

NOTTINGHAM CITY COUNCIL
TRUSTS AND CHARITIES COMMITTEE

Date: Wednesday 25 September 2013

Time: 10.30am

Place: Ground Floor Committee Room at Loxley House, Station Street

Councillors are requested to attend the above meeting on the date and at the time and place stated to transact the following business.



Deputy Chief Executive/Corporate Director for Resources

Constitutional Services Officer: Noel McMenamin Direct dial - 8764304

A G E N D A

- 1 APOLOGIES FOR ABSENCE**
- 2 DECLARATIONS OF INTERESTS**
- 3 MINUTES** Attached
Last meeting held on 26 July 2013 (for confirmation)
- 4 BRIDGE ESTATE ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2012/13**
 - (a) REPORT OF DEPUTY CHIEF EXECUTIVE/CORPORATE DIRECTOR FOR RESOURCES** Attached
 - (b) BRIDGE ESTATE ANNUAL REPORT 2012/13** Attached
- 5 BRIDGE ESTATE - NOTTINGHAM CITY COUNCIL 2012/13 KEY PERFORMANCE HEADLINES** Attached
Report of Deputy Chief Executive/Corporate Director for Resources

6 TO CONSIDER EXCLUDING THE PUBLIC FROM THE MEETING DURING CONSIDERATION OF THE REMAINING ITEM(S) IN ACCORDANCE WITH SECTION 100A(4) OF THE LOCAL GOVERNMENT ACT 1972 ON THE BASIS THAT, HAVING REGARD TO ALL THE CIRCUMSTANCES, THE PUBLIC INTEREST IN MAINTAINING THE EXEMPTION OUTWEIGHS THE PUBLIC INTEREST IN DISCLOSING THE INFORMATION

7 BRIDGE ESTATE PROPERTY PORTFOLIO UPDATE
Report of Director of Strategic Asset and Property Management

Attached

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE CONSTITUTIONAL SERVICES OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES.

Agenda, reports and minutes for all public meetings can be viewed online at:-
<http://open.nottinghamcity.gov.uk/comm/default.asp>

NOTTINGHAM CITY COUNCIL

3

TRUSTS AND CHARITIES COMMITTEE

MINUTES of the meeting held at Loxley House on 26 JULY 2013 from 2.00pm to 3.58pm.

- ✓ Councillor John Hartshorne (Chair)
 - ✓ Councillor Liaqat Ali
 - ✓ Councillor Glyn Jenkins
 - ✓ Councillor Carole-Ann Jones
 - ✓ Councillor Thulani Molife
 - ✓ Councillor Tim Spencer
 - ✓ Councillor Roger Steel
 - ✓ Councillor Sam Webster
 - ✓ Councillor Steph Williams
- ✓ indicates present at meeting

Colleagues, partners and others in attendance:

Stuart Knight	-	Director of Strategic Asset and Property Management)	Development
Barry Dryden	-	Senior Finance Manager)	Resources
Noel McMenamin	-	Constitutional Services Officer)	
Malcolm Townroe	-	Solicitor)	
Tracy White	-	Senior Assistant)	

1 APPOINTMENT OF VICE-CHAIR

RESOLVED to appoint Councillor Thulani Molife as Vice-Chair for the municipal year 2013/14.

2 APOLOGIES FOR ABSENCE

Councillor Spencer – non-Council.

3 DECLARATIONS OF INTERESTS

None.

4 MINUTES

The Committee confirmed the minutes of the meeting held on 26 April 2013 as a true record and they were signed by the Chair.

5 CHARITABLE TRUSTS' ANNUAL REPORTS 2012/13

The Committee considered the the Deputy Chief Executive/Corporate Director for Resources' report. Barry Dryden, Senior Finance Manager, highlighted the following:

- (a) the 2012/13 annual reports and financial statements for the Highfields Leisure Park Trust and Harvey Hadden Stadium Trust had been independently examined by the Council's Internal Audit service and were ready for consideration and approval. The Bridge Estate Charity audit by Rogers Spencer was not yet complete, and the draft accounts were included in the report for noting;
- (b) the Harvey Hadden Stadium Trust grant from the Council was reduced by £33,206 and this was offset primarily through reducing energy consumption and support services expenditure;
- (c) the Highfields Leisure Park Trust grant from the Council was reduced by £5,473 and this was offset in part by a combination of premises and transport efficiencies;
- (d) the Bridge Estate Trust had increased its contribution to the Council's General Fund by £209,324, an increase of 16.4%. The Trust had also purchased a major investment property at Listergate, financed by a combination of the Trust's surplus monies and long term borrowing. Audit fees had been reduced through the appointment of new auditors, but management costs had increased with more accurate recording of time spent on governance issues.

The Committee was pleased with the report presentation and the trusts' overall performance in 2012/13. Councillors raised no substantive issues with the Harvey Hadden Stadium Trust and Highfields Leisure Park Trust annual reports and statement of accounts, other than replacing Councillor Morley with Councillor Steel in the report sections dealing with Trusts and Charities Committee membership.

The Committee and others in attendance raised the following issues in discussion on the Bridge Estate Trust:

- (e) Stuart Knight, Director of Strategic Asset and Property Management, confirmed that it was the Bridge Estate's responsibility to maintain the ornamental lamp-posts on Trent Bridge, and was not part of the city-wide street-lighting Private Finance Initiative. A programme of repair and maintenance was being prepared. Councillors supported enhanced lighting for Trent Bridge, and among their suggestions were the use of LED lighting and comparing lighting enhancements on bridges in other cities;
- (f) it was confirmed that the City Council and County Councils were jointly responsible for keeping the bridge clean, and that there was an established seven-year cycle of painting and freshening up the bridge's appearance;
- (g) Mr Dryden explained that governance costs had increased in part because it was now a requirement to conduct a Property valuation for all Trust-held

properties every year, rather than as part of a rolling programme over a longer period;

- (h) councillors asked to have a tour of the Bridge Estate asset portfolio arranged for the autumn of 2013.

RESOLVED to

- (1) approve the Highfields Leisure Park Trust Annual Report and financial statements for the financial year 2012/13;**
- (2) approve the Harvey Hadden Stadium Trust Annual Report and financial statements for the financial year 2012/13;**
- (3) note the draft Bridge Estate Trust Annual Report and financial statements for the financial year 2012/13;**
- (4) request the Director of Strategic Asset and Property Management to liaise with the Constitutional Services Officer to arrange a tour of the Bridge Estate asset portfolio.**

6 TRUSTS AND CHARITIES IDENTIFIED WITHIN NOTTINGHAM CITY COUNCIL

The Committee considered the the Deputy Chief Executive/Corporate Director for Resources' report. Barry Dryden, Senior Finance Manager, highlighted the following:

- (a) the Committee was responsible for overseeing a host of smaller charities. These had diminished in value and profile over the years, but it was still necessary to ensure that proper governance arrangements were in place, in accordance with the constitution of each organisation;
- (b) the George Pendry Fund and Nottingham Aged Persons Trust each had 2 Council appointee vacancies. The Committee proposed to appoint Barry Dryden to both organisations, and noted that Constitutional Services colleagues were working to identify nominees for the outstanding vacancies;
- (c) a number of smaller education trusts had been amalgamated into a single Nottingham Education Trust Fund, and further consolidation work was being considered.

The Committee raised the following issues in discussion:

- (d) in response to a councillor's question, Mr Dryden explained that trusts and charities' membership arrangements and requirements were not uniform, but depended on the constitution of individual organisations;
- (e) Mr Dryden also confirmed that the trustees of the individual trusts and charities were ultimately responsible for their operation, and that there was no over-arching liability for members of this Committee.

RESOLVED

- (1) to note the list of trusts and charities identified within Nottingham City Council;
- (2) to approve the appointment of Barry Dryden to the George Pendry Fund and Nottingham Aged Persons Trust;
- (3) to delegate approval of the appointment to the remaining vacancies on the George Pendry Fund and Nottingham Aged Persons Trust Fund to the chair of this Committee.

7 DATES OF FUTURE MEETINGS

RESOLVED to meet on the following Fridays at 2pm:

<u>2013</u>	<u>2014</u>
27 September*	31 January
29 November	28 March

*This meeting has been rearranged for Wednesday 25 September 2013 at 10.30am.

8 EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

9 BRIDGE ESTATE CHARITY – EXTENSION OF 2 LEASES AT GLAISDALE PARKWAY, OFF GLAISDALE ROAD

RESOLVED to extend the period of the leases on the terms set out in the report.

10 SALE OF PROPERTIES IN LACE MARKET AND CREATIVE QUARTER

The Chair of the Committee agreed that this item, although not on the agenda, could be considered as a matter of urgency in accordance with Section 100B(4)(b) of the Local Government Act 1972 because it was necessary to act quickly to secure a successful commercial outcome.

RESOLVED to approve the sale of the properties on the terms set out in the report.

