



NOTTINGHAM CITY COUNCIL
TRUSTS AND CHARITIES COMMITTEE

Date: Friday, 11 September 2015

Time: 2.00 pm

Place: LH 2.13 - Loxley House, Station Street, Nottingham, NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Acting Corporate Director for Resources

Governance Officer: James Welbourn **Direct Dial:** 0115 876 3288

AGENDA

Pages

- | | | |
|----------|---|---------|
| 1 | APOLOGIES FOR ABSENCE | |
| 2 | DECLARATIONS OF INTEREST | |
| 3 | MINUTES To confirm the minutes of the meeting held on 31 July 2015. | 3 - 6 |
| 4 | BRIDGE ESTATE ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2014/15 Report of Director of Strategic Finance. | 7 - 52 |
| 5 | PERIOD 4 (JULY) BUDGET MONITORING 2015/16 Report of Director of Strategic Finance. | 53 - 60 |
| 6 | LEASE RENEWAL - ALEXANDER FLEMING BUILDING, NOTTINGHAM SCIENCE PARK Report of Director Strategic Asset and Property Management. | 61 - 64 |
| 7 | EXCLUSION OF THE PUBLIC To consider excluding 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 | |

outweighs the public interest in disclosing the information.

**8 LEASE RENEWAL - ALEXANDER FLEMING BUILDING,
NOTTINGHAM SCIENCE PARK - EXEMPT APPENDIX**

65 - 66

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE 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

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

NOTTINGHAM CITY COUNCIL

TRUSTS AND CHARITIES COMMITTEE

MINUTES of the meeting held at LH2.11 - Loxley House, Station Street, Nottingham, NG2 3NG on 31 July 2015 from 14.04 - 14.32

Membership

Present

Councillor John Hartshorne (Chair)
Councillor Glyn Jenkins (Vice Chair)
Councillor Liaqat Ali
Councillor Patience Ifediora
Councillor Anne Peach
Councillor Andrew Rule
Councillor Steve Young

Absent

Councillor Carole-Ann Jones
Councillor David Smith

Colleagues, partners and others in attendance:

| | |
|-----------------|-----------------------------------|
| Simon Peters | - Head of Property Investment |
| Barry Dryden | - Senior Finance Manager |
| Malcolm Townroe | - Head of Legal Services |
| Phil Wye | - Constitutional Services Officer |

9 APOLOGIES FOR ABSENCE

Councillor Carole Jones (leave)
Councillor David Smith (other council business)
Richard Cox

10 DECLARATIONS OF INTEREST

None.

11 MINUTES

The minutes of the meeting held on 12 June 2015 were confirmed as an accurate record.

12 BRIDGE ESTATE DRAFT FINANCIAL STATEMENTS

Barry Dryden, Senior Finance Manager, presented the draft annual financial statement for 2014/15 to the committee, highlighting the following:

- (a) the surplus paid to Nottingham City Council for 2014/15 was £1.504m;
- (b) endowment funds increased by £1.228m during 2014/15, largely reflecting the increase in the value of fixed assets;

- (c) a final version of the financial statement will be brought to the Trusts and Charities Committee later in the year.

The following responses were given in answer to questions from the committee:

- (d) work at Carrington Street and Unity Square is already advanced and would not be suitable for funds from the Bridge Estate;
- (e) future focus of the Bridge Estate will be in receiving regular and increasing income from the smaller number of high-quality properties that it has retained;
- (f) ringfencing Bridge Estate funds for investment in new property at this time would have a knock-on effect to other council services. However this should be more possible in the future. As an alternative, money can be borrowed to fund investments where a good return would be ensured;
- (g) the Central College site on Maid Marion Way would be unsuitable for the Bridge Estate as it is more involved with refurbishing existing property than developing new property. However, the new college site near Broadmarsh will have a knock-on positive effect for the whole area, including the Bridge Estate property on Lister Gate.

RESOLVED to note the report

13 PRE CONSTRUCTION FEES - UNITS 22-24 WHITEMOOR COURT, NUTHALL ROAD

Simon Peters, Head of Property Investment, presented the report seeking approval to enable the reinstatement of units 22-24 Whitemoor Court following fire damage.

RESOLVED to

- (1) approve expenditure on architectural, structural and surveying fees to enable the preparation of tender documentation for the reinstatement of Units 22-24 Whitemoor Court;**
- (2) authorise the Interim Director Strategic Asset and Property Management to proceed with the project and report back to a subsequent Trust and Charities Committee meeting to seek consent to proceed with the work on the basis of the offered price.**

14 EXCLUSION OF THE PUBLIC

The committee decided to exclude the public during consideration of the next agenda item 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.

15 PRE CONSTRUCTION FEES - UNITS 22-24 WHITEMOOR COURT, NUTHALL ROAD - EXEMPT APPENDICES

Trusts and Charities Committee - 31.07.15

The committee considered the exempt appendix to the Interim Director of Strategic Asset and Property Management's report and noted its content.

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TRUSTS AND CHARITIES COMMITTEE – 11 SEPTEMBER 2015

| | | |
|--|--|-------------------------------------|
| Title of paper: | Bridge Estate Annual Report and Statement of Accounts 2014/15 | |
| Director(s)/ Corporate Director(s): | Geoff Walker Director of Strategic Finance | Wards affected: All |
| Report author(s) and contact details: | Barry Dryden, Senior Finance Manager Barry.dryden@nottinghamcity.gov.uk 0115 8762799 | |
| Other colleagues who have provided input: | Thomas Straw, Finance Analyst | |
| Date of consultation with Portfolio Holder(s) (if relevant) | | |
| Relevant Council Plan Strategic Priority: | | |
| Cutting unemployment by a quarter | | <input type="checkbox"/> |
| Cut crime and anti-social behaviour | | <input type="checkbox"/> |
| Ensure more school leavers get a job, training or further education than any other City | | <input type="checkbox"/> |
| Your neighbourhood as clean as the City Centre | | <input type="checkbox"/> |
| Help keep your energy bills down | | <input type="checkbox"/> |
| Good access to public transport | | <input type="checkbox"/> |
| Nottingham has a good mix of housing | | <input type="checkbox"/> |
| Nottingham is a good place to do business, invest and create jobs | | <input type="checkbox"/> |
| Nottingham offers a wide range of leisure activities, parks and sporting events | | <input type="checkbox"/> |
| Support early intervention activities | | <input type="checkbox"/> |
| Deliver effective, value for money services to our citizens | | <input checked="" type="checkbox"/> |
| Summary of issues (including benefits to citizens/service users): | | |
| An Annual Report and Statement of Accounts is required for the Bridge Estate Charity, for which the City Council (NCC) is the sole trustee. | | |
| This report sets out the 2014/15 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 Director of Strategic Finance are then required to sign the Statements to confirm that the Annual Report has been adopted. | | |
| Recommendation(s): | | |
| 1 | To approve the Bridge Estate Annual Report and Statement of Accounts for the financial year 2014/15 as in Appendix 1 ; | |
| 2 | That the Bridge Estate makes a contribution of £1,504,028 to the City Council for pursuance of the Charity's objectives. | |
| 3 | To approve the Letter of Representation included within the Audit Highlights Memorandum in Appendix 2 ; | |

1. REASONS FOR RECOMMENDATIONS

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.

