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**BASSETLAW**

DISTRICT COUNCIL  
NORTH NOTTINGHAMSHIRE

# **BUDGET BOOK 2008/09**

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# **THE BUDGET 2008/2009**

## **1. Purpose Of The Report**

- 1.1 This report brings together the various budget recommendations made by Cabinet on 14<sup>th</sup> February 2008 to assist the Council in determining its call upon the Collection Fund and hence the level of the Council Tax for 2008/2009.

## **2. Background**

### **General Fund Revenue Budget**

- 2.1. The overall grant settlement saw an increase of £244,544. RSG amounts to £1,347,307 with the NNDR element being £9,678,362.
- 2.2. The Budget has been prepared on the following assumptions:
- Pay increase of 2.5%;
  - Price increases generally of 2.5%, except for supplies and services where no increase has been given to reflect efficiency savings;
  - Utility costs have not had inflation applied as negotiations have been undertaken to keep current contract prices.
  - A vacancy factor of 5% has been applied to employee costs, this is the same as in 2007/08
  - Employers superannuation cost increase of 1%;
  - Fees and charges increasing by 2.5%, wherever income levels can be sustained;
  - Interest rates have increased to 4.75% on borrowing and 5.5% on investments in line with current predictions.
  - The estimated affect of pressures and savings arising in the current year.
- 2.3. The General Fund budget for 2008/2009, as agreed by Cabinet is £16.335m after funding development bids, use of balances and other actions.
- 2.4. The General Fund revised budget for 2007/2008 is £15,876m, compared with the original budget of £16,576m. This is a decrease of £0.7m, which will reduce the use of the Council's reserves by that amount.

### **Revenue Development Bids**

- 2.5. The Budget includes provision for the funding of inescapable and essential development bids in 2008/2009 of £49,000.

### **Parishes**

- 2.6. The Parish Precepts for 2008/2009 total £685,170 an average Band D increase of 10.38%. Details of the Parish Precepts are shown at page 5.
- 2.7. The District Council has no special expenses. This is confirmed in the tax setting resolution.

### **General Fund Reserves and Balances**

- 2.8. The Council is required to operate a General Fund and a separate Collection Fund. Within the General Fund, the Council will hold £1m as a minimum working balance. Details of Reserves and Balances are on page 27.

### **Council Tax Base**

- 2.9. The Council Tax base (Band D equivalent) has increased from 35,412.41 to 35,610.99.

### **District Council Tax For 2007/2008**

- 2.10. The District Council Tax position may be summarised as follows:

	<b>£'000</b>	<b>Council Tax Band D Equiv. £</b>
General Fund Total Expenditure	15,890	446.21
Net Transfer to Reserves (Inc FRS 17)	445	12.50
	<hr/> 16,335	<hr/> 458.71
<b><u>LESS</u></b>		
Revenue Support Grant	-1,347	-37.82
National Non-Domestic Rates distribution	-9,679	-271.80
To be met from Collection Fund	<hr/> 5,309	<hr/> 149.09
<b><u>LESS</u></b> reductions due to better than expected local tax collection	0	0
	<hr/> 5,309	<hr/> 149.09

### **Housing Revenue Account**

- 2.11. The Housing Revenue Account estimates for 2008/2009 are detailed on page 35 and include an average weekly rent increase of £2.52 per week on a 52-week collection basis as from 1<sup>st</sup> April 2008 in respect of all dwellings. However, new rents have been calculated on an individual property basis in accordance with the formula contained

within the Government's Rent Restructuring proposals. Inevitably, there will be some rent increases and some rent decreases in excess of £2.52 to achieve the overall average of £2.52. This compares with an average rent increase of £2.40 in 2007/2008.

### **Capital Budget**

- 2.12. The CIPFA Prudential Code governs the Authority's Capital Expenditure. This is limited to the amount the Authority can afford after allowing for grants, the availability of capital receipts, revenue contributions and leasing.
- 2.13. The recommended Capital Budget for 2008/2009 totals £20,741,430 of which £18,503,430 is for Housing (page 9) and the remaining £2,238,000 is for other services (page 10). Financing is anticipated to be in line with the summary on page 11. However, the financing may change after options appraisals have been done to determine the best method of financing to ensure value for money.

### **Total Council Tax For 2007/2008**

- 2.14. In addition to the District Council Tax, the Council is required to raise monies in respect of precepts issued by the Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire & Rescue Service, Parish Councils, Parish Meetings and Charter Trustees.
- 2.15. The position may be summarised as follows:-

	<b>Band D Council Tax £</b>	<b>Band D Percentage Increase %</b>
Bassetlaw District Council	149.09	2.50
Nottinghamshire County Council	1,158.43	3.00
Nottinghamshire Police Authority	145.62	4.93
Combined Fire Authority (i.e. Nottinghamshire Fire & Rescue Service)	65.44	3.00
Parish Councils, Parish Meetings and Charter Trustees	19.24	10.38
<b>TOTAL</b>	<b>1,537.82</b>	<b>3.22</b>

### **3. Recommendations**

The Council is recommended to approve: -

- a) The General Fund net Revised Budget for 2007/2008 at £15,876,460.
- b) The General Fund 2008/09 Budget of £16,334,910
- c) The Housing Revenue Account Probable Out-turn for 2007/2008 and Budget for 2008/2009 including an average weekly rent increase of £2.52 per week on a 52 week collection basis as from the 1<sup>st</sup> April 2008 in respect of all dwellings.
- d) The Housing Capital Budget for 2008/2009 of £18,503,430 and the Other Services Capital Budget 2008/2009 of £2,238,000.
- e) That for the purposes of Section 35(2)(d) of the Local Government Act 1992 any expenses incurred by the District Council as billing authority in performing in a part of its area a function performed elsewhere in its area by a parish council or the Chairman of a parish meeting are not the District Council's special expenses.
- f) A Council Tax Band D increase of 2.5% to £149.09 for Bassetlaw District Council.
- g) The Treasury Management Strategy, which covers the operation of the treasury function and its likely activities for the forthcoming year. This report incorporates the impact of the CIPFA Prudential Code for Capital Finance in Local Authorities, which has been implemented from 1 April 2004. Members are therefore recommended to adopt the following contained within the report:
  - The actual and estimated capital financing requirement and debt figures. (3.2)
  - The MRP Statement (4.3)
  - The authorised and operational limits. (2.2)
  - The affordability ratio indicators. (3.2)
  - The affordability indicators impact of Council Tax and rent levels. (3.1)
  - The limits on treasury management activity. (3.3)
  - The proposed criteria for Specified and Non Specified Investments. (9.4)
  - The Performance Indicators. (10.1)
  - The Annual Investment Strategy. (9)
- h) The Capital Strategy 2008/09 – 2010/11.
- i) The Property Asset Management Plan 2007/08 – 2010/11.

**PARISH PRECEPTS 2008/09**

Parish/Town	Precept 2008/09	Taxbase 2008/09	Council Tax at Band D	
			Parish	Total
	£		£	£
Askham	0.00	80.09	0.00	149.09
Babworth	3,408.00	224.97	15.15	164.24
Barnby Moor	4,852.00	111.58	43.48	192.57
Beckingham-cum-Saundby	19,730.00	474.46	41.58	190.67
Blyth	20,250.00	489.53	41.37	190.46
Bole	0.00	51.48	0.00	149.09
Bothamsall	1,000.00	84.65	11.81	160.90
Carburton	0.00	28.02	0.00	149.09
Carlton in Lindrick	51,774.00	1,871.10	27.67	176.76
Clarborough & Welham	21,070.00	407.68	51.68	200.77
Clayworth	4,263.00	142.18	29.98	179.07
Clumber and Hardwick	0.00	33.96	0.00	149.09
Cuckney	5,972.00	86.92	68.71	217.80
Dunham on Trent with Ragnall, Fledborough and Darlton	8,530.00	229.81	37.12	186.21
East Drayton	2,032.00	107.08	18.98	168.07
East Markham	10,800.00	459.08	23.53	172.62
East Retford Charter Trustees	7,000.00	6,864.78	1.02	150.11
Elkesley	12,000.00	256.21	46.84	195.93
Everton	9,700.00	347.30	27.93	177.02
Gamston with West Drayton & Eaton	6,042.00	241.36	25.03	174.12
Gringley-on-the Hill	20,963.00	279.40	75.03	224.12
Harworth & Bircotes	109,127.00	2,164.78	50.41	199.50
Haughton	0.00	20.99	0.00	149.09
Hayton	6,094.00	155.50	39.19	188.28
Headon-cum-Upton with Grove & Stokeham	3,400.00	147.32	23.08	172.17
Hodsock	44,524.00	664.56	67.00	216.09
Holbeck & Welbeck	2,382.00	114.54	20.80	169.89
Laneham	4,188.00	109.36	38.30	187.39
Lound	5,606.00	196.33	28.55	177.64
Markham Clinton	3,126.00	94.72	33.00	182.09
Mattersey	7,334.00	266.30	27.54	176.63
Misson	8,094.00	267.16	30.30	179.39
Misterton	65,580.00	723.97	90.58	239.67
Nether Langwith	6,440.00	154.54	41.67	190.76
Normanton-on-Trent with Marnham	3,963.00	173.53	22.84	171.93
North Leverton with Habbleshorpe	7,872.00	313.11	25.14	174.23
North and South Wheatley	15,194.00	249.44	60.91	210.00
Norton	834.00	55.54	15.02	164.11
Rampton	5,500.00	279.34	19.69	168.78
Ranskill	11,500.00	496.54	23.16	172.25
Rhodesia	5,361.00	250.71	21.38	170.47
Scaftworth	0.00	20.89	0.00	149.09
Scrooby	4,390.00	133.95	32.77	181.86
Shireoaks	11,064.00	442.34	25.01	174.10
South Leverton	5,000.00	205.13	24.37	173.46
Sturton-le-Steeple	8,354.00	188.50	44.32	193.41
Styrrup with Oldcotes	9,100.00	247.60	36.75	185.84
Sutton	8,210.00	258.81	31.72	180.81
Torworth	3,232.00	93.36	34.62	183.71
Treswell-with-Cottam	1,650.00	121.56	13.57	162.66
Tuxford	84,284.00	839.55	100.39	249.48
Walkeringham	17,059.00	346.65	49.21	198.30
Wallingwells	0.00	13.44	0.00	149.09
West Burton	0.00	6.83	0.00	149.09
West Stockwith	7,022.00	115.27	60.92	210.01
Wiseton	300.00	42.77	7.01	156.10
Worksop Charter Trustees	0.00	12,764.42	0.00	149.09
<b>Total</b>	<b>685,170</b>			





# ***CAPITAL BUDGET***

***2008/2009***



## HOUSING CAPITAL PROGRAMME 2008/09

Scheme	Budget 2008/09	Budget 2008/09
	£	£
<b><u>HOUSING REVENUE ACCOUNT - COUNCIL STOCK</u></b>		
Crime & Community Safety	223,000	
Decent Homes	14,669,000	
Adaptations	751,430	
Estates Sustainability	577,000	
Other	321,000	
Contingency	112,000	
Equipment - Warden's and Repairs Services	50,000	
Equipment - Choice Based Lettings	100,000	
<b><i>TOTAL HOUSING REVENUE ACCOUNT</i></b>		<b>16,803,430</b>
<b><u>PRIVATE SECTOR HOUSING</u></b>		
<b><u>HOUSING ASSOCIATION</u></b>		
Social Housing Grant	0	
<b><u>RENOVATION GRANTS</u></b>		<b>0</b>
Disabled Facilities Grants	850,000	
Private Sector Renewal	850,000	
<b><i>TOTAL GENERAL FUND HOUSING</i></b>		<b>1,700,000</b>
<b>GRAND TOTAL HOUSING</b>		<b>18,503,430</b>

# CAPITAL PROGRAMME (OTHER SERVICES ) 2008/09

Item No	SCHEME	BUDGET 2008/2009	BUDGET 2008/2009
		£	£
	<b><u>Schemes from Previous Years</u></b>		
A1	Hannah Park Roadway Phase 3	40,000	
A2	Retford Cemetery Roadways	37,000	
A3	Car Park Maintenance	50,000	
A4	Bassetlaw Museum Heritage Lottery funded works	27,000	
	<b>Sub Total</b>		<b>154,000</b>
	<b><u>New Schemes</u></b>		
	<b><u>Leasing</u></b>		
L1	Refuse	323,000	
L2	Grounds Maintenance	63,000	
L3	Strategic Sweeping	100,000	
L4	Street Cleaning	20,000	
L5	Pest Control	15,000	
L6	A1 Housing	9,000	
L7	Chairman's Civic Car	30,000	
L8	Baliffs, Courier	18,000	
L9	Telephone System	100,000	
	<b>Sub Total</b>		<b>678,000</b>
	<b><u>Other Schemes - Public</u></b>		
P1	Renewal Entrance & Access Retford Rd Cemetery,	50,000	
P2	Pumping Station & Rising Main, Vehicle Wash, Carlton	25,000	
P3	Buildings Improvements Disability Discrimination Act 2005	50,000	
P4	Workshop Shopmobility - New Premises	105,000	
P5	Requirements of Accommodation Needs Assessment	223,000	
P6	Workshop Market Place Resurfacing Works to Entrance	20,000	
P7	Play Strategy	184,000	
P8	Small Street Sweeper	13,000	
	<b>Sub Total</b>		<b>670,000</b>
	<b><u>Other Schemes - Internal Investment</u></b>		
I1	Refurbishment QB Toilets & Install Disabled Facilities	125,000	
I2	Queens Buildings Small Power Rewire	76,000	
I3	Queens Buildings-BDC Wing Window Replacement	300,000	
I4	Renewal of Security Doors, Queens Buildings	60,000	
I5	Fire Risk Assessment Works	50,000	
I6	Retford Town Hall - External Decoration	50,000	
I7	Retford Town Hall - Stonework Survey	10,000	
I10	Improve Network Links to Carlton Forest & Retford	15,000	
I11	Novell Software Upgrade Licence (SEA)	35,000	
I12	Refurbishment - Planning	15,000	
	<b>Sub Total</b>		<b>736,000</b>
	<b>GRAND TOTAL</b>		<b>2,238,000</b>