TRUSTS AND CHARITIES COMMITTEE – 25 September 2013

4(a)

Title of paper:	BRIDGE ESTATE ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2012/13	
Director(s)/ Corporate Director(s):	Carole Mills Deputy Chief Executive/Corporate Director for Resources	Wards affected: All
Report author(s) and contact details:	Senior Finance Manager – Reporting barry.dryden@nottinghamcity.gov.uk 0115 876 2799	
Other colleagues who have provided input:	Tracy White, Senior Finance Assistant	
Relevant Council Plan Strategic Priority:		
World Class Nottingham		
Work in Nottingham		
Safer Nottingham		
Neighbourhood Nottingham		
Family Nottingham		
Healthy Nottingham		
Leading Nottingham		✓
Summary of issues (including benefits to citizens/service users):		
<p>An Annual Report and Statement of Accounts is required for the Bridge Estate Charity, for which the City Council is the sole trustee.</p> <p>This report sets out the 2012/13 accounts for the Bridge Estate, which have been audited by Rogers Spencer, for approval by the Trustees. Following approval, the Chair of the Trustees and the Deputy Chief Executive/Corporate Director for Resources are then required to sign the Statements to confirm that the Annual Report has been adopted.</p>		
Recommendation(s):		
1	That the Bridge Estate Annual Report and Statement of Accounts for the financial year 2012/13 be approved (Agenda Item 4(b)).	
2	That the Bridge Estate transfers £1,484,315 to the City Council General Fund.	
3	That the Letter of Representation included within the Audit Highlights Memorandum at Appendix1 be approved.	

1. BACKGROUND

There is a statutory requirement for charities to produce an Annual Report and Statement of Accounts (the Statements) and for those Statements to be audited or independently examined as appropriate, and submitted to the Charity Commission following approval by the Trustees.

A draft of the Statements was presented to this Committee on 26 July 2013. The Bridge Estate's Auditors, Rogers Spencer, have now audited the Statements and have produced an audit report (**Appendix 1**). However, other than some minor changes to the notes, the auditors have not identified any other changes to the draft Statements.

The Charities Act 2011 requires Trustees to provide a detailed explanation within the Statements of the significant activities undertaken in providing a public benefit, in accordance with the charity's aims for the public benefit. They are also required to explain the charity's achievements during the year in question.

The Statements include a public benefit statement and accounting policies which have already been approved by this Committee on the 22 February 2013.

2. REASONS FOR RECOMMENDATIONS

One of the responsibilities of the Trustees is to prepare the Statements for each financial year which presents fairly, the Charity's state of affairs as at the end of the financial year and which presents its incoming resources and its application of resources in that year.

Colleagues from NCC have produced the audited statements on behalf of the Trustees. Therefore, the Trustees need to review and approve the Statements provided at **Agenda Item 4(b)**. In addition to the Audit Highlights Memorandum in **Appendix 1**, a financial analysis is provided in section 3 to help the Trustees fulfil this requirement.

The Statements include a contribution of £1,484,315 to NCC. Elsewhere on the agenda, NCC have provided a report which details how the Council has performed against the key priorities identified in its Council Plan. The report therefore provides evidence of how NCC have contributed towards the Trust's objective of applying the residue of any income for the improvement of the City of Nottingham and the public benefit of its inhabitants. Therefore, the Trustees are requested to confirm the contribution to NCC.

Appendix I of the Audit Highlights Memorandum includes a draft Letter of Representation detailing certain information that the auditors require the Trustees to confirm. Any information relevant to the Letter of Representation has already been identified by colleagues when constructing the Statements and where necessary communicated to the auditors during the course of the audit.

3. FINANCIAL ANALYSIS

Statement of Financial Activities

In 2012/13 the Bridge Estate was able to increase its contribution to NCC by £209,324 to £1,483,315. This increase was a result of a number of factors:

- Additional rental income following the purchase of Listergate (£257,866)
- Compensation received from an asbestos claim at Woolthorpe Close (£139,475)

Offset by:

- An increase in reactive repairs to properties (£85,089)
- An increase in rates charged for empty properties (£39,156)
- Increased management costs as a result of the requirement to revalue all Bridge Estate properties and increased input for committee meetings (£57,620)
- Loss of rental from empty properties £45,142.

Balance Sheet

Overall the Net assets of the charity reduced by £1,516,004 as a result of a net loss following the annual revaluation of property held by the charity, offset by a contribution to the fund held for repairs to the Bridge. Other movements on the balance sheet include:

- An net increase in the value of Investment Property (£6,488,210) as a result of the purchase of Listergate, offset by revaluation losses
- A reduction in Other Investments (£4,240,137) and an increase in long term borrowing (£3,992,881), which have been used to help finance the purchase of Listergate
- An increase in Cash at Bank (£1,319,133) and Creditors (£1,693,698) as the contribution to NCC has been held back pending approval at this meeting. The difference between these figures and the proposed contribution to NCC relates to other movements in debtors and creditors

5. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

None.

6. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

None.

7. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

None.

8. EQUALITY IMPACT ASSESSMENTS (EIAs)

No – this report does not include proposals for new or changing policies, services or functions

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

Final accounts working papers.


10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- Charities Act 2011.
- The Charities (Accounts and Reports) Regulations 2008.
- Statement of Recommended Practice: Accounting by Charities (the Charities SORP) issued in 1995 and revised October 2005.

Bridge Estate

Audit Highlights Memorandum

Year ended 31 March
2013

rogers
spencer 

Agenda / Contents

Executive Summary	2
Audit Approach	3
Other matters	
• Fraud	4
• Independence	4
Summary of misstatements	5
Appendix I – Letter of representation	6-7
Appendix II – Management letter	8

Executive Summary

Audit Conclusions

- Unqualified audit opinion proposed on financial statements.

Accounting Matters

- No significant accounting issues arose during the course of our audit.
- Accounting policies appropriate for the annual report and the financial statements are in accordance with disc

Auditing Matters

- We have completed the audit subject to:
 - Agreement of the final approved set of accounts (see appendix IV);
 - Receipt of the signed management representations letter
- No significant audit issues arose during the course of our audit of the Charity.

Systems and Controls

- No major weaknesses in the financial systems were identified during the course of the audit.

Regulatory and Tax Matters

- No significant regulatory or tax matters came to our attention during the course of our normal audit work.

Audit Approach

Our audit planning identified two key risk areas which we have addressed through our audit.

<u>Issue</u>	<u>How addressed during the audit</u>
Investments	<p>Investment properties and other investments held by the charity were reviewed during the audit.</p> <p>Specific audit work performed included:</p> <ul style="list-style-type: none"> • Agreeing the property valuation disclosed in the financial statements to the valuation report and certificate issued at the year end. • Agreement of a sample of property valuations to the valuations provided by Nottingham City Council. • Confirmation of ownership of a sample of properties to title deeds documentation. • Other investments were verified to third party confirmations.
Related Parties	<p>Nottingham City council represents the only related party of the charity. Significant balances exist at the year end in the balance sheet and a substantial payment of £1,484,315 is disclosed in the statement of financial activities.</p> <p>Specific audit work performed included:</p> <ul style="list-style-type: none"> • Confirmation of the year end balances disclosed in the balance sheet and the income and expenditure transactions disclosed in the statement of financial activities to the draft Nottingham City Council accounts for the year ending 31st March 2013. • In respect of the above mentioned payment, verification that the payment is consistent with the objectives of the charity and in accordance with public benefit requirements.
Possible non-identification or incorrect disclosure of related parties and transactions in the financial statements	

Other matters

Fraud

Auditing standards require us to explicitly consider fraud as part of our audit procedures.

We planned our audit so that we had a reasonable expectation of detecting material misstatements in the financial statements or accounting error (including any material misstatements resulting from fraud, error or non-compliance with law or regulations). Our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.

The responsibility for safeguarding the assets of the charity and for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with management and the trustees.

We have discussed fraud and fraud risk with management and the controls surrounding the detection and prevention of fraud.

We have not identified any material frauds during our audit procedures.

Independence

In accordance with the requirements of ISA 260, we confirm that, in our view, there are no matters that would impact our independence and objectivity as auditors to the charity.

We confirm that appropriate safeguards remain in place in respect of all non-audit work and that in our professional judgement, as at the date of this report, we are independent accountants with respect to the charity, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit engagement partner and the audit staff is not impaired in any way.

Summary of misstatements

Auditing standards require us to prepare a summary of uncorrected items that are not considered to be “clearly trivial” for the Audit Committee’s consideration.

The summary includes adjustments that we have noted during the course of our audit which have been adjusted so that the balance sheet and statement of financial activities conform fully to accounting standards and are free from factual error.

Two presentation errors were identified during the audit in respect of creditors. These have been adjusted for in the financial statements.

There are no uncorrected misstatements included in the financial statements.

Appendix I : Letter of representation

Bridge Estate

Rogers Spencer
Chartered Certified Accountants
Newstead House
Pelham Road
Nottingham
NG5 1AP

Dear Sirs

We confirm to the best of our knowledge and belief that we have made the appropriate enquiries of management and staff with relevant knowledge and experience and, where necessary, have inspected supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the charity's financial statements for the year ended 31 March 2013.

GENERAL

- We have fulfilled our responsibilities as trustees as set out in terms of your engagement letter, under the Charities Act 2011 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings, have been made available to you.
- The financial statements are free of material misstatements, including omissions.
- We believe that the effects of uncorrected misstatements are immaterial both individually and in total.

INTERNAL CONTROL AND FRAUD

- We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others..

ASSETS AND LIABILITIES

- The charity has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.
- We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties.
- We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- We confirm that the value of the investment properties as at 31 March 2013 is £29,624,850.

