Appendix 2

Capital Strategy

2025/26 to 2028/29

February 2025

Together for Nottingham

Section 1 - Overview

1.1. Introduction

1.1.1. Nottingham City Council is required have a Capital Strategy which has been approved by Full Council. The Capital Strategy is applicable for both General Fund and Housing Revenue Account (HRA) capital activities.

1.2. Legislation and Guidance

1.2.1. The Capital Strategy has been prepared in accordance with the following statutory regulations and Code of Practice:

- Part 1 of the Local Government Act 2003;
- Statutory guidance issued by the Department for Levelling Up, Housing and Communities (formerly MCHLG) on:
  - (i) Local Government Investments
  - (ii) Minimum Revenue Provision (MRP)
- Code of Practice issued by Chartered Institute of Public Finance & Accountancy (CIPFA):
  - (i) The Prudential Code for Capital Finance in Local Authorities
  - (ii) Treasury Management in the Public Services

1.2.2. Department for Levelling Up, Housing and Communities (DLUHC) are in consultation in relation to Capital Flexibilities and MRP, with the consultations closing in January and February. The Council will continue to be compliant and if any changes in guidance require amendments to the Capital Strategy and / or any appendices then an amended Capital Strategy will be presented for approval.

1.3. Purpose

1.3.1. The approved Capital Strategy provides the framework in which the Council conducts its capital activities by providing:

- An overview of the links between capital expenditure, capital financing, treasury management activity and the provision of services
- Voluntary Debt Reduction Policy and borrowing restrictions within the capital programme
- How risk is managed within the Council's capital activities

1.3.2. The Capital Strategy aligns with the Council's council plan, divisional plans and other key council plans / strategies (such as the Asset Rationalisation Strategy and the Asset Management Plan). The Strategy is also an integral part of the Council's strategic financial planning and therefore, should be read alongside and/or in conjunction with the following key reports;

- Budget and Medium Term Financial Strategy (MTFS)
- Treasury Management Strategy

During November 2023 Nottingham City Council issued a Section 114 Report due to being unable to meet its statutory requirement to deliver a balanced budget for 2023/24. Following the issue of the Section 114 Report the Council requested and was granted Exceptional Financial Support (EFS) for both 2023/24 (£25m, although only £17m was utilised) and 2024/25 (£41m). The Council has requested further EFS for 2025/26 (£25m) and 2026/27 (£10m) as it continues on its journey towards financial stability. The reduced level of EFS recognises a positive direction of travel for the Council.

1.4. Key Objectives

1.4.1. The overarching objective of Nottingham's Strategy is to provide the Council with a strategic planning and a decision-making framework to deliver a capital programme that:

- is affordable, financially prudent and sustainable;
- council's capital resources (i.e. available capital receipts and revenue resources) is committed in accordance with the Council's prioritisation (refer to section 2.5 for further details)
- ensures the Council's capital assets are used to support the delivery of services in accordance with the Council Plan;
- supports other Nottingham service specific plans and strategies, such as Divisional Plans.

1.4.2. The resources required to deliver the Capital Strategy are allocated through the annual budget process that sets the multi-year rolling capital programme. Many councils are at a point where capital resources are becoming increasingly scarce and resources have to be prioritised, leading to schemes potentially being delayed / temporarily decommissioned until resources are secured.

1.5. Principles

1.5.1. Set out below are the core programme principles which have regard to the objectives of the Capital Strategy in achieving the Councils' priorities whilst maintaining focus on capital resources in order to gain the maximum benefit:

- The capital programme will only include schemes which assist in delivery of Council priorities, as part of its Budget Strategy to close the gap between expenditure and resources.
- The overriding need to reduce the Council's borrowing requirement and debt will be critical in accordance with the debt reduction policy.
- The funding of the capital programme is set in the context of the Council's overall financial position and must be considered alongside the revenue budget and balance sheet position as part of the Council's MTFS.

1.5.2. In addition to the core principles set out above the capital projects are required to comply with the following set of project principles:

- Within the formal approval the project team is required to evidence an options appraisal has been undertaken detailing the preferred option and justification why other options have been discounted.
- When applying for external funds, bids should reflect the Council's priorities, with consideration given to any funding required to deliver the project and future maintenance liabilities for the Council.
- Capital schemes with unsecured funding (i.e. government grants, partnership contributions and/or Section 106 receipts) will be classed as 'Planned Schemes' in the current capital programme and only reclassified as approved when either:
  - a written confirmation setting out the value of external funding is secured including the agreed funding conditions and/or
  - actual funding has been received by the Council.
- All uncommitted non-ring-fenced capital funding will be reviewed to ensure it is affordable and financially sustainable in the context of the Council's overall financial position. The aim will be for non-ring-fenced grants received in support of the three areas below will be earmarked to fund these initiatives:
  - Transport grant funding
  - Education grant funding
  - Disabled facilities grant
- There will be no ring-fencing of capital receipts to specific schemes, as resources will be allocated in line with the capital funding prioritisation set out in section 2.5 below.
- Any capital schemes that crystallise an underspend will be evidenced by a reduction in forecasted capital expenditure and funding requirements. Any released council resources will be released to undergoing the prioritisation process.
- The project teams are required to ensure that schemes do not overspend, and where overspends are identified then the appropriate departments being required to identify funding through identifying capital or revenue savings, exploring external funding opportunities and/or undergoing the prioritisation process to allocate any uncommitted capital receipts.
- The Council's capital projects will be actively monitored, with the programmes reported to Executive Board on a bi-monthly basis (i.e. every other month).

Section 2 – Governance

2.1 Capital Governance

2.1.1 The Council's Capital Programme involves the expenditure and financing of £771.886m of capital schemes over the period 2024/25 to 2028/29. It is important therefore given the risks surrounding capital projects that appropriate governance arrangements are in place. For the Council these governance arrangements encompass:

- The Capital Strategy itself, which is approved annually at Full Council.
- The Voluntary Debt Reduction Policy, which approved as part of the Capital Strategy (see appendix B).
- The Capital Board, which is chaired by the Leader of the Council and reviews amendments to the Capital Programmes / projects, any changes to the approved value of the Capital Programme require endorsement by the Capital Board prior to obtaining formal approval, as detailed in the Council's constitution (e.g. Executive Board, Portfolio Decision, Operational Decision).
- Capital Programme Officer Group, which is chaired by the S151 officer and supports the Capital Board undertaking a initial review of the capital proposals.
- The Corporate Leadership Team (CLT), which has overall responsibility for the management and monitoring of the Capital Programme.
- Directorate Management Teams, which oversee and agree business cases for capital schemes prior to submission to Capital Board, CLT and/or formal approval.
- The Constitution (including Financial Regulations, the Scheme of Delegation and Contract Procedure Rules), which sets out the powers of the Executive and senior officers with regard to capital expenditure.
- Executive Board receives and approves budget update reports bi-monthly which identify any variation to the approved capital programme arising either from the re-phasing of schemes, changes in resource availability and requirements or new capital schemes.
- All capital expenditure is guided by the Council's financial accounting framework which ensures that only expenditure that properly falls as capital expenditure in accordance with accounting convention and / or statutory guidance is capitalised.
- The Capital Programme is subject to both internal and external audit scrutiny.

2.2 Capital Programme Board

2.2.1 The Council has established a Capital Board with robust processes for overseeing the multi-year capital programme, endorsing additions / amendments to the capital programmes, reviewing project risks / delivery and funding updates. This approach ensures that capital resources are directed towards supporting schemes that best meet the council's priorities.