# **CAPITAL FINANCING SUMMARY 2008/2009**

	Housing Revenue Account	General Fund Housing	Sub-Total Housing	Other Services General	Sub-Total Other Services	Grand Total
	£	£	£	£	£	£
<b><u>CAPITAL RESOURCES</u></b>						
Unsupported Borrowing	0	0	0	127,000	127,000	127,000
Government Supported Capital Expenditure (Borrowing)	440,000	0	440,000	0	0	440,000
Government Supported Capital Expenditure (ALMO Borrowing)	11,500,000	0	11,500,000	0	0	11,500,000
<b>Grants &amp; Contributions</b>						
Specified Capital Grants (Disabled Facilities Grants)	0	365,000	365,000	0	0	365,000
Decent Homes Private Sector	0	470,000	470,000	0	0	470,000
Energy Grant	100,000	0	100,000	0	0	100,000
Other External Contributions	0	0	0	226,000	226,000	226,000
<b>Revenue</b>						
Housing Revenue Account: Contribution from MRA	4,036,430	0	4,036,430		0	4,036,430
Other Contributions ("well being" payment)					0	0
<b>Capital Receipts</b>	577,000	865,000	1,442,000	1,207,000	1,207,000	2,649,000
<b>Leasing or Borrowing ( with existing revenue funding in base)</b>	150,000	0	150,000	678,000	678,000	828,000
<b>Total Resources</b>	<b>16,803,430</b>	<b>1,700,000</b>	<b>18,503,430</b>	<b>2,238,000</b>	<b>2,238,000</b>	<b>20,741,430</b>
<b>Application Of Resources</b>						
Capital Expenditure	16,803,430	1,700,000	18,503,430	2,238,000	2,238,000	20,741,430
	<b>16,803,430</b>	<b>1,700,000</b>	<b>18,503,430</b>	<b>2,238,000</b>	<b>2,238,000</b>	<b>20,741,430</b>



## **Treasury Management Strategy**

### **1. Purpose of the Report**

- 1.1 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code (and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable), and comply with the CIPFA Treasury Code of Practice and CLG Investment Guidance.

The Council is therefore required to set out its prudential indicators, its treasury strategy for borrowing and its Annual Investment Strategy (included as paragraph 9 - setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments).

- 1.2 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. Increases in interest charges caused by increased borrowing to finance additional capital expenditure; and
  2. Any increases in running costs from new
- are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

- 1.3 This report incorporates the required elements of the Prudential Code for Members consideration and approval, and will be included in the Council's overall Budget Strategy being presented to Full Council on 3<sup>rd</sup> March 2008.

### **2 Borrowing Limits for 2008/09 to 2010/11**

- 2.1 It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in section 3 of the Local Government Act 2003.

- 2.2 **The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements.

**The Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

The Council is asked to approve the following authorised and operational limits:



	2006/07 Actual	2007/08 Probable Outturn	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate
<b>TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Authorised Limit for external debt -</b>					
Borrowing	52	74	86	98	112
Other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>52</b>	<b>74</b>	<b>86</b>	<b>98</b>	<b>112</b>
<b>Operational Boundary for external debt -</b>					
Borrowing	47	69	81	93	107
Other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>47</b>	<b>69</b>	<b>81</b>	<b>93</b>	<b>107</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate borrowing / investments	47	69	81	93	107
<b>Upper limit for variable rate exposure</b>					
Net principal re variable rate borrowing / investments	9	28	32	38	43
<b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

The increase in the “Upper Limit for Variable Rate Exposure” above for the current year onwards is so that there is increased scope for the Council to use LOBOs for new borrowing should it be to the Council’s advantage.

### 3. Prudential Indicators for 2008/09 – 2010/11

- 3.1 The following Prudential Indicators and other statistics set out in the table below are relevant for the purposes of setting an integrated treasury management strategy.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. Council adopted this on 5<sup>th</sup> February 2002.

- 3.2 A key change introduced by the Prudential Code is the calculation of the Capital Financing Requirement (CFR), which represents the Council’s underlying need to borrow for capital purposes. The year on year change in the CFR is influenced by the capital expenditure in the year.

The table below shows the actual and estimated Capital Expenditure for the period 2006/07 to 2010/11 and how this affects the CFR.

Also in the table are the affordability statistics, which shows how unsupported borrowing included in the Capital Programme impacts on the Council Tax (for General Fund schemes) and Rent levels (for Housing schemes).

	2006/07 Actual	2007/08 Probable Outturn	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate
<b>EXTRACT FROM BUDGET AND RENT SETTING REPORTS</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Capital Expenditure (excluding leased expenditure)</u></b>					
Other Services	5,625	7,628	1,560	600	600
Housing	8,774	12,817	18,353	18,440	20,590
<b>TOTAL</b>	<b>14,399</b>	<b>20,445</b>	<b>19,913</b>	<b>19,040</b>	<b>21,190</b>
<b><u>Ratio of Financing Costs to Net Revenue Stream</u></b>					
Other Services	0.87	6.12	7.23	7.74	5.88
Housing	33.76	45.05	39.38	39.87	40.92
<b><u>Capital Financing Requirement as at 31 March</u></b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	19,825	24,117	23,661	23,070	22,493
HRA	21,750	27,190	39,130	51,070	65,010
<b>TOTAL</b>	<b>41,575</b>	<b>51,307</b>	<b>62,791</b>	<b>74,140</b>	<b>87,503</b>
<b><u>Annual Change in Capital Financing Requirement</u></b>					
General Fund	4,222	4,292	-456	-591	-577
HRA	-315	5,440	11,940	11,940	13,940
<b>TOTAL</b>	<b>3,907</b>	<b>9,732</b>	<b>11,484</b>	<b>11,349</b>	<b>13,363</b>
<b><u>Incremental Impact of Capital Investment Decisions</u></b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Increase in council tax (band D) per annum	2.80	5.70	3.72	4.88	5.76
Increase in average housing rent per week	0.00	0.00	0.00	0.00	0.00

- 3.3 The Prudential Indicators in the following table are the upper and lower limits on the amounts of borrowing due for repayment in certain time limits. The upper limit is to reduce the risk of adverse movements in interest rates having a detrimental effect on the Council's overall position.

<b>Maturity Structure of Fixed Rate Borrowing During 2008/09</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and above	85%	0%

## 4 Minimum Revenue Provision

- 4.1 The Council is required to charge an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.
- 4.2 Draft CLG Regulations have been issued for comment which, if implemented, will require full Council to approve **an MRP Statement**. This will need to be approved in advance of each year. Whilst the regulations will revoke current MRP requirements, councils are allowed to continue historical accounting practice. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The timetable for implementation is very tight and so Members are asked to approve the following policy, based on the draft Regulations. Should the final regulations change this Statement, it will be re-submitted for approval.
- 4.3 The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2007 or in the future for Supported Capital Expenditure, the MRP policy will be:

**Existing practice** - MRP will follow the existing practice outlined in former CLG Regulations;

And from 1<sup>st</sup> April 2007 for all unsupported borrowing the MRP policy will be:

**Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations.

In accordance with the regulations, MRP is payable commencing the year after expenditure is incurred or asset becomes operational.

## 5. Current Treasury Position

- 5.1 The Council's detailed treasury position is highlighted in the following table.

	31/3/2007 Actual	Rate	31/03/2008 Estimate	Rate
<b>DETAILED TREASURY POSITION</b>	£'000	%	£'000	%
Fixed Rate Debt	4,628		19,191	
PWLB				
Market	34,292		34,800	
Variable Rate Debt	0		0	
PWLB				
Market	2,508		0	
<b>Total Debt</b>	<b>41,428</b>	<b>4.55</b>	<b>53,921</b>	<b>4.49</b>
Other Long Term Liabilities	0		0	
<b>Total Borrowing</b>	<b>41,428</b>		<b>53,921</b>	
Fixed Investments	0		0	
Variable Investments	4,156		14,715	
<b>Total Investments</b>	<b>4,156</b>	<b>5.23</b>	<b>14,715</b>	<b>5.87</b>
<b>Net Borrowing</b>	<b>37,272</b>		<b>39,206</b>	

## 6 Expected Borrowing Requirement

- 6.1 The table below sets out the expected amounts to be borrowed by the Council over the next three years. A significant recent development is that the Council's ALMO, A1 Housing Bassetlaw has recently been awarded a two star rating and consequently approval to borrow £62M over the next 5 years. This explains the substantial increases in borrowing over the next three years. Government funding through the Housing Subsidy is supporting this borrowing.

	2006/07	2007/08	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000	£'000
	Actual	Probable outturn	Estimate	Estimate	Estimate
<b>Expected borrowing requirement</b>					
Brought forward 1 April	39,935	41,428	56,553	68,620	80,560
Carried forward 31 March	41,428	56,553	68,620	80,560	94,500
In year borrowing requirement	1,493	15,125	12,067	11,940	13,940

## 7 Expected Movement in Interest Rates

- 7.1 While the December cut in Bank Rate ultimately came as no great surprise to the financial markets it did reflect the Monetary Policy Committee's growing unease about the state of the domestic economy. The November Inflation Report did highlight the threat of a comparatively steep decline in economic activity in 2008. However, until then there had been few decisive signals that this process had commenced in earnest. More recently, the economic data has been transmitting an increasing amount of evidence that this may indeed be the case. The cooling in the housing market has been noted for some time although it is only in the past few months that the two key indicators on this front (the Nationwide & Halifax Indices) have moved down in unison.
- 7.2 The deciding factors behind the MPC's decision were probably the November CIPS surveys of the manufacturing and service sectors. Both these indicators pointed towards a marked deceleration in activity on a broad front and may well have been interpreted by the policy doves as a sure sign that the effects of the summer's credit squeeze are beginning to spread beyond the confines of the financial markets.
- 7.3 Nevertheless, the Bank of England does note that the upside risks to inflation remain. Many of the current pressures are externally generated (oil, food, commodity prices etc) and will not respond to UK interest rate policy. Hopes rest upon the anticipated deceleration in international activity reversing at least some of these trends. In the mean time, the MPC is hoping that domestic inflation expectations do not deteriorate and that weakening household consumption prevents companies passing cost increases on to the retail level. The outcome of this "central case" scenario will not be known for some time.
- 7.4 Bond markets will remain aware of the risks policy makers are taking with inflation for the sake of engineering a gradual and moderate dip in economic activity. Concerns about the health of the financial sector will persist for some time and these will maintain

the downward bias to bond yields in the near term. However, investors may be unsettled by the risks central banks are taking with long-term inflation control in their attempts to shore up faltering activity. Worries about inflation prospects in the medium to long term are expected drive yields higher through 2008/09 and beyond.

## 7.5 Medium-Term Rate Forecasts (averages)

	Bank Rate	1-year LIBOR	5-year Gilt	20-yr Gilt	50-yr Gilt
2006/07	4.8	5.3	4.9	4.4	4.0
2007/08	5.6	6.0	5.3	4.9	4.5
2008/09	4.8	4.7	4.7	4.8	4.6
2009/10	4.8	4.8	4.8	4.7	4.6
2010/11	5.0	5.3	4.9	4.8	4.8
2011/12	5.2	5.5	5.3	5.2	5.1

- 7.6 The key risks to the forecasts surround the strength of the US economy, the key driver of world growth. If the US growth falls faster than expected, this is likely to move the bias towards reducing interest rates and increasing the value of the dollar, consequently UK interest rates more than shown above. Conversely, if the US economy were to revive, the fall in UK interest rates could reduce or even be reversed.

## 8 Borrowing and Debt Strategy 2008/09 – 2010/11

- 8.1 The introduction of the Prudential Code and uncertainty over future interest rates means there are inherent risks associated with the treasury strategy. As a result the Council will take a cautious approach to its treasury borrowing strategy.
- 8.2 £15M of external borrowing has been taken out in 2007/08. £5M is in line with previously approved spending plans, £5M is to finance the capital expenditure on the new Leisure schemes and £5M to fund the new supported borrowing agreed for Decent Homes. Additional borrowing of £11.5M will be required to support the Decent Homes funding for 2008/09. Officers will take the most appropriate form of borrowing depending upon the prevailing interest rates at the time, taking into account the risks shown in the above forecast.
- 8.3 Over the last five years there has been substantial debt restructuring to achieve savings, and therefore there is little scope for further rescheduling in the near future. Rates will continue to be monitored during the year to determine if any other debt restructuring opportunities exist while maintaining flexibility should the Council find itself with any additional funds. Due to our debt profile all new borrowing will be based on long term (10+ years) fixed rate loans.

## 9 Annual Investment Strategy

- 9.1 In developing this strategy regard was taken of the Guidance on Local Government Investments issued by the ODPM (now CLG) in 2004 and CIPFA's Treasury Management in the Public Sector and Cross Sectoral Guidance Notes. The Council's investment priorities are:
- The security of the capital invested, and
  - The liquidity of its investments
- 9.2 Investment decisions are based on shorter-term interest rates, primarily Bank rate expectations. The Head of Finance and Property (S151 Officer) will undertake the most

appropriate form of investments allowed, depending on the prevailing interest rates at the time, taking into account the associated risks.