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 Appendix 1. To help the Trustees fulfil this requirement a financial analysis is provided in Section 2.

The Bridge Estate's Auditors, Rogers Spencer, have audited the Statements and have produced an audit report (Appendix 2) which provides further background for the Trustees to take into account when reviewing the Statements.

The Statements include a contribution of £1,504,028 to NCC. In previous years the contributions have been as follows:

| Year | Contribution £m |
|-------------|----------------------------|
| 2009/10 | 1.294 |
| 2010/11 | 1.237 |
| 2011/12 | 1.275 |
| 2012/13 | 1.484 |
| 2013/14 | 1.440 |

The contribution from the Bridge Estate has assisted the Council with the key priorities identified in the Council Plan, and therefore meets 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 of £1,504,028 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.

2. FINANCIAL ANALYSIS

Public Benefit Statement

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 27 February 2015.

Statement of Financial Activities

In 2014/15 the Bridge Estate increased its trading surplus by £131,471. This additional surplus was used to increase the contribution to NCC by £64,294, and the contribution Bridge Estate Reserves by £67,177.

This increase was a result of a number of factors:

- An increase in rental income (£63,145), which was primarily due to increased rental income at 34-38 Lister Gate.
- An increase in 'Other Recharges' (£15,411) due to additional service charges received during 14/15 in relation to Century House and Wheeler Gate properties.
- An decrease in 'Supplies and Services' costs (£17,526) as a result of a 13/14 transfer to the bad debt provision in relation to Whitemoor Avenue Units.

- A decrease in 'Premises Costs' (£54,611), due to large amount of 13/14 expenditure at Woolsthorpe Close.

Offset by:

- A decrease in 'Other Incoming Resources' (£47,464) due to the Bridge Estate receiving a one-off lease premium in 13/14.

Other smaller movements generated a net increase in the surplus of £28,242.

Balance Sheet

Overall the net assets of the charity increased by £1,298,900, due to the following movements on the balance sheet:

- A net increase in the value of Investment Assets as a result of the following:

| Details | Amount (£) |
|--|------------------|
| Increase in valuation of property assets | 1,103,847 |
| Woolsthorpe Close Capital Expenditure | 43,884 |
| Disposal of property at carrying value | (91,000) |
| Increase in valuation of Investments | 46,213 |
| Net Movement 14/15 | 1,102,944 |

- A small increase in net current assets (£188).
- A decrease in long term borrowing (£196,144), as a result of the repayment of principal in 2014/15 of the sum borrowed to help purchase Lister Gate.

4. FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

The financial implications have been considered in the body of the report.

5. LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

None

6. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)



No



Yes – Equality Impact Assessment attached



Due regard should be given to the equality implications identified in the EIA.

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

Financial accounts working papers

8. 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



Annual Report for the year ended 31 March 2015

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 Trustee |
| 17 | Adoption of Annual Report and Financial Statements |
| 18-19 | Statement of Financial Activities |
| 20 | Balance Sheet |
| 21-28 | Notes to the Accounts |
| 29 | Independent Auditor's Report |



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 Trustee | 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 | Strategic Director of Finance Nottingham City Council Loxley House Station Street Nottingham NG2 3NG |
| Bankers | Lloyds Bank Market Square House Old Market Square Nottingham NG1 6FD |

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 selection methods

Nottingham City Council (NCC) is the sole Trustee. NCC has elected members who are elected on a 4 year cycle. The following table details the councilors / trustees for the financial year 1 April 2014 to 31 March 2015 and also includes any post year trustee movements:

| | |
|---------------------------------------|--------------------------------------|
| Councillor Ali | Councillor Liversidge |
| Councillor Armstrong (Elected May 15) | Councillor Longford |
| Councillor Arnold | Councillor McCulloch |
| Councillor Aslam (Removed May 15) | Councillor McDonald |
| Councillor Ayoola (Elected May 15) | Councillor Malcolm (Removed May 15) |
| Councillor Aziz (Elected May 15) | Councillor Mellen |
| Councillor Ball | Councillor Molife (Removed May 15) |
| Councillor Battlemuch | Councillor Morley (Removed May 15) |
| Councillor Bryan | Councillor Morris |
| Councillor Campbell | Councillor Neal |
| Councillor Chapman | Councillor Norris |
| Councillor Choudhry | Councillor Ottewell (Removed May 15) |
| Councillor Clark | Councillor Packer (Removed May 15) |
| Councillor Collins | Councillor Parbutt |
| Councillor Cook (Elected May 15) | Councillor Peach |
| Councillor Culley | Councillor Piper |
| Councillor Dewinton (Removed May 15) | Councillor Rule (Elected May 15) |
| Councillor Edwards | Councillor Saghir |

| | |
|--------------------------------------|--------------------------------------|
| Councillor Ferguson | Councillor D Smith |
| Councillor Gibson | Councillor W Smith |
| Councillor Grocock | Councillor Spencer (Removed May 15) |
| Councillor Hartshorne | Councillor Steel (Removed May 15) |
| Councillor Healy | Councillor Tansley (Elected May 15) |
| Councillor Heaton | Councillor Trimble |
| Councillor Ibrahim | Councillor Unczur (Removed May 15) |
| Councillor Ifediora (Elected May 15) | Councillor Urquhart |
| Councillor Jenkins | Councillor Watson |
| Councillor Jenkins (Elected May 15) | Councillor Webster |
| Councillor Johnson | Councillor Wildgust |
| Councillor Jones | Councillor Wood |
| Councillor G Khan | Councillor Woodings (Elected May 15) |
| Councillor N Khan | Councillor Young (Elected May 15) |
| Councillor Klein | |