ACCOUNTING ESTIMATES

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

LOANS AND ARRANGEMENTS

- The charity has not granted any advances or credits to, or made guarantees on behalf of trustees.

LEGAL CLAIMS

- We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

Appendix I : Letter of representation (continued)

LAWS AND REGULATIONS

- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

RELATED PARTIES

- Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

SUBSEQUENT EVENTS

- All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

- We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

GRANTS AND DONATIONS

- All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

TRANSACTIONS WITH NOTTINGHAM CITY COUNCIL

- At the year-end, 31 March 2013 the following balances were outstanding between Bridge Estate and Nottingham City Council:

○ Included in short term investments	£ 269,643
○ Included in debtors	£ 294,803
○ Included in creditors – amounts due within one year	£1,592,179
○ Included in creditors – amounts falling due after one year	£3,922,881
- Included in the statement of financial activities for the year ending 31 March 2013 is payment of £1,484,315 from Bridge Estate to Nottingham City Council. This payment is consistent with the objectives of the charity and in accordance with public benefit requirements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each trustee has taken all steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

.....
Signed on behalf of the board of Bridge Estate

Dated

Appendix II : Management letter

Our Ref: MB / LB / B299 / 40421

melvin@rogers-spencer.co.uk

The Board of Trustees
Bridge Estate Charity
Nottingham City Council
Loxley House
Station Street
Nottingham
NG2 3NG

4 September 2013

Dear Sirs

Audit matters to be communicated / Findings from the audit

The following issues arose during the course of our audit for the year ended 31 March 2013: -

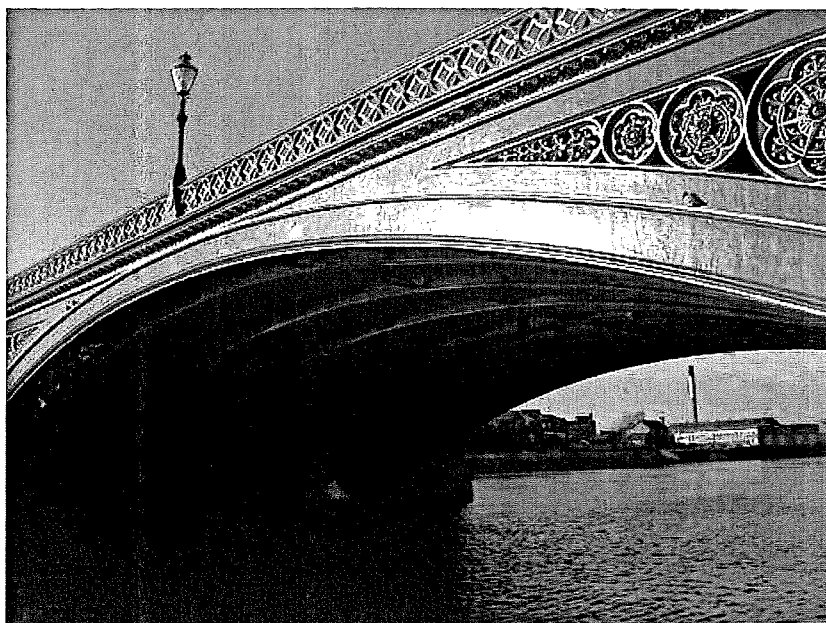
- (a) Three matters (mentioned below) came to light during the course of our normal audit tests which are designed to assist us in forming our opinion on the financial statements. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.
1. Title deeds information in respect of two properties selected for testing could not be provided. This prevented us from obtaining confirmation of title of these properties from the Land Registry database.
 2. Three rental leases selected for testing could not be located and provided for review.
 3. After date expenditure invoice could not be supplied, this prevented testing being carried out to confirm that there were no unprovided liabilities at the year end.
- (b) A draft letter of representation is attached to this letter and we would be grateful if you could sign and approve the contents.
- (c) There are no uncorrected misstatements.
- (d) There are therefore no expected modifications to our audit report.
- (e) We have not identified any material weaknesses in internal control during the audit.

This report has been prepared for the sole use of the trustees of Bridge Estate and must not be shown to third parties without our prior consent. No responsibilities are accepted by Rogers Spencer towards any party acting or refraining from action as a result of this report.

Finally, we would like to express our thanks to all members of the charity's staff who assisted us in carrying out our work.

Yours faithfully

BRIDGE ESTATE



Annual Report for the year ended 31 March 2013

Registered Charity Number 220716

CONTENTS

Page	Details
3	Reference and Administration Details
4-6	Structure, Governance and Management
7-10	Objectives and Activities
11	Activities and Achievements
12	Financial Review
13-14	Plans for future periods
15	The Financial Statements
16	Responsibilities of the trustees'
17	Adoption of Annual Report and Financial Statements
18-19	Statement of Financial Activities
20	Balance Sheet
21-29	Notes to the Accounts



Woolsthorpe Close (Front)

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Bridge Estate
Charity Number	220716
Registered Address	Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
Charity's Trustees	Councillors of Nottingham City Council (Listed on pages 4-5)
Day to Day Management	Director of Strategic Asset and Property Management Loxley House Station Street Nottingham NG2 3NG
Auditors	Rogers Spencer Newstead House Pelham Road Nottingham NG5 1AP
Financial Advisor	Deputy Chief Executive and Corporate Director for Resources Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
Bankers	Co-operative Bank Plc 4/5 Exchange Walk Nottingham NG1 2NX

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Royal Charter Dated 21 February 1551.

The earliest mention discovered of the Bridge Estate is in 1302. From that date various bequests of land and property were made, the income from which was devoted to the maintenance of bridges over the River Trent.

In 1550, Edward VI made a grant by charter of the "lands, tenements and hereditaments" of two monasteries which had been dissolved by his father Henry VIII. The grant was made to the "Mayor and Burgesses of the town of Nottingham, and to their successors for ever", and was stated to be to fulfill a promise of Henry VIII "in consideration of the great charges and expenses daily sustained by his well-beloved the Mayor and Burgesses of his town of Nottingham in and about the mending, sustaining and repairing of their bridges over the water of Trent".

Bridge Estate was thus created by Royal Charter on 21 February 1551 with the then Corporation as sole trustee.

It was established in 1945 that Bridge Estate was and had from the beginning been a Charity. Consequently, the property of the Estate and the Council as Trustee, are subject to the law affecting charitable trusts, the jurisdiction of the Charity Commissioners and the provisions of the Charities Act 2011, various statutes and the provisions of Charity Law.

Trustee's selection methods

All elected Councillors of Nottingham City Council (NCC) automatically become trustees of the Bridge Estate. The following is the list of trustees for the financial year 1 April 2012 to 31 March 2013:

Alan Clark	John Hartshorne
Alex Ball	Jon Collins
Alex Norris	Ken Williams
Azad Choudhry	Lee Jeffery
Bill Ottewell	Leon Unczur
Brian Grocock	Liaqat Ali
Brian Parbutt	Malcolm Wood
Carole Jones	Marcia Watson
Carole McCulloch	Merlita Bryan
Cat Arnold	Michael Edwards
Chris Gibson	Michael Wildgust
Dave Liversidge	Mohammad Aslam
David Mellen	Mohammed Ibrahim
David Smith	Mohammed Saghir
David Trimble	Nick McDonald

Eileen Morley	Nicola Heaton
Emma Dewinton	Roger Steel
Eunice Campbell	Rosemary Healy
Georgina Culley	Sally Longford
Ginny Klein	Sarah Piper
Glyn Jenkins	Steph Williams
Graham Chapman	Stuart Fox
Gul Nawaz Khan	Sue Johnson
Ian Malcolm	Thulani Molife
Jackie Morris	Timothy Spencer
Jane Urquhart	Toby Neal
Jeannie Packer	Derek Cresswell
Steve Parton	

Trusts and Charities Committee

Councillors are appointed to membership of the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustees. The Constitution allows that where in-year changes are required to memberships, either at the request of the relevant political group or because a member has resigned or ceased to be eligible for membership, the Deputy Chief Executive/ Corporate Director for Resources has the authority to action those changes subject to political balance being preserved where applicable and to the changes made being reported to the next meeting of Council. Details of membership will be updated and published on the Council's website on an ongoing basis. The following is the current list of the Trusts and Charities Committee appointed to approve the Annual Report and financial statements for the financial year 1 April 2012 to 31 March 2013:

Councillor Ali
Councillor Morris
Councillor Hartshorne (Chair)
Councillor Jones
Councillor Molife (Vice Chair)
Councillor Williams
Councillor Williams
Councillor Steel
Councillor Spencer

Induction and training of trustees

Following election, Councillors are invited to attend an induction which includes training on their role and responsibilities as trustees, with particular regard to the public benefit requirement. The historical background, policies and procedures of Bridge Estate are also covered and the trustees receive copies of Charity Commission published guidance.

Organisational structure of the charity

Bridge Estate is a charity of which NCC is the sole trustee. The Trustees are members of NCC.

All transactions relating to the Bridge Estate are subject to the same Financial Regulations and procedures as those relating to land and property held by NCC. The Annual Report and Financial Statements are reported to and approved by Councillors of the Trusts and Charities Committee each year, who act as trustees to the Bridge Estate.