The objectives of the Council's investment strategy are:

- The security of capital;
- The liquidity of the investments;
- To achieve the optimum return on investments, in line with the above.

The Head of Finance and Property will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what its investments are. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits.

- **Banks** – the Council will use banks which have at least the following Fitch, Moody's and Standard and Poors ratings (where rated):
  - Short Term – F1
  - Long Term – A-
  - Individual / Financial Strength – C (Fitch / Moody's only)
  - Support –3 (Fitch only)
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies** – the Council will use all Societies that meet the ratings for banks outlined above.
- **Money Market Funds** – AAA
- **UK Government** (including gilts and the DMO)
- **All Local Authorities,**
- **Supranational institutions**

9.3 The time limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	<u>Fitch</u>	<u>Moody's</u>	<u>Standard &amp; Poors</u>	<u>Money Limit</u>	<u>Time Limit</u>
Upper Limit Category	F1+/AA-	P –1/Aa3	A-1/AA-	£5m	3 yrs
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£3m	364 days
Other Institution Limits	–	–	–	£1m	9 months

9.4 The proposed criteria for Specified and Non-Specified investments are shown in the Annex for approval.

9.5 All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations. The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

As stated above, the funds available for investment are derived from movements in the cash flow. The Council has at any point in time, a number of cash flows both positive

and negative and will be managing its position in terms of its borrowings and investments in accordance with its Treasury Management Strategy and Practices. Investments at any one time will depend upon the net cash flow balance and the outlook for short-term interest rates.

In the short term and during 2008/09, the Council will seek to maximise its investments to benefit from the current higher interest rates and improved rate of return.

- 9.6 After the end of the financial year, officers will report on investment activity as part of the annual Treasury Management Report.

## **10 Performance Indicators**

- 10.1 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the Treasury function over the year. These are distinct historic indicators as opposed to the prudential indicators that are predominantly forward looking. The following performance indicators will be used for monitoring purposes.

- Debt – Borrowing – Average rate of borrowing for the year compared to the average available.
- Debt – Average rate movement year on year.
- Investments – Internal returns above the 7 day LIBID rate.

- 10.2 The results of these indicators will be reported in the Treasury Annual Report.

## **11 Local Issues**

- 11.1 The approval to spend £62M of supported borrowing on Decent Homes has substantially increased the scale of Treasury Management at the Council. The Government has agreed the scheduling of this amount over the next 6 years and the Council will arrange borrow this money to its advantage.

- 11.2 Surplus cash sums have reduced considerably and officers will be reviewing the cashflow position and the financial implications, if beneficial, in reducing the level of investments specifically to reduce the level of external borrowing required in the future.

## **12. Implications**

- a) For Service Users - There is an impact on available resources depending upon the success of the treasury management strategy and the Council's ability to fund future borrowing.
- b) Strategic & Policy - The Prudential Code is underpinned by the Council's Budget and the Treasury Management Strategy. These in turn support the Council's Strategic objectives, Community Strategy and CPA Improvement Plan.
- c) Financial - Ref No 08/8. These are contained within the main body of the report.
- d) Legal – Ref No297/02/08. Part II of The Local Government Act 2003 places duties on Local Authorities with regard to financial management. This report fulfils those duties.
- e) Human Resources – Nil in this report.
- f) Community Safety, Equalities, Environmental – Nil in this report
- g) This is key decision number 153.

**13. Options, Risks and Reasons for Recommendations**

- 13.1 Full Council is required to consider the above and approve the recommendations as indicated. There are no further options or risks for consideration.

**14. Recommendations**

- 14.1 The Treasury Management Strategy covers the operation of the treasury function and its likely activities for the forthcoming year. The Council is recommended to adopt the following prudential indicators and limits as contained within the report:
- The actual and estimated capital financing requirement and debt figures. (3.2)
  - The authorised and operational limits. (2.2)
  - The affordability indicators impact of Council Tax and rent levels (3.1)
  - The limits on treasury management activity. (3.3)
- 14.2 Approve the Treasury Management Strategy 2008/09.
- 14.3 Approve the Minimum Revenue Provision (MRP) Statement (4.3)
- 14.4 Approve the performance indicators (10.1)
- 14.5 Approve the proposed criteria for Specified and Non Specified Investments (9.4)

**Background Papers**

Prudential Code &  
Associated Budget Working  
Papers

**Location**

Financial Services Office



## CRITERIA FOR SPECIFIED AND NON-SPECIFIED INVESTMENTS

The Office of the Deputy Prime Minister (now CLG) issued Investment Guidance on 12<sup>th</sup> March 2004, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 5<sup>th</sup> February 2002 and will apply its principles to all investment activity. In accordance with the Code, the Head of Finance and Property has produced its treasury management practices. This part, covering investment counterparty policy, requires approval each year.

**Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

This strategy is to be approved by full Council.

The investment policy proposed for the Council is:

**Strategy Guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
2. A local authority.
3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
4. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society).

For category 3 above, this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

For category 4 above, this covers bodies with a minimum rating of F1/A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is – Limit of £3m for up to 364 days.

**Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	<b>Non Specified Investment Category</b>	<b>Limit</b>
	(a) <b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The council may use such building societies which have a minimum asset size of £1bn, but will restrict these type of investments to £1m.	Limit of £1m
	(b) Any <b>bank or building society</b> that has a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Limit of £2m

**The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Butlers, on a daily basis, and as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Finance and Property and if required new counterparties which meet the criteria will be added to the list.



***REVENUE  
BUDGET  
2008/2009***



## USE OF REVENUE RESERVES AND BALANCES

Description of Reserves & Balances	Actual Brought Forward 1.4.2007 £	Contributions £	Use in year £	Estimated Balance 31.3.2008 £	Contributions £	Use in Year £	Estimated Balance 31.3.2009 £
Working Balance	1,000,000	0	0	1,000,000	0	0	1,000,000
General Reserve	919,022	546,840	-781,420	684,442	201,910	-137,620	748,732
LABGI	1,048,918	106,224	-340,000	815,142	0	0	815,142
Insurance	63,587	40,000	-40,000	63,587	40,000	-40,000	63,587
NNDR Refunds	201,910	0	0	201,910	0	-201,910	0
Economic Development	112,760	0	0	112,760	0	-74,430	38,330
Property Maintenance	194,013	0	0	194,013	0	0	194,013
Finance Reserve	58,610	0	-58,610	0	0	0	0
LDF Reserve	22,900	0	-22,900	0	0	0	0
Retford Townscape Reserve	29,690	0	-29,690	0	0	0	0
Worksop HERS Reserve	55,020	0	-55,020	0	0	0	0
HRA	715,109	299,520	0	1,014,629	0	-264,620	750,009
<b>TOTAL</b>	<b>4,421,539</b>	<b>992,584</b>	<b>-1,327,640</b>	<b>4,086,483</b>	<b>241,910</b>	<b>-718,580</b>	<b>3,609,813</b>

**SUMMARY OF GROSS EXPENDITURE AND INCOME  
REVENUE BUDGET 2008/2009**

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	CABINET AREA	EXPENDITURE							SUPPORT SERVICES CHARGED OUT £	INCOME £	NET EXPEND £
			EMPLOYEES £	PREMISES £	TRANSPORT £	SUPPLIES & SERVICES £	SUPPORT SERVICES £	CAPITAL CHARGES £	GROSS EXPEND £			
1,195,790	730,030	FINANCE & PROPERTY	127,720	856,600	25,390	2,616,550	1,958,340	133,520	5,718,120	-3,806,300	-1,216,540	695,280
1,430,680	1,539,805	REVENUES & CUSTOMER SERVICES	2,117,670	5,300	32,100	-69,580	31,312,560	50,480	33,448,530	-2,258,090	-29,681,950	1,508,490
120,440	54,140	SUPPORT SERVICES	1,581,090	2,430	41,540	1,354,900	988,540	223,210	4,191,710	-3,047,890	-1,087,720	56,100
2,726,370	2,860,475	COMMUNITY ENGAGEMENT & PERFORMANCE	803,120	146,740	73,230	1,163,470	1,981,540	159,330	4,327,430	-1,790,640	-87,630	2,449,160
3,323,020	3,671,835	COMMUNITY PROSPERITY	3,881,270	863,850	121,620	2,241,650	2,130,750	130,740	9,369,880	-1,041,300	-4,738,840	3,589,740
6,748,410	7,209,355	ENVIRONMENT & HOUSING	4,093,100	480,490	1,282,570	1,896,490	1,270,320	1,945,700	10,968,670	-2,659,460	-1,273,010	7,036,200
<b>15,544,710</b>	<b>16,065,640</b>	<b>NET OPERATING EXPENDITURE</b>	<b>12,603,970</b>	<b>2,355,410</b>	<b>1,576,450</b>	<b>9,203,480</b>	<b>39,642,050</b>	<b>2,642,980</b>	<b>68,024,340</b>	<b>-14,603,680</b>	<b>-38,085,690</b>	<b>15,334,970</b>
529,480	335,930	Net interest on borrowing and investments	0	0	0	6,820	0	2,909,190	2,916,010	-1,492,450	-735,250	688,310
-322,430	-1,349,220	Capital Charges	0	0	0	0	0	2,031,880	2,031,880	-2,988,960	0	-957,080
824,110	824,110	FRS17 Pensions Interest	824,110	0	0	0	0	0	824,110	0	0	824,110
<b>16,575,870</b>	<b>15,876,460</b>	<b>GENERAL FUND TOTAL</b>	<b>12,603,970</b>	<b>2,355,410</b>	<b>1,576,450</b>	<b>9,210,300</b>	<b>39,642,050</b>	<b>5,552,170</b>	<b>70,940,350</b>	<b>-16,096,130</b>	<b>-38,820,940</b>	<b>15,890,310</b>
-115,360	-234,580	Transfer to + / from (-) General Reserves										-137,620
-340,000	-233,780	Transfer to + / from (-) LABGI										0
-108,030	-166,220	Transfer to + / from (-) Other Appropriations and Reserves										-74,430
-80,620	689,980	FRS17										656,650
<b>15,931,860</b>	<b>15,931,860</b>	<b>AMOUNT TO BE MET FROM GOVT. GRANTS AND LOCAL TAXPAYERS</b>	<b>12,603,970</b>	<b>2,355,410</b>	<b>1,576,450</b>	<b>9,210,300</b>	<b>39,642,050</b>	<b>5,552,170</b>	<b>70,940,350</b>	<b>-16,096,130</b>	<b>-38,820,940</b>	<b>16,334,910</b>
		<i>This is financed by:</i>										
1,549,293	1,549,293	Revenue Support Grant										-1,347,310
9,231,832	9,231,832	National Domestic Rate redistributed from Pool										-9,678,360
0	0	Collection Fund Surplus										0
<b>5,150,735</b>	<b>5,150,735</b>	<b>TO BE MET FROM COLLECTION FUND</b>										<b>5,309,240</b>

# REVENUE BUDGET 2008/2009

## FINANCE AND PROPERTY

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Service Area	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
8,360	925	Administrative & Operational Buildings	0	679,690	0	93,740	648,980	96,630	1,519,040	-1,162,480	-362,220	-5,660
1,173,050	1,201,270	Concessionary Travel	0	0	0	1,369,540	74,470	0	1,444,010	0	-283,300	1,160,710
10,620	34,000	Corporate Accounting and Audit	16,580	0	70	217,910	21,150	0	255,710	-192,880	0	62,830
4,190	-9,425	Industrial Estates	0	98,330	0	7,160	93,700	4,600	203,790	0	-198,300	5,490
-6,490	0	Estates Service Management and Support	148,380	0	5,600	13,220	135,340	0	302,540	-258,270	-44,270	0
-3,820	-60	Finance Service Management and Support	675,230	0	4,770	48,370	465,910	13,390	1,207,670	-1,104,590	-56,340	46,740
236,280	260,240	Grants & Contributions	0	420	0	215,960	8,490	0	224,870	0	0	224,870
26,730	48,530	Miscellaneous Properties	0	50,030	0	2,770	46,660	10,050	109,510	0	-83,500	26,010
-362,440	-1,243,980	Non Distributed Costs	-976,870	0	-160	25,240	33,920	8,850	-909,020	-354,550	0	-1,263,570
27,610	-170	Other Apportionable Overheads	1,870	0	0	0	0	0	1,870	-1,870	0	0
-9,970	29,460	Other Expenditure	19,850	28,130	0	553,900	22,050	0	623,930	-502,240	-114,270	7,420
53,130	54,960	Parishes And Concurrent Functions	0	0	0	46,410	8,190	0	54,600	0	0	54,600
351,480	350,520	Precepts & Levies	0	0	0	0	351,490	0	351,490	0	0	351,490
18,550	26,420	Property Service Management and Support	242,680	0	15,110	19,940	46,330	0	324,060	-222,970	-73,990	27,100
4,600	4,780	Travellers	0	0	0	2,390	1,660	0	4,050	0	0	4,050
-302,540	0	Capital Financing Costs	0	0	0	0	0	0	0	0	0	0
-33,550	-27,440	Miscellaneous Income	0	0	0	0	0	0	0	-6,450	-350	-6,800
1,195,790	730,030	Total	127,720	856,600	25,390	2,616,550	1,958,340	133,520	5,718,120	-3,806,300	-1,216,540	695,280



