,000)	(4,005,500)
Collection Fund (Surplus)/Deficit	505,900	(32,100)	0	0	0	0
Business Rates Pool Surplus	0	(300,000)	(300,000)	0	0	0
Council Tax Income						
- Rushcliffe	(7,092,200)	(7,418,700)	(7,699,800)	(8,065,000)	(8,436,500)	(8,817,800)
- Special Expenses Areas	(860,700)	(928,000)	(997,700)	(1,014,600)	(1,034,900)	(1,055,600)
New Homes Bonus	(1,414,000)	(1,509,000)	0	0	0	0
Total Funding	(14,405,400)	(16,266,800)	(14,793,000)	(13,049,800)	(13,398,400)	(13,878,900)
Net Budget (Surplus)/Deficit	270,200	(1,123,600)	(890,100)	1,256,800	1,253,200	1,088,600

12.3 Appendix 3 – Capital Programme

Ref	Scheme	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
	Development and Economic Growth					
	Rushcliffe Oaks Crematorium	150	0	0	0	0
	Traveller Site Acquisition	1,000	0	0	0	0
	The Point Enhancements	0	0	400	0	0
	6F Boundary Court	0	0	0	0	35
	Cotgrave Business Hub	0	70	0	0	0
	Manvers Business Park Enhancements	200	0	70	0	50
	Bingham Arena and Enterprise Centre (£20m)	730	0	0	0	40
	Compton Acres Water Course	210	0	0	0	0
	Unit 10 Moorbridge	240	0	60	0	0
	Colliers BP Enhancements	0	0	50	0	0
	Walkers Yard 1a/b and 3	70	30	0	0	0
	Highways Verges: Cotgrave/Bingham/CB	190	60	0	0	0
	Wilwell Cutting Bridge	0	50	0	0	0
	Devonshire Road Railway Bridge Special Exp	100	0	0	0	0
	Flintham Mess	0	4,000	0	0	0
	Contact Centre Works	35	0	0	0	0
	Keyworth Cemetery	25	0	0	0	0
	Sub total	2,950	4,210	580	0	125
	Neighbourhoods					
	Vehicle Replacement	454	847	410	420	552
	Support for Registered Housing Providers	2,500	1,459	0	0	0

Ref	Scheme	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
	Hound Lodge - Enhancements	325	0	0	0	0
	Disabled Facilities Grants	695	695	695	695	695
	BLC Improvements	100	100	0	0	0
	CLC & KLC - Enhancements	1,890	0	0	0	0
	ELLC Enhancements	0	0	0	100	0
	EGC Enhancements	30	100	0	0	0
	Play Areas - Special Expense	75	75	75	75	75
	West Park Enhancements Special Expense	495	40	0	0	0
	Gresham Sports Pavilion	0	150	0	0	0
	RETROFIT Energy Grants	103	0	0	0	0
	Rushcliffe CP - Enhancements	0	0	25	0	0
	Lutterell Hall Special Expense	0	125	0	0	75
	Edwalton Community Facility Special Expense	498	0	0	0	0
	Gamston Community Hall Special Expense	130	0	0	0	0
	HUG 2 Green Energy Grants	534	0	0	0	0
	Sub total	7,829	3,591	1,205	1,290	1,397
	Finance and Corporate Services					
	Information Systems Strategy	150	245	120	230	230
	Contingency	150	150	100	100	100
	Sub Total	300	395	220	330	330
	PROGRAMME TOTAL	11,079	8,196	2,005	1,620	1,852

PROJECT APPRAISAL FORM

Project Name: Cotgrave Business Hub – utility upgrade	**Cost Centre:** 0509	**Ref:** 1

Detailed Description:
Proposal is for the upgrade of the mains cold water supply to the building to ensure each retail/office rental unit has its own dedicated supply - currently ground floor and first floor units share a common supply which requires separate consumption recharging.

Location: Cotgrave	**Executive Manager:** Development and Economic Growth

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

- Efficient Services
- Sustainable Growth
- The Environment

Strategic Commitments:

- Robust asset management.
- Responsible income generation and prudent borrowing where deemed appropriate, to facilitate the delivery of services.
- Ongoing appraisal and alignment of resources linked to growth aspirations.
- Bringing new business to the Borough and nurturing our existing businesses, helping them to grow and succeed.
- Working to achieve a carbon neutral status for the Council's operations.

Community Outcomes:
Upgrade works will enhance the efficiency of the facility, improving comfort for users and help to maximise use of resources.

Environmental Outcomes:

- Enhancement will ensure that each tenancy has sole responsibility for their water consumption and bill payment via a meter, this will help to minimise waste or miss use of supply.

Other Options Rejected and Why:
Doing nothing – would leave current arrangements in place which create additional administration.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£70,000		£70,000	

Capital Cost (Breakdown) £:

Works	**Equipment**	**Other**	**Fees**
£61,000			£6,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding

External:	**Internal:** Investment Property Reserve

Useful Economic Life (years): 25	**New/Replacement:** Replacements

<table>
<tr><td>Depreciation per annum: N/A</td><td colspan="2">Capital Financing Costs: £3,150</td></tr>
<tr><td>Residual Value:</td><td colspan="2">Category of Asset: Investment Property</td></tr>
<tr><td colspan="2">IFRS16 New Lease Checklist Completed?</td><td>N/A</td></tr>
<tr><td colspan="2">VAT treatment assessed?</td><td>N/A</td></tr>
</table>

PROJECT APPRAISAL FORM

<table>
<tr><td>Project Name: Unit 10 Moorbridge – Energy Efficiency Enhancements</td><td>Cost Centre: 0208</td><td>Ref: 2</td></tr>
<tr><td colspan="3">Detailed Description:

Decarbonisation works and installation electric vehicle charge points (EVCP).

The premises are the operational base for Streetwise. In accordance with the Council’s plans to become carbon neutral by 2030, a ‘heat decarbonisation plan’ has been prepared to inform how the premises can be switched away from dependency on burning fossil fuel for heating whilst at the same time reducing overall energy demand. Measures identified include: upgrading fabric insulation; installation of photo voltaic panels; and replacing gas fired heating with heat pump technology. Switching from gas to electric heating will increase annual utility spend so the timing of these improvements will be planned and possibly phased to mitigate impact on revenue budgets. This may mean that scheme works may be deferred to later years.
In addition, to offset capital spend, opportunities to secure grant funding will be explored including submitting a bid for the Government’s: Public Sector Decarbonisation Scheme should participation conditions be met.

This scheme will also explore the potential installation of EVCPs at U10 Moorbridge. This will support the recommendations of the Cenex Fleet Review carried out which looks at the possibility of converting some vehicles to electric.</td></tr>
<tr><td>Location: Bingham</td><td colspan="2">Executive Manager: Development and Economic Growth</td></tr>
<tr><td colspan="3">Contribution to the Council’s aims and objectives:
Corporate Priorities:
• Efficient Services
• The Environment
Strategic Commitments:
• Ongoing appraisal and alignment of resources to support efficient service delivery.
• Reviewing service delivery models to ensure residents are receiving consistently excellent services.
• Working to achieve a carbon neutral status for the Council’s operations.</td></tr>
<tr><td colspan="3">Community Outcomes:
• Residents satisfied with the quality of services delivered.
• Residents believing that the Council delivers Value for Money
• Council has a clear road map to achieving carbon neutral status.</td></tr>
<tr><td colspan="3">Environmental Outcomes:
• Undertaking the works detailed in the ‘heat decarbonisation plan’ will bring an end to the site’s reliance on fossil fuel for heating and related carbon emissions, will reduce the sites overall demand for grid electricity, and electricity generated on site will help to offset that drawn from the grid.</td></tr>
<tr><td colspan="3">Other Options Rejected and Why:
Doing nothing would impact the Council’s commitment to be carbon neutral by 2030 in its own operations.</td></tr>
<tr><td>Start Date: to be determined</td><td colspan="2">Completion Date: to be determined</td></tr>
</table>

Capital Cost (Total):	Year 1:24/25	Year 2: 25/26	
£240,000	£240,000		
Capital Cost (Breakdown) £:			
Works £178,000	**Equipment** £40,000	**Other**	**Fees** £22,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding	
External: £40,000 from UKSPF for the Electric Vehicle Charge Points	**Internal:** £200,000 from Climate Change Reserve

Useful Economic Life (years): 10	**New/Replacement:** New
Depreciation per annum: £24,000	**Capital Financing Costs:** £10,800 p.a.
Residual Value:	**Category of Asset:** Land and Buildings/VPE
IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed	N/A

PROJECT APPRAISAL FORM

Project Name: Walkers Yard 1a/b and 3	**Cost Centre:** 0508	**Ref:** 3

Detailed Description:
These two properties form part of the Council's commercial property portfolio and are occupied by rent paying business tenants. The properties require some upgrading in terms of building fabric to not only maintain condition, but also to improve thermal performance. The upgrade works will help to ensure the properties continue to meet future minimum energy efficiency standards which are a condition for re-letting.

Location: Radcliffe-on-Trent	**Executive Manager:** Development and Economic Growth

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

Strategic Commitments:
- Ongoing appraisal and alignment of resources to support efficient service delivery.
- Responsible income generation and prudent borrowing where deemed appropriate, to facilitate the delivery of services.
- Reviewing service delivery models to ensure residents are receiving consistently excellent services.
- Bringing new business to the Borough and nurturing our existing businesses, helping them to grow and succeed.
- Working to achieve a carbon neutral status for the Council's operations

Community Outcomes:
- Residents satisfied with the quality of services delivered.
- Residents believing that the Council delivers Value for Money
- Council has a clear road map to achieving carbon neutral status

Environmental Outcomes:
- Undertaking the upgrade works will enhance the thermal performance of the properties which will not only help to limit carbon emissions but also help with utility bill affordability for tenants.

Other Options Rejected and Why:
Doing nothing or less – would not maintain the buildings in acceptable and lettable condition and potentially leave the buildings in an unlettable state relative to future predicted minimum energy efficiency standards for commercial property.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£100,000	£70,000	£30,000	

Capital Cost (Breakdown) £:

Works	**Equipment**	**Other**	**Fees**
£91,000			£9,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding

External:	**Internal:** £100,000 Investment Properties Reserve

Useful Economic Life (years): 15	**New/Replacement:** Replacement/New	
Depreciation per annum: N/A	**Capital Financing Costs:** £4,500	
Residual Value:	**Category of Asset:** Investment Property	
IFRS16 New Lease Checklist Completed?		N/A
VAT treatment assessed?		N/A

PROJECT APPRAISAL FORM

Project Name: Wilwell Cutting Nature Reserve Bridge	**Cost Centre:** 0506	**Ref:** 4

Detailed Description:
The masonry bridge which spans the cutting of the disused former Midland Railway line is circa 150 years old and in need of general masonry repair and waterproofing work to maintain the structure in a satisfactory condition.

Location: West Bridgford	**Executive Manager:** Development and Economic Growth

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

Strategic Commitments:
- Providing high quality community facilities which meet the needs of our residents.
- Protecting the natural and built environment

Community Outcomes:
- Residents satisfied with the quality of services delivered.
- Participation in outdoor leisure

Environmental Outcomes:
- Undertaking this remedial work will maintain the structure in safe condition for years to come and safeguard legitimate use by others.

Other Options Rejected and Why:
- Doing nothing or less – would result in the structure not being maintained in a satisfactory condition, to potentially higher remedial works at a later date and also potentially give rise to 3rd party claims for injury/damage.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£50,000		£50,000	

Capital Cost (Breakdown) £:

Works	**Equipment**	**Other**	**Fees**
£45,000			£5,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding

External:	**Internal**: Regeneration and Community Projects Reserve

Useful Economic Life (years): 15	**New/Replacement:** Replacement
Depreciation per annum: £3,300	**Capital Financing Costs:** £2,250 p.a.
Residual Value: N/A	**Category of Asset:** Infrastructure
IFRS16 New Lease Checklist Completed?	N/A

VAT treatment assessed?	N/A

PROJECT APPRAISAL FORM

Project Name: Devonshire Road Railway Bridge	**Cost Centre:** 0507	**Ref:** 5
Detailed Description: The masonry bridge which supports the disused railway line now known as the 'Green Line' as it passes over Devonshire Road is circa 150 years old and in need of general masonry repair and waterproofing work to maintain the structure in a satisfactory condition.		
Location: West Bridgford	**Executive Manager:** Development and Economic Growth	
Contribution to the Council's aims and objectives: **Corporate Priorities:** • Quality of Life • The Environment **Strategic Commitments:** • Providing high quality community facilities which meet the needs of our residents. • Protecting the natural and built environment		
Community Outcomes: • Residents satisfied with the quality of services delivered. • Participation in outdoor leisure		
Environmental Outcomes: • Undertaking this remedial work will maintain the structure in safe condition for years to come and safeguard legitimate use by others.		
Other Options Rejected and Why: • Doing nothing or less – would result in the structure not being maintained in a satisfactory condition, to potentially higher remedial works at a later date and also potentially give rise to 3rd party claims for injury/damage.		