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 Trustee. 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 2014 to 31 March 2015:

| |
|--|
| Councillor John Hartshorne (Chair) |
| Councillor Glyn Jenkins (Vice Chair - from May 15) |
| Councillor Thulani Molife (Vice Chair) (Removed May 15) |
| Councillor Liaqat Ali |
| Councillor Patience Ifediora (Elected May 15) |
| Councillor Carole-Ann Jones |
| Councillor Anne Peach |
| Councillor Andrew Rule (Elected May 15) |
| Councillor Dave Smith (Added to the Committee May 15) |
| Councillor Timothy Spencer (Removed May 15) |
| Councillor Roger Steel (Removed May 15) |
| Councillor Sam Webster (Removed from the Committee May 15) |
| Councillor Steve Young (Elected May 15) |

Induction and training of Trusts and Charities Committee

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

Organisational structure of the charity

Bridge Estate is a charity of which NCC is the sole trustee.

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.

Risk Management

The Bridge Estate adopts the NCC's Risk Management Policy, tailored as appropriate for the Trust. The Trustee is 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 Trusts and Charities Committee as and when required.

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 trustee thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.



Trent Bridge

Main objectives for the financial year 2014/15 -

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

Bridge Estate's stated objectives of setting up a contingency fund for the maintenance and repair of Trent Bridge and to accumulate a fund to build a new bridge, should this be necessary, 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 to maintain or to replace Trent Bridge. 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 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 achieve in the short-term and in any case could not meet the full cost of replacing the structure – further confirming the need 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 details the number of assets that were owned by the Bridge Estate as at 31 March 2015. 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 | 6 | £712,800 | £7,925,000 | 0 |
| 2 Secondary Retail | 2 | £15,500 | £192,000 | 0 |
| 3 Primary Offices and Good Secondary | 6 | £220,940 | £2,504,000 | 0 |
| 4 Secondary Offices | 1 | £14,000 | £165,000 | 1 |
| 5 Research and Development | 1 | £157,875 | £1,772,000 | 0 |
| 6 Industrial Modern | 9 | £286,281 | £2,500,000 | 3 |
| 7 Industrial Other (50 yrs +) | 10 | £211,983 | £2,604,500 | 1 |
| 8 Ground Lease (Industrial) | 18 | £66,265.90 | £2,773,000 | 0 |
| 9 Premium and Peppercorn Ground Lease | 22 | £2,841 | £786,900 | 0 |
| 10 Agricultural | 4 | £20,272.31 | £1,525,000 | 0 |
| 11 Depots | 6 | £541,012 | £5,955,000 | 0 |
| 12 Residential | 1 | £1,500 | £61,000 | 0 |
| 13 Allotments | 5 | £4,390 | £555,000 | 0 |
| 14 Other | 8 | £2,488.95 | £42,000 | 0 |
| Total | 99 | £2,257,809.10 | £29,360,400 | 5 |

N.B. The rental income assumes that all the assets are let. Estimated market rents are included for vacant properties.

The ownership includes a number of prime retail and commercial properties, industrial ground leases, agricultural holdings, depots and a miscellaneous range of other properties. A policy of selling off the residential portion of the portfolio has been implemented as the condition of the properties and the repair liabilities were making their retention unattractive. By the end of this financial year 14 of the 15 original residential units have been sold.

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 landlord 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 re-letting 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 Trusts and Charities Committee. 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 2015 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. 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 £25 (£25 in 2013/14).



Century House

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 Development and Growth Department. A dedicated Chartered Surveyor is assigned to this role.

During 2014/15 Strategic Property continued the policy of selling residential property assets and completed the disposal of 14 Gorsey Road generating a capital receipt of £160,000.

Refurbishment of property assets continues to be an objective. The upgrading work to the second and third floor offices in Century House, Chapel Bar has been completed and a 3 year lease granted to Robin Hood Energy Ltd. Repairs to garage premises at 49 Hungerhill Road, have been completed and a quick letting is anticipated. Works to reinstate the three fire damaged units at Whitemoor Court is programmed to commence this autumn. Other properties in the portfolio will be reviewed and refurbishments completed if feasible to do so.

A new letting of the ground floor and basement of 14-16 Wheeler Gate to Central College Nottingham was completed in July 2014 at a rent of £85,000 per annum. This property had been empty for 6 months after the termination of the previous lease by the Co-op.

The repair of the ornamental lighting on Trent Bridge has been carried out and the inner face of the bridge balustrades re-painted. Repairs to the York stone pavements have been identified as the next priority.

There is an ongoing review of the portfolio to identify older assets held by the Trust which could be sold and generate investment capital. Should disposals be approved by the Trustees total capital reserves will provide the Trust with 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, although in common with the market generally, there has been little by way of rental growth during the last year. The policy remains, however, to achieve market rates for rental, ensuring the charity receives value for money.

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 £1,677,760 (£1,609,900 2013/14). The actual Surplus transferred was £1,504,028 for 2014/15 (£1,439,734 2013/14).

Review of financial position

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

| | 2014/15 | 2013/14 |
|---|------------------|------------------|
| | £ | £ |
| INCOMING RESOURCES | 2,037,709 | 1,999,947 |
| RESOURCES EXPENDED | | |
| Surplus transferred to NCC General Fund | 1,504,028 | 1,439,734 |
| Cost of Generating Funds | 370,009 | 451,991 |
| Governance Costs | 83,832 | 95,559 |
| Contribution to Un-earmarked Reserve | 60,754 | 0 |
| Contribution to repairs and renewals fund | 19,086 | 12,663 |
| | 2,037,709 | 1,999,947 |

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 change. 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

In recent years the Portfolio has been partially rebalanced with the disposal of a number of management intensive, low income producing assets and the acquisition of two prime investments. In times of economic recession, the portfolio will still be susceptible to loss of income through a stagnated rental market and the risk of voids but the range of investments helps to mitigate this risk.

The Trust holds some good quality assets 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 strengthened by the introduction of more high quality investments offering secure income supported by strong tenant covenants.

Following the acquisition of Lister Gate, Bridge Estate still has additional investment resources, held as cash and other investments. These monies are currently earning little 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 £1m - £2m to fund acquisitions and capital investment. This is 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.
- That specific opportunities be identified for using additional investment resources for the improvement of existing assets where it 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 Trustee is 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:

Geoff Walker (ACMA)
Strategic Director of Finance

Date:

J Hartshorne, Signed for the Trustee

Date:

The notes form part of these accounts.