**REVENUE BUDGET 2008/2009**  
**REVENUES AND CUSTOMER SERVICES**

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Service Areas	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
505,130	461,990	Housing Benefits	156,080	0	5,490	-433,280	21,476,520	0	21,204,810	-154,390	-20,569,240	481,180
116,400	106,500	Council Tax Benefits	0	0	0	0	7,894,320	0	7,894,320	0	-7,716,670	177,650
682,920	724,160	Council Tax Collection	310,240	0	9,270	84,240	582,080	0	985,830	0	-259,230	726,600
4,100	18,140	NNDR Collection	51,970	0	940	89,360	61,570	0	203,840	0	-181,500	22,340
-1,560	-300	Cashiers	78,680	0	280	32,130	48,220	2,200	161,510	-117,310	-44,200	0
28,150	7,680	Customer Services	779,740	0	9,330	53,020	547,150	40,330	1,429,570	-1,301,040	-121,240	7,290
1,190	125,710	Housing Benefits Administration	686,870	0	6,520	85,960	678,850	6,530	1,464,730	-685,350	-779,380	0
94,350	95,925	Tourist Information	54,090	5,300	270	18,990	23,850	1,420	103,920	0	-10,490	93,430
<b>1,430,680</b>	<b>1,539,805</b>	<b>Total</b>	<b>2,117,670</b>	<b>5,300</b>	<b>32,100</b>	<b>-69,580</b>	<b>31,312,560</b>	<b>50,480</b>	<b>33,448,530</b>	<b>-2,258,090</b>	<b>-29,681,950</b>	<b>1,508,490</b>

# REVENUE BUDGET 2008/2009

## SUPPORT SERVICES

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Service Areas	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
1,690	1,860	Town Hall Bars	6,240	0	0	17,810	12,970	0	37,020	0	-40,040	-3,020
-8,900	670	E Government	35,210	0	0	31,830	29,960	23,230	120,230	-111,870	0	8,360
10,300	19,040	BISCIT	0	0	0	10,000	9,410	0	19,410	0	0	19,410
-62,910	-57,420	Land Charges	36,150	0	50	44,100	51,380	10	131,690	0	-203,630	-71,940
57,690	90,070	Licensing	107,750	0	9,220	37,370	132,020	1,000	287,360	-1,000	-178,490	107,870
-21,530	190	Administration and General	701,680	110	10,780	219,330	274,470	21,010	1,227,380	-1,123,370	-105,910	-1,900
70,170	-270	IT and Communications	333,900	2,320	15,670	908,800	270,630	151,920	1,683,240	-1,221,770	-464,150	-2,680
63,950	0	GIS Team	109,890	0	2,110	41,050	63,670	26,040	242,760	-239,380	-3,380	0
9,980	0	Law and Scrutiny	250,270	0	3,710	44,610	144,030	0	442,620	-350,500	-92,120	0
120,440	54,140	Total	1,581,090	2,430	41,540	1,354,900	988,540	223,210	4,191,710	-3,047,890	-1,087,720	56,100

**REVENUE BUDGET 2008/2009**  
**COMMUNITY ENGAGEMENT & PERFORMANCE AND CORPORATE MANAGEMENT**

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Service Areas	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
43,720	63,960	Community Strategy	0	0	0	37,650	3,940	0	41,590	0	0	41,590
79,340	72,900	Community Safety and Support	65,160	2,850	0	62,340	21,910	0	152,260	0	-30,360	121,900
283,650	238,280	Policy Function	139,990	0	3,030	9,460	69,130	0	221,610	0	0	221,610
443,870	433,125	Civic Buildings -Town Halls	0	170,200	0	16,290	150,280	141,480	478,250	0	-30,560	447,690
621,470	636,600	Members Allowances & Civic Events	35,590	480	34,220	385,400	180,050	4,700	640,440	0	-650	639,790
125,920	222,340	Democratic Representation	0	270	1,700	10,170	181,850	7,630	201,620	-650	0	200,970
37,850	37,760	Political Modernisation/ Best Value /CPA	2,880	0	510	32,100	1,910	0	37,400	0	0	37,400
20,750	31,860	Public Relations and Publicity	48,340	0	840	55,140	29,070	0	133,390	-79,390	-14,940	39,060
82,920	79,100	Registration Of Electors	11,220	0	0	35,130	42,410	0	88,760	0	-1,220	87,540
220,510	211,670	Elections	55,470	22,940	0	57,850	77,900	0	214,160	0	0	214,160
-4,120	-220	Service Management and Support	391,250	0	5,830	12,830	100,400	1,600	511,910	-502,010	-9,900	0
<b>1,955,880</b>	<b>2,027,375</b>	<b>Service Total</b>	<b>749,900</b>	<b>196,740</b>	<b>46,130</b>	<b>714,360</b>	<b>858,850</b>	<b>155,410</b>	<b>2,721,390</b>	<b>-582,050</b>	<b>-87,630</b>	<b>2,051,710</b>
821,260	833,160	Corporate and Change Management (incl Service Review	-835,900	-50,000	0	375,330	925,470	0	414,900	-15,000	0	399,900
-4,720	-50	Corporate Management Team and Support	473,220	0	19,540	19,770	61,800	0	574,330	-574,330	0	0
-36,180	0	Human Resources	275,190	0	7,560	51,300	85,140	3,920	423,110	-423,110	0	0
-9,650	-60	Corporate Training	121,740	0	0	2,710	21,980	0	146,430	-148,940	0	-2,510
-220	50	Union Support	18970	0	0	0	28,300	0	47,270	-47,210	0	60
<b>770,490</b>	<b>833,100</b>	<b>Corporate Management Total</b>	<b>53,220</b>	<b>-50,000</b>	<b>27,100</b>	<b>449,110</b>	<b>1,122,690</b>	<b>3,920</b>	<b>1,606,040</b>	<b>-1,208,590</b>	<b>0</b>	<b>397,450</b>
<b>2,726,370</b>	<b>2,860,475</b>	<b>Total</b>	<b>803,120</b>	<b>146,740</b>	<b>73,230</b>	<b>1,163,470</b>	<b>1,981,540</b>	<b>159,330</b>	<b>4,327,430</b>	<b>-1,790,640</b>	<b>-87,630</b>	<b>2,449,160</b>

**REVENUE BUDGET 2008/2009  
COMMUNITY PROSPERITY**

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Services Area	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
55,630	26,130	Community Development	0	0	0	66,130	0	0	66,130	0	-40,000	26,130
252,170	229,330	CCTV Schemes	0	0	0	213,710	130	17,840	231,680	-38,850	-12,770	180,060
128,120	139,670	Economic Development	246,330	8,950	7,050	235,770	9,720	0	507,820	0	-409,000	98,820
327,560	313,050	Regeneration Service Management and Support	213,270	300	3,700	24,920	139,020	0	381,210	-81,840	0	299,370
224,800	244,290	Culture & Heritage	130,980	45,230	1,350	56,690	31,160	14,720	280,130	-39,110	-36,260	204,760
17,380	56,220	Golf Course	73,540	213,780	620	76,460	32,250	3,360	400,010	0	-357,720	42,290
1,121,620	1,323,365	Leisure Centres	1,209,420	388,330	7,340	840,280	298,550	57,790	2,801,710	-22,730	-1,278,010	1,500,970
316,480	278,040	Sports Developmet & Community Recreation	282,960	1,850	18,120	52,060	133,480	0	488,470	0	-67,350	421,120
23,820	39,320	Market Undertakings	184,860	52,900	3,520	76,680	47,490	0	365,450	0	-340,050	25,400
-535,510	-475,750	Parking Services	0	142,410	0	271,870	66,350	1,210	481,840	0	-982,580	-500,740
5,210	5,030	Leisure Service Management & Support	117,530	0	4,720	25,470	115,380	0	263,100	-257,890	0	5,210
33,260	32,700	Tourism	0	0	0	18,060	12,240	500	30,800	0	0	30,800
346,200	380,350	Planning	448,450	0	20,260	71,050	478,600	0	1,018,360	0	-809,030	209,330
28,580	27,830	Previous Environmental Works	0	0	0	0	930	27,830	28,760	0	0	28,760
468,710	473,240	Local Development Framework	245,140	0	8,190	96,120	120,210	0	469,660	0	-2,760	466,900
362,180	323,780	Building Control	426,570	0	30,530	41,340	284,210	0	782,650	-158,660	-318,590	305,400
275,130	355,240	Other Building Control Work	43,470	10,100	5,860	32,080	221,420	7,230	320,160	0	0	320,160
-128,320	-100,000	Planning Service Management & Support and Grant	258,750	0	10,360	42,960	139,610	260	451,940	-442,220	-84,720	-75,000
<b>3,323,020</b>	<b>3,671,835</b>	<b>Total</b>	<b>3,881,270</b>	<b>863,850</b>	<b>121,620</b>	<b>2,241,650</b>	<b>2,130,750</b>	<b>130,740</b>	<b>9,369,880</b>	<b>-1,041,300</b>	<b>-4,738,840</b>	<b>3,589,740</b>

**REVENUE BUDGET 2008/2009  
ENVIRONMENT AND HOUSING**

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Service Area	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
154,200	146,990	Contribution To HRA Shared Items	0	0	0	154,200	0	0	154,200	0	0	154,200
291,270	252,940	Homelessness	127,990	0	3,260	32,220	101,460	0	264,930	0	-6,150	258,780
7,880	12,320	Housing Advice	0	0	0	5,000	8,190	0	13,190	0	0	13,190
-1,080	40	Housing Service Management and Support	75,850	0	1,800	6,380	78,180	0	162,210	-153,840	-8,000	370
273,320	193,100	Housing Strategy	3,190	0	300	209,270	60,030	0	272,790	-750	-13,130	258,910
80	0	Non-HRA Council Property	0	0	0	0	0	0	0	0	0	0
980,990	1,149,290	Private Sector Housing Renewal	135,250	0	7,850	3,570	105,360	1,700,000	1,952,030	-774,000	-108,320	1,069,710
94,960	112,900	Registered Social Landlords	0	0	0	0	14,620	0	14,620	0	0	14,620
0	0	Supporting People	0	0	0	0	0	0	0	0	0	0
57,070	80,130	Cemeteries and Churchyards	30,860	169,590	1,580	20,060	26,230	12,100	260,420	-230	-181,520	78,670
864,420	915,020	Community Parks And Open Spaces	822,850	220,340	138,580	217,780	128,560	74,350	1,602,460	-359,510	-346,400	896,550
64,030	79,540	Community Safety	89,760	0	4,040	18,350	24,970	0	137,120	0	-25,000	112,120
49,430	75,510	Emergency Planning	26,860	0	0	20,190	12,310	0	59,360	0	0	59,360
128,200	165,380	Environment Service Management and Support	581,050	19,220	307,640	178,770	207,780	11,280	1,305,740	-997,740	-147,990	160,010
1,192,740	1,209,555	Environmental Health	749,540	53,530	48,070	121,310	253,290	36,850	1,262,590	0	-43,690	1,218,900
51,620	73,670	Flood Defence & Land Drainage	0	780	0	36,060	20,340	5,190	62,370	0	0	62,370
0	1,460	Healthy Living Centre	6,250	0	2,000	28,150	7,650	0	44,050	0	-36,530	7,520
692,020	755,780	Street Cleansing	456,810	6,060	128,320	222,890	54,670	0	868,750	-130,960	-1,620	736,170
1,846,860	1,935,170	Waste Collection	986,840	10,970	639,130	560,780	152,500	29,600	2,379,820	-158,280	-295,630	1,925,910
400	50,560	Waste Disposal	0	0	0	61,510	14,180	76,330	152,020	-84,150	-59,030	8,840
<b>6,748,410</b>	<b>7,209,355</b>		<b>4,093,100</b>	<b>480,490</b>	<b>1,282,570</b>	<b>1,896,490</b>	<b>1,270,320</b>	<b>1,945,700</b>	<b>10,968,670</b>	<b>-2,659,460</b>	<b>-1,273,010</b>	<b>7,036,200</b>