Risk Management

The Bridge Estate adopts the NCC's Risk Management Policy as appropriate. The trustees are committed to a programme of risk management to protect the Charity's assets. A Risk Register is held which identifies the key risks and the measures in place to mitigate such risks. Procedures are also in place to ensure that appropriate advice and support is provided to trustees as and when required.

The Bridge Estate's key risk relates to the current economic climate, which has resulted in falling values in many sectors of the property market. Bridge Estate is therefore considering the following measures to mitigate the risk to its assets:

- Diversification in terms of property type, location and tenure.
- Valuation and analysis of investments by reference to yield.
- Development and implementation of an asset management plan to identify potential options for disposal, acquisition and investment with a particular emphasis on sustaining and developing income and future capital value.

The principal focus of managing the property investment portfolio, is to maximize income from existing properties, acquiring assets in favour of secondary stock and developing a mix of investments aimed at creating stability, secure income, capital and revenue growth and minimize risk.

As and when any transactions involving Bridge Estate property arises the requisite legal work is undertaken by the Council's Legal Department. The only exception to this rule is where the Council itself is a party to the transaction. In those cases, arrangements are made by the Head of Legal Services (Legal Services Manager) for external lawyers to represent the Trust. In undertaking any transaction, the Council as sole trustee of the Bridge estate Charity will ensure that the duty imposed under s.17 of the Crime and Disorder Act to have regard to the effect of crime and disorder, is complied with.

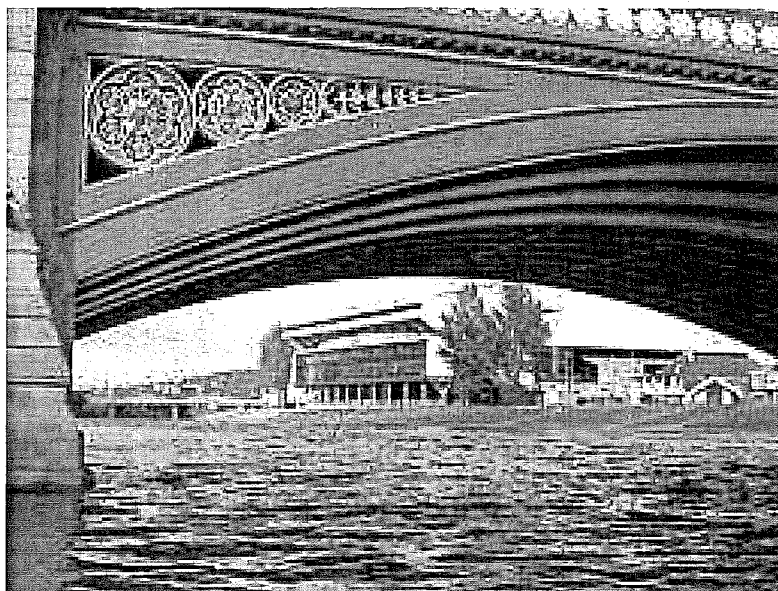
OBJECTIVES AND ACTIVITIES

Objectives

The initial sole objective of the charity was the provision of funds for the maintenance and repair of Trent Bridge. However, by the late nineteenth century the income generated by the Estate was in excess of that required for maintenance of Trent Bridge and consequently the objectives of the Estate were extended by virtue of section 78 of the Nottingham Corporation Act 1882.

The charitable objectives are now threefold:

1. To provide for the efficient maintenance and repair of Trent Bridge and the approaches to it.
2. To provide a contingency fund for the possible construction of such new bridge or bridges over the River Trent as may be found necessary or desirable.
3. To apply the residue of any income as the trustees think best for the improvement of the City of Nottingham and the public benefit of its inhabitants.



Trent Bridge

Main objectives for the financial year 2012/13

1. To ensure the necessary financial provision is available if required to provide a vehicle and pedestrian communication link for the City of Nottingham via Trent Bridge.
2. Surplus revenue generated by the Charity to be invested through NCC to support the City Council's aims and objectives for the city as set out in the Council Plan and the Medium Term Financial Strategy.
3. The continued development of the Trust's property portfolio with a view to minimizing the risk of exposure to adverse economic conditions and protecting and increasing its income and capital value of its assets.

Strategies

Management of the property portfolio

The stated objective of setting up a contingency fund for the possible construction of new bridges on the River Trent is effectively met by the management of the property portfolio. In practice, although properties could either be sold or mortgaged to fund such expenditure, the current local government context means that there are more efficient and effective ways of raising the funds required in order to provide for major maintenance or replacement of such bridges. As has been stated above, NCC is able to earmark funds from the Local Transport Plan for this purpose and substituting Bridge Estate funds would unnecessarily run down the value of the overall portfolio.

Funds generated by the Bridge Estate holding, either through day-to-day operations or sale/mortgage would, in this context, only be applied where other funding routes have been exhausted. For the latter option, Trustees recognise that the ability to generate the level of sales required to replace the Trent Bridge would be difficult to realise in the short-term – further confirming the benefit of working, where possible, within the current local government financial context. There is a further restriction on the ability to generate funds in this way through the possibility that historic restrictions on the disposal of specific 'endowed' properties may exist.

The following schedule produced in June 2012 details the number of assets that were owned by the Bridge Estate. The properties are grouped into 14 'Property Type' categories, which defines the use and in the case of ground leases, tenure. This classification informs more about the physical type and activity but does not necessarily identify the nature of the investment.

Item	Investment Category	Number of Leases	Rental Income	Property Value	Void Leases
1	Prime Retail & Good Secondary	3	£110,000	£1,096,000	1
2	Secondary Retail	5	£150	£195,000	3
3	Primary Offices and Good Secondary	6	£246,950	£2,246,000	1
4	Secondary Offices	13	£139,811	£1,817,900	6
5	Research and Development	1	£157,875	£1,740,000	
6	Industrial Modern	9	£243,500	£2,050,000	3
7	Industrial Other (50 yrs +)	12	£113,270	£159,840	
8	Ground Lease (Industrial)	19	£66,652	£3,085,000	
9	Premium and Peppercorn Ground Lease	22	£2,841	£725,000	1
10	Agricultural	3	£19,972	£1,242,000	
11	Depots	8	£496,517	£5,620,000	
12	Residential	15	£22,506	£662,000	8
13	Allotments	6	£9,390	£605,000	
14	Other	11	£6,089	£200,000	
Total		133	£1,635,523	£21,443,740	23

By the financial year-end a number of properties had been sold, leaving the Bridge Estate with around 125 tenants.

The ownership includes a number of principal retail and commercial properties, residential and industrial ground leases, agricultural holdings, depots and a miscellaneous range of other properties and as referred to earlier, a detailed analysis is to be reported to the Trustees. Officers are in the process of selling off the residential portion of the portfolio as the condition of the properties is becoming worse and the repair liabilities could soon outweigh the value of the units.

Investment risk whilst held in a single investment class (except money held on interest awaiting reinvestment) is in effect spread through the diverse range of property type, location and tenure.

To maximise return on investment, the Council as Trustee is obliged to let properties at full market rent and lettings are on a full repairing, insuring and maintenance basis where it is practical to do so. In the case of multi occupied premises where the estate is responsible for external repairs, heating, cleaning common parts, insurance etc, the costs are generally recovered by way of additional service charge.

The rents of properties leased for a term of years are reviewed in accordance with the terms of the agreement and current market conditions and short term 'periodic' tenancies are generally reviewed every 3 years. In the case of expiring leases, these are either renewed on negotiated terms or marketed for reletting where the original lessee does not wish to continue. In all cases, terms will be negotiated to secure the best outcome for the Trust including where possible an increased rent unless there are other objectives that the Trustees wish to secure.

Investment Policy

The Investment Policy is to seek to achieve an absolute return over the long term in order to meet increases in expenditure and maintain the Trust's fund in real terms. Any funds generated by the sale of property are temporarily invested until a new investment opportunity is identified by the property manager, in consultation with the Trustees. When investing surplus Bridge Estate Funds, NCC adhere to their Investment Strategy which complies with the Local Government Act 2003 in support of obtaining the best yield for the Trust.

Insurances

Properties held within the Bridge Estate Charity are covered by NCC's Fire and Terrorism insurance policy. Appropriate recharges are made to the Bridge Estate based on the valuation of individual properties and subject to a de minimis value of £100,000. Premiums are also paid in respect of lifts in Century House and Alexander Fleming Building.

Public Benefit Statement

What a charity's aims are and what it has done to carry them out

The maintenance and repair of Trent Bridge and approaches remains the primary objective of the charity. Trent Bridge is the major vehicle communication route from the south of the City and is critical in bringing economic benefit to the City. This is increasingly important in light of the downturn in the global and national economy. The bridge is open to the public at large, assuring public benefit on an open access basis. There are no restrictions regarding the members of the public who may use the bridge and no fees are charged.

The Trustee's Annual Report for the year ending 31 March 2013 confirms that any residual income would be applied to the improvement of the City of Nottingham in support of the Council's aims and objectives, as set out in the Council Plan and Medium Term Financial Strategy. This is delivered through the maintenance and protection of the Trust's portfolio of income producing assets. In support of this, the Annual Report provides a financial review, identifies activities and achievements and sets out future proposals.