Statement of financial activities for the year ended 31 March 2015

| | 2014/15 | | | 2013/14 |
|---|-------------------------|----------------------|--------------------|--------------------|
| | Unrestricted Funds £ | Endowment Funds £ | Total Funds £ | Total Funds £ |
| <u>INCOMING RESOURCES</u> | | | | |
| Incoming Resources from Generated Funds | | | | |
| Investment Income | | | | |
| Rents | (1,996,059) | | (1,996,059) | (1,932,914) |
| Other Recharges | (20,526) | | (20,526) | (5,115) |
| Interest on Arrears | (3,973) | | (3,973) | (7,805) |
| Investment Income | (14,616) | | (14,616) | (4,114) |
| Other Incoming Resources | (2,535) | | (2,535) | (49,999) |
| Total Incoming Resources | (2,037,709) | 0 | (2,037,709) | (1,999,947) |
| <u>RESOURCES EXPENDED</u> | | | | |
| Charitable Activities | | | | |
| Surplus transferred to NCC | 1,504,028 | | 1,504,028 | 1,439,734 |
| Costs of Generating Funds | | | | |
| Investment Management Costs | | | | |
| Premises Costs | | 207,499 | 207,499 | 262,160 |
| Supplies and Services | | 22,674 | 22,674 | 40,200 |
| Agency And Contracted Services | | 15,246 | 15,246 | 6,597 |
| Management & Administration | | 26,616 | 26,616 | 39,764 |
| Investment Costs | | 97,974 | 97,974 | 103,270 |
| Total Cost of Generating Funds | 0 | 370,009 | 370,009 | 451,991 |
| Governance Costs | | | | |
| Audit Fees | 7,711 | | 7,711 | 7,500 |
| Management Costs | 76,121 | | 76,121 | 88,059 |
| Total Governance Costs | 83,832 | 0 | 83,832 | 95,559 |
| Total Resources Expended | 1,587,860 | 370,009 | 1,957,869 | 1,987,284 |
| Net (incoming)/outgoing resources before transfers | (449,849) | 370,009 | (79,840) | (12,663) |
| Gross Transfer Between Funds | 370,009 | (370,009) | 0 | 0 |
| Net (incoming)/outgoing resources before other recognised gains and losses | (79,840) | 0 | (79,840) | (12,663) |

Statement of financial activities for the year ended 31 March 2015 (Continued)

| | 2014/15 | | | 2013/14 |
|---|-------------------------|----------------------|------------------|------------------|
| | Unrestricted Funds £ | Endowment Funds £ | Total Funds £ | Total Funds £ |
| Net (incoming)/outgoing resources before other recognised gains and losses | (79,840) | 0 | (79,840) | (12,663) |
| Other Recognised (Gains)/Losses | | | | |
| (Gains)/Losses on Investment Assets | | (69,000) | (69,000) | (781,833) |
| (Gains)/Losses on Revaluation of Investment Assets | | (1,150,060) | (1,150,060) | 376,990 |
| Net Movement in Funds | (79,840) | (1,219,060) | (1,298,900) | (417,506) |
| <u>Reconciliation of Funds</u> | | | | |
| Total Funds Brought Forward | (311,613) | (26,745,861) | (27,057,474) | (26,639,968) |
| Total Funds Carried Forward | (391,453) | (27,964,921) | (28,356,374) | (27,057,474) |

Balance sheet as at 31 March 2015

| | Note | 2014/15 £ | 2013/14 £ |
|---|------|---------------------|---------------------|
| <u>FIXED ASSETS</u> | | | |
| Investments | | | |
| Investment Property | 8.a) | 29,360,400 | 28,303,669 |
| Other Investments | 8.b) | 648,510 | 602,297 |
| Total Fixed Assets | | 30,008,910 | 28,905,966 |
| <u>CURRENT ASSETS</u> | | | |
| Debtors (net of Bad Debt Provision) | 8.c) | 563,720 | 3,142,394 |
| Cash at Bank | 8.c) | 4,145,542 | 1,051,087 |
| Total Current Assets | | 4,709,262 | 4,193,481 |
| <u>LIABILITIES</u> | | | |
| Creditors - Amounts falling due within one year | 8.d) | (2,986,470) | (2,470,501) |
| Net Current Assets | | 1,722,792 | 1,722,980 |
| Total Assets Less Current Liabilities | | 31,731,702 | 30,628,946 |
| Creditors - Amounts falling due after one year | 8.e) | (40,879) | (40,879) |
| Long Term Borrowing | 11 | (3,334,449) | (3,530,593) |
| NET ASSETS | | 28,356,374 | 27,057,474 |
| <u>FUNDS OF THE CHARITY</u> | | | |
| Endowment Fund | | (27,974,921) | (26,745,861) |
| Unrestricted income funds | | (391,453) | (311,613) |
| TOTAL CHARITY FUNDS | | (28,356,374) | (27,057,474) |

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

Geoff Walker (ACMA)
Strategic Director of Finance

Date:

J Hartshorne, Signed for the Trustee

Date:

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General Principles

The Annual Report summarises the Bridge Estate transactions for 2014/15 financial year together with its financial position at 31 March 2015.

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.

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 active 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 | (26,745,861) | | 370,009 | (370,009) | (1,219,060) | (27,964,921) |
| Unrestricted | (311,613) | (2,037,709) | 1,587,860 | 370,009 | | (391,453) |
| Total | (27,057,474) | (2,037,709) | 1,957,869 | 0 | (1,219,060) | (28,356,374) |

Other Recognised (Gains)/Losses

The annual revaluation of the property portfolio has been completed in 2014/15 resulting in a gain on revaluation of assets of £1,103,847. The revaluation of investments held with CCLA Investment Management Ltd – COIF Charity Funds in 2014/15 has resulted in a gain of £46,213.

(Gains)/Losses on disposal of investment assets

| Property | (Gain) or loss on disposal of Investment Assets £ |
|----------------|--|
| 14 Gorsey Road | (69,000) |
| | (69,000) |

Unrestricted income fund

An annual contribution of £19,086 (£12,663 2013/14) was made to the Renewal and Repairs and a further contribution of £60,754 was made to the unrestricted funds, bringing the cumulative balance to £391,453.