# REVENUE BUDGET 2008/2009

## HOUSING REVENUE ACCOUNT

INITIAL BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	Service Areas	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
			Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
		<b>A1 Housing</b>										
0	102,080	A1 Management - Rents Rates & Taxes	0	0	0	105,130	0	0	105,130	0	0	105,130
0	5,583,140	A1 Management - Supervision And Man	0	0	0	5,749,990	0	0	5,749,990	0	0	5,749,990
10,312,150	5,138,930	A1 Management - Repairs	0	0	0	5,292,480	0	0	5,292,480	0	0	5,292,480
<b>10,312,150</b>	<b>10,824,150</b>	<b>Total A1 Housing Management Fee</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,147,600</b>	<b>0</b>	<b>0</b>	<b>11,147,600</b>	<b>0</b>	<b>0</b>	<b>11,147,600</b>
		<b>Council Managed HRA Budgets</b>										
		<b>Expenditure</b>										
198,000	0	Bad Debts Provision	0	0	0	0	0	0	0	0	0	0
0	27,930	Community Centres	0	0	0	0	0	0	0	0	0	0
54,040	105,480	Debt Management Expenses	0	0	0	0	114,900	0	114,900	0	0	114,900
2,948,950	2,744,530	Main Housing Subsidy (inc MRA) Payable	0	0	0	6,915,890	0	0	6,915,890	0	-4,036,430	2,879,460
427,200	449,080	Rent Rebates	0	0	0	447,480	0	0	447,480	0	0	447,480
16,000	0	Cost of Capital / Impairment	0	0	0	0	0	0	0	0	0	0
4,487,970	3,802,120	Depreciation	0	0	0	0	0	3,882,620	3,882,620	0	0	3,882,620
1,654,960	1,564,860	Management	693,060	72,510	650	646,100	260,270	0	1,672,590	0	0	1,672,590
359,620	256,580	Supporting People	16,040	0	0	1,038,760	20,300	0	1,075,100	0	-810,000	265,100
<b>20,458,890</b>	<b>19,774,730</b>	<b>Total Expenditure</b>	<b>709,100</b>	<b>72,510</b>	<b>650</b>	<b>20,195,830</b>	<b>395,470</b>	<b>3,882,620</b>	<b>25,256,180</b>	<b>0</b>	<b>-4,846,430</b>	<b>20,409,750</b>
		<b>Income</b>										
-373,280	-310,000	District Heating - Charges	0	0	0	0	0	0	0	0	-300,000	-300,000
-19,630,000	-20,230,000	Rent Income - Dwellings	0	0	0	0	0	0	0	0	-20,400,000	-20,400,000
-122,220	-127,620	Other Rental Income	0	0	0	0	0	0	0	0	-130,820	-130,820
-102,480	-42,150	Management Recharges Income	0	0	0	0	0	0	0	-32,570	0	-32,570
-1,146,920	-1,180,180	Supporting People Charges	0	0	0	0	0	0	0	0	-1,186,860	-1,186,860
<b>-21,374,900</b>	<b>-21,889,950</b>	<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-32,570</b>	<b>-22,017,680</b>	<b>-22,050,250</b>
<b>-916,010</b>	<b>-2,115,220</b>	<b>Net Cost of Services</b>										<b>-1,640,500</b>
557,510	557,510	Amortised Premium & Discounts	0	0	0	368,400	0	0	368,400	0	0	368,400
-16,000	0	AMRA Adjustment	0	0	0	0	0	0	0	0	0	0
0	55,000	Capital Expenditure To Revenue	0	0	0	0	0	0	0	0	0	0
-154,200	-113,510	GF Contribution to Shared Amenities	0	0	0	0	0	0	0	0	-113,510	-113,510
0	299,520	HRA Surplus / Deficit	0	0	0	0	0	0	0	164,420	0	-264,620
1,048,370	1,150,520	Interest & Mortgage Interest	0	0	0	0	0	1,492,450	1,492,450	3,970	0	1,496,420
-519,670	166,180	Transfer To Major Repairs Reserve	0	0	0	0	0	0	0	153,810	0	153,810
<b>916,010</b>	<b>2,115,220</b>	<b>Operating Expenditure</b>										<b>1,640,500</b>
<b>0</b>	<b>0</b>	<b>(Surplus)/Deficit for Year</b>										<b>0</b>



## **BASSETLAW DISTRICT COUNCIL**

### **CORPORATE CAPITAL STRATEGY 2008/9-2010/11**

#### **1 INTRODUCTION**

- 1.1 This capital strategy details how Bassetlaw District Council has allocated (and will subsequently manage) its capital resources to enable the priorities of the authority to be achieved. It therefore explains the financial framework for capital investment by the District Council.
- 1.2 Capital expenditure can be simply explained as “expenditure on the acquisition or development of major assets which will be of use or benefit to the District Council in providing services beyond the year of account.”
- 1.3 This strategy covers all aspects of the Council’s capital expenditure, both from within the Council itself and where capital resources have been attracted through external funding opportunities.
- 1.4 The capital programme consists of two elements:
  - The Housing Investment Programme with an original budget for 2007-08 of £6.7M. Of this, £5M supports the maintenance of the Council’s 7,000 Council Houses and £1.7M provides Renovation Grants and Disabled Facility Grants to around 200 private dwellings each year.
  - The Other Services Programme with an original budget for 2007-08 of £8.8m. This supports all expenditure on the Council’s other assets. Typically the Capital Programme is around £2M a year, but the 2007-08 programme includes over £6M for the provision of two new leisure centres at Worksop and Retford.

The two elements are accounted for separately, but the schemes making up the two programmes are subject to the same scrutiny and monitoring arrangements to ensure delivery.
- 1.5 The current capital programme is funded from a variety of sources. The Council attempts to maximise all of these sources and in particular seeks to generate capital receipts from the disposal of surplus assets (land and property). Capital receipts of £0.9m are required in the Other Services Programme in 2007/08. This requires careful management to minimise the overall impact on the council, and the strategy adopted is reflected within the Council’s Asset Management Plan.
- 1.6 A significant recent development is the award to A1 Housing of the two-star rating. Subsequent to this the Council has received permission to borrow £62M to bring the Council House stock up to Decent Homes Standard by 2012. The first instalments of this are £5M for 2007/08 and £11.5M for 2008/09.



## **2 PURPOSE OF THE CAPITAL STRATEGY**

2.1 Overall this strategy sets out how the Council seeks to:

- Secure and maintain appropriate land and property holdings to enable the Council to deliver its services and policies.
- Ensure the Capital Programme is realistic, affordable and well managed to avoid project over runs and expensive claims beyond the budgeted scheme value.
- Minimise the need for asset disposal by looking at alternative sources of financing such as Prudential Borrowing and the availability of external grant funding.
- Ensure capital expenditure supports a defined priority of the Council.
- Ensure that long-term operational needs identified in other Council strategies e.g. ICT Strategy are reflected in the Capital programme.
- Ensure that any on-going revenue cost implications are understood and accounted for without impacting on the existing financial savings target of the Council.
- Work in partnership with the private sector and other external organisations to secure maximum capital resources for the district.

## **3. THE POLICY FRAMEWORK**

3.1 This strategy is one of a number of key strategies that together support the Corporate Plan and cover the management of all the District Council's assets. They include:

- 3-year Medium Term Financial Strategy (MTFS) covers the management of the Council's Capital, HRA and General Fund financial resources
- Housing Revenue Account (HRA) Business Plan covers the management of the housing stock
- Property Asset Management Plan covers the management of the property portfolio (other than council housing)
- Treasury Management Strategy
- Value for Money Strategy

3.2 The Council has a 3 year Corporate Plan "Bassetlaw – Moving up a Gear" to ensure that its priorities are resourced and delivered. The plan creates a close link between the strategic priorities and the provision of the necessary financial capacity to deliver them. This ensures that the council's priorities remain realistic and deliverable. As such it is the primary mechanism for the allocation of capital resources.

The four main strategic aims to be delivered over the medium term within the strategic plan are as follows:

- Jobs and Enterprise
- Safe and Strong
- Clean and Green
- Efficient and Effective

All schemes within the Capital Programme contribute to one or more of these objectives.

3.3 The Council has developed a property Asset Management Plan which set out the key issues impacting on the Council's property assets and relates those issues to options for the delivery of asset management. The Property AMP also sets out how the

Authority is managing assets to secure maximum financial and user benefits and to meet corporate objectives.

#### 4. CAPITAL RESOURCES

4.1 Appropriate funding sources are identified and the Council is continually investigating new and alternative forms of funding. Project appraisals will consider the resources available at the time such as Lottery Funding, Single Regeneration Budget, unsupported borrowing.

4.2 Funding of Capital schemes is via the following hierarchy:

- External grants or contributions
- Supported Borrowing
- Capital receipts from the disposal of fixed assets
- Operating Leases
- Prudential (Unsupported) Borrowing
- Revenue Contributions

The optimum target is to maximise capital investment and minimise the net impact on the revenue accounts.

The table below shows the estimated use of these resources over the next three years.

Funding Source	2008/09	2009/10	2010/11
	£000	£000	£000
<b>GENERAL FUND</b>			
Capital Receipts	1,207	600	600
Borrowing – Unsupported	127	0	0
Grants and Contributions	226	0	0
Leasing	678	750	750
	2,238	1,350	1,350
<b>HOUSING</b>			
Capital Receipts	1,442	1,368	1,332
Borrowing – Supported	11,940	11,940	13,940
Major Repairs Allowance	4,036	4,200	4,350
Other Grants and Contributions	935	932	968
Leasing	150	0	0
	18,503	18,440	20,590
<b>TOTAL</b>	<b>20,741</b>	<b>19,790</b>	<b>21,940</b>

4.3 The Council funds schemes through borrowing. Supported Borrowing occurs when the Council has been allocated an expenditure amount and will receive the revenue funds to repay the borrowing. At Bassetlaw this applies to some Housing expenditure funded through Housing Subsidy, including the £62M recently approved to achieve the Decent Homes Standard. Unsupported or Prudential Borrowing must be justified by the Council to demonstrate that it is affordable, prudent and sustainable. The Council does occasionally use Prudential borrowing to fund various capital schemes as a last resort.

- 4.4 The Council generates substantial Capital Receipts from the sale of land and property. In 2006/07 Housing Capital Receipts were £1,088,000 (estimated £3,071,000 in 2007/08) and General Fund Receipts were £164,000 (estimated £970,000 in 2007/08).

Council Houses are sold each year under the Right to Buy (RTB) scheme; since 2004 RTB receipts are pooled by Central Government and 25% retained by the Council. The Council also sells surplus land and property, from both the Housing and the General Fund property portfolios. Although the net receipts from RTB and other Housing assets are available to fund both the Housing and Other Services capital schemes, it is Council policy that they are ring fenced to fund the Housing capital schemes, including private sector grants, leaving General Fund capital receipts only to fund the Other Services schemes.

- 4.5 The 3-Year MTFs 2008/09 to 2010/11 includes a General Fund capital receipts target. The associated loss of any rental income from such sales is built into the General Fund budget. The capital receipts target, necessary to underpin the capital strategy, is a key element within the Asset Management Plan. The Council varies the capital programme according to the level of capital receipts achieved against the target.
- 4.6 The Council is involved in several partnerships schemes with Government agencies, other local authorities and local public and private sector bodies. This means that many of the schemes in the Capital Programme are funded wholly or partly by grants and contributions from these organisations.  
The most significant of these grants are the Major Repairs Allowance (MRA) which is a direct grant to fund maintenance of Council Housing, and direct grants to fund a proportion of the Disabled Facility and Private Sector Renovation Grants awarded to private householders.
- 4.7 Occasionally Capital schemes are funded directly from revenue sources. As revenue resources are limited this is not usually a recommended option so is generally limited to small schemes.
- 4.8 Operating Leases are used by the Council to provide funding to provide vehicles and other equipment. The Council uses leasing consultants to advise on the most beneficial funding arrangements for all vehicle and equipment acquisitions.

## **5. BUDGET AND MONITORING PROCESS**

- 5.1 A key role in the budget setting and monitoring of the Capital Programme is undertaken by the Regeneration and Property Group, which meets every month. This group is attended by all responsible officers and is chaired by the Director of Resources.

It is a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

- 5.2 The budget setting process begins when Council Officers submit bids for Capital schemes which meet the Council's key objectives. Simultaneously an assessment is made of the level of Capital Receipts and other resources, which will be available to fund the Programmes. These bids are assessed and prioritised by the Regeneration and Property Group. Following this Corporate Management Team will draw up a list of the bids which it considers should be supported from the available resources. These are presented to Cabinet, which makes the final recommendations to Full Council.

5.3 Once Full Council has approved the schemes which comprise the capital programme, detailed project plans for each scheme are developed by the project managers. The project plan forms the basis for monitoring delivery of the critical physical milestones. Each project plan includes:

- The projects objectives and performance indicators (input, output and outcome based)
- Key milestone dates for project delivery
- Responsible officers for delivery of each milestone
- Resource requirements including full financial breakdown
- Risk analysis

On the completion of each scheme a Post Project Review is undertaken.

5.4 The Regeneration and Property Group meets monthly and considers a monthly monitoring statement at each meeting. A standing item on the agenda is an Update on Key Regeneration Sites, where Project Officers report on performance outputs on the major projects to this group. Variations and unexpected items are discussed and appropriate action taken.

5.5 A Capital Monitoring report is taken to Cabinet every two months, which includes the latest monitoring statement and the Update on Key Regeneration Sites from the Regeneration and Property Group. Cabinet also approves variations to the Capital Programme. Outcomes are also included in the quarterly reports to the Performance Improvement Scrutiny Committee.

## **6. CONCLUSION**

6.1 The Council's Capital Strategy is a 'live' document, which provides a framework for the allocation and management of capital resources across the authority in accordance with corporate priorities. It is therefore the framework for capital investment across the Council. The Strategy will be revised annually, to ensure it is kept up to date and is relevant and effective.



## **BASSETLAW DISTRICT COUNCIL**

### **Property Asset Management Plan 2008/9-2010/11**

#### **1. INTRODUCTION**

- 1.1 This is the second Property Asset Management Plan (AMP) developed by Bassetlaw District Council. The first AMP scored a 'Good' rating from the East Midlands Government Office in 2004. In the intervening time period the original AMP has been updated on an annual basis. The content, layout and information within this Property AMP will continue to be refined and developed as part of the corporate AMP process.
- 1.2 It should be noted that Bassetlaw District Council is at a fairly advanced stage of developing an effective asset management function to support the new organisational arrangements, priorities and objectives currently in a process of development as part of the recent senior management restructure within the Authority. There is a need, therefore, for AMP development to be progressed at a pace that reflects the capacity of the Estates service to deliver the range of processes, frameworks and arrangements that are required to support effective asset planning and management.