2.2.2 The Capital Programme Board is chaired by the Leader of the Council and the S151 Officer chairs the Capital Programme Officer Group. This group is supported by input from senior officers who will oversee their departmental plans and capital requirements via their departmental leadership teams.

2.2.3 Departments will also be required to have long term strategies for the capital requirements detailed within the Departmental Plans, for their areas to help ensure that investment is only being proposed where it is needed and proposals should not be put forward in areas where the longer term plan does not support this.

2.2.4 This process is done with the understanding of the prioritisation criteria set out in section 2.4 and operate in accordance with the Council's Decision Making Framework.

2.3 Formulation and Approval of the Capital Programme

2.3.1 The annual cycle for the capital programme will align with the Medium-Term Financial Plan timelines and cumulate in a capital programme that is approved March Council.

An indicative annual cycle is set out below:

- March – Parameters are agreed by Capital Board
    - Timetable for the cycle including deadlines for submissions
    - Indication of overall level of resources expected to be available to allocate
    - Standard information that must be submitted for each project proposal
    - Proposed projects are required to be identifiable within the departments business plans
    - Evaluation criteria that will be used to prioritise projects

- April to Mid May – Corporate Directors via their departmental leadership teams consider outline project briefs and shortlist those to be submitted into the prioritisation process

- End of May – Outline project briefs are reviewed and challenged by a team nominated by the Capital Programme Officer Group; further information / clarifications are requested as appropriate

- June – Prioritisation takes place against pre-agreed criteria by a subgroup of officers nominated by the Capital Programme Board. This group will recommend which projects should go forward to the next stage, which should be put on a reserve list and which rejected to the Capital Programme Officer Group and then to the Capital Programme Board.

- July to October – feasibility studies commissioned and initial business cases developed by project teams for projects that have been recommended to progress. Business Cases will follow Treasury Green Book principles using a five case model. This will require them to include options appraisals, outline procurement strategies and affordability projections amongst other items.

- November – Business cases are the subject to a gateway style assurance review.

- December – Capital Programme Officer Group and the Capital Programme Board receive recommendations from the reconvened prioritisation panel, which will have considered each scheme's progress since July and the recommendations of the gateway style review. Capital Programme Board to recommend to Executive Board which projects should be included in the capital programme.

- January – Draft Capital Programme and Capital Strategy endorsed by the Capital Board.

- February – Executive Board to approve the capital programme for recommendation to Council for the following and subsequent financial years.

- March – Council approve MTFS including Capital Programme. The annual cycle will commence in March with an invitation to submit proposals for new projects to be included in the revised multi-year programme to be approved by Executive Board the following February.

- April – May – updates / reviews on the previous year's projects will be received by the group undertaking the initial prioritisation process. This will be done to assess the progress being made and the accuracy of previous of assumptions. This will create the potential for projects that have not progressed as expected to be slipped / removed should other higher-ranking priorities emerge in this round of prioritisation. Reflection on assumptions made by projects in previous years at this stage will also help to inform how confident the group carrying out prioritisation can be in future year scheme projections.

- December – A repeat of the above stage before the Capital Programme Board makes its final recommendations for the future capital programme.

2.3.2 Requests for new project proposals to be progressed in advance of this cycle will be considered in accordance with the process set out within this strategy. This approach will also be used for ad hoc requests coming into the programme part way through the year. These requests should be the exception rather than the rule and would generally apply to schemes such as emergency health and safety works or where an external funding opportunity has arisen at short notice.

2.3.3 The standard templates for this process, along with guidance notes and wider supporting information on project management will be kept on the intranet and regularly reviewed to ensure it is kept up to date. The Council will evaluate new project proposals giving full consideration to the Capital Prioritisation criteria.

2.4.1. Given the financial context and the limited resources available, there will be little flexibility for schemes to progress or current Pipeline schemes to continue without meeting the strict prioritisation criteria. Projects where the primary purpose is to generate a surplus will not be permitted under any circumstance. The judgement of the Section 151 officer is final in determining if a proposal breaches this criterion.

2.3.4 In addition to the evaluation criteria, Capital Programme Board, in evaluating project proposals, will consider:

- The whole life cost implications of the proposed scheme, including those arising from ongoing maintenance requirements, both capital and revenue.
- How the investment will play a part in the managing the medium to long term demand for Council Services.
- How the investment will be made to maximise the benefits for the Council across a range of its priorities and objectives.
- Ability to deliver so that projects accepted into the programme can realistically be delivered in accordance with the timescales indicated by the phasing of the project within the multi-year programme.

2.3.5 The Capital Programme, Capital Strategy and the Treasury Management Strategy are intrinsic parts of a Medium-Term Financial Plan. Executive Board is required to approve the rolling multi-year capital programme at the same meeting each year when it recommends the revenue budget to Full Council for the following financial year. This will ensure that the revenue implications of the capital programme are reflected in the revenue budget.

2.3.6 Where individual schemes are formally approved for acceptance into the capital programme, the capital budgets for the relevant financial years will also be deemed to have been approved. However, where a block allocation is approved as part of the programme, then a further decision may be required, in accordance with the scheme of delegation, to approve the capital budgets for individual schemes.

2.3.7 Amendments to the programme will require approval in accordance with the scheme of delegation. In exceptional circumstances a new scheme may need to be progressed outside the normal annual cycle and the decision to allow the scheme to be considered is delegated to the Capital Board.

Such amendments are likely to fall into two main categories:

- Variations to scheme costs / outcomes / risk / timelines
- Ad hoc additions to the capital programme e.g. emergency health and safety work

2.4. Capital Scheme Prioritisation

2.4.1. Capital schemes will be strictly categorised into 3 high level categories:

- Schemes entirely funded by external grant and with £nil revenue impact. These schemes can go to formal approval once they have been endorsed by Capital Board.
- Schemes entirely funded by external grant with a negative revenue impact. Will be reviewed on the basis of affordability.
- Schemes which require allocation of Council capital resources, these schemes will undertake a prioritisation process as detailed below.

2.5. Capital Receipt Prioritisation

2.5.1. The Council's available capital resources are heavily reliant on the level of capital receipts available. This is due to the low level of non-ringfenced Government funding and the Council's strategy to reduce its level of debt through its Voluntary Debt Reduction Policy.

2.5.2. The Section 151 Officer's professional opinion is the priority order in the application of available capital receipts should ensure the financial sustainability and mitigate tangible risks of the Council.

2.5.3. The capital receipts from the High Value Investment Properties have historically been used to reduce the Capital Financing Requirement (CFR) in accordance with the Council's approved Capital Strategy, due to these assets having underlying debt (i.e., purchase funded from Prudential Borrowing). This approach will continue in 2025/26.

2.5.4. The priority order of application for capital receipts, after the repayment of the CFR and debt from capital receipts arising from high value investment properties as set out in paragraph 2.5.3, is as follows:

1) Financing of Exceptional Financial Support
2) Transformation (Flexible Use of Capital Receipt)
3) Capital Schemes classed as Health and Safety, Statutory or Legally required,
4) Reduction of the Council's CFR through repayment of external or internal borrowing.
5) Other capital investment schemes

2.5.5. For clarity the priority order set out in paragraph 2.5.4 is relating to the prioritisation for the utilisation of capital receipts only. It is not a prioritisation methodology for capital schemes which should follow the existing process as set out elsewhere in this Strategy.