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.

| | 2014/15 £ | 2013/14 £ |
|--|-------------------|-------------------|
| Analysis of the movement in Investment Property | | |
| Carrying value (market value) at beginning of year | 28,303,669 | 29,624,850 |
| Add: Additions to investments at cost | 43,884 | 1,278,569 |
| Less: Disposals at carrying value | (91,000) | (2,202,500) |
| Add/deduct: Net gains/(losses) on revaluation | 1,103,847 | (397,250) |
| Carrying value (market value) at end of year | 29,360,400 | 28,303,669 |

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

| Property | 2014/15 Value (£) | 2013/14 Value (£) |
|--|----------------------|----------------------|
| Century House, 8-18 Chapel Bar | 1,250,000 | 1,000,000 |
| Woolsthorpe Close, Off Wigman Road, Bilborough | 2,935,000 | 2,853,000 |
| Eastcroft Depot, London Road | 2,640,000 | 2,590,000 |
| The Alexander Fleming Building, Nottingham Science and Technology Park, University Boulevard | 1,772,000 | 1,670,000 |
| 34-38 Lister Gate | 6,850,000 | 6,937,000 |
| Units 21-29, Whitemoor Court, Nuthall Road | 2,500,000 | 2,050,000 |
| 14-16 Wheeler Gate | 1,075,000 | 910,000 |

(b) Other Investments

| | 2014/15 £ | 2013/14 £ |
|-------------------------------|----------------|----------------|
| Nottingham City Council Loans | 269,642 | 269,643 |
| Government Stocks | 1,385 | 1,385 |
| COIF Accumulation Units | 377,483 | 331,269 |
| | 648,510 | 602,297 |

| Analysis of the movement in Other Investments | 2014/15 £ | 2013/14 £ |
|--|----------------|----------------|
| Carrying value (market value) at beginning of year | 602,297 | 582,038 |
| Add: Additions to investments at cost | - | - |
| Less: Disposals at carrying value | - | (1) |
| Add/deduct: Net gains/(losses) on revaluation | 46,213 | 20,260 |
| Carrying value (market value) at end of year | 648,510 | 602,297 |

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:

(c) Current Assets

Debtors

| | 2014/15 £ | 2013/14 £ |
|---|----------------|------------------|
| Trade | 474,672 | 568,554 |
| Amounts due from subsidiary and associated undertakings | 89,048 | 2,573,840 |
| Other debtors | - | - |
| Prepayments & accrued Income | - | - |
| | 563,720 | 3,142,394 |

Cash

| | 2014/15 | 2013/14 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Cash at bank and in hand | 4,145,542 | 1,051,087 |

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

| | 2014/15 | 2013/14 |
|---|--------------------|--------------------|
| | £ | £ |
| Amounts due to subsidiary and associated undertakings | (2,064,879) | (1,774,867) |
| Other creditors | (689,461) | (503,292) |
| Accruals & Deferred Income | (232,130) | (192,342) |
| | (2,986,470) | (2,470,501) |

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

| | 2014/15 | 2013/14 |
|------------|----------------|----------------|
| | £ | £ |
| Rent Bonds | (40,879) | (40,879) |

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

None

10. AUDIT FEES

A sum of £7,711 (£7,500 2013/14) has been accrued in respect of the cost of auditing the accounts for the year ended 31 March 2015. 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.

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 payment 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. In 2014/15 the Bridge Estate paid £97,974 interest, which is shown within the SoFA under Investment Costs, while the closing long term borrowing is £3,334,449 which is shown in the balance sheet.

Monies due from NCC at the end of the financial year by the Bridge Estate was £89,048 (£2,573,840 2013/14) and monies owed to NCC was £2,641,560.64 (£1,774,867 2013/14).

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 2015 various City Council departments paid a sum of £503,372 (£327,329 2013/14) 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 £102,738 in the year to 31 March 2015 (£127,823 2013/14) in respect of officers' time and management and maintenance of properties. Of this total it is estimated that £76,121 (£88,059 2013/14) 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 £15,246 (£6,597 2013/14) respectively for grounds maintenance and contract cleaning, while insurance costs of £20,930 (£33,304 2013/14) was paid to NCC. The payments are shown within Agency and Contracted Services and Premises Costs 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 £1,504,028 (£1,439,734 2013/14).

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

Independent Auditor's Report to the trustee of Bridge Estate

We have audited the financial statements of Bridge Estate for the year ended 31 March 2015 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditor

As explained more fully in the Trustee's Responsibilities Statement set out on page 16, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

give a true and fair view of the state of the charity's affairs as at 31 March 2015, and of its incoming resources and application of resources, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or

sufficient accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

we have not received all the information and explanations we require for our audit.

Rogers Spencer
Statutory Auditor

Date.....

Newstead House
Pelham Road
Nottingham
NG5 1AP

Rogers Spencer is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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Bridge Estate

Audit Highlights Memorandum

Year ended 31 March 2015



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 disclosure requirements of relevant charities legislation, UK GAAP and the Statement of Recommended Practice.

Auditing Matters

- We have completed the audit subject to:
 - Agreement of the final approved set of accounts
 - 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 | |
| Highly material area, the majority of assets consist of investment properties, however other investments are also held. | <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 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 | |
| Possible non-identification or incorrect disclosure of related parties and transactions in the financial statements | <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 £1,504,028 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 Nottingham City Council working papers for the year ending 31st March 2015. • 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. |

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.

| Nature of misstatement | | Factual | Surplus | Balance Sheet | Unadjusted |
|---|------------|----------|-----------|---------------|------------|
| Brought forward per draft accounts | | | 1,298,900 | 28,356,374 | |
| Provision for after date credit notes raised in respect of rental income invoices raised in error | | (19,416) | | | (19,416) |
| Adjustment to bad debt provision misstated in draft accounts | | 1,698 | | | 1,698 |
| Total errors | adjusted | - | - | - | - |
| | unadjusted | (17,718) | - | - | (17,718) |
| Final accounts | | | 1,298,900 | 28,356,374 | |

Uncorrected misstatements total £17,718. These misstatements are not considered to be material either individually or in total.

Appendix I : Letter of representation

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 2015.

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 2015 is £29,360,400.