Start Date: to be determined		**Completion Date:** to be determined	
Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£100,000	£100,000		
Capital Cost (Breakdown) £:			
Works £91,000	**Equipment**	**Other**	**Fees** £9,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**
Proposed Funding		
External:	**Internal**: £100,000 from capital receipts in the first instance, repayable by annuity from the West Bridgford Special Expense	

Useful Economic Life (years): 20	**New/Replacement:** Replacement
Depreciation per annum: £5,000	**Capital Financing Costs:** Net nil as fully repaid from WB Special Expense
Residual Value:	**Category of Asset:** Infrastructure

IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed?	N/A

PROJECT APPRAISAL FORM

Project Name: Vehicle Replacement	**Cost Centre:** 0680	**Ref:** 6

Detailed Description:
The authority owns vehicles ranging from large refuse freighters to small vans and items of mechanical plant. As these vehicles and plant age and become uneconomic to maintain and run, they are replaced on a new for old basis. Although there is a programme for replacements for the next ten years, each vehicle or machine is assessed annually, and the programme continually adjusted to take account of 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. The insourcing of Streetwise from September 2022 has seen a further increase in the amount and type of vehicle used and a separate replacement programme has been developed to reduce expensive hire contracts previously in place. 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 as well as alternative fuel use to look at cutting down on emissions whilst ensuring the vehicles remain operationally viable and offer value for money. The Council commissioned a separate report as part of our fleet review (Cenex summer 2023) to further contribute towards these aims.

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

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

Strategic Commitments:
- Working with our partners to create great, safe, and clean communities to live and work in.
- Ongoing appraisal and alignment of resources linked to growth aspirations.
- Reviewing our policies and ways of working to protect natural resources, and to implement environmentally beneficial infrastructure changes. To reduce waste and increasingly reuse and recycle to protect the environment for the future.
- Working with key partners to respond to any proposals from the new Environment Act and any changes or directives from central government regarding what wastes should be collected and how.
- Delivering a high-quality waste and recycling collection service.
- Delivering a high-quality street cleansing, grounds maintenance and arboriculture service
- A commitment to look at cleaner vehicles in line with our commitment to protect the environment, in particularly alternative fuel vehicles
- Working to achieve a carbon neutral status for the Council's operations

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.

Community Outcomes:
- To address climate change and the need to reduce carbon emissions. The introduction of new euro standard engines will lower emissions. The new vehicles will also reduce maintenance costs on the vehicles they replace however it should be noted that the

remainder of the fleet ages and therefore the fleet profile and maintenance costs overall remain stable.

Environmental Outcomes:

- 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 continue to explore the use of and practicalities of alternative fuel such as the use of Hydro generated Vegetable Oil (HVO) following a trial in late 2021 and are considering the impact of the trial with potential 90% reduction in emissions and the operational logistics and infrastructure arrangements as well as the costs of fuelling our 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.
It should be noted that the transition of Streetwise back to an in-house service sees some vehicles used, tied into current lease arrangements which continue to be assessed for outright purchase.

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

Start Date: Ongoing		**Completion Date:** Ongoing	
Capital Cost (Total):	**Year 1: 24/25**	**Year 2: 25/26**	
£1,301,000 (2 years)	£454,000	£847,000	
Capital Cost (Breakdown)			
Works £0	**VPE** £1,301,000	**Other** £0	**Fees** £0

Additional Revenue cost/ (saving) per annum:	**Year 1: 24/25** £0	**Year 2: 25/26** £0
Year 3: 26/27 £0	**Year 4: 27/28** £0	**Year 5: 28/29** £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 and the potential impact on waste collections as a result of the Environment Act, there is the likelihood moving forward that additional revenue expenditure may be incurred and this will need to be considered for future

budget years. The introduction of mandatory weekly food waste collections (due October 2027) will have a significant effect on the number of vehicles required and whilst we have an indicative figure and potential central government funding this is likely to change as and when the implementation date gets closer.		
Proposed Funding:		
External: N/A	**Internal:** Capital Receipts	
Useful Economic Life (years): Various	**New/Replacements:** New and Replacements	
Depreciation per annum: Various	**Capital Financing Costs:** £20k p.a. in year 1 plus £38k p.a. in year 2 as opportunity cost of lost interest on outlay of capital resources	
Residual Value: Various	**Category of Asset:** Vehicle and Plant	
IFRS16 New Lease Checklist Completed?		SEL leased vehicles to be assessed.
VAT treatment assessed?		N/A

PROJECT APPRAISAL FORM

Project Name: Toot Hill Sports Centre Enhancements	**Cost Centre:** 0417	**Ref:** 7

Detailed Description:

This money is allocated towards improvement to the Hockey Pitch and Athletics Track at Toot Hill Sports Centre as a contribution towards capital works. We require detailed dilapidation from the Academy to determine which scheme is more pressing but in summary the following issues have been identified.

Hockey Pitch

1. The goals and equipment are coming to the end of their useful life.
2. The Flood lighting needs to be upgraded to LED to improve energy savings and contribute to carbon reduction on the site.

Athletics Track

1. The Astroturf to the central area is past the end of its useful life and needs to be removed, ideally this area would be returned to grass to enable it future usage.
2. The track needs to be refurbished and relined.

3. The Flood lighting needs to be upgraded to LED to improve energy savings and contribute to carbon reduction on the site.

Location: Bingham	**Executive Manager:** Neighbourhoods

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

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

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:
- The upgrading of the Flood lighting on both these facilities to LED would see a 50% reduction in energy consumption and Carbon produced by their operation.

Other Options Rejected and Why:
The council could decide not to invest in this partnership arrangement, but it would see a loss of provision in the Bingham Analysis area as part of the Playing Pitch Strategy particular when this area is seeing some significant housing growth.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£200,000	£100,000	£100,000	

Capital Cost (Breakdown) £:

Works	**Equipment**	**Other**	**Fees**
£182,000			£18,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding	
External: It is proposed that both of these projects would be subject to Strategic CIL applications and any funding received would be used to offset pressures on the Capital Programme	**Internal:** £100,000 Regeneration and Community Projects Reserve; £100,000 capital receipts

Useful Economic Life (years): 20	**Replacement:**
Depreciation per annum: £5,000 24/25 plus £5,000 25/26	**Capital Financing Costs:** £9,000
Residual Value: N/A	**Category of Asset:** Revenue Expenditure funded from Capital Under Statute
IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed?	N/A

PROJECT APPRAISAL FORM

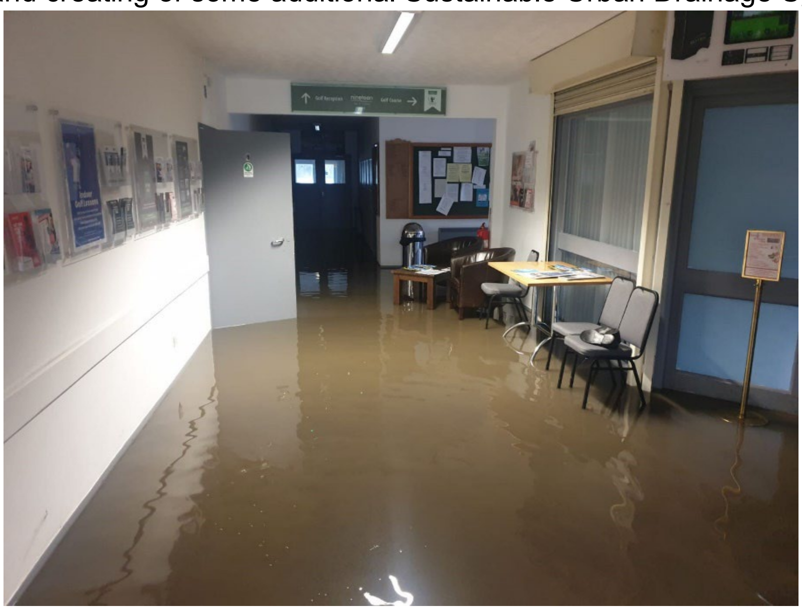
Project Name: Edwalton Golf Course – Flood Mitigation and Enhancements	**Cost Centre:** 0420	**Ref:** 8

Detailed Description:

2024/25

The Edwalton Golf Pavilion has recently been subject to two flooding events in February 2020 and October 2023 which has caused extensive damage both internally to the club house and externally to the course itself.

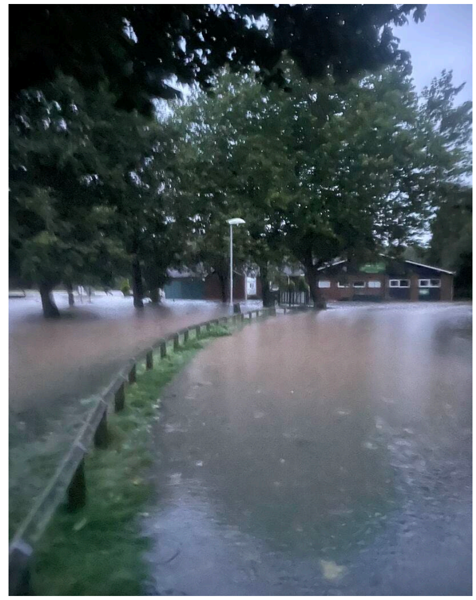
We have currently commissioned a consultant to write an action plan to determine what actions need to be taken mitigate the risk of flooding in the future. This will lead to Capital works to the open Culvert that runs across the site, but also may include some bridge works and creating of some additional Sustainable Urban Drainage Systems (SUDS)



Whilst the external course can recover quickly' it can take several weeks for the club house to dry out and become operational again

The proposed programme will need to be reprofiled to undertake the flood mitigation works first and then refurbish the pavilion once the extent of these works is known. This can be achieved by acceleration of the 25/26 provision.

Flood waters after 24 hours



Flat Conversion to become community use.

It would be unwise to re-purpose the flat and do any refurbishment to the Golf Pavilion until the flooding issues have been mitigated.

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.

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.

Business case assessment has determined it better to re-let the area as commercial use, complimentary to the golf operations and provide better community use, rather than as another residential flat. Hire income would come to the council via the Golf Operator contract management fee arrangement.

Work will 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 will include remedying all damp, new flooring, wall surfaces, woodwork and architrave, lighting, 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 will also be required.

Any remaining funds would be used to do a light refurbishment to the building.

Location: Edwalton Golf Course	**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.
- 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:

- 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.
- Careful thought to the external landscaping will seek to ensure biodiversity alongside ease of maintenance.

Other Options Rejected and Why:

Do not carry out the Flood mitigation works- this would result in further flooding and further damage the building, undermining income/golf and community usage.

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 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.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£130,000	£30,000	£100,000	

Capital Cost (Breakdown) £: to be determined

Works	**Equipment**	**Other**	**Fees**
£118,000			£12,000

Additional Revenue cost/(saving)per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 15	**New/Replacement**:
Depreciation per annum: £2,000 24/25 plus £6,700 25/26	**Capital Financing Costs:** £5,850
Residual Value: N/A	**Category of Asset:** Operational Land & Buildings/Equipment/Infrastructure

IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed?	N/A

PROJECT APPRAISAL FORM

Project Name: Play Areas W.B. (Special Expense)	**Cost Centre:** 0664	**Ref:** 9

Detailed Description:
The priority project for 2024/25 is West Bridgford Park and Bridge Field. The priority Project for 2025/26 will be West Park Childrens Play Area and Teen facility.

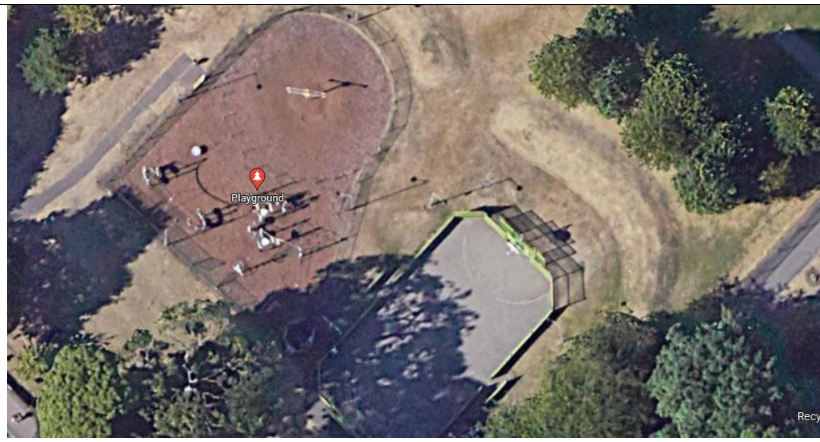
<u>Bridgford Park</u>

The capital enhancement proposed in Bridgford Park is refurbish the existing equipment to extent its useful life and to add some additional accessible play provision to better cater for users or their parents/carers with disabilities. This would be achieved by sourcing additional inclusive equipment in line with the Government recent Disability Action Plan, highlights of which include:

- the importance of inclusivity as well as accessibility;
- the need to ensure playgrounds have equipment that caters to all disabilities;
- the importance of the wider area being accessible, including pathways, car parks and toilets; and
- the importance of work in this area being informed by disabled people's experience.