2.6. Review of Capital Governance

2.6.1. During the 2025/26 financial year the Council will undertake a review of the capital governance arrangements with a view to make them more robust and fit for purpose in the current financial environment within which the Council is operating. The aims of the review will look to strengthen the governance arrangements and take into account the emerging partnership with East Midlands Combined County Authority (EMCCA).

Section 3 – Budget Strategy

3.1. The Link Between Revenue and Capital Budgets

3.1.1. Capital and revenue expenditure are separate components of local authority budgets and funding for each is considered separately. However, a vital component of successful financial planning is that revenue and capital budgets are intrinsically linked as the impact of capital projects must be reflected in revenue budgets. Therefore, this Capital Strategy forms a key part of the Council's MTFS and budget process.

3.1.2. It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular the Council is legally required to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that any increases in capital expenditure must be limited so that increases in charges to the revenue budget are kept to a level that is affordable within the projected income of the Council for the foreseeable future. Such charges to revenue arise from increases in debt charges caused by increased borrowing to finance additional capital expenditure, and from any increases in running costs from new capital projects.

3.1.3. During financial year 2023/24 Nottingham City Council issued a Section 114 report due to having a significant budget gap in the current year. Following the issue of the Section 114 report a Finance Recovery Plan was approved at Full Council in December. This recovery plan included a commitment to carry out a Capital Programme review, to identify to the extent to which borrowing can be stopped and savings made. The outcome of this review led to £2m being removed from the Capital programme.

3.1.4. The Council received Exceptional Financial Support (EFS) from Government to assist in balancing its General Fund Revenue Budget in 2023/24 and 2024/25. A further request has been made for 2025/26 and 2026/27. The EFS includes an application for a capitalisation direction which the Council will need to fund from capital receipts through a programme of asset disposals. As set out in section 2.5 the repayment of any capitalisation direction will be the top priority for the use of the council capital receipts. If the Council is unable to finance EFS due to insufficient capital receipts being available, then it will need to temporarily borrow until asset disposals are delivered. There will be an associated debt financing costs (interest and capital repayment - MRP) incorporated into the revenue budget.

3.1.5. The impact and affordability of capital expenditure must be considered in the assessment of capital projects at the business case stage. Effective financial planning must fully reflect the impact of capital plans on the Council's revenue budgets.

3.2. Budget Approach

3.2.1. **Budget Strategy**

The budget process is priority-led; aligning the availability of resources with the priorities of the Council and associated priority areas.

All capital investment must be sustainable in the long-term. Therefore, all capital investment decisions must consider the revenue implications both in terms of servicing the finance (if appropriate) and running costs of the new assets. The impact of the revenue implications is a significant factor in determining approval of projects. The use of capital resources has been fully taken into account in the production of the Council's MTFS.

3.3. Identification and Prioritisation of Capital Investment Needs

3.3.1 Investment Proposals

3.3.2 The basis of the capital programme is driven by the availability of external and internal capital resources (i.e. grants) and the Council Priorities / Divisional Plan. The annual process is set out in section 2.3. The size of the capital programme is determined by:

- The need to incur capital expenditure
- Capital resources available
- The revenue implications flowing from the capital expenditure.

3.3.3 Projects Evaluation

3.3.4 Officers and members of the Capital Board endorse projects to be included within the capital programme in light of the relative priorities and the overall impact on the revenue budget.

3.3.5 All capital investment decisions consider the revenue implications both in terms of servicing the financing, and the running costs of the new assets. The impact of the revenue implications is a significant factor in determining approval of projects. The use of capital resources has been fully taken into account in the production of the Council’s MTFS.

3.3.6 The Council’s policy is to agree the rolling capital programme on an annual basis at the February Council meeting as part of the annual budget setting process.

Section 4 – Relevant Policies and Strategies

4.1. Council Strategic Plan

4.1.1. To reflect the Council's corporate priorities, the Strategic Plan for 2024-2027 was approved in March 2024. There is planned annual refreshed for the Council Plan in March 2025.

4.1.2. Our vision is that Nottingham will be known as a healthy, aspirational, thriving city, where people feel safe to live and work whatever their age, an exciting, clean and welcoming place to play, study and visit. A city that is green and environmentally sustainable, with strong commitment to fairness, equality and inclusivity.

4.1.3. An ambitious city where people and businesses have a reputation for regeneration and building a growing economy with a skilled workforce. A city that is creative and culturally vibrant, where local people are proud of their city, their place, neighbourhood and their local community

4.1.4. Our high-level outcomes for Nottingham are:

People
- Child-Friendly Nottingham
- Living Well in Our Communities

Neighbourhoods
- Green, Clean and Connected

Communities
- Better Housing
- Safer Nottingham City
- Carbon Neutral City by 2028
- Keeping Nottingham Working
- Keeping Nottingham Moving
- Improve the City Centre
- Serving People Well

4.1.5. The Council is currently refreshing its Strategic Plan. 'Our Council Plan' will be structured around three Core Missions rather than 10 strategic priorities. These are:

- A renewed council
- Delivering for local people
- Leading Nottingham forward

4.1.6. **Divisional Plans**

4.1.7. Each department is required to have a Divisional Plan, this plan should contain short and medium term capital requirements. These should then feed into the prioritisation process.

4.2. Asset Management

4.2.1. It is recognised that there is a need for a more sustainable and long-term strategic approach to the management of the Council's property assets. Following an independent review of how the Council manages its property assets, a Corporate Landlord approach is currently being implemented, which will result in a more joined up corporate approach to asset and property management.

A Corporate Asset Management Plan is being refreshed - the key components of which, relevant to the Capital Strategy, are:

- regular review of the portfolio to identify assets that can be released with the capital receipts used to support the debt reduction policy or capital programme expenditure.
- lower the operating costs of the property portfolio through release of poorly performing or surplus assets.
- support the provision of integrated access to public services through joint working with partners to create multi-agency service facilities.
- identify and exploit the latent value of the estate with emphasis on site utilisation or where opportunities to generate income / value from alternative uses can be realised.
- minimise future liabilities to the Council by reducing the backlog maintenance and/or lowering its overall carbon footprint by releasing buildings which are poorly performing in terms of $CO2$ emissions or maintenance unless they are service critical; to improve their sustainability
- challenge utilisation and use of the portfolio, including buildings let on concessionary terms to occupiers.
- Identify assets where investment would increase revenue/operational capability.

4.2.2. An initial comprehensive review of the Council's commercial property assets has been undertaken with the relevant properties being approved for disposal at Executive Board.

4.2.3. The prioritisation of capital investment will reflect the requirements of the Corporate Asset Management Plan and this will be overseen by the Capital Board.

4.2.4. **Property Asset – Disposal**

4.2.5. The Council is undergoing an Asset Rationalisation Programme (ARP). The aim of the programme is to review the Council's operational and non-operational assets, in line with the council's strategic requirements and identify any assets for potential disposal.

4.2.6. Any available capital receipts generated from the ARP will be pooled and used to meet the Council's current commitments including capital approvals, debt reduction, spend under a Capitalisation Directive and the repayment of reserves. Capital receipts will not generally be hypothecated against individual projects and only then, with the express consent of the Section 151 officer.

4.2.7. The investment property portfolio has been externally reviewed with a report detailing the Council's actions being presented at January 2023 Executive Board, the actions include liquidating assets that do not provide the required return or carry an unacceptable current or future risk to the Council. These investment properties are continually reviewed as part of the Council's asset disposal policy.