#### **2. PURPOSE OF PROPERTY AMP**

- 2.1 This AMP sets out details of the key corporate and service issues impacting upon Bassetlaw District Council's property assets and relates these issues to options and solutions for the delivery of asset management functions for the Authority. The Property AMP also sets out how the Authority is managing and using assets in order to secure maximum financial and user benefits and to meet key corporate objectives.
- 2.2 A key purpose of the property AMP and an effective property asset management function is the assessment of the condition of property; appraisal of the operational requirement for and effective use of property assets; processes for reviewing the continued need to retain assets; processes for disposal of assets no longer required; processes for the procurement of new assets to meet the ever changing requirements of the Authority.
- 2.3 The Property AMP will also form a key part of the Use of Resources (UoR) assessment by the Audit Commission, that will examine how the Authority manages and uses financial and other resources. Property (or "fixed") asset management is a Key Line of Enquiry (KLOE) within that process.
- 2.4 **About Bassetlaw District Council**

Although much of the district lies within the former Nottinghamshire coalfields it is predominantly rural in character. It has a population of approximately 107,600 and covers an area of some 63,687 hectares. The district has two main centres of population i.e. Worksop and Retford.

The economy of the district has seen a gradual shift from coal mining and manufacturing in recent years to distribution and service industries. Unemployment currently stands at 2.0% compared to the National Average of 2.6% (Aug 2007).

## 2.5 Property Portfolio

The following table sets summarises the Council's Property Portfolio:

	<b>No. of Properties</b>	<b>Value (As at April 1<sup>st</sup> 2007)</b>
Industrial Estates (Including Industrial Land)	7	£2,269,745.00
Offices and Depots	12	£3,078,650.00
Shops	27	£1,205,430.00
Car Parks	20	£1,931,550.00
Markets	2	£541,500.00
Town Halls	2	£2,779,000.00
Miscellaneous Properties	30	£5,709,900.00
Leisure	8	£1,210,920.00
Parks and Open Spaces	22	£1,236,094.00
Housing Stock (EUVSH)	7154	£223,087,248.00
Land held for Housing (undeveloped sites)	15	£6,400,500.00
<b>Total Value</b>		<b>£249,450,537.00</b>

Valuations taken from the Property Asset Register

Note.

The above does not take into account the value of garage sites and allotment sites. These assets are valued on an existing use basis therefore any development potential is not shown within these figures.

## 2.6 Office and Administrative Property

An audit of accommodation needs is in the process of being formulated and has, in fact, identified a real need for additional office space. One particular reason being that one leased property, Copthall House is unsuitable for D.D.A. adaptation and is surplus to the Council's accommodation requirements. The lease on this property is due to effectively expire in March 2008 as the Council has exercised a break clause within the lease.

The Council's Accommodation Strategy will aim to explore opportunities for improved utilization of offices through alternative methods of working such as hot desking and home working. It is intended to report separately on these issues in early 2008. The key objectives for the Strategy being:

- To locate all personnel within each service together insofar as this is practical and effective.
- To minimise overall floor space occupied.
- To minimise operational/running costs.
- To locate personnel in the location most appropriate to their function.
- To exploit cross cutting arrangements.
- To maximise innovation/ICT opportunities.

An action plan needs to be formulated which includes the options, appraisal and future provision and the performance management sections of the strategy to provide a clear way forward as to a) the accommodation to be provided by the organisation in future years and b) how the organisation will measure its performances and how it will use that performance measurement process to ensure improvements in future years. This will also provide an indication as to the mechanism by which this performance management process will ensure improvement and that accountability for this improvement is clear within the plan.

## 2.7 Indirect Service Properties let to Third Parties

Included in this category are starter factory units and housing estate shops. All such properties are the subject of regular individual consideration in formulating Asset Management Strategy. The majority of these properties are let on short-term leases and consideration is being given to longer term full repairing and insuring leases. However, it is realized that a movement in this direction, whilst minimizing maintenance liability, may not be best suited to encouraging new businesses and providing much needed local shopping facilities on the housing estates.

The properties let to third party companies and individuals play a key part in the local economy of Bassetlaw providing employment and regeneration opportunities. It is estimated that these units employ around 500 people.

The provision of factory units is part of the Council's Employment Generation Strategy by which it will retain ownership of the units and strive to maximize both income and employment opportunities generated by those units. In cooperation with the Debt Recovery Unit a more rigorous collection of arrears of rent is now in force, a historical problem that is now being ameliorated.

Shops on housing estates can produce poor performance generally as a result of changed shopping habits. Individual housing shops are reviewed as and when tenancy conditions permit, with an objective of providing adequate shopping on Council housing estates from viable units giving a satisfactory return.

The following table shows Occupancy Rates as at 1<sup>st</sup> June 2007. It is difficult to increase the Industrial occupancy rates because many of the properties are starter units and by definition tend to higher levels of turnover and associated short-term voids. The figures are considered to be good but there is no feeling of complacency and best efforts will continue to strive for full occupancy.

<b>Occupancy Rates 1/6/2007</b>			
	Total Space (Sq ft)	Vacant (Sq ft)	Occupancy Rate %
Industrial	67,934	4756	93
Shops	8,331	584	93

## 3. PROPERTY AIMS AND OBJECTIVES

In support of its strategic aims the Council's Estates Unit has determined the following aims and objectives in respect of its property assets:



### **3.1 Overall Aim**

To secure and maintain the correct land and property holdings to enable the Council to deliver its services and policies adopting a corporate best value approach within the relevant legislative and financial framework.

To be responsible owners of public property and to continue to review land and property holdings, having regard to the Council's overall corporate policies.

This effectively means :-

### **3.2 Policy**

- 1) To ensure that the Council's land and property holdings are necessary, appropriate and effectively used. This means concentrating resources on suitable premises that will enhance service delivery and assist in the implementation of the Council's main objectives contained within the Corporate Plan.
- 2) To acquire and dispose of land and property to enable the Council to meet its service and policy requirements. This can be achieved by providing sufficient premises and accommodation for the ever changing needs of the District Council.
- 3) To efficiently manage and maintain the Council's land and property. This can be affected by not wasting resources on property that is no longer required.
- 4) To maximise revenue income from the industrial and commercial property portfolio for further investment and so provide improved services. This can be achieved by re-investing resources into non operational investment property owned by the Council.
- 5) To maximise proceeds from sales for further investment and so provide improved services and finance for major projects. This effectively means re-investing resources from disposal of surplus assets into the Council's declared objectives.

### **3.3 Property Asset Management Context**

The key elements of effective property asset management include the following:

- Review of existing assets to identify underutilisation and asset performance issues.
- Review of existing and future service need and user requirements.
- Assessment of condition and identification of future investment requirements to maintain and improve existing property
- Development of financial models to for planning and management of investment in existing property
- Identification of the preferred investment option and delivery mechanism for investment in existing property.
- Implementation arrangements for investment in existing property

- Identification of the need for rationalisation of existing property and requirement for new property
- Evaluation of alternative options for delivery and programming of required investment in new property
- Identification of the preferred investment option and delivery mechanism for investment in new property.
- Development of a forward programme of disposals, acquisitions, development and delivery of new property

#### **4. ARRANGEMENTS FOR CORPORATE ASSET MANAGEMENT**

##### **4.1 Senior Management Review**

To support the achievement of the District Council's revised 3-year Corporate Plan, "Bassetlaw – Moving Up a Gear", a senior management review has been undertaken. The top priority of the new plan is to encourage the economic prosperity of the District and a new post of Director Of Resources has been appointed to drive forward this strategic commitment and co-ordinate service delivery. Under this post, a new Finance and Property Service has been created. The co-location of these functions under one service has enabled the integration of the management and development of the Council's land and property functions with the wider financial related issues the Council and its partners face. The outcome of this approach has enabled the development of the Asset Management Plan to be better co-ordinated as a corporate initiative. It is a key objective of this Asset Management Plan that it strongly links with the overall plans of the District Council and be informed by the wider community planning process. The placement of the estates management functions of the Council within the new management structure will improve the integration of the AMP (and Capital Strategy) within the District Council's key strategic processes, particularly those linked to:

- Jobs and Enterprise
- Safe and Strong
- Service Plans, particularly those related to economic development
- Clean and Green
- The Council's cross cutting priority of 'Efficient and Effective (Incorporating the Council's internal Improvement Plan)  
Thus enabling the property implications of these strategic policies to be fully investigated.

In order that its strategic property objectives can be achieved the Council has determined a management structure to manage its property assets as a corporate resource.

##### **4.2 The Role of Corporate Property Officer**

The Corporate Property Officer's role is :-

- Oversee the preparation and review of Asset Management Plan.
- Monitor and assess the property review process.
- Monitor and review general performance against the Asset Management Plan.
- Monitor and review performance against National and Local Performance Indicators.
- Review options and priorities before recommendations are made to the Cabinet.
- Oversee the Acquisition and Disposal Programme.
- Monitor and review financial performance against the Capital Programme.
- Monitor and review the Maintenance Programme.
- Link actions to the Council's Capital Strategy.

This role has been communicated to officers and members through the Asset Management Plan.

#### **4.3 The Regeneration and Property Group**

The cross service body responsible for the management of the Council's assets is the Regeneration and Property Group, which is chaired by the Director Of Resources.

The Terms of Reference of the Group are as follows:

- 1) To review the Council's land and property requirements.
- 2) To review the Council's land and property holdings with emphasis on their use and relevance to the needs of the Council.
- 3) To ensure that land and property matters are dealt with efficiently and corporately.
- 4) To contribute towards the selection of potentially saleable land and property.
- 5) To make recommendations for further investment in the safeguarding of the Council's land and property holdings.
- 6) To advise Management Team of acquisitions which are required from time to time to meet the Council's policies and objectives.
- 7) To consider the land and property aspects of all projects being prepared in accordance with the Council's approved budget.
- 8) To be aware of wider considerations such as:-
  - The availability of sites and premises within the District irrespective of ownership.
  - The demand for sites and premises.
  - The availability of external resources to bring forward new sites and premises.

- The increasing role of the Local Authority as a facilitator and enabler.
  - The development of regeneration programmes within the District.
- 9) To consider matters relating to strategic employment sites within Bassetlaw, outside the ownership of the District Council, town centre regeneration issues and external funding opportunities relating to land and property considerations.
- 10) To monitor the Authority's Capital programme to ensure optimum coordination of resources and delivery of the budgets within timescales.

#### Membership

Chair : Director of Resources  
 Head of Community Prosperity  
 Head of Finance and Property Services  
 Head of Environment and Health Services  
 Economic Development Team Leader  
 Principal Planner (Policy and Implementation)  
 Principal Estates Officer  
 Principal Solicitor  
 Principal Building Control Surveyor  
 Town Centre Manager

Frequency of Meetings: 12 per year

## 5. **STAFFING IMPLICATIONS**

### 5.1 **Current Position**

The Estates Unit is currently headed by the Principal Estates Officer who is supported by two Estates Officers, an Estates Technician (Part time) and an Administration Assistant ( Also part time). This current structure within the Estates Unit will be reviewed in 2008 to assess whether the main aims and outcomes of the Asset Management Plan are being met within the pre-described timescales.

The Estates Unit plays a major part in the Council's day to day operation and assists the enablement of the key objectives of the Authority contained within service delivery plans and the Council's adopted Corporate Strategy.

The maintenance of the Council's operational property portfolio is managed by the Principal Engineering Services Manager who has a team of one Electrical Engineer, Deputy Engineer and two property maintenance staff.

### 5.2 **Recruitment**

It has proved difficult to recruit General Practice Surveyors, this is due to a combination of factors including limited supply of qualified staff currently in the market and current pay levels offered by the Authority. It may be the case that over the next 12 months the structure of the Estates and Maintenance Unit be subject to a review if targets are not being met on time.

## **6. ACCOMMODATION ISSUES FACING BASSETLAW DISTRICT COUNCIL**

### **6.1 Property Issues Relating to Nottinghamshire County Council:-**

- a) Operational accommodation issues – Copthall House. Office building that BDC leases for £30,000 pa + running costs = £50,000pa. Notice has been served to vacate in March 2008. However, discussions with the managing agents has intimated that they would be willing to let BDC stay in occupation until we have found alternative premises / relocated staff into Queens Buildings. There are issues regarding dilapidations post BDC vacation. An initial budget has been set aside of £50,000 to deal with any potential dilapidation claims.
- b) Dealing with the second phase of Notts CC property issues, ie. After the successful negotiation for the land exchange and £0.5m capital receipt to facilitate a new library (Community Hub) in Worksop and a Children's / Youth facility in Retford it has been agreed between property officers from BDC and NCC to enter into further negotiations for land and property related issues between the two Council's, these include :-
- c) NCC's occupation of Queens Building's (the wing). Initial discussions with NCC have revealed that as part of their rationalisation of their property holdings, they are hopefully going to implement a phased vacation of the building.
- d) When the new Community Hub / library is erected, NCC will be vacating the existing library that is owned by BDC. A strategy / development brief needs to be put in place to secure the best use of the building post vacation.
- e) Chancery Lane, Retford. NCC hold a ground lease from BDC where they have erected offices. It has been intimated that NCC may also wish to vacate these offices.
- f) 42 Grove Street, Retford. 1st floor offices that NCC's probation officers occupy. They have served 3 months notice to vacate in July 2007. These offices will be either re-let or utilised by the Bassetlaw Museum for storage purposes.
- g) Denman Library, Retford. This is a BDC owned property (listed) leased to NCC with approximately 6 years left to run on the lease. NCC has stated that the building is not fit to provide modern day library facilities. NCC are looking to either extend the current library to the rear elevation or look to providing a new site to erect a new library facility.