Who it seeks to benefit

The surplus income generated by the charity is transferred to NCC's General Fund and is used for the benefit of the citizens of Nottingham. As referred to above, the surplus contributes directly to the delivery of Nottingham's priorities as set out in the Council Plan and enables the Council to provide the citizens of Nottingham with effective and efficient services.

How people have benefited

The surplus income generated by the Bridge Estate has assisted the Council in their key priorities identified in the Council Plan, as follows:

Cut unemployment by a quarter

- Target entry level Council jobs at young people from Nottingham
- Reduce worklessness in the City and increase the % of people in employment over the next four years
- Committed to creating 500-600 training places in the construction industry

Cut crime and halve anti-social behaviour

- Continue to reduce crime levels
- Develop alcohol-free zones
- Work with the Probation Service to develop the adult offending team to manage prolific offenders when they leave prison

Ensure that more school leavers get a job, training or further education than any other city

- Encouraging schools to facilitate work experience, despite it no longer being a requirement
- Continuing to see year on year improvement in our GCSE and A-level results, with 2011 being the best yet
- Creating 50 new apprenticeship positions within the Council by the end of 2012

Keep your neighbourhood as clean as the city centre

- Proactively remove graffiti and fly tips across the city
- Crack down on dog fouling in our neighbourhoods

Help keep energy bills down

- Create a new, cheap Nottingham energy tariff
- Expand Nottingham's District Heating Scheme so more residents can choose to use it as the price of gas and electricity continues to rise

The Council's focus will continue to address the above in subsequent financial years and the Bridge Estate fixed asset portfolio will be actively managed to secure new investment properties, increase income and reduce risk in an uncertain market.

The Bridge Estate's transfer to NCC's General Fund also represents an equivalent saving for Nottingham citizens who pay council tax on a Band D property of £20 (£17 in 2011/12).

Further specific details on the activities of the Bridge Estate are included within the Annual Report.

ACTIVITIES AND ACHIEVEMENTS

The sole activity of the Bridge Estate is investing, through property ownership, to generate income that is utilised for the objectives of the Charity and to grow the capital value of its assets, to further the charitable purposes for the public benefit. The property portfolio is managed on behalf of Bridge Estate by Strategic Property, a division of NCC's Resources Department.

During 2012/13 the Strategic Property service actively pursued investment opportunities for the Bridge Estate. In particular, negotiations took place with a leaseholder of a well let investment on Bull Close Road, Lenton Lane Industrial Estate. These negotiations have resulted in the purchase of the leasehold to provide the Bridge Estate with increased rental income.

The purchase of 34-38 Lister Gate was completed in August 2012 and this has resulted in an initial £385,000 per annum increase in rent which will rise to £508,500 in 2014/2015. This is a prime retail investment which again diversifies the portfolio. Consideration is currently being given to other investment opportunities on the market and it is anticipated that recommendations will be made to the Trustees for capital held by the Trust to be invested.

In terms of future disposals, the Beck Street property is under offer and this will generate a significant capital receipt. There has been ongoing rationalisation of the residential part of the portfolio. The majority of residential stock has been sold and good capital receipts have been achieved. The remaining few units are earmarked for disposal over the coming financial year as they become vacant.

Refurbishment of stock is also a target for this financial year. Century House is a well located office building and if refurbished will attract tenants resulting in increased rental income and fewer voids. Other properties in the portfolio will be reviewed and refurbishments completed if feasible to do so.

There will be an ongoing review of the portfolio to identify older assets held by the Trust which could result in investment capital being realised. Should this proposal be approved by the Trustees total capital reserves will grant the Trust the opportunity to secure positive reinvestment in the portfolio, either through the acquisition of new assets or the improvement or refurbishment of existing properties.

The Strategic Property service has continued to secure tenant demand for investment properties against a background of a depressed market, although in common with the market generally, there has been little by way of rental growth during the year. The policy remains, however, to achieve market rates for rental, ensuring the charity receives value for money.

Century House



FINANCIAL REVIEW

Detailed accounts of the Bridge Estate are included in the following pages.

Policy on reserves

The Charity may hold reserves or funds to even out the financial impact of significant costs for any particular year.

The Charity's objectives state that any residue of any income should be used for the improvement of the City of Nottingham and the public benefit of its inhabitants, therefore any remaining surplus of income over expenditure during the year is transferred to NCC's General Fund.

The Original Estimated Surplus to be transferred to NCC's General Fund for the benefit of the citizens of Nottingham was £1,705,930. The actual Surplus transferred was £1,484,315 for 2012/13 (£1,274,991 2011/12).

Review of financial position

Below is a summary of the income generated and resources expended:

	2012/13 £	2011/12 £
INCOMING RESOURCES	(1,996,586)	(1,663,091)
RESOURCES EXPENDED		
Surplus transferred to NCC General Fund	1,484,315	1,274,991
Cost of Generating Funds	414,001	328,068
Governance Costs	79,320	27,560
Contribution to recoupment order	-	13,522
Contribution to repairs and renewals fund	18,950	18,950
	1,996,586	1,663,091

PLANS FOR FUTURE PERIODS

A property investment portfolio is a dynamic resource and needs to be actively managed if it is to develop and resist the effects of economic downturn. The principal focus should be on proactive management of the portfolio's income profile, maximising income from existing properties, acquiring prime assets in favour of secondary stock where possible and developing a mix of investments aimed at creating stability, secure income, capital and revenue growth and minimised risk.

The current portfolio includes some of these elements:

- A diverse range of assets offering some security against the decline of a specific market sector
- Revenue supported by a range of income generating investments including the modern industrial units, some quality office and retail space
- Secure ground lease investments providing strong capital growth and strategic control of land use.
- An opportunity to buy in leases within its own assets, securing the benefit of marriage value

However, the Portfolio is somewhat unbalanced with a high number of management intensive, low income producing assets and few that might be described as prime quality. In times of economic recession, the portfolio is susceptible to loss of income through a stagnated rental market and the risk of voids.

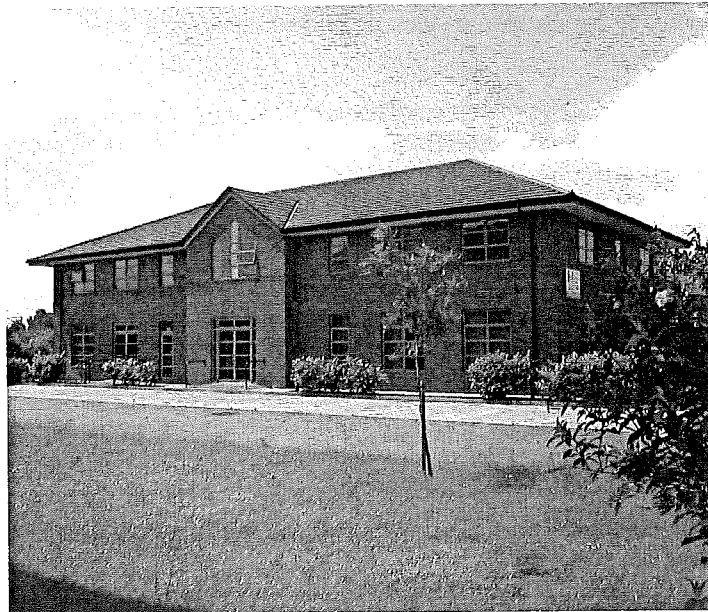
The Trust holds some good investments evidenced by the Alexander Fleming Building at the Science Park, retail premises on Lister Gate/Wheeler Gate and offices at Castle Marina. Other good secondary investments such as Century House on Chapel Bar and Castle Gate House are also beneficial assets. However, the portfolio would be significantly strengthened by the introduction of more high quality investments offering secure income supported by strong tenant covenants.

Following the acquisition of Lister Gate/Wheeler Gate, Bridge Estate still holds additional investment resources, held as cash and other investments. These monies are currently earning little investment income and a proactive strategy has been adopted with a view to utilising any available investment resources to facilitate both strategic and opportunistic property acquisitions.

The strategy is based on the following principles:

- A dedicated investment resource of circa £3m - £4m to fund acquisitions and capital investment and sourced from existing capital and receipts from selected disposals.
- All assets in the portfolio to be rated on their potential for retention or disposal with a view to actively pursuing early disposal in selected cases. By way of example, 110-138 Mansfield Road has been placed on the market and terms for its disposal have been agreed.
- That specific opportunities be identified for using additional investment resources for the improvement of existing assets where it is can be demonstrated the investment will generate increased income or maintain income otherwise at risk. This might include the refurbishment of offices or workspace or buying in leasehold interests to provide an asset that is more attractive to a potential tenant.

- That opportunities for strategic acquisitions be brought to future committees for consideration where it can be demonstrated they will:
 - Secure income generation
 - Good potential for rental growth
 - Resilience to changing economic conditions
- An annual review of the policy for disposals and acquisitions looking at projections for the forthcoming year and the influence of opportunities secured in the previous year.
- The exploration of opportunities within the portfolio where value can be secured through strategic acquisition of third party interests, securing planning consent where it is beneficial and is considered to add value to potential disposals
- Maintaining and developing existing income through selective investment in assets identified for retention.