4.2.8. The Council has a disposals policy which provides the framework for asset disposals and confirms the Council policy to dispose of assets at best consideration (usually market value) to maximise the capital receipts. It will also consider other forms of asset management but a robust and comprehensive options appraisal is required to ensure best consideration.

4.2.9. As part of the disposal appraisal a model has been developed by colleagues within Finance and Property, this model reviews the Council's properties and identifies properties for disposal and the impacts of retention. These properties are then reviewed by senior management prior to obtaining formal approval to dispose.

4.2.10. Given the increased pressure placed on capital receipts to fund a multitude of demands as set out in section 2.5, officers will need to continue to develop a pipeline of assets suitable for sale (approved through the normal governance process) that will meet the overall demand. Given the inherent difficulties of realising capital receipts in a timely manner and to sufficient quantum, a new pipeline of receipts will need to be brought forward on a regular basis to ensure the obligations can be met. The balance of capital receipt demands and forecast receipts will be actively managed to ensure the capital priorities are sustainable with pipeline schemes only being introduced into the programme when the Council is confident that the higher priorities are funded.

4.3. Treasury Management Strategy

4.3.1. **Link between Capital and Treasury Management Strategies**

4.3.2. There are close links between the Capital Strategy and Treasury Management Strategy. The capital programme determines the borrowing need of the Council in accordance with the Voluntary Debt Reduction Policy. This management of longer term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

4.3.3. Treasury Management and its capital financing revenue budget, has an intrinsic link to the Capital Programme and will change with every capital budget decision.

4.3.4. The Capital Strategy and Treasury Management Strategy have been reviewed to ensure compliance with the updated requirements across the two strategies. The

Capital Strategy should be considered alongside the Treasury Management Strategy which between them provide the following:

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how the associated risk is managed. Detailing any implications for future financial sustainability.

4.3.5. The following is detailed within the Council's Treasury Management Strategy:

- A long-term projection of external debt, internal borrowing and the use of cash backed reserves.
- How debt will be repaid over the life of the underlying debt; the Minimum Revenue Provision (MRP) Policy.
- The authorised limit and operational boundary.
- Local Prudential Indicators.
- Treasury management governance procedures supporting decision making and risk management.
- Arrangements for the scrutiny of treasury management.

4.4. Carbon Neutrality 2028

4.4.1. Nottingham City Council pledged to become the first carbon neutral city in the country, aiming to reach this target by 2028. This involved the creation of Nottingham's 2028 Carbon Neutral Charter. Our financial position and operating context means that we will need to reimagine how we achieve our Carbon Neutral ambitions. The establishment of the East Midlands Combined County Authority will bring Net Zero funding to a local level and presents an opportunity for us to deepen our efforts with the region. Our ambition for the city to be carbon neutral by 2028 is based on five key objectives:

- Significant reductions in carbon dioxide (CO2) and wider greenhouse gas emissions arising from key areas such as transport, our built environment and energy generation.
- Offsetting any residual CO2 emissions through a range of actions including tree planting.
- Making the city more resilient and better adapted to the adverse impacts of the climate crisis such as flooding.
- Improving the city's natural environment.
- Adopting a 'carbon neutral by design' ethos in all we do as a council. The council cannot do this alone. We are working closely with partners, organisations, communities, and residents across the city.

4.5. Housing Revenue Account (HRA) 30-Year Business Plan

4.5.1 The 30 year Business Plan of the HRA involves an assessment of the long term financial implications of key strategic objectives alongside ongoing landlord operations and service improvements. The plan sets out the capital investment requirement while considering available capital funding. Further details in relation to the assumptions are contained within the HRA report being presented at February 2025 Executive Board. As detailed in the HRA report following the approval of the 2025/26 HRA budget the 30 year Business Plan has been refreshed and updated.

Section 5 – Capital Expenditure and Funding

5.1. Capital Expenditure

5.1.1. Capital spend is expenditure incurred in acquiring, constructing or enhancing physical assets such as buildings, land, vehicles, plant and machinery that have an estimated useful asset life in excess of one year.

5.1.2. Nottingham City Council applies a de-minimis level of £10,000 in relation to the recognition of assets but has not set a limit for capital spend due to instances whereby small items of expenditure qualifies as capital and is supported by capital grant.

5.1.3. **Capital Expenditure Plans**

5.1.4. The Council determines the areas where it may need to incur capital expenditure from the following: -

a) Identification of urgent health and safety requirements.
b) Review and delivery of Council priorities (Council Plan and other service plans).
c) Review of current and future asset management plan.
d) Changes in service areas where a change in need and/or demand may require additional facilities etc.

5.1.5. Aligned to corporate and service priorities, individual schemes are included within the approved capital programme or are to be considered for a resource allocation over the period of the Capital Strategy, having regard to the MTFS and Budget Strategy.

5.1.6. In addition to the Council Plan, Divisional Plans, Budget Strategy & MTFS which underpin the spending plans, they are also driven by various factors, some of which are listed below:

- Asset condition survey
- Change in asset requirements, e.g. technological, environmental standards
- External funding opportunities
- Changes in Statutory or Legal requirements
- Member-led priorities.

5.2. Capital Resource Strategy

5.2.1. **Context of Capital Resource Strategy**

5.2.2. The Council's strategy for deploying its resources is to ensure that all resources are utilised to achieve Council objectives as set out in the prioritisation criteria. Whilst the aims and priorities of the Council will shape decisions around capital expenditure, there is recognition that the financial resources available to meet priorities are constrained as a result of the current economic and political climate.

5.2.3. Due to the Exceptional Financial Support, which is a priority to repay, and the Voluntary Debt Reduction Policy the Council is required to agree a funded capital programme. Schemes which require allocation of Council Capital Resources will be strictly prioritised in line with the priorities confirmed in section 2.5. This prioritisation process includes non-capital project commitments such as Capitalisation Directives and Transformation requirements.

5.2.4. Any unfunded capital schemes which are classed as a high priority are classified as Pipeline / Temporarily Decommissioned, these schemes will be prioritised once funding becomes available. It is recognised there are risks associated with these schemes until funding is available. These risks are regularly reviewed by the Capital Officer Group and Capital Board, and if the risks are considered excessive, after appropriate mitigations have been put in place, funding will be considered to be made available.

5.2.5. In light of the above, it is imperative that capital expenditure plans are affordable, prudent and sustainable. Given the Council's MTFS position, the aim is to minimise any impact of capital expenditure on the Councils General Fund.

5.2.6. **Utilisation of Capital Resources**

5.2.7. Wherever possible the Capital Programme will utilise and maximise external grant funding or contributions from third parties (e.g. developers). Whilst grants and other contributions will reflect government and partner-led priorities they will nevertheless be deployed to address priority needs for the Council.

5.2.8. Due to restrictions on borrowing arising from the Voluntary Debt Reduction Policy and the Council's current revenue position capital investments are heavily reliant on generating funding in the form of capital receipts from asset sales. The prioritisation for the application of capital receipts is set out in section 2.5.

5.2.9. The Council has a substantial land and property estate. Where assets are identified as surplus to operational requirements they may be disposed of, resulting in a capital receipt. Capital receipts are generally not ring-fenced unless the property disposed of has directly associated debt assigned to it. For these assets repayment of this debt is the first call on any capital receipt. After disposal costs and repayment of associated debt (if appropriate) any net receipt will be allocated to maximise the achievement of corporate priorities (including revenue efficiencies arising from capital receipts flexibilities) or to finance capital schemes. Capital receipts may also be used to repay amounts borrowed when there are clear benefits from doing so; this is set out further in the capital prioritisation process.