Bridge Field

Bridge Field Teen area will be to replace the dynamic equipment which has come to the end of its useful life with more inclusive equipment but to also cater for women and girls in this area. The scheme will refurbish the teen shelter and resurface/refurbish the existing Multi-use Games Area (MUGA).



The improvements to the dynamic equipment will reduce the ongoing maintenance of the existing equipment and to stimulate users with new equipment.

It is proposed that these projects are supported by an additional £25,000 neighbourhood CIL if supported.

It is proposed that there would be a 70-30 split of funding to both sites with 70% of funding allocated to Bridge Field.

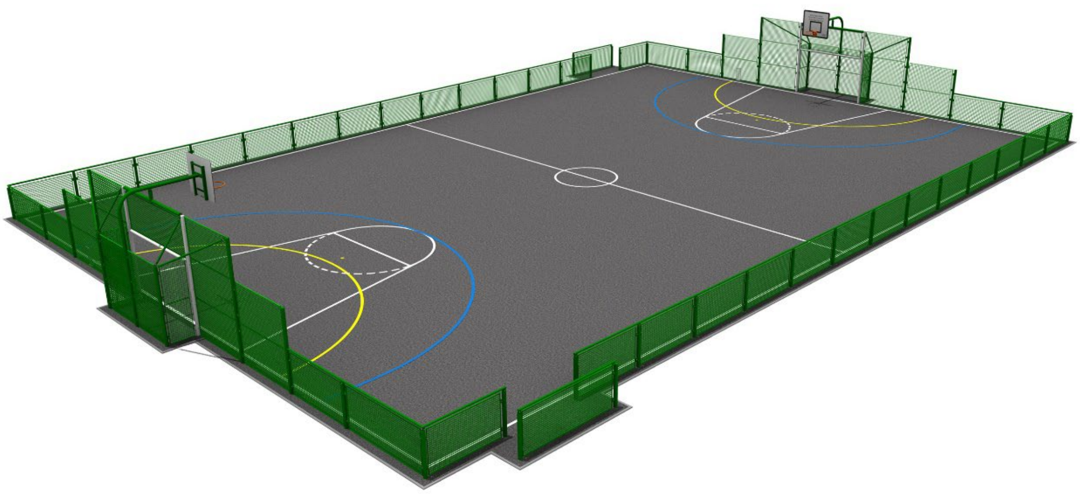
West Park Play area and Teen Area

In 2025/26 financial year we will look to refurb the existing play area by replacing the wet pour safety surfacing and some refurbished or replaced equipment on the Junior Play and then replacing the existing half ball court and dynamic equipment with a standard MUGA to improve the surface and reduce ongoing maintenance to bark area

West Park site

Play area

Example of a MUGA that would replace the half ball court and dynamic play equipment area, the works would also include a refurbishment of the existing Teen Shelter



A bid for an additional £25k CIL for this site will be submitted in the next CIL round.

Location: West Bridgford	**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.
- Creating opportunities for young people to realise their potential.
- Delivering a scheme refurbishment identified within the Rushcliffe Play Strategy
- 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.
- To provide a facility to engage with young people who may otherwise not take part in formal sports or physical activity.

Environmental Outcomes:

- 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

Other Options Rejected and Why:
Doing nothing would result in increased maintenance costs for ageing equipment, reduced appeal of the play areas leading to lower levels of use and be inconsistent with the vision of high-quality parks and leisure facilities. A lack of replacement programme would over time lead to an increased health and safety risk.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year: 24/25**	**Year 2: 25/26**	
£150,000 *£200k subject to funding*	£75,000 *£25,000 additional Neighbourhood CIL Funding if approved*	£75,000 *£25,000 additional Neighbourhood CIL Funding if approved*	

Capital Cost (Breakdown) £: split of equipment costs to be determined

Works	**Equipment**	**Other**	**Fees**
£144,000 *£188,000*			£6,000 *£12,000*

Additional Revenue cost/ (saving) per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

External: £75k 24/25 UKSPF *Potential £50k Strategic CIL*	**Internal:** Regeneration and Community Projects Reserve (Special Expense) £75k

Useful Economic Life (years): 15	**New/Replacement:** Replacement and new
Depreciation per annum: £5,000 24/25 plus £5,000 25/26	**Capital Financing Costs:** Nil as funds raised through WB Special Expense/applied from UKSPF *and CIL.*
Residual Value: N/A	**Category of Asset:** Infrastructure/Equipment

IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed?	N/A

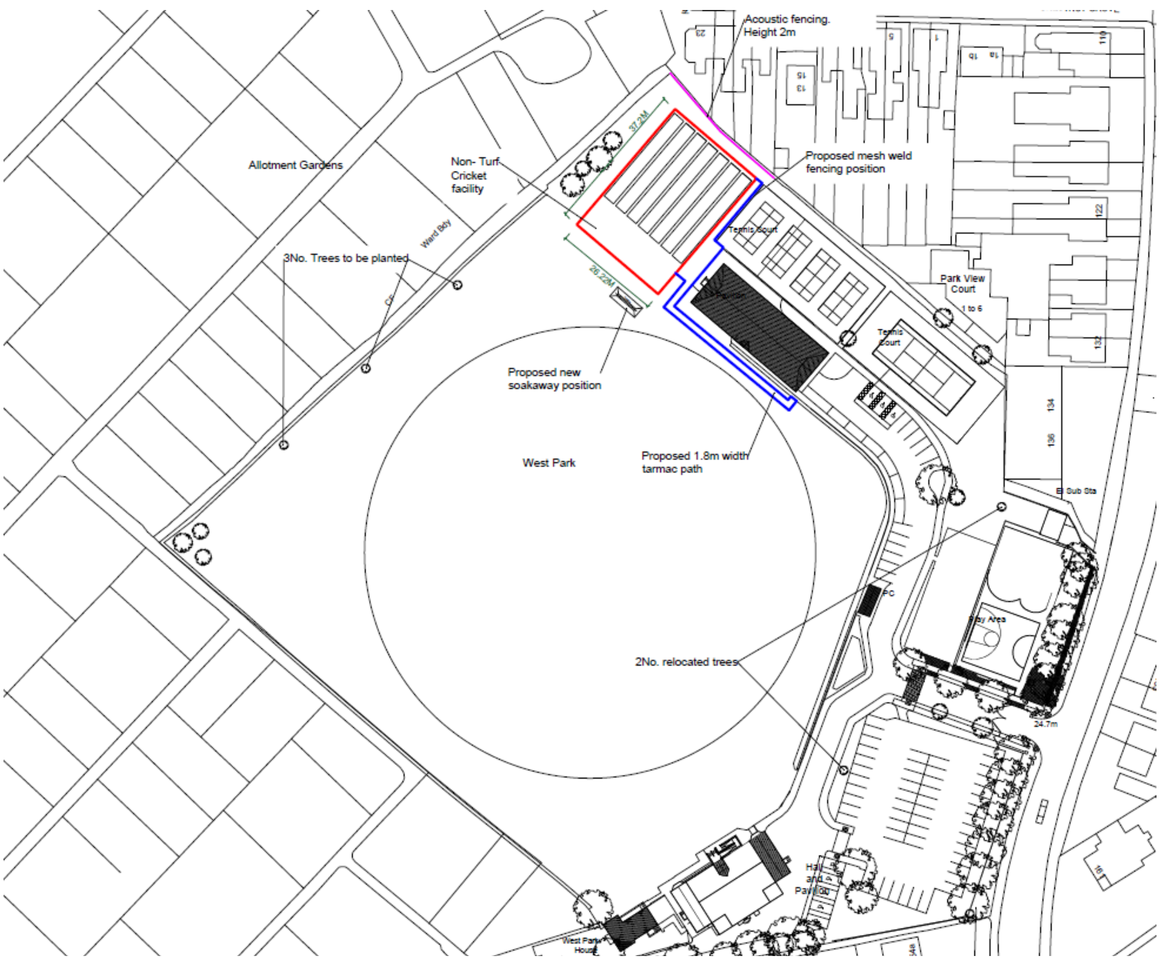
PROJECT APPRAISAL FORM

Project Name: West Park Enhancements - Special Expense	**Cost Centre:** 0320	**Ref:** 10

Detailed Description:

Rushcliffe Borough Council is working in collaboration with Nottinghamshire County Cricket Club (NCCC) and the English and Wales Cricket Board (ECB) to deliver Cricket improvements to West Park Sports provision. A proposal has been made for the installation 7 Non-Turf Cricket Nets and associated infrastructure to the site. The project will also see the removal of the two redundant cricket strips and make-shift net structure which are at the end of their useful life. Estimated cost £80k fully funded by grant from ECB. This sum is not yet in the Capital Programme.

The works include the creation of an accessible porous macadam linking footpath, an acoustic fence to re-establish the rear boundary of the site and the relocation of a storage building and trees and soakaway, subject to a successful planning application and grant approval. The estimated cost is £40k in the 25/26 capital programme and may need to be accelerated to 24/25.



Location: West Park – Julien Cahn Pavilion	**Executive Manager:** Neighbourhoods

Contribution to the Council's aims and objectives:

Corporate Priorities:

- Quality of Life- Ensuring that there are quality facilities which our residents can access.
- Efficient Services- The new nets will provide a future revenue stream to the authority once installed.

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. Cricket nets have been identified in the Rushcliffe Playing Pitch Strategy as having a deficit of provision in the West Bridgford Analysis area and this project with aim to reduce this deficit to provide this much needed facility to the local cricket community.
- Creating opportunities for young people to realise their potential.
- Ongoing appraisal and alignment of resources linked to growth aspirations.

Community Outcomes:

- Upgrade works will improve efficiency of the facility and provide a revenue stream to the council to help reduce the operating deficit on site.

Environmental Outcomes:

- Whilst the scheme does not directly contribution to Carbon reduction from our own operations, having nets practice facilities will enable users who have been travelling out of the Borough to use nets to access them within the local community.

Other Options Rejected and Why:

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£40,000 *Plus, potential £80,000*	*Potential £80,000*	£40,000	

Capital Cost (Breakdown) £: £80,000 Nets Facility and £30,000 for ancillary works to paths, fencing and trees

Works *potential £80,000*	**Equipment**	**Other** £35,000	**Fees** £5,000

Revenue cost per annum:	**Year 1: 24/25**	**Year 2: 25/26**
Year 3: 26/27	**Year 4: 27/28**	**Year 5: 28/29**

Proposed Funding

External: £80,000 **The ECB are proposing to fund 100% of the nets' installation via a Strategic Grant, the ancillary items would be delivered by the council.**	**Internal:** Capital Receipts in the first instance repayable from West Bridgford Special Expense by annuity. £40,000 estimate but is hoped that this figure would be less, and some elements potentially covered by the ECB grant

Useful Economic Life (years): 15	**New/Replacement:** New and Replacement	
Depreciation per annum: *potentially £5,300 24/25* plus £2,700 25/26	**Capital Financing Costs:** Nil as repaid from WB Special Expense and funding from ECB	
Residual Value: N/A	**Category of Asset:** Operational Land and Buildings/Equipment/Infrastructure	
IFRS16 New Lease Checklist Completed?		N/A
VAT treatment assessed?		N/A

PROJECT APPRAISAL FORM

Project Name: Gresham Sports Pavilion Enhancements	**Cost Centre:** 0347	**Ref:** 11

Detailed Description:
The proposal is for a scheme of upgrade works to the shower areas within individual changing rooms – existing finishes which predominantly comprise ceramic wall and floor tiles are circa 15 years old. They are visually unappealing and expensive to maintain. The planned upgrade would introduce a modern seamless resin finish to floors and an acrylic panelling system to the walls, thereby improving the visual appearance and also simplifying maintenance.

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

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

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

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

Environmental Outcomes:
- The planned upgrade work will result in shower areas which are easier to maintain which in turn will reduce the use of chemical cleaning agents and water consumption.

Other Options Rejected and Why:
- Doing nothing – would fail to address the ongoing maintenance issues and worsening visual condition of the existing finishes.

Start Date: to be determined	**Completion Date:** to be determined

Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£150,000		£150,000	

Capital Cost (Breakdown) £:

Works 136,000	**Equipment**	**Other**	**Fees** £14,000

Additional Revenue cost/ (saving) per annum:	**Year 1: 24/25**	**Year 2: 25/26** Not quantifiable at this stage but should see revenue spend on repair work reduce.
Year 3: 26/27 As 25/26	**Year 4: 27/28** As 25/26	**Year 5: 28/29** As 25/26

Proposed Funding

External:	**Internal:** Capital Receipts

Useful Economic Life (years): 10	**New/Replacement:** Replacement
Depreciation per annum: £15,000	**Capital Financing Costs:** £6,750 p.a.
Residual Value: N/A	**Category of Asset:** Operational Land and Buildings
IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed?	N/A

PROJECT APPRAISAL FORM

Project Name: Information Systems Strategy	**Cost Centre:** 0596	**Ref:** 12

Detailed Description:
An emerging strategy will therefore exist 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.