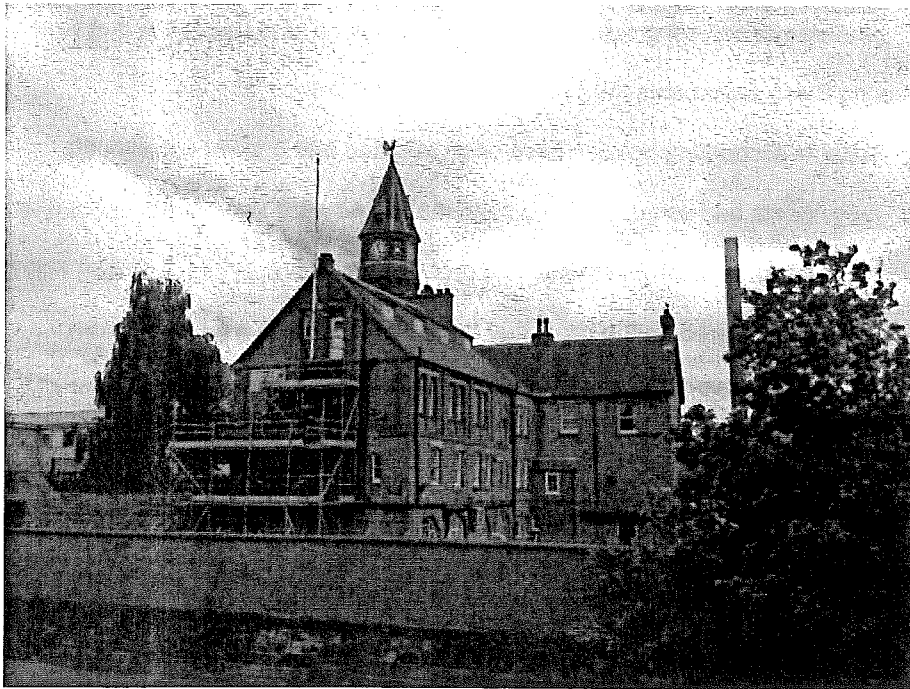
Castle Bridge Office

THE FINANCIAL STATEMENTS

The statements include comparative figures for the previous year and consist of the following:

- **Statement of Financial Activities (SoFA)** is a single accounting statement with the objective of showing all incoming resources and resources expended by the charity in the year on all its funds.
- **Balance Sheet** setting out the assets, liabilities and funds of the Trust;
- **Notes to Financial Statements** explaining the accounting policies adopted and explanations of information contained in the Financial Statements.

The Financial Statements have been prepared in accordance with statutory requirements and the Statement of Recommended Practice Accounting and Reporting by Charities (Revised 2005). The Trustee confirms that the Trust's assets are available and adequate to fulfill the obligations of the Trust. Nottingham City Council is required to publish International Financial Reporting Standards (IFRS) compliant accounts. The Bridge Estate forms part of NCC's Group Accounts, and therefore the accounts have been consolidated on this basis. No adjustments were required to these accounts upon consolidation.



Eastcroft

RESPONSIBILITIES OF THE TRUSTEE

The Trustee's Responsibilities

The Charity Commission has introduced a framework for accounting for charities, to meet the need for public accountability for the resources held by charities. It is a combination of legislation and best practice.

The legal requirements are contained in Part VI of the Charities Act 1993 (as amended), The Charities (Accounts and Reports) Regulations 1995 as amended by the Charities (Accounts and Reports) Regulations 2000 and the Charities (Annual Return) Regulations 1997 made by the Commissioners under Part VI of the 1993 Act.

The accounting and reporting requirements are complemented by the Statement of Recommended Practice: Accounting by Charities (the Charities SORP), which was revised in March 2005 to consolidate all amendments and recommendations made since SORP 2000.

The Trustee is required:

- to make arrangements for the proper administration of the charity's financial affairs;
- to prepare the Annual Report and financial statements for each financial year which presents fairly, the charity's state of affairs as at the end of the financial year and which presents its incoming resources and its application of resources in that year.

In preparing these statements the Trustee has ensured that:

- suitable accounting policies have been selected and applied consistently;
- judgements and estimates have been made that were reasonable and prudent;
- the relevant legal requirements and recommended practices have been followed;
- they are prepared on the basis that the Bridge Estate is a going concern.

The Trustee is responsible for ensuring that proper accounting records are kept which are up to date and for maintaining a satisfactory system of control over the charity's books of account and transactions.

The Trustee is also responsible for ensuring that arrangements are made to safeguard the assets of the charity and reasonable steps are taken for the prevention and detection of fraud and other irregularities.

The Trustee must take any steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of any such information.

As far as the Trustees are aware there is no relevant audit information about which the Bridge Estate auditors are unaware

ADOPTION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Approved by the Trusts and Charities Committee and signed on behalf of Nottingham City Council
by:

_____ Date:
Carole Mills (CPFA)
Chief Finance Officer, Deputy Chief Executive & Corporate Director for Resources

_____ Date:
J Hartshorne, Signed for the Trustees

The notes form part of these accounts.

Statement of financial activities for the year ended 31 March 2013

	2012/13			2011/12
	Unrestricted Funds £	Endowment Funds £	Total Funds £	Total Funds £
INCOMING RESOURCES				
Incoming Resources from Generated Funds				
Investment Income				
Rents	(1,809,181)		(1,809,181)	(1,608,185)
Other Recharges	(15,342)		(15,342)	(27,229)
Interest on Arrears	(5,285)		(5,285)	(3,231)
Investment Income	(12,068)		(12,068)	(24,446)
Other Incoming Resources	(154,710)		(154,710)	0
Total Incoming Resources	(1,996,586)	0	(1,996,586)	(1,663,091)
RESOURCES EXPENDED				
Charitable Activities				
Surplus transferred to NCC	1,484,315		1,484,315	1,274,991
Costs of Generating Funds				
Investment Management Costs				
Premises Costs		294,032	294,032	202,073
Supplies and Services		57,685	57,685	61,555
Agency And Contracted Services		12,277	12,277	10,532
Management & Administration		50,007	50,007	53,908
Total Cost of Generating Funds	0	414,001	414,001	328,068
Governance Costs				
Audit Fees	7,500		7,500	13,360
Management Costs	71,820		71,820	14,200
Total Governance Costs	79,320	0	79,320	27,560
Total Resources Expended	1,563,635	414,001	1,977,636	1,630,619
Net (incoming)/outgoing resources before transfers	(432,951)	414,001	(18,950)	(32,472)
Gross Transfer Between Funds	414,001	(414,001)	0	0
Net (incoming)/outgoing resources before other recognised gains and losses	(18,950)	0	(18,950)	(32,472)

Statement of financial activities for the year ended 31 March 2013 (Continued)

	2012/13			2011/12
	Unrestricted Funds £	Endowment Funds £	Total Funds £	Total Funds £
Net (incoming)/outgoing resources before other recognised gains and losses	(18,950)	0	(18,950)	(32,472)
Other Recognised (Gains)/Losses				
(Gains)/Losses on Investment Assets		(91,000)	(91,000)	0
(Gains)/Losses on Revaluation of Investment Assets		1,625,954	1,625,954	1,729,914
Net Movement in Funds	(18,950)	1,534,954	1,516,004	1,697,442
<u>Reconciliation of Funds</u>				
Total Funds Brought Forward	(280,000)	(27,875,972)	(28,155,972)	(29,853,414)
Total Funds Carried Forward	(298,950)	(26,341,018)	(26,639,968)	(28,155,972)

Balance sheet as at 31 March 2013

	Note	2012/13 £	2011/12 £
<u>FIXED ASSETS</u>			
Investments			
Investment Property	8. a)	29,624,850	23,136,640
Other Investments	8. b)	582,038	4,822,175
Total Fixed Assets		30,206,888	27,958,815
<u>CURRENT ASSETS</u>			
Debtors (net of Bad Debt Provision)	8. c)	625,533	102,960
Cash at Bank	8. c)	1,717,946	398,813
Total Current Assets		2,343,479	501,773
<u>LIABILITIES</u>			
Creditors - Amounts falling due within one year	8. d)	(1,953,639)	(259,941)
Net Current Assets		389,840	241,832
Total Assets Less Current Liabilities		30,596,728	28,200,647
Creditors - Amounts falling due after one year	8. e)	(33,879)	(44,675)
Long Term Borrowing	11	(3,922,881)	-
NET ASSETS		26,639,968	28,155,972
<u>FUNDS OF THE CHARITY</u>			
Endowment Fund		(26,341,018)	(27,875,972)
Unrestricted income funds		(298,950)	(280,000)
TOTAL CHARITY FUNDS		(26,639,968)	(28,155,972)

Approved by the Trusts and Charities Committee and signed on behalf of Nottingham City Council by:

 Carole Mills (CPFA)
 Chief Finance Officer, Deputy Chief Executive & Corporate Director for Resources

Date:

 J Hartshorne, Signed for the Trustees

Date:

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General Principles

The Annual Report summarises the Bridge Estate transactions for 2012/13 financial year together with its financial position at 31 March 2013.

This section explains the accounting policies applied in producing the Annual Report for the Bridge Estate. Accounting policies are the principles, bases, conventions and rules by which transactions are recognised, measured and presented in the accounts.

Basis of preparation

The Annual Report has been prepared in accordance with the Charities Act 2011 and applicable regulations and "Accounting and Reporting by Charities: Statement of Recommended Practice", issued by the Charities Commission in February 2005 (The Charities SORP).