5.2.10. The council has a number of different funding sources available to use for capital expenditure. The different sources of funding are detailed below.

5.2.11. **Consideration of Capital Proposals with Multiple Funding Sources**

5.2.12. Schemes attracting partial external funding and require match funding, will be assessed in the same way as those schemes which require 100% of funding to be met from council resources and will only be included within the capital programme if they meet the Council's needs, objectives and priorities.

5.2.13. Schemes that are 100% funded from external funding would normally be included automatically within the capital programme, subject to confirmation of the external funding, the scheme meeting the Council's priorities and not having a negative impact on revenue.

5.2.14. All schemes are required to go through the Capital Board prioritisation process even if 100% funded by grant.

5.3. Capital Funding Options

5.3.1. The availability, affordability and financial sustainability of capital funding will limit the number and value of capital schemes which can be progressed. The main sources of capital funding for the General Fund and HRA are summarised below.

5.3.2. **Capital Grants**

5.3.3. The Council receives capital grants from the government for various services. Any grant that the Council receives for housing (HRA grant) is ring-fenced. Grants have been an important source of funding for the Council's capital expenditure in recent years and it is expected that the following will continue:

- Ring-fenced grants and contributions (reserved for a particular purpose and have a restricted use).
- Non-ring-fenced grants and contributions (grant given with conditions which Projects are required to meet).
- Section 106 agreements (planning obligations generally subject to conditions of use).

An element of the non-ringfenced grant might be flexible, but there is a risk that if the grant is not spent as intended by the grant awarding body any future allocation maybe reduced (e.g. Transport Grants / Education Grants). As supported by the Councils Capital Principles.

5.3.4. Grants can be awarded to the Council either via;

- Direct Award e.g. Disabled Facilities Grant; or
- Grant application for deliver a specific service requirement / priority

5.3.5. Where there is a requirement to make an application to an external body for funding and commit Council resources as match funding for any part of any bid full consideration must be given if the match funding resources could be better utilised in delivering corporate objectives.

5.3.6. To ensure the Council is accountable funders it will complete grants returns.

5.3.7. **Revenue Contributions**

5.3.8. Revenue budgets can be used to fund the capital programme, either via a one- off contribution to fund a project in its entirety, or an annual sum to repay Prudential Borrowing debt costs in accordance with the Voluntary Debt Reduction Policy.

5.3.9. In the current financial climate, and with increasing revenue pressures within the general fund finances, the extent to which this may be used to fund capital expenditure is significantly reduced. This is expected to remain the case for the foreseeable future. Therefore, revenue funding is considered to be the funding of last resort.

5.3.10. The HRA revenue budgets contribute towards specific capital schemes to supplement the capital resources allocated to housing improvement and regeneration schemes.

5.3.11. **Earmarked Reserves**

5.3.12. Reserves are set aside from revenue resources and earmarked for particular purposes. The approved capital programme currently contains expenditure which is funded from a combination of the following reserves including the IT investment reserve, revenue reserve for capital purposes and the Major Repairs Reserve.

5.3.13. **Capital Receipts**

5.3.14. The Council's policy on capital receipts is set out in section 2.5.

5.3.15. **Private Finance Initiatives (PFI) and leasing**

5.3.16. PFI schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital. Under a PFI, a private sector contractor agrees to accept the risks associated with the design, construction and maintenance of the asset over the contract term, which is typically for a 25 year period. The public sector partner pays an annual fixed price during the contract term, part of which is subject to inflation. At the end of the term, the asset is wholly owned by the Council.

5.3.17. The current Capital Programme does not include the recognition of any assets acquired under PFI or lease arrangement. If future schemes are funded by other non-treasury long-term liabilities such as PFI and leasing then this has to be clearly identified within the approval and accounted for in accordance with the appropriate accounting standards. All non-treasury long-term liabilities from historic decisions are regularly monitored and reported as part of the Statement of Accounts.

5.3.18. The Council will be compliant with the requirements of IFRS16 concerning lease and PFI.

5.3.19. **Borrowing**

5.3.20. Councils have discretion to undertake borrowing on capital schemes (General Fund and Public Sector Housing) if the borrowing is deemed Value for Money and meets the following criteria as set out in the Prudential Code:

a. Affordable
b. Sustainable
c. Prudent
d. Proportionate for the size of the authority

5.3.21. Scheme affordability can be measured across several key indicators within the financial model including surplus cash position, surplus Net Present Value, early year deficits affordability and mitigations. Affordability can be considered at an individual project level or across the wider programme.

5.3.22. Nottingham City Council have over-relied on borrowing to fund capital expenditure in recent years leaving the Council with significant debt exposure when measured in terms of debt servicing costs as a proportion of net revenue expenditure. Therefore, to mitigate this risk going forward the Council is not undertaking new borrowings for the period of the MTFS and will indeed be paying down debt in accordance with a revised MRP Policy and the Voluntary Debt Reduction Policy Statement. The Voluntary Debt Reduction Policy is set out in Annex B.

5.4. Capital Receipts Policy

5.4.1. **Overview**

5.4.2. A capital receipt is an amount of money exceeding £10,000, which is generated from the sale of an asset. The rationalisation of the asset portfolio is a fundamental part of the asset management strategy and provides benefits such as a reduction in revenue costs relating to surplus assets, as well as releasing assets for disposal. Capital receipts are an important funding source for the current capital programme.

5.4.3. The Council's policy is to treat all capital receipts as a corporate resource, enabling investment to be directed towards those schemes or projects with the highest corporate priority. This means that individual services are not reliant on their ability to generate capital receipts.

5.4.4. The timing and value of asset sales is the most volatile element of funding. As a result, the Chief Finance Officer (Section 151) closely monitors progress on asset disposals.

5.4.5. **Flexible Use of Capital Receipts**

5.4.6. The Ministry of Housing and Communities and Local Government (MHCLG) issued a directive in 2016 providing councils with the flexibility to use capital receipts for qualifying revenue expenditure, with 2021/22 being the final year for this directive. In February 2021 it was announced that there would be a 3-year extension with the directive being available until 31 March 2025, with a further 3-year extension announced in November 2025 until 31 March 2030. Nottingham City Council's Flexible Use of Capital Receipts Policy is set out in Annex A.

5.4.7. **Prioritisation for the use of Capital Receipts**

5.4.8. The Council's prioritisation for the use of capital receipts is set out in section 2.5.

Section 6 – Non-Treasury Investments Strategy

6.1. Non-Treasury Investments

6.1.1. The principles within this Capital Strategy prohibit the Council from including any schemes that meet the Commercial Investment definition within its Capital Strategy in accordance with the Debt to Yield guidance published in November 2020.

6.1.2. Nottingham City Council has previously invested in both Service and Commercial Investments the differential between these investments is defined as follows:

- Commercial Investment – CIPFA defines commercial investments as assets held solely to earn income and/or for capital appreciation Examples of commercial investments held by the Council are as follows:
    - Holding property for a financial return and/or appreciation.
- Service Investments – Are investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Examples of service investments held by the Council are as follows:
    - loans to external organisations that are delivering the Council's strategic objectives.
    - shareholding in companies that support service provision.