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 2015 the following balances were outstanding between Bridge Estate and Nottingham City Council:

| | |
|--|------------|
| ○ Included in short term investments | £ 269,642 |
| ○ Included in debtors | £ 89,049 |
| ○ Included in creditors – amounts due within one year | £2,641,561 |
| ○ Included in creditors – amounts falling due after one year | £3,334,449 |
- Included in the statement of financial activities for the year ending 31 March 2015 is payment of £1,504,028 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 / 84366

melvin@rogers-spencer.co.uk

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

24 August 2015

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 2015: -

- (a) One matter (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. Of the twenty one title deeds tested it was identified that only five of the sample record the proprietor as Nottingham City Council as trustee to Bridge Estate. The sixteen remaining titles document Nottingham City Council as proprietor in its own right.
- (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) Uncorrected misstatements total £17,718. These misstatements are not considered to be material either individually or in total.
- (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

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TRUSTS AND CHARITIES COMMITTEE – 11 SEPTEMBER 2015

| | | |
|---|--|-------------------------------------|
| Title of paper: | Period 4 (July) Budget Monitoring 2015/16 | |
| Director(s)/ Corporate Director(s): | Geoff Walker Director of Strategic Finance | Wards affected: All |
| Report author(s) and contact details: | Barry Dryden, Senior Finance Manager Barry.dryden@nottinghamcity.gov.uk 0115 8762799 | |
| Other colleagues who have provided input: | Georgina Lewis, Finance Analyst Steve Ross, Finance Analyst Tom Straw, Finance Analyst | |
| Date of consultation with Portfolio Holder(s) (if relevant) | | |
| Relevant Council Plan Strategic Priority: | | |
| Cutting unemployment by a quarter | | <input type="checkbox"/> |
| Cut crime and anti-social behaviour | | <input type="checkbox"/> |
| Ensure more school leavers get a job, training or further education than any other City | | <input type="checkbox"/> |
| Your neighbourhood as clean as the City Centre | | <input type="checkbox"/> |
| Help keep your energy bills down | | <input type="checkbox"/> |
| Good access to public transport | | <input type="checkbox"/> |
| Nottingham has a good mix of housing | | <input type="checkbox"/> |
| Nottingham is a good place to do business, invest and create jobs | | <input type="checkbox"/> |
| Nottingham offers a wide range of leisure activities, parks and sporting events | | <input type="checkbox"/> |
| Support early intervention activities | | <input type="checkbox"/> |
| Deliver effective, value for money services to our citizens | | <input checked="" type="checkbox"/> |
| Summary of issues (including benefits to citizens/service users): This report details the forecast outturn for 2015/16 Bridge Estate, Highfields Leisure Park Trust and Harvey Hadden Stadium Trust, based on the budget monitoring to July 2015. | | |
| Recommendation(s): | | |
| 1 | The report is for noting only | |

1. REASONS FOR RECOMMENDATIONS

As Trustee, the Council has responsibility for making recommendations on the management of the Charities. The budget is a key part of the framework for the financial management of the trusts and any subsequent recommendations.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

This report is an integral part of the Council's regular monitoring, forecasting and reporting system. The report enables the Trusts and Charities Committee to be aware of the financial position of the Charities and therefore allows any appropriate decisions or actions to be taken in their role as Trustee.

3. **FINANCIAL ANALYSIS – PERIOD 4 BUDGET MONITORING**

3.1 **BRIDGE ESTATE - REVENUE**

The forecast outturn for 2015/16 is detailed in **Table 1**. The forecast is based on the income and expenditure to July together with anticipated future income and expenditure to the year end.

| Table 1: Bridge Estate Period 4 | | | |
|--|---|-----------------------------------|---|
| | Updated Budget 2015/16 £ | Forecast 2015/16 £ | Under/(Over) Spend 2015/16 £ |
| Rents and Other Income | 2,182,090 | 2,189,741 | 7,651 |
| Expenditure: | | | |
| Premises | 204,480 | 181,717 | 22,763 |
| Supplies and Services | 41,890 | 46,090 | (4,200) |
| Support Services | 139,560 | 139,560 | 0 |
| Interest on Borrowing | 92,680 | 92,680 | 0 |
| Total Expenditure | 478,610 | 460,047 | 18,563 |
| Surplus before NCC Grant | 1,703,480 | 1,729,694 | 26,214 |
| Less Grant to NCC | 1,545,000 | 1,578,720 | (33,720) |
| Net Surplus | 158,480 | 150,974 | (7,506) |
| Contribution to Funds/Reserves | | | |
| Repairs and Renewal Funds | 67,000 | 67,000 | 0 |
| Un-Earmarked Reserve | 91,480 | 83,974 | 7,506 |
| Unallocated Surplus | 0 | 0 | 0 |

Current projections indicate that there will be an overachievement of £33,720 against the budgeted surplus. In 2014/15, there was an underachievement against budget of £40,972 and the amount of grant paid to NCC was reduced by this amount. The payment of grant to NCC in 2015/16 will therefore be increased by £33,720 leaving a further £7,252 additional grant likely to be payable in 2016/17.

Projected variances against individual budget lines are explained below.

- **Income (£7,651 additional)** – This is made up of a number of items -
 - Additional rent against budget of £27,000 following the rent review of the cold store at the Cattle Market
 - Additional rent against budget of £7,000 following the increased rent at 140 Vernon Road
 - Additional rent against budget of £15,000 following lettings at Wheeler Gate.
 - Shortfall in income of £42,000 relates to voids at Whitemoor Court.

- **Premises (£22,763 underspend)** – There is an underspend of £5,000 on Business rates at Wheeler Gate now that it is fully let. The balance of £18,000 relates to reduced energy costs at Woolsthorpe Close.
- **Supplies and Services (£4,200 overspend)** – This relates to costs totalling £12,000 for consultants work at Woolsthorpe, offset by savings of £8,000 on letting fees and holding costs due to properties being let (Mainly Century House & Wheeler Gate).

3.2 BRIDGE ESTATE – CAPITAL

Appendix 1 shows the current projected position on Bridge Estate Capital Receipts, and the use of those receipts for capital financing. The appendix indicates that receipts of £700,436 will be available at 31st March 2016.