The accounts have been prepared in accordance with the historic cost basis of accounting except for investment properties which have been included at revalued amounts.

Compliance with the Charities SORP and the adoption of accounting standards and principles issued or adopted by the Accounting Standards Board ensures that the accounts show "a true and fair view" of transactions during the year and the financial position of the Bridge Estate at the year end.

Incoming Resources

Income receipts are accrued and accounted for in the period to which they relate. Payments received in advance are recognised as a liability on the balance sheet within creditors.

Rental income is recorded when the invoices are raised and become due for payment.

Resources Expended

All expenditure is accrued and accounted for in the period during which they are consumed or received. Accruals have been made for all material sums unpaid at the year end for goods or services received or work completed. Receipts received in advance are recognised as an asset on the balance sheet within debtors.

Cost of Generating Funds

Investment management costs mainly relate to premises expenses, which includes day to day maintenance and insurance. These are initially charged against the Endowment Fund in the SoFA, as recommended in the Charities SORP, but transferred to Unrestricted Funds within Gross Transfer Between Funds.

Charitable Activities

The net expenditure or income of the Bridge Estate is transferred to NCC's General Fund for the benefit of the citizens of Nottingham.

Governance Costs

Governance costs include the costs of governance arrangements, which relate to the general running of the charity, as opposed to direct management functions inherent in generating funds, service delivery and programme. These activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability.

Direct costs include external audit fees, valuation fees and costs associated with trustee meetings and preparing statutory accounts.

Fixed Assets

Investment properties

Investment properties are those used solely to earn rentals and/or for capital appreciation for the Bridge Estate. Investment properties are measured initially at cost. They are not depreciated but are revalued annually according to market conditions at year-end. Gains and losses on revaluation and on disposal are shown within the SOFA. However as revaluation and disposal gains and losses are not allowed by statute to impact on the financial activities of the Bridge Estate, they do not form part of the income and expenditure totals, but provide details within the SOFA of the movement on the Endowment Fund. Any sale proceeds are posted to the Endowment Fund.

Rental income from investment properties is credited to investment income within the SOFA.

Where land or property is held as a community asset, dedicated for the enjoyment of the public in perpetuity they are given a value of £NIL.

Other investments

Other investments are included in the Balance Sheet at market value and include loans and government stocks.

Other recognised Gains/(losses)

The gains/(losses) on investment assets, represents the differences between proceeds received on disposals and their market value at the beginning of the year.

The gains/(losses) on revaluation of investment assets represents material changes in property valuations.

Accruals of Expenditure and Income

The accounts of the Bridge Estate are maintained on an accruals basis. This means that sums due to or from the Bridge Estate during the year are included whether or not the cash has actually been received or paid in the year. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Cash received or paid and not yet recognised as income or expenditure is shown as a creditor (receipt in advance) or debtor (payment in advance) in the balance sheet and the SOFA adjusted accordingly. Fees, charges and rents due from customers are accounted for as income at the date that the Bridge Estate provides the associated goods or services.

This policy is not followed for certain quarterly payments, including gas and electricity, where expenditure is recorded at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts.

Where it is doubtful that a debt will be settled, the balance of debtors is written down and a charge made to the SoFA for the income that might not be collected. This bad debt provision is offset against the debtor balance on the balance sheet. In many cases, the value to be entered in respect of accrued transactions will be certain.

In others, this value has to be estimated and reference is then made to past transactions and trends in order to determine the likely value.

Cash

Cash is represented by deposits held within the Bridge Estate bank account. In previous years' and for the majority of the financial year 2012/13, cash was held within NCC's bank account on behalf of the Bridge Estate, but due to the implementation of a new financial system at NCC, a separate bank account was opened for the Bridge Estate at the end of March 2013. Nominal interest payments have been paid by NCC annually to the Bridge Estate for the average cash balance held. The interest is shown within the SoFA-Investment Income.

During 2012/13 a loan of £3,922,881 was approved from NCC towards the purchase of an investment property, this amount has been treated as long term borrowing at the end of the financial year.

Funds of the Charity

Endowment fund

The capital of the Bridge Estate is held as a permanent endowment fund. There is no power to convert the capital into income; the fund must generally be held indefinitely.

Unrestricted income fund

This fund has been established so that the cost of repairing Trent Bridge was spread out and does not impact on the finances of the Charity in a particular year. In 2006/07 an additional Renewal and Repairs Fund was set up to meet the cost of repairs to the housing stock held by the Bridge Estate. Annual contributions are made to the fund and repairs costs are charged to the SoFA in the year they are carried out, with transfers being taken from the fund.

The income from the fund is unrestricted income but it is expendable at the discretion of the trustees in the furtherance of the charity's objectives.

Going concern

The Annual Report is prepared on a going concern basis.

2. TAX STATUS OF BRIDGE ESTATE

Bridge Estate is a registered charity and is therefore exempt from income tax and capital gains tax on income and gains falling within S531 ITA 2007 and S256 CGA 1992. Nottingham City Council is the sole trustee of the Bridge Estate and, in accordance with VAT notice 749, is entitled to recover VAT incurred on the expenditure of the Bridge Estate under section 33 of the VAT Act 1994.

3. MOVEMENT OF FUNDS

Summary of Fund Movements

Fund Name	Balances B/Fwd £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balances C/Fwd £
Endowment	(27,875,972)		414,001	(414,001)	1,534,954	(26,341,018)
Unrestricted	(280,000)	(1,996,586)	1,563,635	414,001		(298,950)
Total	(28,155,972)	(1,996,586)	1,977,636	0	1,534,954	(26,639,968)

Other Recognised (Gains)/Losses

The annual revaluation of the property portfolio has been completed in 2012/13 resulting in a loss on revaluation of assets of £1,672,527. The revaluation of Glaisdale 1 Recoupment by CCLA Investment Management Ltd – COIF Charity Funds in 2012/13 has resulted in a gain of £46,573.

(Gains)/Losses on disposal of investment assets

Property	(Gain) or loss on disposal of Invest- ment Assets £
48 Wellington St	(24,000)
40 Wellington St	(7,000)
43 Shelton St, 53 Wellington St, 14 Ridding Terrace	(60,000)
	(91,000)

Endowment Fund

A report was taken to the Trusts and Charities Committee on the 22 February 2013, formally approving the release of the two recoupment orders to the Endowment Fund.

Unrestricted income fund

An annual contribution of £18,950 (£18,950 2011/12) was made to the Renewal and Repairs Fund, bringing the cumulative balance to £298,950.

4. ANALYSIS OF INCOMING CAPITAL RESOURCES

As a general rule, incoming capital resources to the Bridge Estate are generated by the sale of investment properties or the payment of premiums in respect of the re-gearing of long leaseholds. The Bridge Estate capital fund is a permanent endowment fund which means that it cannot usually be spent as income. Thus, any income generated by the sale of freehold land or buildings, or the re-gearing of long leaseholds on payment of a premium, must be reinvested in the purchase or improvement of freehold land and buildings.

At the discretion of the Charity Commission, funds may be spent on infra-structure assets but any sum spent will have to be recouped and the capital fund replenished.

5. TRUSTEE BENEFITS AND TRANSACTIONS

None

6. TRUSTEE INDEMNITY INSURANCE COSTS

None

7. GRANTS TO INSTITUTIONS

None

8. ANALYSIS OF FIGURES IN THE MAIN STATEMENTS

(a) Investment Property

Investment property represents assets owned by the Bridge Estate, primarily property and buildings all situated in the United Kingdom.

The portfolio of property is mainly investment properties which are valued by Nottingham City Council Property Service Chartered Surveyor (member of the Royal Institution of Chartered Surveyors) and in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards Manual (the Red Book). Properties held by the Bridge Estate are non operational properties and as such the valuation is on the basis of open market value. This area is managed by the Director of Workplace Strategy and Property.

Investment properties in the portfolio are valued at market value in accordance with the Charities SORP. Some properties have a de-minimis value of £NIL as they are community assets, dedicated for the enjoyment of the public in perpetuity.

Assets that are sold are re-valued pending sale and written out of the accounts at this value.

Analysis of the movement in Investment Property	2012/13 £	2011/12 £
Carrying value (market value) at beginning of year	23,136,640	24,876,151
Add: Additions to investments at cost	8,376,737	-
Less: Disposals at carrying value	(216,000)	-
Add/deduct: Net gains/(losses) on revaluation	(1,672,527)	(1,739,511)
Carrying value (market value) at end of year	29,624,850	23,136,640

The following properties whose value is greater than £1m, are considered to be material in the context of the investment property list:

Property	2012/13 Value (£)	2011/12 Value (£)
14-16 Wheeler Gate, Nottingham NG1 2NB	1,005,000	1,163,500
Woolsthorpe Close, Off Wigman Road, Bilborough, Nottingham	2,825,000	2,559,500
Eastcroft Depot, London Road, Nottingham	2,590,000	2,500,000
The Alexander Fleming Building, Nottingham Science and Technology Park, University Boulevard, Nottingham	1,745,000	1,740,000
34-38 Lister Gate, Nottingham	7,000,000	-
Units 21-29, Whitemoor Court, Nuthall Road, Nottingham	2,176,000	2,176,000

(b) Other Investments

Investments are included in the Balance Sheet at market value. All amounts are held in the UK, and with the exception of the COIF Accumulation units, are not quoted on the UK Stock Exchange. The breakdown of investments is shown below:

	2012/13 £	2011/12 £
Nottingham City Council Loans	269,643	4,556,353
Government Stocks	1,385	1,385
COIF Accumulation Units	311,010	264,437
	582,038	4,822,175

Analysis of the movement in Other Investments	2012/13 £	2011/12 £
Carrying value (market value) at beginning of year	4,822,175	4,799,057
Add: Additions to investments at cost	-	13,522
Less: Disposals at carrying value	(4,286,710)	-
Add/deduct: Net gains/(losses) on revaluation	46,573	9,596
Carrying value (market value) at end of year	582,038	4,822,175

The loan of £4,286,710 previously held by NCC on behalf of the Bridge Estate has been used in 2012/13 to purchase an investment property.