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

Contribution to the Council's aims and objectives:
Corporate Priorities:
- Efficient Services
- Quality of Life
- Protecting the Environment
- Digital-by-Design

Strategic Commitments:
- Ongoing appraisal and alignment of resources linked to growth aspirations.
- Include digital principles in our communications and ways of undertaking business.
- Working to achieve carbon neutral status for the Council's operations.
- Continue to invest in Cloud Services to enhance the Councils Business Continuity Plans and provide support for 'Smarter Ways of Working' policies.
- People and Technology working together to provide efficiencies and remove barriers to simplify the Councils operations.

Community Outcomes:
- To ensure that we make best use of digital development where appropriate to deliver better services and operate more efficiently.
- To enable residents to do business with us in a digital way if that is their preference.
- To use public spend in an efficient and economical way.

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:

- People and Smarter Ways of Working.
    - With a focus on people and their experience when accessing Council services. Investing time to find the correct and appropriate solution, which provides efficient and economical systems across the Council. To bring people along the journey and promote flexible, remote and agile solutions, and digital transformation programme that take advantage of self-service initiatives, intelligent automation (IA), and artificial intelligence (AI). Key elements are people and the use of technology as an enabler and improving customer service and experience.
- Business Continuity, Cloud Services and Hybrid Technologies
    - Continue to improve business continuity arrangements and underpin other strategic objectives and their success. Seek opportunities to use cloud services to improve access and resilience for our residents and staff accessing Council services. Recognising when Hybrid technologies can be used to accommodate for complex and flexible solutions.
- Information Management and Governance, and Security
    - To safeguard Council data by ensuring legislative, central government security standards are followed and using security and privacy by design principles.

- Think Green
  - To be aware of and help achieve local net zero targets from energy efficiency savings when upgrading existing or implementing new systems. To report on energy usage and seek out opportunities to provide positive impact on carbon reduction.
- Collaboration and Partnerships
  - Continue to work closely with other authorities, establishing effective partnerships to share common challenges for efficient outcomes.

Environmental Outcomes:

- When new infrastructure or ICT equipment is procured, power consumption forms part of the decision making when assessing quality of products. The supplier is also reviewed to see what their carbon footprint is and will add to the Council's.

Other Options Rejected and Why:
Every project is the subject of a proposal or 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.

Start Date: On-going		**Completion Date:** On-going	
Capital Cost (Total):	**Year 1:24/25**	**Year 2: 25/26**	
£395,000 (2 years)	£150,000	£245,000	
Capital Cost (Breakdown):			
Works	**Equipment:** £355,000	**Other:** £40,000	**Fees**
Additional Revenue cost/ (saving) per annum:	**Year 1: 24/25**	**Year 2: 25/26**	
Year 3: 26/27	**Year 4: 27/28**	**Year 6: 28/29**	
Proposed Funding			
External: N/A		**Internal:** Regeneration and Community Projects Reserve	

Useful Economic Life (years): 3	**New/Replacement:** New and Replacement
Depreciation per annum: £50,000 24/25 plus £82,000 25.26	**Capital Financing Costs:** £19,750
Residual Value: Nil	**Category of Asset:** Intangible Assets and Equipment
IFRS16 New Lease Checklist Completed?	N/A
VAT treatment assessed?	N/A

12.4 Appendix 4 – Use of Earmarked Reserves in 2024/25

Use of Earmarked Reserves in 2024/25	Projected Opening Balance	Projected Income	Projected Expenditure	Net Change in Year	REF	Projected Closing Balance
Investment Reserves						
Regeneration and Community Projects	2,568	1,061	(510)	551	1	3,119
Sinking Fund - Investments	624	200	(270)	(70)	2	554
New Homes Bonus (NHB)	9,652	1,509	(3,687)	(2,178)	3	7,474
Corporate Reserves						
Organisation Stabilisation	1,885	1,124	(68)	1,056	4	2,941
Treasury Capital Depreciation Reserve	1,173	0	0	0		1,173
Collection Fund S31	1,085	0	(65)	(65)	5	1,020
Climate Change Action	228	850	(273)	577	6	805
Flood Grant & Resilience	0	28	0	28	7	28
DevCo and Freeport Reserve	200	0	0	0		200
Vehicle Replacement Reserve	370	185	0	185	8	555
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	50	50	0	50	9	100
Operating Reserves						
Planning	56	0	0	0		56
Leisure Centre Maintenance	30	15	0	15	10	45
	18,371	**5,022**	**(4,873)**	**149**		**18,520**

*Notes to table

1. Income - £137k from Special Expenses and Annuity Charges; £165k to create sinking funds for: Skateparks, Gresham Pitches, Rushcliffe Oaks Crematorium, and Edwalton Golf Course; £759k transfer in from NHB. Expenditure - £75k CLC/KLC; £150k IT Strategy; £150k Capital Contingency; £35k Contact Centre Works; and £100k BLC.
2. Income - £200k from profit to create sinking funds for Investment Properties including Bridgford Hall. Expenditure - £200k Manvers BP Enhancements and £70k Walkers Yard 1a/b and 3.
3. Income - £1.509m NHB in year. Expenditure - £1.509m transferred to Climate Change Reserve £750k and Regeneration and Community Projects Reserve £759k; £1m for Travellers' Site Acquisition; and £1.178m to offset MRP charge in year.
4. Income - £1.124m estimated revenue surplus in year. Expenditure - £18k IT App Guard and £50k for DevCo.
5. Expenditure - £11k for Business Rates and £54k for Council Tax.
6. Income - £750k from NHB. £100k from additional Govt Grant. Expenditure - £200k Unit 10 Moorbridge and £73k CLC.
7. Income - £28k from additional Govt Grant for this new reserve.
8. Income - £185k to top up Vehicle Replacement Reserve.
9. Income - £50k to top up Elections Reserve.
10. Income - £15k sinking fund for Athletics Track/Hockey Pitch old BLC

12.5 Appendix 5 – Proposed pricing schedules (Car Parking and Garden Waste)

Car Parking

West Bridgford	Current Charges £	Revised Charges £	% increase
Up to 30 minutes	0.50	0.70	40%
Up to 1 hour	1.00	1.20	20%
Up to 1.5 hours	1.50	1.70	13%
Up to 2 hours	2.00	2.50	25%
Up to 2.5 hours	2.50	3.00	20%
Up to 3 hours	3.00	3.50	17%
Over 3 hours	20.00	30.00	50%

Rushcliffe Country Park	Current Charges £	Revised Charges £	% increase
Up to 3 hours	1.00	1.50	50%
Over 3 hours (max 1 day)	1.00	3.00	200%
Annual Pass	35.00	55.00	57%

Garden Waste

	Current £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
First Bin	40	45	47	49	51	53
Second and subsequent bin	25	30	32	34	36	38

External Appendices

12.6 Appendix 6 – Pay Policy
12.7 Appendix 7 – Transformation and Efficiency Plan (TEP)
12.8 Appendix 8 – Capital and Investment Strategy

Appendix 6

Rushcliffe Borough Council
Pay Policy Statement 2024-2025

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/about-us/about-the-council/senior-officers/**

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 2015. Using this definition Senior Officers within Rushcliffe currently consists of 11 posts out of an establishment of 317. The posts are as follows:-

- Chief Executive
- Director – Finance and Corporate Services (Section 151 Officer)
- Director – Development and Economic Growth
- Director - Neighbourhoods
- 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 317 The Council has defined its lowest paid employees by taking the average salary of five permanent staff 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 £22,264 The Council currently pays £11.54 per hour for its lowest paid employees;

5.2 The Council does not explicitly set the pay of any individual or group of posts by reference to a pay multiple. The Council feels that pay multiples cannot capture the complexity of a dynamic and highly varied workforce in terms of job content, skills and experience required. In simple terms, the Council sets different levels of basic pay to reflect differences in levels of responsibility. Additionally, the highest paid employee of the Council's salary does not exceed 10 times that of the lowest paid group of employees.

5.3 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 of Statutory Officer roles 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. Appointment to Director level is via a member employment panel.

6 Additional Payments Made to Chief Officers – Election Duties

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

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

- for national elections, fees are prescribed by legislation;

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

6.3 As these fees are related to performance and delivery of specific elections duties, they are distinct from the process for the determination of pay for Senior Officers. The fees have been reviewed for 2024/25 and agreement made that the fees will increase annually in line with the national pay award.

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 and www.nottspf.org.uk

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

Car Allowances

The Council pays mileage rates at HMRC recommended rates.

Pay Increments

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

Rushcliffe Borough Council

Transformation Strategy and Efficiency Plan 2024/25 – 2028/29

Introduction

Due to the significant financial challenges local authorities are facing across the country the Government as well as providing additional funding introduced a requirement upon all Councils to produce Productivity Plans by July 2024. There are four key themes:

- Transformation of services to make better use of resources
- Take advantage of advances in technology
- Reduce wasteful spend within systems or, for example, on consultants
- Barriers preventing activity that the Government can help to reduce or remove

This Transformation and Efficiency Plan will address the Government's requirements for Productivity Plans.

The Council has historically had a Transformation (T) Plan (since 2010) and widened this to incorporate other efficiencies (E). The purpose of the T and E Plan is 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 Transformation Programme since its inception and going forward aims to support the delivery of over £7m 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. 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 2028/29 and projects are summarised in Appendix B and revised at Appendix C as per the Productivity Plan categorisation. 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 (e.g. Hybrid Mail, Digital Newsletters) in addition to a detailed review of the budgets to identify further savings e.g. WISE (Waste Investigations Support and Enforcement) related to fines for fly-tipping. Streetwise and grounds maintenance was brought back in house from September 2022 to generate efficiencies. Historically the savings have been reported under the following categories:

- Thematic – Savings achieved from the Leisure Strategy, including Bingham Arena and offices.
- Income Reviews – Garden Waste, Car Parking and general review of Fees and Charges
- Additional Savings – Income generated from investment projects such as new offices at Cotgrave precinct and the new Rushcliffe Oaks Crematorium at Cotgrave.
- Funding secured – Including Home Upgrade Grants (HUG) and Local Area Delivery Grants (LAD), SALIX, UKSPF totalling £5m.

Following the impact of two years of Covid and ongoing legacy, the council has been further impacted by the war in Ukraine and resultant costs of living crisis which has caused financial pressure to the council's budget. Whilst already restricted by tighter controls on how Councils can generate additional income, there has been no long-term Government financial settlement, meaning uncertainty over future funding streams. The Council continues to constrain spending and increase income where possible but also continues to review how it delivers its services for potential efficiency savings. The impact of high inflation rates and reduced funding, means that the council has a need to draw on reserves to a value of £1.6m over the five-year period to 2028/29. Recently completed significant asset investment projects, particularly the development of a Crematorium and the Bingham Arena and Enterprise Centre, make a significant financial contribution to these projections in addition to delivering both socio-economic benefits.

Savings targets

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Gross Budget Deficit excluding Transformation Plan	4,709	5,333	7,714	7,851	7,927
Cumulative Savings in Transformation Plan	(5,100)	(5,833)	(6,223)	(6,457)	(6,598)
Gross Budget Deficit/(Surplus)	(391)	(500)	1,491	1,394	1,329
Additional Transformation Plan savings	(733)	(390)	(234)	(141)	(240)
Net budget Deficit/(Surplus)	(1,124)	(890)	1,257	1,253	1,089
Cumulative Transformation Target	(733)	(1,123)	(1,357)	(1,498)	(1,738)

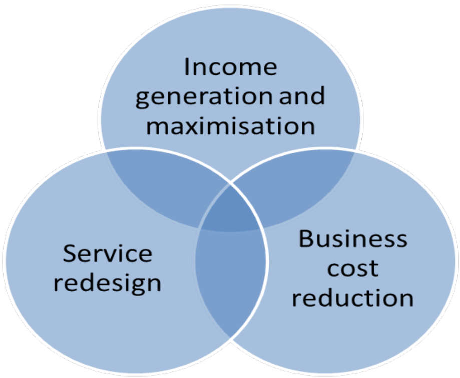
Other arrangements exist with neighbouring authorities such as the Building Control partnership with South Kesteven and Newark & Sherwood, Payroll with Gedling Borough Council, Procurement provision by Nottingham County Council and Eastcroft Depot premises shared with Nottingham City Council. The Council continues to identify innovative ways of delivering its services more economically, efficiently, and effectively, and provide greater resilience including collaboration or to make savings and efficiencies through outsourcing for example from November 2023 the IT help desk and support services. Streetwise insourcing is expected to deliver £0.2m of savings by 2024/25.