### **6.2 Rationalisation of Operational Property**

All local authorities are required by government to show year on year cashable savings on operational properties held. Issues such as service reviews currently being carried out by the authority and Central Government agenda's such as the Gershon Review and the Comprehensive Spending Review 2007 are no doubt going to reduce demand for operational property held by the Council.

It is therefore paramount that Bassetlaw District Council commence looking at a rationalisation programme of operational assets. Other options such as home working and hot desking may also need to be evaluated as potential aid to efficiency gains.

Office accommodation in Retford will therefore be disposed of and staff relocated in Queen's Building's, Worksop. This will involve disposing of the freehold interest in 18 The Square, Retford. The resources will be used to finance the refurbishment of Queen's Building's.

## 7. **LAND AND PROPERTY DISPOSALS**

As can be shown the Council has already generated resources from a number of activities since 2004 as shown below.

### **GENERAL FUND SALES/DETAILS**

50 Canal Road - Land assumed	48,000.00	03/12/2004
2 Market Place Retford	125,000.00	03/12/2004
Jehovahs Workshop,Central Avenue	105,000.00	03/12/2004
1 Hallcroft Road	135,000.00	03/12/2004
Pentecostal Church	20,000.00	03/12/2004
Land adj. 87 Sparken Hill	12,000.00	17/12/2004
NCC Land Sale PFI Valley Rd	900,000.00	21/01/2005
NCC Land Sale Plumtree Caravan Park (Dep)	49,000.00	01/04/2005
Plum Tree Caravan Park	441,000.00	13/06/2005
Brunel Drive Industrial Est	423,000.00	15/06/2005
Brunel Drive Industrial Est (Deposit)	47,000.00	15/06/2005
Land sale - Scrooby Road	93,750.00	29/07/2005
Land sale - Whinny More Lane (Deposit)	25,000.00	18/08/2005
Land sale - Whinny Moor Way	225,000.00	18/08/2005
Land at Beaver Place	86,000.00	15/06/2006
The Lodge, Cemetery Road	50,000.00	31/07/2006
Land At East Street, Harworth	20,000.00	April 2007
Land at Raymoth Lane, Worksop	500,000.00	May 2007
Land at Babbage Way, Worksop	405,000.00	May 2007
Land At Beverley Road, Harworth	378,000.00	June 2007
		<b><u>4,087,750.00</u></b>

## **HRA (NON-SOCH) RECEIPTS - DETAILS**

Prospect Precinct Extension	52,000.00	03/12/2004	
Unit 1	56,000.00	03/12/2004	
Unit 2 & Flat 6	25,000.00	03/12/2004	
Unit 3	15,000.00	03/12/2004	
Flat 5	6,000.00	03/12/2004	
Unit 4	16,000.00	03/12/2004	
Unit 5 & Flat 4	34,000.00	03/12/2004	
Unit 6	15,000.00	03/12/2004	
Unit 7	19,000.00	03/12/2004	
Unit 8 & Flat 3	39,000.00	03/12/2004	
Innings Prospect Precinct	350,000.00	03/12/2004	
Lanchester/Pelham Hsg Estates (Deposit)	83,000.00	01/03/2005	
West Retford Hall (Deposit)	40,000.00	30/03/2005	
Lancaster Gardens	378,000.00	30/03/2005	
50 - 92 Pelham Street	369,000.00	08/04/2005	
Former Langold Community Centre	18,000.00	18/04/2005	
Land Adj 2 Willow Holt	1,035.00	25/04/2005	
West Retford Hall	363,000.00	28/04/2005	
Land Adj 29 Bolham Lane	1,090.00	29/07/2005	
Land West Drayton Farm	1,221.00	29/09/2005	
Land at Stevenson Road	900.00	14/10/2005	
Land 137 Galaway Crescent	579.00	12/12/2005	
Land 75 - 77 Caledonian Way	1,875.00	10/02/2006	
Land 79 Caledonian Way	1020.00	10/02/2006	
Land 81 Caledonia Way	680.00	10/02/2006	
Land at 35 Strawberry Road	2,000.00	17/02/2006	
Land at The Glebe	55,000.00	15/06/2006	
Bracebridge Community Centre	305,000.00	23/5/2007	
Crown Place Sheltered Housing Scheme	590,000.00	23/5/2007	
			<b><u>2,838,400.00</u></b>

## **Council House Sales**

RTB Sales – 2004/05	5,804,253.00		
RTB Sales – 2005/06	4,597,546.00		
RTB Sales - 2006/07	1,775,880.00		
			<b><u>12,177,679.00</u></b>
			<b><u>19,103,829.00</u></b>

### **Future Capital receipts from December 2007**

<b>General Fund Sales / Details</b>	<b>£</b>
Amcott Depot and Memorial Avenue Car Park	500,000
	8,000,000
Sale of land at Turner Road and Carlton Road	
Land at Claylands Avenue, Worksop	4,000,000
Land At Rectory Road, Retford	1,000,000
Various former allotment sites emanating from the review of allotment sites.	500 – 1,000,000
Relocation of a Substation at Scrooby Road, Harworth	44,000
<b>HRA (NON-SOCH) RECEIPTS / DETAILS</b>	
Land at Kennedy Court, Prior Meadows and Creswell Road, Worksop.	1,500,000
The former sheltered housing scheme at Cumberland House, Harworth.	550,000
Various Garage Sites (from the implementation of the Garage site strategy)	250,000

## **8. Property Asset Performance**

### **8.1 Aspirations in Performance Improvement**

The Council recognise the need to further improve performance levels. Performance management systems are already in place. However, the Authority cannot remain static and must ensure up to date and relevant performance measurement systems are in place.

### **8.2 Monitoring**

There are three primary mechanisms through which the Council monitor progress and address failings identified by these Performance Measures. These are as follows:

- 1) The Estates team produce monitoring reports, which are fed into the Regeneration and Property Group. They will also report on Property and Estates issues relayed to them from the various types of land and property the Council holds at any one time
- 2) The Regeneration and Property Group receives progress reports on the Asset Management Plan including property disposals, demand studies, acquisitions and facilities management planning issues. Shortcomings and blockages are addressed at a corporate level through this Group. Political accountability and public scrutiny is secured through the following:
- 3) At a Member Level meetings are held on a monthly basis, along with a progress report on the Asset Management Plan. For any of the plan issues above an implementation programme is submitted for approval normally



through the Cabinet mechanism but sometimes on a delegated decision process in the event of urgent works being required.

- 4) Regular monthly updates are provided through the Cabinet Member with responsibilities for Property and Finance Services. These meetings include the Director Of Resources, Head Of Finance and Property and the Principal Estates Officer. Project timescales are submitted at the initial reporting stage.

### **8.3 The Measurement of the Maintenance Backlog and the Introduction of a System of Planned Maintenance**

- 1) As part of the Council's Land and Property Strategy it was agreed that a rolling programme of in depth condition surveys would be undertaken to inform an annual maintenance programme. This exercise will change the emphasis of property maintenance away from reactive repairs to planned and cyclical maintenance. To date two Town Halls and associated properties, office accommodation and the main works depot have been completed. This was reported to the Council and the first planned programme commenced during 2003 following the consideration of the information gained from the original schedules of condition. A five-year repeat inspection programme will follow.
- 2) The sufficiency and suitability of Council property is a major priority for the Authority and extra resources need to be directed to this area of work. In the case of office accommodation through the collation of data and the completion of questionnaires. This will be extended to other categories of property.
- 3) All properties owned or operated by the Council have had prepared a comprehensive Access Audit to determine their suitability for use by disabled members of the community. A rolling programme of adaptation and alteration is currently underway and works, wherever possible, have and are being included in all major capital projects
- 4) A local performance indicator is in place to measure the success of changing the maintenance programme from responsive to planned. Maintenance work is prioritised within a three year period from the information gathered in the condition surveys for each building according to a set criteria. In order to ensure that the Council is able to make informed decisions with regard to the funding of operations to deal with the maintenance backlog.

### **8.4 Development of Maintenance Programme**

The Property Maintenance Programme is developed through a number of different factors. These are as follows:

- Structural Condition Surveys.
- Strategic Priorities (these strategic priorities are developed by Members and are then adopted by Officers and turned into specific objectives within service delivery plans). These strategic priorities should be also used to assist the budget holder of any potential savings.
- Statutory Responsibilities – inspections based on health, safety and welfare statutory responsibilities are also used to inform programme development, with due consideration given to DDA access Audit recommendations. For example, in

previous years inspections have revealed works to be necessary in areas such as electrical safety, legionella, boiler and lift replacement. In essence these are part of the condition elements used to feed into the programme.

The key areas for investment for the Authority are clearly linked to the repair and maintenance of its buildings, electrical and mechanical requirements and the planned maintenance programme. Focusing on the urgent works in necessary buildings ensures that accommodation needs are appropriate and fit for their purpose.

## **8.5 Prioritisation**

The main areas for capital investment in the property portfolio are identified on an annual basis by evaluating competing projects against the Council's Capital Strategy and prioritising them against the certain Capital Investment Priority Criteria set out in the Capital Strategy.

There is required to be a clear link between the development of assets and the Council's corporate objectives before any project can go forward, other than where there is a clear link to overarching health and safety issues. The process also includes some forward planning with the identification of capital projects for the following year.

Proposals are evaluated initially by the Regeneration and Property Group, the Management Team and finally the Cabinet.

As part of the Capital Strategy, the Council has agreed for the monies received from asset sales to be added to the Council's Capital fund for which bids are made on an annual basis. This acts as an incentive for the disposal of council land for the benefit of the whole organisation

When priorities have been established as above, there are several areas of the organisation, which develop the project planning process. These are as follows:

- Financial data (based on the programme priorities and fed through the Council's financial processes to be agreed in the form of revenue and capital expenditure on an annual cost break down basis).
- Elements from within the above programme development process. These include the major capital works, which were prioritised in previous years. In previous years these priorities were often based on Health and Safety and structural dilapidation issues. These are subject to Council approval through the normal reporting mechanism.
- An additional important aspect of the projects planning process has been the input in terms of contingency planning. These have been unforeseen items, which have been identified, normally through the statutory responsibility route. So far these have included additional works required in the form of legionella, electricity and heating and ventilation and asbestos in several of the major Council public buildings. These have been funded through the financial allocation and the Council's monitoring mechanisms have proven highly effective in identifying these areas of work, which in many other organisations have yet to be identified as problems.

## **8.6 Relationship Between Capital and Revenue Spend and the Asset Management Plan**

The Council's Performance Management System requires each Service to put together a Service Delivery Plan containing objectives for each Service that meet the needs of the Corporate Strategy on an annual basis. These Plans are agreed corporately before their adoption to ensure that there is no duplication or conflict. This process enables the Support Services of Estates, Legal, Personnel, Finance etc, to gauge the support required and include such provision in their Service Delivery Plans. This enables the Authority to identify where peaks and troughs in workload will exist.

The number of land related projects throughout the Council are expanding on a yearly basis. This co-ordinating exercise has enabled the Regeneration and Property Group to establish what resource is needed, prioritise between projects on a corporate basis and seek additional resource where that proves to be necessary. It also ensures that the AMP reflects the new strategic vision of the Authority. The Regeneration and Property Group prioritise on future Council's capital and revenue spend, a process is undertaken to ensure that the service is driven by the corporate objectives. In order to ensure that the Council works corporately all land based projects carried out in the individual service areas include, as part of the project team, a member of the Estates Service.

The key areas for capital investment are identified on an annual basis by evaluating competing projects against the Council's overarching strategy and prioritising them against an agreed criterion. There is required to be a clear link between development of assets and the Council corporate objectives before any project can go forward. The criteria for ranking of capital projects is outlined in as part of the Council's Capital Strategy. The process also includes some forward planning with the identification of capital projects for the following year. The areas for investment from the property reserve are evaluated by the Regeneration and Property Group, Management Team and by the Cabinet. As part of its Land and Property Strategy, the Council has agreed to ring fence disposal monies from asset sales and savings from rating appeals to be used solely for the repair, improvement enhancement or acquisition of Council land and property.

## **8.7 National Property Performance Indicators**

The national performance indicators are set out below:

The following performance indicators shown in Table 1 are a position statement and cannot necessarily be used for productive benchmarking with other Authorities. Some of these performance indicators have not been updated since 2004. This is due to a lack of resources with the authority. Condition category A is the percentage of properties that are classed as being in a good state of repair, condition category B are properties that are in a satisfactory condition, condition category C are properties in a poor condition and properties in category D are in a bad state of repair.

There is a need to implement performance indicators encompassing value for money in line with recent government agendas. These are shown in Table 3 at 8.8 of this plan. It is the intention to implement these performance measures in 2008.

Table 2 shows the improvement in the condition of the Council's operational properties. This is due to the recent refurbishment of Worksop Town Hall and the refurbishment of Retford Town Hall.

It should be noted that the condition surveys for non operational properties such as industrial estates have not been carried out since 2004. It is therefore the intention of the Estates unit to compile a condition survey of all non operational and investment properties in the first half of 2008. The outcome of these surveys will then be subject

to a rigorous appraisal to ensure the properties are providing market returns and comply with the main corporate aims and objectives of the Council.