(c) Current Assets

Debtors

	2012/13 £	2011/12 £
Trade	318,899	102,657
Amounts due from subsidiary and associated undertakings	294,803	-
Other debtors	11,138	-
Prepayments & accrued Income	693	303
	625,533	102,960

Cash

	2012/13 £	2011/12 £
Cash at bank and in hand	1,717,946	398,813

The increase in cash represents cash held in the new bank account for the Bridge Estate at the end of the year.

(d) Creditors - Amounts Falling Due Within One Year

	2012/13 £	2011/12 £
Trade	(20,860)	(28,173)
Amounts due to subsidiary and associated undertakings	(1,592,179)	-
Other creditors	(223,879)	(95,831)
Accruals & Deferred Income	(116,721)	(135,937)
	(1,953,639)	(259,941)

The amount due relating to subsidiary and associated undertakings, relates to the transfer of £1,484,315, which had not been paid to NCC before the end of the financial year.

(e) Creditors – Amounts Falling Due After More Than One Year

	2012/13 £	2011/12 £
Rent Bonds	(33,879)	(44,675)

9. GUARANTEES, FINANCIAL DERIVATIVES, CONTINGENT LIABILITIES AND ASSETS AND LOAN LIABILITIES

None

10. AUDIT FEES

A sum of £7,500 (£13,600) has been accrued in respect of the cost of auditing the accounts for the year ended 31 March 2013. This is included in the SoFA-Governance Costs.

11. TRANSACTIONS WITH RELATED PARTIES

NCC is the sole trustee of the Bridge Estate and any transactions between these two parties must be disclosed in accordance with Charity SORP.

In previous years any surplus cash and capital receipts generated from property sales were deposited within the City Council bank account pending reinvestment in property. At the end of the financial year 2012/13 a new bank account was set-up for the Bridge Estate and all transactions relating to the Bridge Estate are processed through this account. The funds invested with NCC during the year earned a nominal sum (based on daily rates) equivalent to what would have been earned if the money had been invested externally to the Bridge Estate. In respect of this, interest of £12,000 was paid in 2012/13 (£24,342 2011/12).

At the beginning of the financial year two investments were held on behalf of the Bridge Estate by the City Council. The loan of £4,286,711 has been used for the purchase of an investment property during the year. The second investment is in respect of the Glaisdale 2 Recoupment Order, which was set up to recoup the money invested in constructing a road, to facilitate the development of the land known as the Roughs at Glaisdale. The sum recouped is £269,642 and is treated as a permanent endowment in 2012/13. This is held on behalf of the Bridge Estate by NCC.

A loan of £3,922,881 was approved in 2012/13 to assist in the purchase of an investment property, this loan is for a period of 20 years and for accounting purposes the £3,922,881 is treated as long term borrowing. The payments due dates are annually starting on the 31 March 2014. The payments will be made up of £196,144 principal and 2.70% pa interest on the average loan balance in the year.

Monies due to NCC at the end of the financial year by the Bridge Estate was £294,803 and monies owed to NCC was £1,592,179.

In addition to transactions involving investments and cash balances, there are other transactions between the Charity and the City Council in respect of the day to day operations of the Charity.

In the year to 31 March 2013 various City Council departments paid a sum of £291,412 (£341,244 2011/12) in respect of office space let by the Charity at current market rents subject to periodic reviews. This income is included in the SoFA.

NCC charged the Bridge Estate £121,287 in the year to 31 March 2013 (£68,108 2011/12) in respect of officers' time and management and maintenance of properties. Of this total it is estimated that £71,820 (£14,200 2011/12) is attributable to the governance of the Charity. These costs relate to the preparation of the final accounts, valuation fees, legal fees and attendance and preparation for the Trusts and Charities Committee meetings.

The Charity paid a total sum of £12,277 (£10,531 2011/12) respectively for refuse collection, grounds maintenance and contract cleaning. The payments are shown within Agency and Contracted Services in the SoFA.

Surplus of income over expenditure during the year is transferred to NCC's General Fund for the improvement of the City of Nottingham and the public benefit of its inhabitants £1,484,315 2012/13 (£1,274,991 2011/12).

Apart from the transactions referred to above, individual trustees did not receive any benefits from the Bridge Estate.

TRUSTS AND CHARITIES COMMITTEE – 25 September 2013

Title of paper:	Bridge Estate – NCC 2012/13 Key Performance Headlines	
Director(s)/ Corporate Director(s):	Carole Mills Deputy Chief Executive & Corporate Director for Resources	Wards affected: All
Report author(s) and contact details:	Chris Common, Organisational Planning and Performance Manager chris.common@nottinghamcity.gov.uk 0115 876 3435	
Other colleagues who have provided input:	Barry Dryden, Senior Finance Manager - Reporting	
Relevant Council Plan Strategic Priority:		
World Class Nottingham		
Work in Nottingham		
Safer Nottingham		
Neighbourhood Nottingham		
Family Nottingham		
Healthy Nottingham		
Leading Nottingham		✓
Summary of issues (including benefits to citizens/service users):		
The surplus income generated by Bridge Estate Trust is transferred to Nottingham City Council's (NCC's) General Fund for the benefit of the citizens of Nottingham. This report informs Trustees of how NCC has performed against its key performance indicators for 2012/13. The progress that NCC has made towards meeting these priorities indicates how the transferred surplus has helped benefit the citizens of Nottingham.		
Recommendation(s):		
1	Note the content of the report.	

1. BACKGROUND

The Bridge Estate has transferred the following surpluses to the Council in recent years:

Year	Contribution £m
2008/09	1.590
2009/10	1.294
2010/11	1.237
2011/12	1.275
2012/13 (proposed)	1.484

The Council's gross revenue budget for 21012/13 was £932.432m. After taking account of key income sources such as council house rents, specific grants and charges to clients, together with the Bridge Estate contribution, the Council's net revenue budget (financed from general government grants and council tax) was £276.947m.

This report focuses on overall Council activity for the 2012/13 financial year.

2. REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

The surplus income generated by Bridge Estate Trust is transferred to Nottingham City Council's (NCC) General Fund for the benefit of the citizens of Nottingham. The Trust's Public Benefit Statement identifies how people have benefited from this by reference to the key priorities in the Council Plan.

NCC has an approved Council Plan for the period 2012 to 2015 which contains the 11 key priorities that focus delivery of its services across the City. In 2012/13 there was good progress within the majority of these priorities. Key achievements in 2012/13 included:

- **“More school leavers getting a job, training, or further education than any other city”**
Having been fourth, the Council is now in the top 3 big cities for getting young people into work, training, or further education. We are on track to continue this work, through support activities including development of the Apprenticeship Scheme and one-on-one intervention activities.
- **“Your neighbourhood as clean as the city centre”**
Half of the Council's wards now meet or exceed the city centre benchmark for cleanliness, and citizens have said that there's been an improvement in the key areas of dog fouling, rubbish and litter, fly tipping and graffiti.
- **“Help keep your energy bills down”**
The Council has installed over 2,000 solar panels in council houses, and thousands more have been fitted with insulation to help keep energy bills down. The Council has also launched the Switch 'n' Save campaign, which can save citizens up to £200 per year on gas and electricity bills.

- **“Cut crime, halve Anti Social Behaviour”**
Latest figures show that crime figures have fallen by 35% since 2011 and anti-social behaviour is down by a third.
- **“Cut unemployment by 25%”**
Following the launch of the Nottingham Growth Plan in July 2012, the Council has helped 1,362 Nottingham citizens into jobs. Unemployment has fallen by 2.5% in the last year, and we will continue to work to tackle unemployment.

Other key developments in the City over the past year have included:

- Investment in Nottingham Station and the creation of a transport hub where trains, trams, and buses will come together. Work on the new tram lines towards Clifton and Chilwell is well underway.
- 2012 has been a great year for events, and the City played host to celebrations for the Queen’s Jubilee and the Olympic Torch in addition to popular events such as Splendour and Nottingham-by-the-Sea.
- The Council has continued to provide vital public services, with 70% of citizens saying that the Council offers value for money.

In addition the Council makes contributions to Harvey Hadden and Highfields Trusts which also seek to benefit the citizens of Nottingham. In 2012/13 these contributions totalled £0.201m.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

None.

4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

None.

5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

None.

6. EQUALITY IMPACT ASSESSMENTS (EIAs)

Not required as this report does not include proposals for new or changing policies, services or functions

7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

None.

8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

None.