6.1.3. Further details of these investments are contained within Nottingham City Council's Non-Treasury Investment Strategy which is enclosed in Annex C.

6.1.4. The Council is continuously reviewing investments to identify opportunities of divestment to accelerate the reduction of the Councils debt exposure and achieve its VDR policy. As part of the VDR policy the council is not allowing any additional non-treasury investment above what was included within the Capital Programme at the time the VDR was incepted.

6.2. Commercial Investments

6.2.1. The most significant commercial Investments that the Council has undertaken to date are in relation to property acquisitions. A summary of the position is detailed below, further details are contained within Annex C.

Summary of Commercial Investments

	Purchase Price	Capital Funding	
		Borrowing Incurred	Council Resources Used
	£m	£m	£m
Investment Disposed in 2023/24	0.000	0.000	0.000
Commercial Investments Held	222.812	(218.812)	(4.000)
Commercial Investment Total	**222.812**	**(218.812)**	**(4.000)**
Forecast Income net of MRP and associated costs	(10.552)		
Net Yield	**4.52%**		

6.3. Service Investments

6.3.1. Nottingham City Council has made loans and investments to third parties based on further delivery of the Council's strategic objectives and any benefits from the investment will be received by the Council and its residents in the short, medium, or long term. The Council also hold shares in companies that support service provision. A summary of this position is included below with further detailed contained within Annex C.

Table 3– Summary of Service Investments

	31 March 24 Balance £m	Movements to P9 £m	31 December 24 Balance £m	Forecast Balance 31 March 25 £m
Shares/Equity Held	14.855	(0.775)	14.080	14.065
Loans	109.557	(2.135)	107.422	108.054
Total	**124.412**	**(2.910)**	**121.502**	**122.119**

Section 7 – Capital Programme

7.1. Approved Capital Programme

7.1.1. The Council's current capital programme includes various programmes but is split between the General Fund and the Housing Revenue Account.

7.1.2. Full Details of the Council's 5-year programme including additions / growth items are included within the Capital Budget approval.

7.1.3. The tables below provide summary of the Capital Programme, which is reflective of the scheme slippage as at period 9 of the 2024/25 financial year.

Table 4a: Approved Capital Programme Spend

Capital Programme - 2024/25 to 2028/29	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Adult Social Care	2.245	2.985	3.185	1.956	0.000	**10.371**
Childrens Integrated Services	0.604	0.064	0.035	0.000	0.000	**0.703**
Education / Schools	5.135	14.288	3.272	0.000	0.000	**22.695**
Total - People	**7.984**	**17.337**	**6.492**	**1.956**	**0.000**	**33.769**
Finance	0.000	0.000	0.000	0.000	0.000	**0.000**
Legal & Governance	0.000	0.000	0.000	0.000	0.000	**0.000**
IT	1.150	1.295	0.829	0.115	0.120	**3.509**
Total - Finance & Resources	**1.150**	**1.295**	**0.829**	**0.115**	**0.120**	**3.509**
Economic Development	1.584	1.689	0.000	0.000	0.000	**3.273**
Major Projects	0.113	0.000	0.000	0.000	0.000	**0.113**
Planning	15.163	15.794	7.989	0.000	0.000	**38.946**
Strategic Asset & Property	0.000	0.000	0.000	0.000	0.000	**0.000**
Housing	0.120	0.000	0.000	0.000	0.000	**0.120**
Total - Growth & City Development	**16.980**	**17.483**	**7.989**	**0.000**	**0.000**	**42.452**
Energy & Sustainability	106.431	3.674	1.254	0.000	0.000	**111.359**
Communities	0.287	0.937	0.000	0.000	0.000	**1.224**
Resident Services	3.494	1.262	0.121	0.000	0.000	**4.877**
Sport & Culture	2.113	5.174	1.992	2.063	1.774	**13.116**
Total - CERS	**112.325**	**11.047**	**3.367**	**2.063**	**1.774**	**130.576**
Transport Programme	60.996	45.127	3.887	1.372	0.426	**111.808**
Exceptional Financial Support	41.024	25.000	10.000	0.000	0.000	**76.024**
Transformation	3.192	0.000	0.000	0.000	0.000	**3.192**
Total General Fund - Approved Programme	**243.651**	**117.289**	**32.564**	**5.506**	**2.320**	**401.330**
General Fund Planned Programme	1.009	15.158	10.426	0.000	0.000	**26.593**
TOTAL GENERAL FUND CAPITAL PROGRAMME	**244.660**	**132.447**	**42.990**	**5.506**	**2.320**	**427.923**
HRA - Approved Programme	63.441	64.674	52.970	45.347	44.492	**270.924**
HRA - Planned Schemes	0.025	30.307	21.557	11.400	9.750	**73.039**
HRA CAPITAL PROGRAMME	**63.466**	**94.981**	**74.527**	**56.747**	**54.242**	**343.963**

CAPITAL PROGRAMME 2024/25 to 2028/29	308.126	227.428	117.517	62.253	56.562	771.886
Decommissioned Schemes	7.514	13.715	13.817	12.339	7.091	54.476

Table 4b: Approved Capital Programme Funding for General Fund

Capital Funding - 2024/25 to 2028/29	2024/25	2025/26	2026/27	2027/28	2028/29	Total
External Grants & S106	(192.315)	(88.239)	(26.795)	(3.327)	(0.426)	**(311.102)**
Capital Receipts - General Fund	(4.136)	(10.607)	(1.890)	0.000	0.000	**(16.633)**
Capital Receipts - Exceptional Financial Support	(22.345)	(18.799)	(10.000)	0.000	0.000	**(51.144)**
Revenue Reserves - General Fund	(3.395)	(3.850)	(3.292)	(2.179)	(1.894)	**(14.610)**
Revenue Contribution - General Fund	(0.263)	(0.156)	0.000	0.000	0.000	**(0.419)**
Borrowing	(3.527)	(4.595)	(1.013)	0.000	0.000	**(9.135)**
Borrowing - Exceptional Financial Support	(18.679)	(6.201)	0.000	0.000	0.000	**(24.880)**
TOTAL GENERAL FUND CAPITAL PROGRAMME	**(244.660)**	**(132.447)**	**(42.990)**	**(5.506)**	**(2.320)**	**(427.923)**

Table 4c: Approved Capital Programme Funding for HRA

HRA Capital Programme Funding - 2024/25 to 2028/29	2024/25	2025/26	2026/27	2027/28	2028/29	Total
External Grants & S106	(6.869)	(5.912)	(6.009)	(7.500)	(7.500)	**(33.790)**
Capital Receipts - HRA	0.000	0.000	0.000	0.000	0.000	**0.000**
Capital Receipts - RtB	(16.364)	(31.493)	(7.727)	(1.505)	0.000	**(57.088)**
Major Repairs Reserve	(27.597)	(43.221)	(45.015)	(26.364)	(24.773)	**(166.970)**
Revenue Contribution - HRA	(12.636)	(14.355)	(15.776)	(21.378)	(21.969)	**(86.114)**
Borrowing	0.000	0.000	0.000	0.000	0.000	**0.000**
Total Funding - HRA	**(63.466)**	**(94.981)**	**(74.527)**	**(56.747)**	**(54.242)**	**(343.963)**

7.2. Additions to the Capital Programme

7.2.1. Appendix 3 of the Budget report sets out the new capital schemes that are being recommended to be adopted in the programme, the additions in 2025/26 is restricted due to the Council’s financial context. A total of £49.444m is being proposed to be added for the General Fund programme funded by secured external grant. While the HRA is proposing to add £56.181m to HRA Capital Programme, funded by a mix of funding. Table 5 below provides a summary of the capital additions.