**Table 1**

	Condition Categories			
	A	B	C	D
Indicator 1A Operational, other land and buildings % gross internal floor-space in condition categories A -D	40.84%	53.81%	0%	5.35%
Indicator 1B(i) Operational, other land and buildings. Backlog of maintenance by cost expressed as a total value in £000s	Priority level			
	1	2	3	4
	191	321	148	388
Indicator 1B(ii) Backlog of maintenance by cost expressed as a percentage	18.26%	30.61%	14.13%	37.00%

	Condition Categories			
	A	B	C	D
Indicator 1A Non-operational, general % gross internal floor-space in condition categories A – D	26.60%	27.47%	28.89%	16.97%
Indicator 1B(i) Non-operational, general Backlog of maintenance by cost expressed as a total value in £000s	Priority level			
	1	2	3	4
	68	229	333	1474
Indicator 1B(ii) Backlog of maintenance by cost expressed as percentage	8.4%	28.48%	41.48%	21.64%

	Condition Categories			
	A	B	C	D
Indicator 1A Non-operational, surplus land % gross internal floor-space in condition categories A – D	19.65%	57.18%	23.17%	0%
Indicator 1B(i) Non-operational, surplus land Backlog of maintenance by cost expressed as a total value in £000s	Priority level			
	1	2	3	4
	0	9	93	12
Indicator 1B(ii) Backlog of maintenance by cost expressed as percentage	0%	7.9%	81.57%	10.53%

Indicators 2A, 2B and 2C			
	Industrial (2A)	Retail (2B)	Agricultural (2C)
Overall average internal rate of return (IRR)	10.72%	12.94%	3.2%

Indicators 3A and 3B		
	Operational Property	Non-operational property
Total annual management cost per m <sup>2</sup>	£8.91	£15.15

Indicator 4A	
Repair and maintenance costs per m <sup>2</sup> GIA	£31.79
Indicator 4B	
Energy costs per m <sup>2</sup> GIA (gas, electricity, oil, solid fuel)	£6.96
Indicator 4C	
Water costs per m <sup>2</sup> GIA	£1.56
Indicator 4D	
CO <sup>2</sup> emissions in tonnes of carbon dioxide per m <sup>2</sup>	0.06

Indicator 5A	Cost predictability
% of projects where out-turn falls within +/- 5% of the estimated out-turn, expressed as a percentage of the total number of projects completed in the financial year	67%
Indicator 5B	Time predictability
% of projects falling within +/-5% of the estimated time-scale expressed as a % of the total number of projects completed in that financial year	100%

**Table 2**

<u>PI REF</u>	<u>DESCRIPTION (FROM DIRECTION)</u>	<u>ACTUAL 2003/04</u>	<u>TARGET</u>	<u>ACTUAL 2007/08</u>
Local AS	Asset Management: % gross internal, floor- space in condition categories A-D (A – Good, B – Satisfactory, C – Poor, D – Bad)	Operational	Operational	Operational
		a) 40.84%	a) 62.93%	a) 65.00%
		b) 53.81 %	b) 29.07%	b) 27.00%
		c) 0%	c) 0.0%	c) 0.00%
		d) 5.35 %	d) 8.00%	d) 8.00%
		Non Operational	Non Operational	Non Operational
		a) 26.60%	a) 51.78%	a) 51.78%
		b) 27.47%	b) 34.98%	b) 34.98%
		c) 28.89%	c) 9.29%	c) 9.29%
		d) 16.97%	d) 3.95%	d) 3.95%
		Surplus	Surplus	Surplus
		a) 19.65%	a) 42.29%	a) 42.29%
		b) 57.18%	b) 46.45%	b) 46.45%
		c) 23.17%	c) 11.26%	c) 11.26%
		d) 0%	d) 0.00%	d) 0.00%

## 8.8 Future Performance Indicators Incorporating Value For Money Measures

Estates management has costs involved in managing and maintaining the administrative and operational buildings used by the organisation and the 'estates management function' are the employees involved in managing the organisation's property (for example Head of Estates and their team). It is intended to implement these new indicators, commencing in 2008.

The following elements are included within the definition of this function:

- Revenue costs (occupancy, building operations and estates management costs)
- Capital expenditure
- Statutory compliance and accessibility
- Project management
- Space utilisation
- Environmental sustainability
- Functional suitability
- Flexibility
- Satisfaction of internal customers

### Summary List of Indicators

Table 3

<b>Primary Indicators - The following performance indicators are intended to be used by the Council. They will enable the Council to benchmark with other Local Authorities of a similar size and nature.</b>	
Primary Indicator 1	Total property costs (occupancy, operational and management) per square metre
Primary Indicator 2	Total accommodation (square metre) per employee
Primary Indicator 3	Property maintenance backlog
Primary Indicator 4	<p>User satisfaction index – a composite indicator compiled from the responses to a set of statements by commissioners and users</p> <p><u>Aims :</u></p> <ul style="list-style-type: none"> <li>• The estates management function supports the overall objectives of the organisation</li> <li>• The estates management function manages maintenance and capital programmes effectively (on time, budget and specification)</li> <li>• The estates management function helps the organisation to make best use of its accommodation</li> <li>• The estates management function helps the organisation to reduce energy and water consumption</li> <li>• The estates management function provides value for money</li> </ul> <p><u>User statements:</u></p> <ul style="list-style-type: none"> <li>• The buildings / offices are easily accessible for staff, services users and visitors</li> <li>• The buildings / offices are appropriate for my needs</li> <li>• The buildings / offices are appropriate for service users' / visitors' needs</li> <li>• The buildings / offices are appropriately secured to protect people and property</li> <li>• There is a clear point of contact for any building or accommodation related queries</li> </ul>
Primary Indicator 5	<p>Management practice indicator – the number of practices that have been adopted by the organisation out of a possible total of 10</p> <ol style="list-style-type: none"> <li>1) For the last financial year, planned property maintenance costs equate to 60 per cent or more of total property maintenance costs</li> <li>2) There is a formal environmental management system in place covering all significant administrative buildings</li> <li>3) The organisation has the ability to 'zone' buildings in terms of heating to reduce energy consumption</li> <li>4) A comprehensive professional development programme is in place for professionally qualified property management staff which ensures that they receive at least 5 days of continuing professional development (relevant accredited training) per annum</li> <li>5) The Officer responsible for Property Services reports directly to a member of the Executive / Corporate Management Team and there is an identified individual at Board / Cabinet level with responsibility for the estate</li> </ol>

	<p>6) The organisation has clear and well publicised arrangements for staff who have property related queries and all queries are logged and monitored</p> <p>7) Staff and user 'built environment' satisfaction surveys are undertaken at least annually and the results published and developed into an action plan which is monitored and regularly reviewed</p> <p>8) Surveys of the estate in relation to sufficiency, suitability, condition and costs have been carried out in the last five years and inform the capital strategy and plan and these are updated according to risk</p> <p>9) The organisation does not allocate individual 'owned' desks to staff who work in the office less than 50 per cent of their time and regularly monitors workstation utilisation</p> <p>10) The organisation has undertaken an assessment of property requirements across the organisation within the last 3 years and has identified property that is either currently surplus to requirements or will become surplus within the next 3 years and has a plan agreed by the Board / Cabinet to address this surplus</p>
Secondary Indicator 1	<p>Cost of the organisation's estates management function</p> <p>a) per square metre</p> <p>b) as a percentage of organisational running costs</p>
Secondary Indicator 2	Total property occupancy / occupation costs (revenue) per square metre
Secondary Indicator 3	Total building operation (revenue) costs per square metre
Secondary Indicator 4	Percentage of property related capital projects completed within the project budget and timetable during the last three years
Secondary Indicator 5	<p>Space use efficiency:</p> <p>a) Workstations per full-time equivalent staff (FTE)</p> <p>b) Area (square metres) per workstation</p>
Secondary Indicator 6	Average annual property capital expenditure over the last five years per square metre
Secondary Indicator 7	Total annual energy consumption (kw/h) per square metre
Secondary Indicator 8	Total annual water consumption (cubic metre) per square metre
Secondary Indicator 9	Total accommodation (square metre NIA) over total accommodation (square metre GIA)
Secondary Indicator 10	Percentage of solid waste that is recycled
Secondary Indicator 11	The percentage of buildings which are used by the public in which all public areas are suitable for, and accessible to, disabled people

It is intended to implement the above performance figures throughout the course of 2008 and that results will be reported to the regeneration and property group on a quarterly basis.



## **9. PARTNERSHIPS / JOINT VENTURE WORKING**

- 9.1 The Estates Unit are working closely with A1 Housing Ltd in connection with the Garage Battery Site Demolition Programme to undertake the necessary site appraisals. It is envisaged that during 2008 a number of these sites will be identified for potential disposal or development. Other options for these sites is the possibility of entering into a joint venture with a Registered Social Landlord (RSL), whereby the land will be transferred to the RSL at a discounted price to enable affordable housing to be developed.

The Council has recently approved a garage site strategy with the main aim to address the problems of underused sites that have latent development potential. However, whilst the problem of underused / derelict garage sites can be solved through the implementation of the strategy, other issues regarding the general day to day maintenance of HRA land need to be resolved in consultation with A1 Housing.

### **9.2 Community Ownership and Management Review**

The Department for Communities and Local Government's vision is of prosperous and cohesive communities, offering a safe, healthy and sustainable environment for all. Physical assets - particularly buildings and land - can play a very important role in helping to bring this vision to reality.

It is therefore in the interests of public bodies, both local authorities and others, to make sure their assets are used in the most effective way. Across the country local authorities and other public bodies have begun to identify situations in which transferring the management or indeed ownership of assets to community organisations offers the optimum solution, as it engages the energies of citizens and communities and adds value to the services being provided.

The Estates Unit has been at the forefront in this drive within the district of Bassetlaw with a number of projects outlined below:

### **9.3 The Circle, Carlton Road, Worksop (Formally The Regal Arts Centre)**

Acting on behalf of the Council in the transfer of the Regal Arts Centre to the Bassetlaw Studio Project and dealing with the property and lease issues.

### **9.4 North Notts Arena, Eastgate, Worksop (Formally The Eastgate Centre)**

The Council has transferred the Eastgate Centre to the North Notts Community Leisure who now provide local sporting facilities to the Community. NNCL have now accessed £200,000 from the Coalfields Regeneration Trust to re-furbish the building and bring back the fabric of the building to meet current standards.

### **9.5 Bassetlaw Women's Aid Centre, Farr Memorial Hall, Westgate, Worksop**

The Farr Memorial Hall was formally a community centre that was used for local events including wedding receptions. The property has now been let on a long lease to Bassetlaw Women's Aid who now use the property as their head office.

### **9.6 Kilton Youth Centre, Kilton, Worksop**

Discussions are currently taking place with an organisation to take a long-term lease of the premises to provide a centre of community excellence where people can access the help and need that they require. The group also intends to provide parent/

toddler groups including after school childcare and support facilities in conjunction with local schools.

Other issues that will be addressed at the centre are problems associated with disadvantaged youths. Objectives include expanding their work among young people within the local community to help them integrate more and provide more self worth.

All the above initiatives are transferring the costs associated of holding surplus non-income producing properties. Therefore efficiencies are made by the authority in terms of actual financial costs and problems associated with vacant properties such as vandalism and anti social behaviour.

## **9.7 Canalside Regeneration**

Regeneration of the Canalside from Canal Road to the town centre. BDC have considerable land holdings that could be used in a joint venture with adjoining land owners. Other issues are that the land is currently allocated for employment purposes which contradicts the proposed mix use development including some residential. However, this problem may be overcome by reallocating the land in the emerging local development framework. A small working group has recently been set up to look at providing a development brief. This group initially consists of the Principal Planner (local plans), Principal Estates Officer and the Economic Development Team Leader.

An architect has been commissioned to provide a development brief for the Canalside regeneration scheme. The most important part of the architects brief is to provide a scheme that is deliverable. Once the working group is satisfied that the proposed brief meets all criteria, the matter will proceed to gain the approval of the Council's Cabinet.

### **Brownfield Site Regeneration in Partnership With Haslam Homes**

Three previously developed Brownfield sites that were previously developed for social housing at Creswell Road, Kennedy Court and Prior Meadows, Worksop, have been allocated by the Council into a scheme whereby Haslam Homes purchases the sites for £1,500,000 to develop the sites for residential development with a mixture of tenures including market housing for sale, shared ownership and social rented housing that will be transferred to a partner RSL, Leicester Housing Association. This partnership will regenerate the surrounding areas and increase the stock of social housing within the district.

### **Langold Country Park, Worksop**

This asset is a large Country Park owned and operated by Bassetlaw District Council. Through lack of funds to invest in the facility both capital and revenue, the park has become less used and suffered from anti social behaviour. Part of the park is leased from a third party that is due to expire in 2012. However the Council is looking into the possibility of a joint venture between the Council and the adjacent owner of the former Firbeck Colliery, Langtree Developments. This development is a potential 100 acre redevelopment of a major Brownfield site and country park. It is intended to start the preparation of a development brief in the first quarter of 2008.

10.

## THE WAY FORWARD

The following measures are to be incorporated by the Council over the next 2-3 years.

- To implement new performance measures that will enable the Council to make informed decisions relating to the future use of assets owned by the Authority.
- To continue to dispose of surplus land and property to re-invest in the Council's Capital Programme.
- Continue to register all Council owned land at the Land Registry.
- To build upon existing partnership arrangements with all stakeholders both in the public and private sector.
- Rationalisation of administrative accommodation through better utilisation and the introduction of new and more cost effective ways of working.
- Reduction in the backlog of maintenance and the introduction of condition surveys of operational and investment properties.
- Ensure that 'Property Asset Management' is taken as a Corporate Objective.
- To carry out a review of all land and property held by the Authority and effectively to ensure that the asset is being utilised most effectively in service delivery and value for money terms.
- To implement the adopted garage site Strategy so that the Council can meet aims and objectives contained within the Corporate Plan.
- Better and more focused use of resources.
- To constantly update the Asset Management Plan.