The Council must continue to review its existing transformation projects on an on-going annual basis and identify efficiencies in accordance with the requirements for Productivity Plans. The current Transformation plan has been re-categorised into; Transformation of services, Technology and Reducing Waste. In terms of 'barriers preventing activity' this will we suspect be linked to Government wide/legislation changes and we will await further information from the Government. Areas that spring to mind include removing referendum limits on Council Tax, greater freedom and flexibilities with regards to raising income (eg less statutory charges), Internal Drainage Board levies having a separate precept and Special Expenses not forming part of referendum limits (so being consistent with parish councils). The plan focuses on the generation of additional income mainly from car parking, garden waste and the digitalisation of home alarms to cover increasing costs of the service. Officers continue to seek efficiencies wherever possible and look for wider projects to improve value for money and several projects are being assessed for feasibility to deliver potential future savings. The current transformation projects which will be worked upon for delivery from 2024/25 are given at Appendix C.

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.

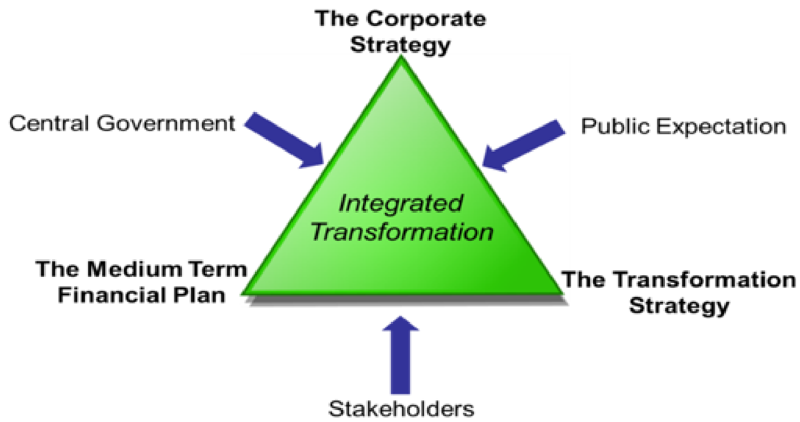


The Transformation Strategy is an evolving document and although it essentially covers the next five years it should not be bound by time or scope. To this end and within the emerging complex environment, three partnership models have been identified to provide a framework to generate further efficiencies. 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 £7m by 2028/29 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 and Efficiency Plan – a document providing direction in respect of the strategically focussed streams of work to meet the financial targets in line with the Government's Productivity Plan whilst fulfilling the Council's corporate priorities.

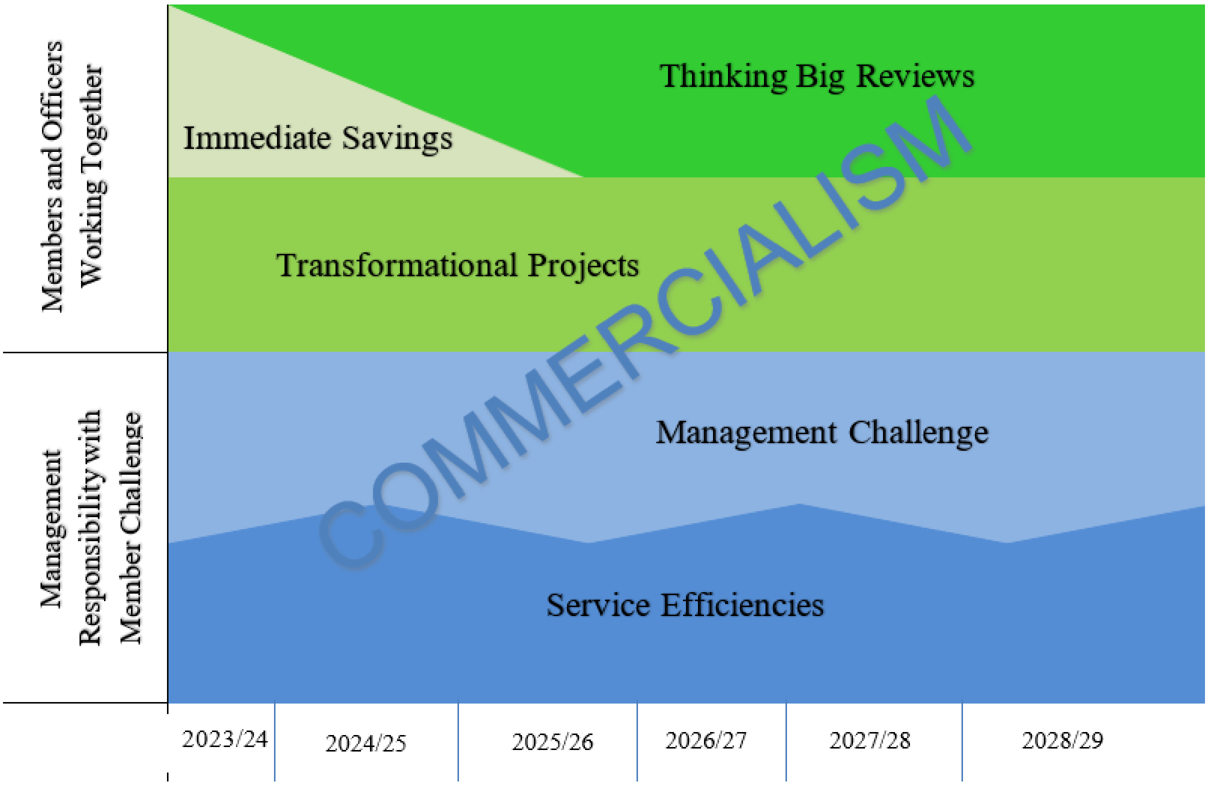


Rushcliffe's Integrated Approach to Transformation

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

The Transformation and Efficiency Plan

This document details the different areas of work officers and Members will focus upon to meet the stretching financial targets and requirements of the Productivity Plan 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 we do undertake is a commercial culture.



Management Responsibility with Member Challenge

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

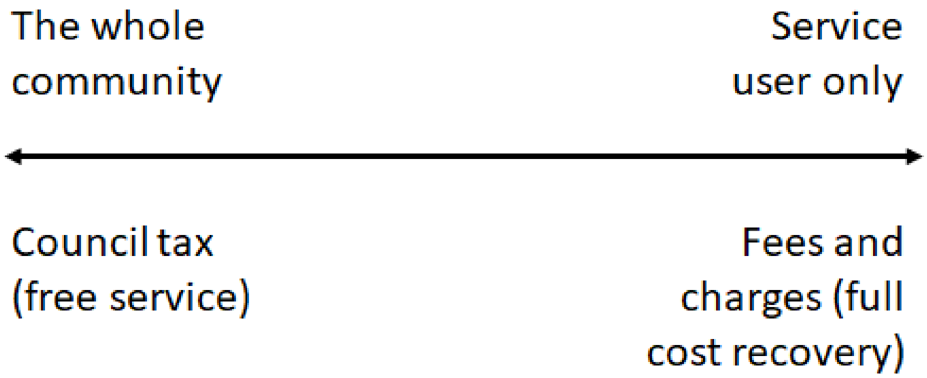
Service Efficiencies/Transformation of Services

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 C.

Process Reviews/Technology

The Council introduced its digital by design strategy in 2019 with the objective of understanding the Council's digital needs and delivering a programme of planned improvements. This strategy promoted four areas; Digital Culture, Efficiencies, Customer Satisfaction, and Security and Privacy, and successfully delivered a total of 18 projects. A cumulative savings of approx. £74k has been achieved in efficiencies per annum due to initiatives such as the 'My Account' portal for our residents, the Councillors portal for our elected Members, improved website, new booking system, new workflow and automation, and Hybrid Mail. There continues to be a rolling programme of initiatives supported by the Information, Communication, and Technology Services department.

The Council has recently approved the Fees and Charges Policy which aims to ensure that fees are set in a transparent and consistent manner. In the current economic climate, fees and charges offer an opportunity for the Council to maximise its financial position, and to achieve policy objectives, for example by encouraging or discouraging the use of a service or to alter patterns of behaviour. The corporate charging policy covers: Which services should be subject to full cost recovery, and which should be met from the General Fund; Which services should be eligible for concessions within a broader equality and fairness framework; How charges relate to and support wider corporate priorities; and the impact of any competition and whether the Council is or should be competing with local businesses in the economy. Ultimately the balance between taxpayer and service user should be aligned. The diagram below demonstrates this principle.



Management Challenge/Reducing Waste

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 C

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 2028/29. 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 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 2024/25, Members discussed the proposed Council tax increases, the impact of inflationary pressures on the budget and funding streams particularly in light of the current Section 114 announcements within the sector. The impact on both capital and transformation programmes of significant capital projects namely the leisure centre refurbishments, decarbonisation of fleet as part of the replacement programme and the pressure form Disabled Facilities Grants (DFGs) was discussed and that currently projections mean there is no recourse to externally borrow. Over the past few years there have been several long-term initiatives including Bingham Arena and Enterprise Centre and Rushcliffe Oaks Crematorium which have an ongoing contribution to the Transformation and Efficiency Plan. The Asset Investment Strategy has paid dividends although due to Government restrictions, the focus is now on maximising value for money from its existing assets with a review of Council investment or commercial properties due early 2024. The performance of the Council's commercial assets is reported to Governance Scrutiny Group and Cabinet Quarterly.

Transformational Projects 2024-2029

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:

- Increase in fees for garden waste and car parking to cover increasing costs of providing the service.
- Full year effects of the Bingham Arena and Enterprise Centre and Rushcliffe Oaks Crematorium.
- Review of Assets

These schemes are embedded in the Corporate Strategy and fully embrace the Council's four priorities:

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

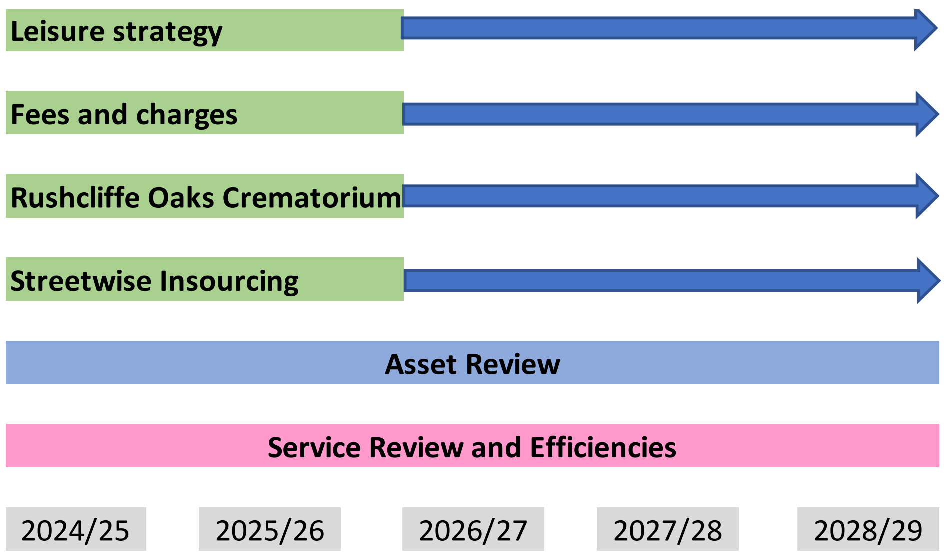
Bingham Arena and Enterprise Centre by providing high quality leisure, offices and community facilities, as well as employment opportunities, to the growing population in the Borough. Rushcliffe Oaks Crematorium provides much needed community infrastructure and quality service delivery for Rushcliffe and the residents of neighbouring districts.

Leisure Strategy Activation

The new Bingham Arena and Enterprise Centre opened in February 2023 giving even more added value for the taxpayer and the offices providing opportunities for small and growing businesses. The next phase of the Leisure Strategy focuses on improvements to Keyworth and Cotgrave leisure centres during 2024/25, to improve carbon efficiency though green technology measures, further supporting the Council’s targets to be carbon neutral by 2030. The council has secured £1.2m external funding from SALIX to support these improvements. Longer term renewal of the Leisure Centre Management Contract and the end of East Leake PFI both in 2027/28 may present opportunities to secure further efficiencies.

Summary of the Transformation Plan Work Programme

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



Governance

Whilst this strategy establishes a framework and timeframe for the individual projects within the programme, arrangements are flexible to allow for unforeseen circumstances and redirection of resources to maximise opportunities as they arise. It is anticipated that these same principles of agile working will apply to the 2024-2029 rolling Transformation Programme.

Each project within the programme has appropriate governance arrangements depending on the size, complexity, and risk. Overall, monitoring of the Strategy ultimately is reported Finance and Performance reports to both Cabinet and Corporate Overview Group and as necessary a relevant Scrutiny Group 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. Furthermore, the Government require that Local Authorities publish their Productivity Plans by July 2024 and delivery of the targets therein will be monitored by Government.