7.3. Pipeline / Temporarily Decommissioned Capital Projects

7.3.1. Table 4a summarises the projects classified as temporarily decommissioned and therefore outside the current Capital Programme due to funding not being available. Table 6 below provides a summary of the pipeline schemes, inclusive of projects rolled forward from the 2024/25 Capital Budget (approved a Full Council March 2024), further details are contained in Appendix 3.4 of the Capital Budget Report:

Table 5: Capital Programme Additions						
Department	Capital Programme 2024/25 – 2028/29 £m					
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Transport	0.000	8.284	0.767	0.511	0.426	**9.988**
Education & Childrens	0.000	0.000	2.272	0.000	0.000	**2.272**
IT	-0.045	0.000	0.000	0.000	0.120	**0.075**
Growth & City Development	0.000	1.541	0.000	0.000	0.000	**1.541**
Sport & Culture	0.000	0.000	0.000	0.000	0.568	**0.568**
Exceptional Financial Support	0.000	25.000	10.000	0.000	0.000	**35.000**
HRA	0.000	20.322	14.709	11.400	9.750	**56.181**
Capital Programme Additions	**-0.045**	**55.147**	**27.748**	**11.911**	**10.864**	**105.625**
Funding	Capital Programme 2024/25 – 2028/29 £m					
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Grants	0.000	(15.737)	(9.048)	(8.011)	(7.926)	**(40.722)**
Capital Receipts - HRA	0.000	0.000	0.000	0.000	0.000	**0.000**
Capital Receipts - RtB	0.000	(3.657)	(2.475)	(0.825)	0.000	**(6.957)**
Major Repairs Reserve	0.000	(6.023)	(1.900)	(1.900)	(1.900)	**(11.723)**
Revenue Contribution	0.000	-4.730	-4.325	-1.175	-0.350	**(10.580)**
Revenue Reserves	0.045	0.000	0.000	0.000	(0.688)	**(0.643)**
Borrowing	0.000	(25.000)	(10.000)	0.000	0.000	**(35.000)**
Total Funding	**0.045**	**(55.147)**	**(27.748)**	**(11.911)**	**(10.864)**	**(105.625)**

Table 6: Capital Programme Pipeline Schemes						
Department	Capital Programme 2024/25 – 2028/29 £m					
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Energy & Sustainability	2.734	4.810	6.762	6.214	3.216	23.736
Communities	0.300	0.300	0.300	0.300	0.300	1.500
Resident Services	4.480	8.605	6.755	5.825	3.575	29.240
Sport & Culture	0.000	0.000	0.000	0.000	0.000	0.000
Decommissioned Schemes	**7.514**	**13.715**	**13.817**	**12.339**	**7.091**	**54.476**

7.3.2. It is recognised that the risks of not incorporating these schemes into the Capital Programme are increasing and may have knock on implications for service delivery. During 2025/26 all risks relating to these schemes will be reviewed and considered through the capital governance process. If the risks are considered excessive after mitigations the funding of these schemes will be reviewed.

Section 8 – Risk Management

8.1. Risk Management Overview

8.1.1. This section considers the Council's risk appetite in relation to its capital investments and non-treasury investments, i.e. the amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.

8.1.2. Risk will always exist and cannot be removed in its entirety; however, capital projects should always perform a risk review to identify any such risks and how these can be mitigated.

8.1.3. Major capital schemes require careful management to mitigate, transfer or eliminate the potential risks which can arise. Where key risks or opportunities are identified they should be subject to the Council's provisions, processes and reported to the Capital Board on a periodic basis. The key risks for 2025/26 capital programme include the Decommissioned/Pipeline schemes. The level of these risks and mitigations will be reviewed and considered through the capital governance arrangements.

8.2. Managing Risk Effectively

8.2.1. Risks specific to the delivery of the capital programme and Capital Strategy are managed by a range of processes and groups:

- Financial risks (e.g. overspending, slippage and re-profiling) are managed through the financial monitoring process which is reported bi-monthly to Executive Board.
- The progress of major projects is monitored through returns to the Portfolio Office.
- Any significant changes to the direction of financial or legal risks of any major scheme are reported to Capital Board, CLT and Executive Board (as appropriate).

8.2.2. **Risk Management Framework**

8.2.3. The Council has a strong risk management framework in place which provides a process for the identification, management and reporting of risks. The risk strategy, with the associated risk registers (strategic and departmental risk registers), plays an important part in the corporate governance structure of the Council.

8.3. Risk Profile

8.3.1. Effective risk management means being risk aware, not risk averse. The Council believes that:

- risk needs to be managed and mitigated where possible, and the Council's risk is proportionate.
- the amount of risk the Council is prepared to accept or be exposed to (its risk appetite) will vary according to the perceived significance of particular risks, as well as regulatory or legislative constraints.

8.4. Other Assurance Frameworks

8.4.1. In addition to the Council's risk management framework, there are other assurance frameworks to provide management and Members the assurances required over processes and controls.

8.4.2. The internal audit function has an audit programme whereby financial systems are reviewed on a rolling cycle. The findings and recommendations from these audits are reviewed and actioned by officers with the Audit Committee being updated on findings.

8.4.3. External audit provides additional assurance over our capital processes, controls and management through their annual audit of our Statement of Accounts.

Section 9 – Knowledge and Skills

9.1. Knowledge and Skills

9.1.1. To ensure that capital projects are delivered efficiently meeting the Councils objectives and that the Capital and Treasury functions have the necessary skills. The Council ensures that its staff delivering the projects, the Capital and Treasury Management teams have their training needs assessed as part of the staff appraisal process with staff attending seminars / conferences and training courses where necessary.

9.1.2. The CIPFA Code requires the responsible officer to ensure that Councillors with responsibility for treasury management receive adequate training. This especially applies to Councillors responsible for scrutiny. Appropriate training is provided periodically to Councillors and other relevant staff that are charged with governance.

9.1.3. External advisers are engaged where required so that the Council can access specialist skills and resources whilst the responsibility for every decision always remains with the Council, ensuring that undue reliance is not placed upon our external advisers.

9.1.4. Capital Finance Training has been rolled out to officers within Nottingham City Council as part of the Finance Improvement Plan. This training is a requirement for anyone involved in the project process and will be reviewed on an annual basis.

Annex A – Flexible Use of Capital Receipts Policy

Nottingham City Council
Flexible Use of Capital Receipts Policy 2025/26

Purpose

This report provides background information with regards the statutory guidance on the flexible use of Capital Receipts and its application within this authority. During February 2018 the Secretary of State issued a direction under Section 16(2)(b) of the Local Government Act 2003 and guidance under section 15(1)(a) of the Local Government Act 2003. This direction gave local authorities the power to use in year capital receipts from the disposal of property, plant and equipment assets (excluding Right to Buy Receipts):

- Generate ongoing revenue savings in the delivery of public services; and/or
- Transform service delivery to reduce costs; and/or
- Transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners

The current direction applies to all financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024.

In November 2024 the Government announced in the Local Government Finance Policy Statement that the flexible use of capital receipts direction would be extended until March 2030. The legislative aspects of this are awaited to be confirmed.

Background

Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not allowed by the regulations.