The Trust also holds non-property investments of £648,511, as shown in the table below:

| Table 2: Bridge Estate Investments @ 31 March 2015 | |
|---|----------------|
| | £ |
| COIF Accumulation Units | 377,483 |
| NCC loans | 269,642 |
| Government Stocks | 1,385 |
| TOTAL | 648,510 |

The Trust has also established a separate reserve for the repair of Trent Bridge. An annual contribution to the reserves of £72,000 is planned to generate funding for the repainting of the Bridge in 2018/19. The reserve position is as follows:

| Table 3: Trent Bridge Repairs Reserve | |
|--|----------------|
| | £ |
| Balance at 31 March 2015 | 330,699 |
| Projected Contribution 2015/16 | 72,000 |
| Drawdown of reserve in 2015/16 for completion of balustrade work | (5,000) |
| Projected Balance at 31 March 2016 | 397,699 |

3.3 HARVEY HADDEN STADIUM TRUST

| Table 4: Harvey Hadden Stadium Period 4 | | | |
|---|-----------------------------------|--------------------------|--|
| | Updated Budget 2015/16 £ | Forecast 2015/16 £ | (Under)/ Over Spend 2015/16 £ |
| Income - Rents | 23,000 | 23,000 | 0 |
| Expenditure: | | | |
| Grounds Maintenance | 82,410 | 82,410 | 0 |
| Utilities | 24,850 | 24,850 | 0 |
| Building repairs | 6,930 | 6,930 | 0 |
| Finance Charges | 950 | 950 | 0 |
| Total Expenditure | 115,140 | 115,140 | 0 |
| Net Deficit before NCC Grant | (92,140) | (92,140) | 0 |
| Less NCC Grant | 92,140 | 92,140 | 0 |
| NET (INCOME)/EXPENDITURE | 0 | 0 | 0 |

There are currently no projected variances against budget.

3.4 HIGHFIELDS LEISURE PARK TRUST

Table 5: Highfields Park Period 4

| | Updated Budget 2015/16 £ | Forecast 2015/16 £ | Under/(Over) Spend 2015/16 £ |
|-------------------------------------|-----------------------------------|--------------------------|---------------------------------------|
| Income: | | | |
| Investment Income | 4,670 | 4,443 | (227) |
| Leisure/Sporting Activities | 50,470 | 45,000 | (5,470) |
| Rents and Concessions | 67,840 | 70,390 | 2,550 |
| Total Income | 122,980 | 119,833 | (3,147) |
| Expenditure: | | | |
| Grounds Maintenance | 201,110 | 201,110 | 0 |
| Utilities | 26,360 | 26,360 | 0 |
| Building repairs | 3,300 | 3,300 | 0 |
| Finance Charges | 950 | 950 | 0 |
| Total Expenditure | 231,720 | 231,720 | 0 |
| Net Deficit before NCC Grant | (108,740) | (111,887) | (3,147) |
| Less NCC Grant | 108,740 | 111,887 | 3,147 |
| NET (INCOME)/EXPENDITURE | 0 | 0 | 0 |

Significant projected variances against budget are explained below:

- Notts County Youth are no longer hiring the football facilities. A new client has been found but the facilities are being charged at a lower rate.
- Some additional rental has been obtained from casual lettings
- The grant from NCC will be increased by £3,147 to match the net over spend.

4. FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

Included in the body of the report

5. LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

None

6. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)



No ☐

Yes – Equality Impact Assessment attached ☐

Due regard should be given to the equality implications identified in the EIA.

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

Budget and monitoring working papers

8. **PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

None

Appendix 1

| Bridge Use of Capital Receipts 2014-15 to 2017/18 | | | Net Revenue Impact of sales & acquisitions | | | | | |
|---|----------------|---|--|------------|-----------------------|---------|---------|----------|
| Year | | | £ | £ | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| 2015/16 | | Opening Balance 1.4.15 | | -1,548,743 | -62,068 | -62,068 | -62,068 | -62,068 |
| | | Anticipated Receipts 2015/16 | | | | | | |
| | Re-Gears | Re-gear of a long lease at 4,815 sq yds Glaisdale Drive East | | -100,000 | 0 | 240 | 240 | 240 |
| | | Total Expected Receipts | | -1,648,743 | | | | |
| | | Use of Receipts 2015/16 | | | | | | |
| | Acquisitions | | | | | | | |
| | Loan Repayment | Principal Repayment part from revenue and part from capital receipts in 2015/16 | | 135,384 | 0 | 0 | 0 | 0 |
| | Capital Works | Boiler Repairs - Century House due May-15 | 21,682 | | 0 | 0 | 0 | 0 |
| | | Whitemoor Court Reinstatement works | 41,241 | | 0 | 0 | 0 | 0 |
| | | Whitemoor Court Reinstatement works | 500,000 | | 0 | 0 | -28,500 | -57,000 |
| | | Woolsthorpe Close demolition of Building 4 | 250,000 | 812,923 | 0 | 0 | 0 | 0 |
| | | Total anticipated Capital Expenditure 2015/16 | | 948,307 | 0 | 240 | -28,260 | -56,760 |
| | | Anticipated Unused Capital Receipts at 31.3.16 | | -700,436 | -62,068 | -61,588 | -90,088 | -118,588 |
| 2016/17 | | Opening Balance 1.4.16 | | -700,436 | -62,068 | -61,588 | -90,088 | -118,588 |
| | | Principal Repayment part from revenue and part from capital receipts in 2015/16 | | 130,086 | 0 | 0 | 0 | 0 |
| | | Total anticipated Capital Expenditure 2016/17 | | 130,086 | 0 | 0 | 0 | 0 |
| | | Anticipated Unused Capital Receipts at 31.3.17 | | -570,350 | -62,068 | -61,588 | -90,088 | -118,588 |
| | | | | | Net additional Income | | | |

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Trusts and Charities Committee - 11 September 2015

| | | |
|--|--|--|
| Title of paper: | Lease Renewal – Alexander Fleming Building, Nottingham Science Park | |
| Director(s)/ Corporate Director(s): | Kevin Shutter – Director Strategic Asset and Property Management | Wards affected: Dunkirk and Lenton |
| Report author(s) and contact details: | Richard Cox, Senior Estates Surveyor Email: Richard.cox@nottinghamcity.gov.uk Tel: 0115 8763074 | |
| Other colleagues who have provided input: | Malcolm Townroe – Head of Legal Services Georgina Lewis – Finance Analyst | |
| Date of consultation with Portfolio Holder(s) (if relevant) | | |
| Relevant Council Plan Strategic Priority: | | |
| Cutting unemployment by a quarter | | <input type="checkbox"/> |
| Cut crime and anti-social behaviour | | <input type="checkbox"/> |
| Ensure more school leavers get a job, training or further education than any other City | | <input type="checkbox"/> |
| Your neighbourhood as clean as the City Centre | | <input type="checkbox"/> |
| Help keep your energy bills down | | <input type="checkbox"/> |
| Good access to public transport | | <input type="checkbox"/> |
| Nottingham has a good mix of housing | | <input type="checkbox"/> |
| Nottingham is a good place to do business, invest and create jobs | | <input checked="" type="checkbox"/> |
| Nottingham offers a wide range of leisure activities, parks and sporting events | | <input type="checkbox"/> |
| Support early intervention activities | | <input type="checkbox"/> |
| Deliver effective, value for money services to our citizens | | <input type="checkbox"/> |
| Summary of issues (including benefits to citizens/service users): | | |
| <p>Bridge Estate owns the freehold interest in Alexander Fleming Building. The property is let to Markem-Imaje Industries Ltd; the lease expires on 21 October 2015. This report sets out the lease terms agreed for its continued occupation thereby maintaining the rental income.</p> | | |
| Recommendation(s): | | |
| 1 | To approve the terms for a new 5 year lease to Markem-Imaje Industries Ltd commencing on 22 October 2015 as detailed in the Exempt Appendix | |