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

Risk	Probability	Impact	Mitigation
Reviews do not achieve anticipated savings	Probable	>£250k	Individual reviews where there is underachievement may be offset by others with higher savings. Regular reporting in budget papers.
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 external factors	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

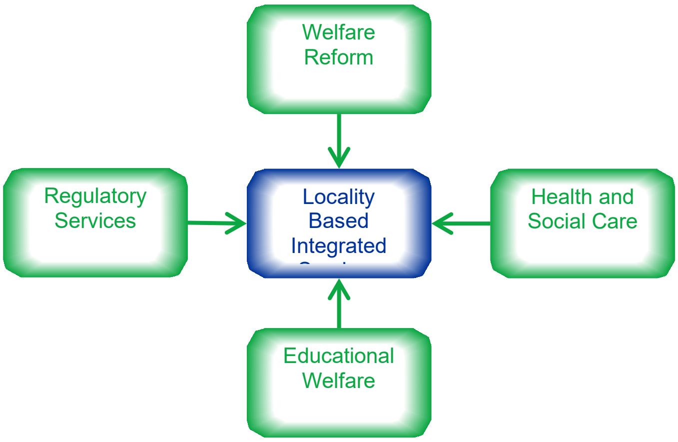
The above sets out Rushcliffe's plans over the next five years and the Council's commitment towards delivering these plans. This plan supports the Council's MTFS and is the vehicle upon which the Council will achieve a balanced budget. The Council is required to produce and publish a Productivity Plan and approval of this Strategy by Council satisfies this requirement.

Appendix A - Rushcliffe's Accepted Models of Partnership Working

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.



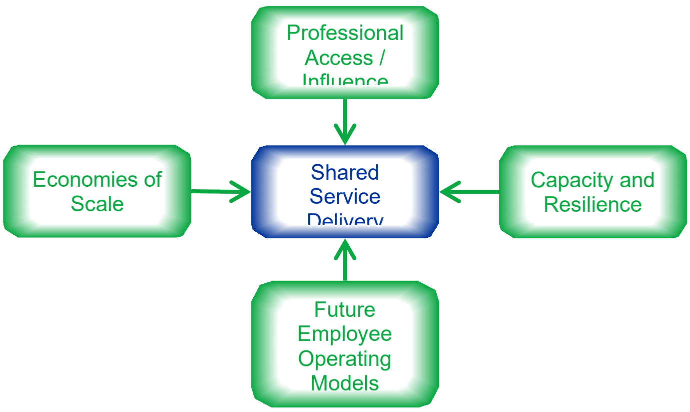
The Council's Customer Services Team operates in locations across the Borough on a remote access basis in buildings operated by partners such as libraries and health centres. The main Customer Service Centre is in West Bridgford, the largest of the towns in Rushcliffe.

The service is delivered in Bingham where an integrated delivery service model has been deployed and is being delivered from its Health Centre. In addition, there are contact points in Cotgrave and East Leake located in libraries, supporting extended opening times of these facilities and providing increased remote access for 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 and networking.

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), building control (South Kesteven, Newark & Sherwood), procurement (Nottinghamshire County Council), 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, now housing a shared depot for refuse fleet maintenance. Further opportunities will be assessed as opportunities arise. The Council is actively involved with the East Midlands Combined Authority Devolution discussions which will provide opportunities for collaboration with all councils across Nottinghamshire and Derbyshire.

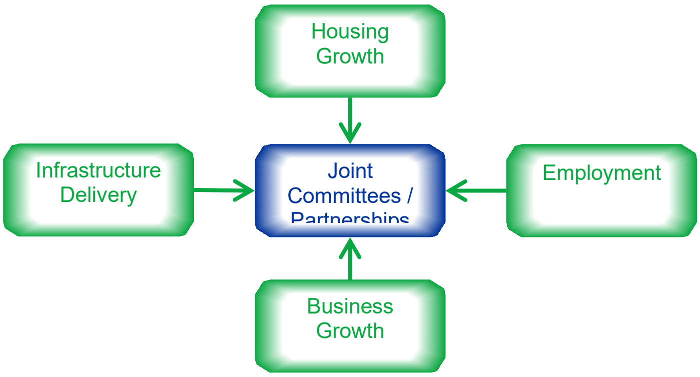
Partnerships for Governance

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).

An interim vehicle for the establishment of the East Midlands Development Corporation remains in place. Rushcliffe has currently paid over £400k with a further £100k committed over the next 2 financial years.

The Council is also working with partners on the power station site as part of the now approved East Midlands Freeport. along with East Midlands Airport and East Midlands Intermodal Park in South Derbyshire. To support the development of the site the Council worked with Uniper and others to adopt a Local Development Order for Ratcliffe on Soar, this is intended to accelerate the planning process to meet the challenging timescales of the EMF incentives.

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 the Strategic Growth Board, Development and Community Boards and task and finish groups focused on particular areas or themes 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 – Transformation Efficiency Plan

Efficiency	24/25	25/26	26/27	27/28	28/29	Total
THEMATIC						
LEISURE STRATEGY	(207)	(35)	(28)	23	0	(247)
CREMATORIUM	170	(47)	(70)	(64)	(40)	(51)
WEST PARK NCCC (SPECIAL EXEPNSE)		(39)	1	1	1	(37)
CUSTOMER CONTACT CENTRE		(50)	(1)	(1)	(1)	(53)
ADDITIONAL INCOME						0
RUSHCLIFFE COUNTRY PARK CAR PARK CHARGES	(50)					(50)
CHARGING FOR NEW BINS	(50)					(50)
CAR PARKING	(164)	(15)			(100)	(279)
GREEN BIN SCHEME	(238)	(98)	(100)	(100)	(100)	(636)
BINGHAM ENTERPRISE	(35)		(8)			(43)
COTGRAVE PH2	(1)	(1)	(6)			(8)
MARKETING SERVICES	(2)	(8)				(10)
CHARGE FOR STREET NAMING AND NUMBERING	(1)					(1)
EDWALTON GOLF COURSE	(21)					(21)
HOME ALARMS DIGITALISATION	57	(81)	(21)			(45)
SAVINGS						0
STREETWISE	(100)					(100)
YOUNG	(26)					(26)
REMOVE T4	(8)					(8)
GRANTHAM CANAL	(26)					(26)
REACH RUSHCLIFFE	(5)					(5)
PUBLIC CONVINIENCES	(15)	(15)	(1)			(31)
RUSHCLIFFE COMMUNITY VOLUNTARY SERVICES	(8)					(8)
MAYORS CHRISTMAS PARTY	(4)					(4)
TOTAL	**(733)**	**(390)**	**(234)**	**(141)**	**(240)**	**(1,738)**
CUMULATIVE SAVINGS TO DATE	**(5,101)**	**(5,833)**	**(6,223)**	**(6,457)**	**(6,598)**	
CUMULATIVE SAVINGS CARRIED FORWARD	**(5,833)**	**(6,223)**	**(6,457)**	**(6,598)**	**(6,838)**	

Appendix C – Transformation and Efficiency Plan – Productivity Plan

Efficiency	24/25	25/26	26/27	27/28	28/29	Total
TRANSFORMATION OF SERVICES						
LEISURE STRATEGY	(207)	(35)	(28)	23	0	(247)
CREMATORIUM	170	(47)	(70)	(64)	(40)	(51)
WEST PARK NCCC (SPECIAL EXPENSE)		(39)	1	1	1	(37)
CUSTOMER CONTACT CENTRE RELOCATION		(50)	(1)	(1)	(1)	(53)
RUSHCLIFFE COUNTRY PARK CAR PARK CHARGES	(50)					(50)
CHARGING FOR NEW BINS	(50)					(50)
CAR PARKING	(164)	(15)			(100)	(279)
GREEN BIN SCHEME	(238)	(98)	(100)	(100)	(100)	(636)
BINGHAM ENTERPRISE	(35)		(8)			(43)
COTGRAVE PH2	(1)	(1)	(6)			(8)
CHARGE FOR STREET NAMING AND NUMBERING	(1)					(1)
EDWALTON GOLF COURSE	(21)					(21)
STREETWISE	(100)					(100)
TECHNOLOGY						
MARKETING SERVICES	(2)	(8)				(10)
HOME ALARMS DIGITALISATION	57	(81)	(21)			(45)
REDUCING WASTE						
YOUNG	(26)					(26)
REMOVE T4	(8)					(8)
GRANTHAM CANAL	(26)					(26)
REACH RUSHCLIFFE	(5)					(5)
PUBLIC CONVINIENCES	(15)	(15)	(1)			(31)
RUSHCLIFFE COMMUNITY VOLUNTARY SERVICES	(8)					(8)
MAYORS CHRISTMAS PARTY	(4)					(4)
TOTAL	**(733)**	**(390)**	**(234)**	**(141)**	**(240)**	**(1,738)**
CUMULATIVE SAVINGS TO DATE	**(5,100)**	**(5,833)**	**(6,223)**	**(6,457)**	**(6,598)**	
CUMULATIVE SAVINGS CARRIED FORWARD	**(5,833)**	**(6,223)**	**(6,457)**	**(6,598)**	**(6,838)**	

CAPITAL AND INVESTMENT STRATEGY 2024/25 – 2028/29

Introduction

1. The Local Government Act 2003 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out capital and treasury management activities.

2. The Department for Levelling Up, Housing & Communities (DLUHC) has issued Guidance on Local Council 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.

The Capital Strategy

4. The Council's capital expenditure plans are summarised below and forms the first of the prudential indicators. Capital expenditure needs to have regard to:

    - Corporate 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
    - Environmental Social Governance (ESG) (e.g., address environmental sustainability in a manner which is consistent with our corporate policies. This is now a requirement of the TM Code)

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

6. Each scheme is supported by a detailed appraisal (which may also be a Cabinet Report), as set out in the Council's Financial Regulations. The capital appraisals will address the following:

    a) A detailed description of the project
    b) How the project contributes to the Council's Corporate Priorities and Strategic Commitments (particularly the Council's environmental and carbon policies)
    c) Anticipated outcomes and outputs
    d) A consideration of alternative solutions
    e) An estimate of the capital costs and sources of funding

f) An estimate of the revenue implications, including any savings and/or future income generation potential
g) A consideration of whether it is a new lease agreement
h) How the project affects the Council's Environmental targets
i) Any other aspects relevant to the appraisal of the scheme as the S151 Officer may determine.

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

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

Capital Prudential Indicators

a) Capital Expenditure Estimates

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

Table1: Projected Capital Expenditure and Financing

	2023/24 Original £'000	2023/24 Revised £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Capital Expenditure	9,576	10,562	11,079	8,196	2,005	1,620	1,852
Less Financed by:							
Capital Receipts	3,387	3,826	2,989	5,999	292	0	0
Capital Grants/ Contributions	3,739	4,824	6,037	1,517	695	695	695
Reserves	1,450	1,912	2,053	680	1,018	925	1,157
Total Financing	8,576	10,562	11,079	8,196	2,005	1,620	1,852
Underlying need to Borrow	**1,000**	**0**	**0**	**0**	**0**	**0**	**0**

9. The key risks to the capital expenditure plans are that the level of grants estimated is subject to change, anticipated capital receipts are not realised/deferred or spend is more than expected in the medium term. There is uncertainty surrounding the future of New Homes Bonus which has impacted on the level of capital grants received going forward. The allocation for 2024/25 as been assumed to be £1.5m with nothing anticipated in future years.

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

10. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR) which remains a key indicator under the Prudential Code. The CFR increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) and capital receipts used to replace debt. In addition the CFR will reduce with any voluntary contributions (VRP) made, as a result of financing requirements in relation to the Rushcliffe Arena development.

11. The Council also holds usable reserves and working capital which represent the underlying resources available for investment. The Council's current strategy is to use these resources, by way of internal borrowing, to avoid the need to externalise debt.

12. Table 2 below summarises the overall position regarding borrowing and available investments. It shows a decrease in CFR due to the anticipated capital receipt from the sale of land Hollygate Lane being used to reduce the additional CFR resulting from the completion of the Rushcliffe Oaks Crematorium and Bingham Arena and Enterprise Centre.

Table 2: CFR and Investment Resources

	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 Forecast £'000
Opening CFR	13,266	9,511	7,863	6,685	5,942	5,764
CFR in year	-	-	-	-	-	-
Less: MRP etc	(1,255)	(1,178)	(1,178)	(743)	(178)	(178)
Less: Capital Receipts Applied	(2,500)	(470)	-	-	-	-
Closing CFR	**9,511**	**7,863**	**6,685**	**5,942**	**5,764**	**5,586**
Less: External Borrowing	-	-	-	-	-	-
Internal Borrowing	9,511	7,863	6,685	5,942	5,764	5,586
Less:						
Usable Reserves	(25,560)	(22,663)	(19,662)	(17,314)	(15,707)	(14,251)
Working Capital	(42,906)	(40,906)	(38,906)	(36,906)	(34,906)	(32,906)
Available for Investment	(58,955)	(55,706)	(51,883)	(48,278)	(44,849)	(41,571)

13. The Council is currently debt free and the assumption in the capital expenditure plan is that the Council will not need to externally borrow over the period of the MTFS predominantly due to CIL and S106 monies. Available resources (usable reserves and working capital) gradually reduce with usable reserves being used over the medium term to finance both capital and revenue expenditure. Working capital is projected to steadily reduce as S106 monies in relation to Education are no longer paid to the Council.

14. Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (see above). Statutory

guidance is that debt should remain below the CFR, except in the short term. As can be seen from table 3, the Council expects to comply with this.

Table 3 – Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 Forecast £'000
Debt (incl. PFI & leases)	0	0	0	0	0	0
Capital Financing Requirement	9,511	7,863	6,685	5,942	5,764	5,586

15. The new accounting standard IFRS16 comes into force on 1st April 2024. 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 to be determined but it is thought that it is unlikely to impact significantly on the CFR.

Minimum Revenue Provision Policy

16. DLUHC Regulations 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 28-34. A variety of options are provided to Councils, so long as there is prudent provision. The Council has chosen the Asset Life Method (Option 3 within the Guidance) with the following recommended MRP Statement:

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

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

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

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 CFR),

through a revenue charge (the MRP) the Council is also allowed to make additional voluntary contributions (VRP). In times of financial crisis, the Council has the flexibility to reduce voluntary contributions. Table 2 (paragraph 12) includes the use of capital receipts to bring the CFR down by funding capital expenditure.

Treasury Management Strategy 2024/25 to 2028/29

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 includes 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. TMP 1 (Treasury Management Practices) sets out the Council’s practices relating to Environmental Social Governance (ESG) and is a developing area.

The Current Economic Climate and Prospects for Interest Rates

21. At the August 2023 meeting the Monetary Policy Committee (MPC) backed a hike in interest rates of 0.25 percentage points increasing Bank Rate to 5.25% as part of the monetary policy to meet Governments inflation target of 2%**.** It has remained at this level.

22. The Bank of England started raising interest rates from a record low of 0.1% in December 2021. Since then, the base rate has increased 14 consecutive times in an attempt to balance out inflation. The latest Monetary Policy report predicts that interest rates have peaked and are expected to remain around 5.25% until autumn 2024 and then decline gradually to 4.25% by the end of 2026. Arlingclose (the Council’s Treasury Advisors) are forecasting cuts from quarter three 2024 to a low of around 3% by early to mid-2026.

23. The Consumer Prices Index (CPI) rose by 4.6% in the 12 months to October 2023, down from 6.7% in September. The target is to get inflation to 2% which causing pressure on the MPC to increase interest rates to the current peak. Inflation is expected to fall to a little above 4% by the end of 2023 and then gradually fall back towards 2% by the June 2024.

24. The unemployment rate in the UK is currently 4.3% (Nov 2023) and is projected to increase rise steadily to around 5% in late 2025 to early 2026.

25. Table 4 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 4: Budgetary Impact of Assumed Interest Rate Going Forward

	2024/25	2025/26	2026/27	2027/28	2028/29
Anticipated Interest Rate	4.50%	3.30%	2.75%	2.50%	2.50%
Expected interest from investments (£)	1,005,400	917,000	668,400	533,500	499,600
Other interest (£)	63,000	59,000	59,000	59,000	59,000
Total Interest (£)	**1,068,400**	**976,000**	**727,400**	**592,500**	**558,600**

Sensitivity:	£	£	£	£	£
- 0.25% Interest Rate	60,400	46,600	41,000	32,200	33,900
+ 0.25% Interest Rate	(60,400)	(46,600)	(41,000)	(32,200)	(33,900)

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 2024/25 to 2028/29

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:

- Municipal Bond Agency
- HM Treasury's PWLB lending facility

- Local authorities
- UK public and private sector pension funds
- Commercial banks in the UK
- Building Societies in the UK
- Money markets
- Leasing
- Capital market bond investors
- Special purpose companies created to enable local Council bond issue
- UK Infrastructure Bank
- Any institution approved for investments
- Retail investors via a regulated peer-to-peer platform

Public Works Loan Board (PWLB) borrowing is at Gilts +80bps (certainty rate). If applying, there is the need to categorise the capital programme into 5 categories including service, housing and regeneration. If any Council 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. It should be set higher than the CFR plus a safety margin of £5m to £10m.

Table 5: The Authorised Limit

	2023/24 Estimate £’000	2024/25 Estimate £’000	2025/26 Estimate £’000	2026/27 Estimate £’000	2027/28 Estimate £’000	2028/29 Estimate £’000
Authorised Limit	25,000	20,000	20,000	20,000	20,000	20,000

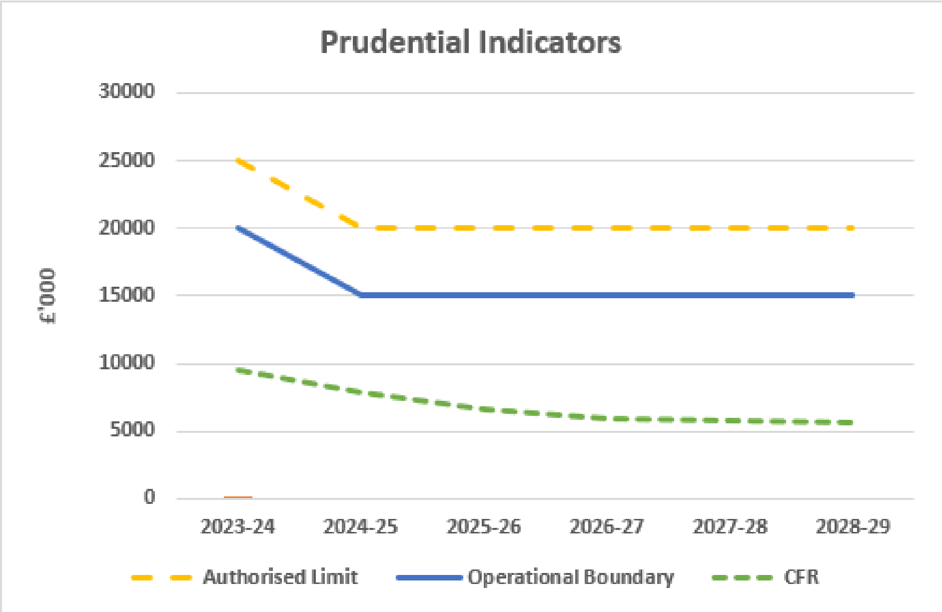
b) Operational Boundary for External Debt

31. The operational boundary is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit and actual borrowing can be either below or above the boundary subject to the authorised limit not being breached. The Operational Limit has been set at £15m (Table 6) 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. Chart 1 below shows the prudential indicators graphically.

Table 6: The Operational Boundary

	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Operational Boundary	20,000	15,000	15,000	15,000	15,000	15,000

Chart 1: The Prudential indicators



32. The Council's is required to show the maturity structure of borrowing. The Council had no debt and is unlikely to need to borrow over the medium term and if it did, it would only be for small amounts so there is no significant refinancing risks and the limits in the strategy do not need to be restrictive.

Table 7 – Prudential Indicator: Refinancing Risk Indicator

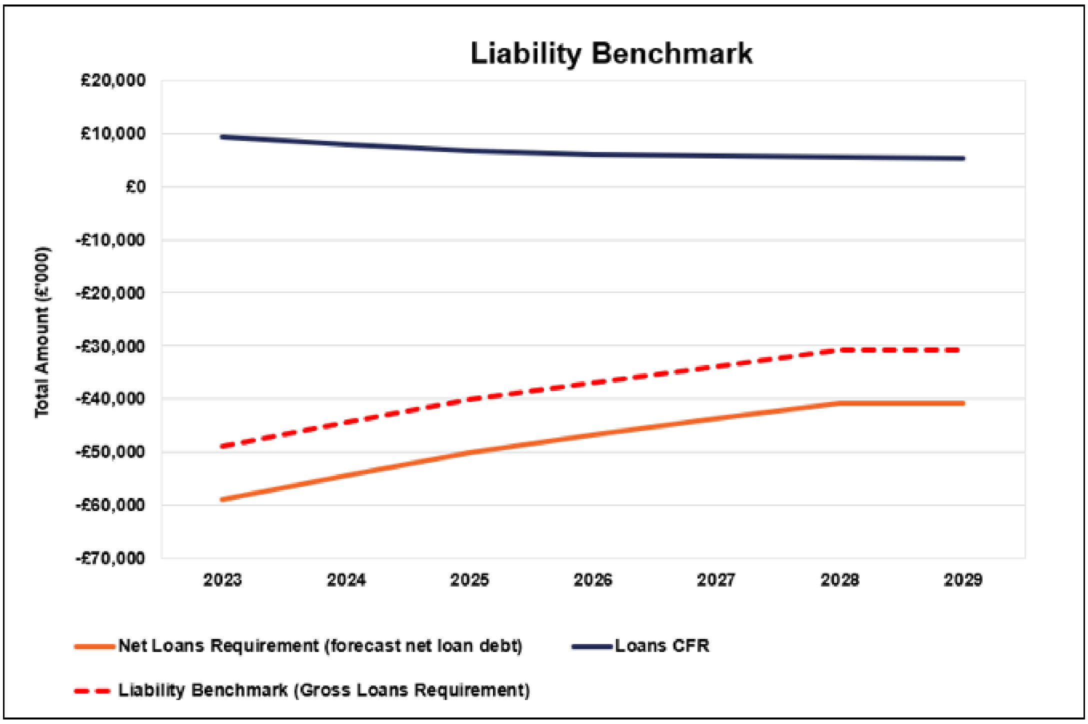
Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months an within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

33. The Liability Benchmark reflects the real need to borrow and can be seen in table 8. In accordance with the Code this must also be shown graphically (Chart 2). The Council's CFR is reducing due to MRP repayments, reserves are being used to fund future capital expenditure and working capital/S106 monies are returning to a normal level. The Council has no need to borrow over the medium term.

Table 8 Prudential Indicator: Liability Benchmark

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Closing CFR	9,511	7,863	6,685	5,942	5,764	5,586
Less:						
Usable Reserves	(25,560)	(22,663)	(19,662)	(17,314)	(15,707)	(14,251)
Working Capital	(42,906)	(40,906)	(38,906)	(36,906)	(34,906)	(32,906)
Plus minimum investments	10,000	10,000	10,000	10,000	10,000	10,000
LIABILITY BENCHMARK	(48,955)	(45,706)	(41,883)	(38,278)	(34,849)	(31,571)

Chart 2 Prudential Indicator: Liability Benchmark



Prudential Indicators for Affordability

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

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

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 is

changing over time. A credit indicates interest earned rather than an interest cost. The figures fluctuate over the MTFS period but remain fairly close to a breakeven position reflecting both the downward trend in interest rates and the reducing MRP repayments, as payments in relation to Rushcliffe Arena are finalised. Although there are new non-treasury capital commitments in relation to Rushcliffe Oaks Crematorium and Bingham Arena and Enterprise Centre which give rise to further MRP, repayments are lower because they are spread over a longer period. Net revenue streams remain steady over the period.

Table 9: Proportion of Financing Costs to Net Revenue Stream

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
General Fund	-0.72%	0.88%	1.73%	0.42%	-2.84%	-2.55%

b) Estimates of net income to net revenue stream

36. This is a new indicator that looks at net income from commercial and service investments (for example it includes Rushcliffe Oaks Crematorium and Bingham Market) and expresses it as a percentage of net revenue streams. The increase reflects rent increases and full year effect of the crematorium becoming operational.

Table 10: Proportion of Net Income to Net Revenue Stream

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Net Income to Net Revenue Stream	10.9%	8.8%	10.1%	11.8%	12.0%	11.8%

Investment Strategy 2024/25 to 2028/29

37. Table 11 below shows the Council's investment projections. The downward movement reflects the use of capital receipts to finance capital expenditure. In addition, it reflects the release of S106 monies and the loss of S106 receipts for Education which are no longer paid to the Council.

Table 11: Investment Projections

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Investments at 31 March £'000	58,955	55,706	51,883	48,278	44,849	41,571

38. 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.

39. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will (in accordance with treasury advice) prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

40. 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.

41. 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 12 and counterparties included at Appendix i.

Table 12: Counterparty Details

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£3m	£3m
Registered provider *	5 years	£5m	£5m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£30m
Real estate investment trusts	n/a	£5m	£10m
Other investments *	5 years	£5m	£10m

*Please refer to Glossary at Appendix (iv)

Although the above table details the counterparties that the Council could invest funds with, it would not invest funds with counterparties against the advice of Arlingclose (the Council's TM Advisors) even if they met the criteria above.

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

43. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

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

Credit Risk

45. The CIPFA Treasury Management Code recommends that organisations should clearly specify the minimum acceptable credit quality of its counterparties; however, they should not rely on credit ratings alone and should recognise their limitations. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantial doubts about its credit quality, even though it may meet the credit rating criteria.

46. When deteriorating financial market conditions affect the 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 Council 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 Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Current investments

47. The Council uses its own processes to monitor 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 Council's medium term financial strategy and cash flow forecast.