1. REASONS FOR RECOMMENDATIONS

Markem-Imaje Industries Ltd is legally entitled to re-new its 5 year lease on Alexander Fleming Building unless the landlord has a ground to object specified in the Landlord and Tenant Act. There is no ground to object and terms have been agreed for a new lease which reflects the current market rental value for the property.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

Bridge Estate owns the freehold interest in the Alexander Fleming Building located on the Nottingham Science Park, University Boulevard. The property comprises a two storey office building dating from 1996 and extending to some 16,000 square feet.

Markem-Imaje Industries Ltd occupies by way of a 5 year full repairing and insuring lease commencing on 22 October 2010 at a current passing rent of £157,875 per annum. The lease is a business lease protected by the Landlord and Tenant Acts and the tenant is entitled to re-new the lease unless the landlord has a ground to object specified in the Acts. There is no ground to object to the renewal. Negotiations have taken place with agents acting for the tenant and terms have been agreed to grant a new 5 year lease when the existing lease expires. The detailed terms for the lease are set out in the Exempt Appendix.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

As there are no valid grounds to object to the lease renewal; the option proposed is the only sensible option.

4. FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

Advice included in Exempt Appendix, Georgina Lewis, Finance Analyst, 13/8/15

5. LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

The proposal to grant a new lease on the terms set out in the report and exempt appendix raises no significant legal issues and, on the basis outlined, is supported.

Malcolm R. Townroe, Solicitor, Head of Legal Services – 14 August 2015.

6. EQUALITY IMPACT ASSESSMENT

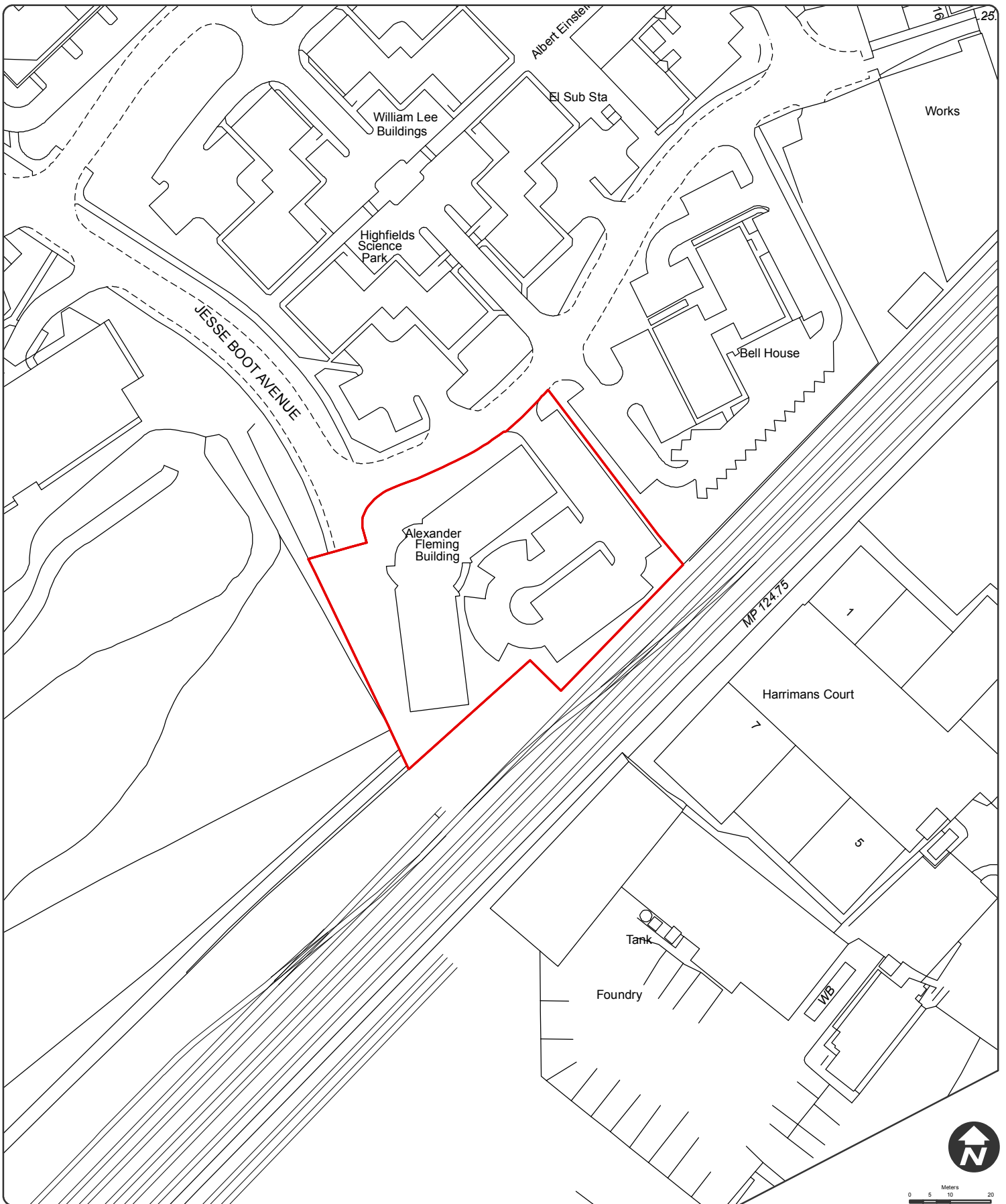
Not needed (report does not contain proposals or financial decisions)

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



Alexander Fleming Bulding, Nottingham Science and Technology Park

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