48. Surplus funds are invested based on the most up to date forecasts of interest rates and in accordance with the Council's cash flow requirements in order to gain the maximum benefit from the Council's cash position throughout the year. Generally speaking, in times of rising interest rates it is prudent to invest short term, whilst also ensuring a diversified portfolio. Funds are separated between service investment and non-specified investments as detailed in paragraphs 50 to 52 below.

49. The Council purchased £15m in pooled/diversified funds. The fair value of these funds fluctuates, the current value of these investments can be seen in Appendix ii. The downward trend experienced by the political turmoil last year coupled with high levels of inflation and monetary policies surrounding interest rates has impacted on these. The fluctuations in capital value of the pooled funds to date is a loss of £1.234m. This is currently reversed by the statutory override

preventing any accounting loss impacting on the revenue accounts. This is due to end 31 March 2025. The risk of this loss crystalising after this period has been largely mitigated by appropriations of £1.173m to the Pooled Funds reserve. It should be noted that whilst the value of this type of investment can fluctuate, the revenue returns make up a significant proportion of the overall returns on investments (the fair value of these investments accounted for 18% of average investment balances in 2022/23 but generated 32% interest). The Council will continue to monitor the position on these investments and take advice from the treasury advisors.

Service investments

50. The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities (treasury management),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

51. The Council can lend money to its suppliers, parish councils, local businesses, local charities, employees, housing associations to support local public services and stimulate local growth. The Council has existing loans to Nottinghamshire Cricket Club which not only stimulates the local economy but provides social outcomes The Trent Bridge: Community Trust delivers projects that have positive impacts on local communities such as tackling social exclusion and anti-social behaviour. The main risk when making service loans is that the borrower may be unable to repay the principal lent and/or the interest due. In order to limit this risk and ensure that total exposure to service loans remains proportionate to the size of the Council, the upper limit on any category of borrower will be £5 million.

Non-specified investments

52. Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The Council does not intend to make any such investments, that are defined as capital expenditure by legislation.

Investment Limits

53. The Council's revenue reserves available to cover investment losses in a worst-case scenario are forecast to be around £15 million on 31st March 2024. 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 13: Investment limits

	Cash limit
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
Loans across unrated corporates	£5m in total

Treasury Management limits on activity

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

a) Interest Rate Exposures

55. This indicator is set to control the Council'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 14: Interest Rate Exposure

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Upper Limit on fixed interest rate exposure	50%	50%	50%	50%	50%	50%
Upper Limit on variable interest rate exposure	100%	100%	100%	100%	100%	100%

56. 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

57. 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 15: Principal Sums Invested over 1 year

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Limit on Principal invested over 1 year £'000	29,500	27,900	25,900	24,100	22,400	20,800

Policy on the use of financial derivatives

58. 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 (Lender Option Borrowers Option) 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).

59. 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 Council 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.

60. 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

61. Arlingclose will act as the Council's treasury management advisors until 31st October 2026 and replace Link Treasury Services. 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.

62. 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.

Other Options Considered

63. The DLUHC Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The 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. Our policy is to have a feathered approach i.e., a range of counterparties spread over different time periods (short/medium/long term), this mitigates risk of changes in credit ratings and interest rates whether they go up or down.

Commercial Investments

64. The CIPFA definition of investments in 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.

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

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

67. The Council will also monitor past Commercial Property investments against original objectives and consider plans to divest as part of a biennial review. The last report was presented to Governance Scrutiny Group in February 2024.

68. Proportionality is included as an objective in the Prudential Code. Clarification and definitions to define commercial activity and investment are also included, and the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (CFR).

69. The Council must disclose its dependence on commercial income and the contribution non-core investments make towards core functions. This covers assets previously purchased through the Council's Asset Investment Strategy (AIS), as well as other pre-existing commercial investments.

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

70. The expected contributions from existing commercial investments are shown in Table 16. 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 and is estimated to be around 16% in 2024/25. This percentage has reduced leaving the Council less exposed to risks surrounding commercial property.

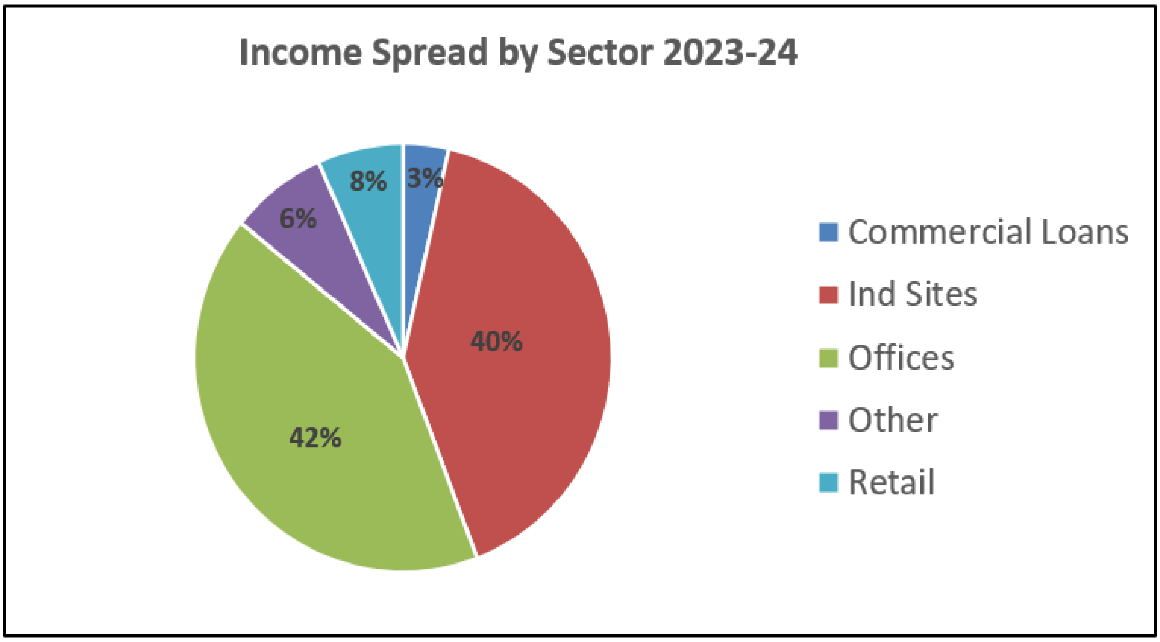
Table 16: Commercial Investment income and costs

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Commercial Property Income	(1,832)	(1,902)	(1,953)	(2,014)	(2,014)	(2,018)
Running Costs	480	581	586	589	593	597
Net Contribution to core functions	(1,352)	(1,321)	(1,366)	(1,425)	(1,421)	(1,420)
Interest from Commercial Loans	(67)	(63)	(59)	(59)	(59)	(59)
Total Contribution	(1,419)	(1,384)	(1,425)	(1,484)	(1,480)	(1,479)
Sensitivity:						
+/- 10% Commercial Property Income	183	190	195	201	201	202
Indicator:						
Investment Income as a % of total	15.7%	16.0%	16.1%	16.5%	16.3%	16.0%
Total Income	12,105	12,313	12,478	12,584	12,709	13,013

b) Risk Exposure Indicators

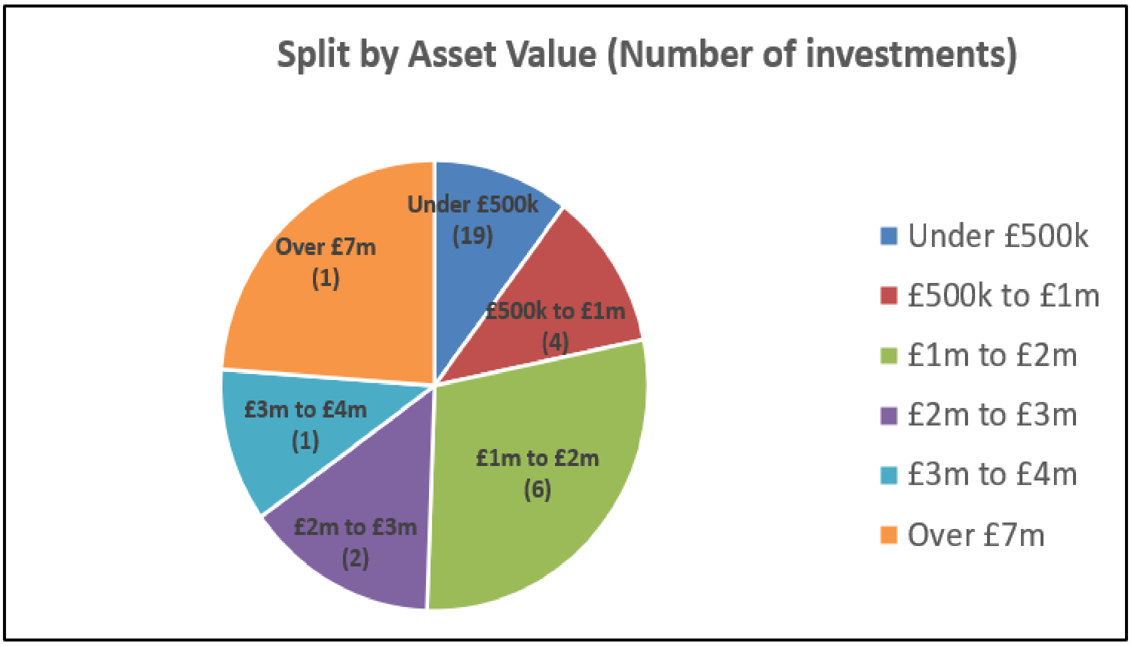
71. The Council can minimise its exposure to risk by spreading investments across sectors and by avoiding single large-scale investments (Chart 3 and 4 below). Generally, there is a spread of investment across sectors in the Council's portfolio. The Council's commitment to economic regeneration (not purely financial return) has meant that many of its investments have been in industrial units, which have been very successful.

Chart 2 Income Spread by Sector



c) Security and Liquidity

Chart 3 Investment by Asset Value



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

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

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

75. The liquidity considerations for commercial investments are intrinsically linked to the level of cash and short-term investments, which help manage and mitigate the Council's liquidity risk. A review of the Council's commercial assets was undertaken and reported to Governance Scrutiny Group in February 2024 paragraph 69 refers.

76. The investments are subject to ongoing review with regards to their financial viability or indeed whether they are surplus to requirement. At the February 2024 Governance Group Meeting, 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.

Member and Officer Training

77. 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 and officers responsible for treasury management are suitably trained and kept up to date (TMP 10). 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, next scheduled for January 2024.
- Interim reporting and advising members of Treasury issues via Governance Scrutiny Group.

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

CIPFA have developed a self-assessment tool which will need to be completed by the Governance Scrutiny Group to ensure that training provided achieves the desired outcomes. Attendance at training is recorded and members are encouraged to attend all Treasury training.

78. The Council will continue to have its Annual Treasury Management training session with Councillors provided by its Treasury advisers.

Appendix (i)

Counterparty Registrations under MIFID II

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

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

Appendix (ii)

Pooled Funds – Changes in Fair Value since Acquisition

Fair Value	31.03.23	30.04.23	31.12.23	Amount Invested	Difference	Difference in valuation from initial investment
Aegon-Previously Kames	4,364,956	4,411,518	4,530,206	5,000,000	165,249	(469,794)
Ninety One-Previously Investec	4,559,707	4,560,198	4,558,231	5,000,000	(1,475)	(441,769)
RLAM	983,676	988,835	1,003,107	1,000,000	19,431	3,107
CCLA Property	2,018,374	2,018,374	2,005,610	2,000,000	(12,764)	5,610
CCLA Divesified	1,839,164	1,856,626	1,918,266	2,000,000	79,102	(81,734)
	13,765,876	**13,835,552**	**14,015,420**	15,000,000	**249,544**	**(984,580)**

Appendix (iii)

Current Book Value of Non-Treasury Investments

	Current Book Value £000	Previous Book Value £000
The Point Office Accommodation	3.429	3.395
Hollygate Lane, Cotgrave Industrial Units	2.918	2.716
Unit 3 Edwalton Business Park	2.432	2.433
Unit 1 Edwalton Business Park	1.954	1.955
Bardon Single Industrial Unit	2.078	1.820
Trent Boulevard	1.559	1.415
Cotgrave Phase 2	1.266	1.385
Colliers Business Park Phase 2	1.422	1.323
Bridgford Hall Aparthotel and Registry Office	1.150	1.121
Finch Close	0.978	0.931
Boundary Court	0.838	0.809
Colliers Business Park Phase 1	0.787	0.720
Mobile Home Park	0.400	0.480
Cotgrave Precinct Shops	0.478	0.482
New Offices Cotgrave	0.484	0.422
TOTAL INVESTMENT PROPERTY*	**22.173**	**21.407**
Notts County Cricket Club Loan	1.499	1.570
TOTAL	**23.672**	**22.977**

* Note values are as at 31st March 2023 and 2022

Appendix (iv)

Glossary

Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [AA-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £10 million per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank. 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 £**10 million** 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 Council maintaining operational continuity.