The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations. The Secretary of State for Communities and Local Government originally issued guidance in March 2016 giving local authorities greater freedoms with how capital receipts could be utilised.

These freedoms were subsequently extended in each of the following years up to and including 2024/25, with another extension until 2029/30 announced as part of the Local Government Finance Policy Update in November 2024. This Direction allows for the following expenditure to be treated as capital: “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.” Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility. To take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from April 2022 with future strategies included within the Capital Strategy and reported as appropriate.

Flexible Use of Capital Receipts Strategy

Nottingham City Council intends to use capital receipts to fund qualifying expenditure in relation to costs incurred in Improvement, Transformation & Reconfiguration projects funded by capital receipts of £2.408m during 2024/25, out of a total £16.929m in the period 2022-2025. The profile of this spend is set out in the Table below and will partially support delivery of **c£38.348m** savings over the period 2022/23 to 2027/28. A number of these savings will be recurring into future financial years too.

Table: Investment for Delivering Transformation Programme

	Actual	Actual	Forecast	Total
	2022/23	2023/24	2024/25	
	£m	£m	£m	£m
Total Investment	**8.237**	**7.055**	**2.838**	**18.130**
Funded by:				
Capital Receipts	8.201	6.320	2.408	16.929
Revenue Children's Budget	0.036	0.535	0.100	0.671
Reserve	0	0.131	0.234	0.365
Housing Revenue Account	0	0.069	0.096	0.165
Total Funding	**8.237**	**7.055**	**2.838**	**18.130**

Any slippage or acceleration of expenditure between financial years is to be included in the year the expenditure is incurred until the end of the programme. The current medium term financial plans assume capital receipts will not be used to fund investment in the transformation savings programme from 2025/26. Investment will come from reserves and base revenue budgets. With ambitious savings targets across the 4-year MTFP period, it is imperative to provide assurance on the overall savings programme (previous and new savings proposals), ensuring sufficient investment is provided to deliver the savings within an approved framework, acting at the earliest opportunity to remedy any risks and issues. With this in mind, £3.446m has been built into the base budget to support the ongoing delivery of the savings programme led by the Strategic Director of Transformation and Change. In addition, reserves will be made available for investment and emerging transformational opportunities subject to S151 approval. This will ensure the Council maximises the use of capital receipts to repay Exceptional Financial Support (EFS) in line with its use of capital receipts prioritisation policy. The Council will keep this approach under review during the 2025/26 financial year.

Project Management and Governance

The savings programme has undergone reviews, where previously identified savings that are no longer deemed deliverable had been mitigated by new schemes for delivery. The capital receipts outlined in this report support the project management capacity for the agreed savings programme and delivery of specific savings and efficiency programmes within it.

This programme is forecasting to delivering the outlined savings for 2025/26 and beyond. Any non-delivery is reported, to the Executive Board and alternative savings will need to be identified to offset any shortfall. The emerging and current transformation projects contain a number of significant transformation pieces of work that will start to change the way in which the Council is organised and how it delivers its services. Each of these are expected to deliver better, more efficient services to the city and realise financial savings.

A new delivery framework, with a focus on the monitoring and reporting on the savings programme to Transformation Board is being developed with the Transformation commissioner and strategic director Transformation and Change. Part of this is to undertaken deep dives on specific projects and programmes to ensure there are robust operational plans, test progress and identify and manage risks early to either ensure successful delivery or the creation of alternative viable proposals.

Medium Term Savings forecast
The table below sets out the savings arising from transformation and improvement activities:

Table: Transformation Programme – Savings by Year

	2022/23 Actual	2023/24 Actual	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2022/23 to 2027/28 Total Saving	2025/26 to 2027/28 Total Saving
	£m	£m	£m	£m	£m	£m	£m	£m
Customer	(0.329)	(3.198)	(0.812)	0.000	0.000	0.000	(4.339)	0.000
Business Support	(0.340)	(0.340)	(0.690)	0.000	0.000	0.000	(1.370)	0.000
Procurement	(0.331)	(0.662)	(0.414)	0.000	(0.314)	0.000	(1.721)	(0.314)
Adults	(0.226)	(1.835)	(1.697)	(1.654)	(1.151)	0.000	(6.563)	(2.805)
Children's	(0.539)	(3.920)	(4.045)	(1.999)	(0.809)	(0.278)	(11.590)	(3.086)
Community	0.000	(0.205)	(0.163)	(0.300)	0.000	0.000	(0.668)	(0.300)
Estates/New Ways of Working	0.000	(1.513)	(0.075)	0.000	0.000	0.000	(1.588)	0.000
Homeless	0.000	(0.347)	(5.182)	(4.185)	(0.736)	0.190	(10.260)	(4.731)
Information Technology	0.000	(0.249)	0.000	0.000	0.000	0.000	(0.249)	0.000
Total Transformation	**(1.765)**	**(12.269)**	**(13.078)**	**(8.138)**	**(3.010)**	**(0.088)**	**(38.348)**	**(11.236)**

Impact on Prudential Indicators
As part of this strategy the Council is required to give due regard to the impact on the Prudential Code and the Prudential Indicators. The capital receipts required to fund the qualifying transformation costs have not been included within the Council's current Capital Programme and as such the utilisation of receipts for capital receipts flexibility will not have a detrimental impact on the Council's prudential indicators, as set out in the Council's Treasury Management Strategy.

Annex B – Voluntary Debt Reduction Policy

Nottingham City Council
Voluntary Debt Reduction Policy

Investment in the city's infrastructure is an important part of the Council's role but the Council also recognises that with limited resources, expenditure on servicing debt to fund capital investments is money not spent on providing day to day services to its citizens. Its future priorities will be determined though an emphasis on the new Strategic Council Plan which will reconcile its ambitions with the resources available to support those ambitions.

The City Council also recognises that its absolute level of external debt remains high in comparison with its peer group and is driven largely by past investment to enhance the city rather than current capital spending decisions.

Prudential Code
The Council is committed to the principles of the Prudential Code:

- Affordable
- Sustainable
- Prudent
- Proportionate for the size of the authority

Investment Strategy
The Council's capital strategy ensures that all the projects are accounted for in the allocation of any available resources over a medium-term planning horizon. The principles of the strategy are as follows:

- Current approved (or committed) schemes will be supported subject to sufficient resources being identified to enable them to proceed or complete up to the approved level of expenditure.
- <u>New schemes funded by borrowing will be severely limited by the criteria set out in the debt policy.</u> This is to reduce the Council's current unsustainable level of debt and will require a review of the existing capital schemes.
- All schemes will be subject to a strict objective prioritisation process, which will include a robust business case including whole life costing.
- All schemes must align to the new PWLB criteria (i.e. not debt for yield) irrelevant of the schemes funding envelope. Historic debt for yield schemes will be revisited in the light of emerging guidance.
- Capital receipts are a central resource and not generally linked to specific schemes including assets identified for disposal as part of the Asset Rationalisation Programme. Permissible exceptions are:
    - School Sites ring-fenced by the Secretary of State for education purposes.
    - Commitments of capital receipts from prior decisions (including repayment of outstanding debt).
    - Transformation activity spend that can be funded through the flexible use of capital receipts.
    - The current Capital Flexibility consultation could add further permissible exceptions.
- Revenue implications of schemes must be fully reflected in the MTFP and affordable within services, (affordability needs to be demonstrated using prudent assumptions taking account of optimism bias).

- The capital budget approved by Full Council is a control total and no further schemes will be included in the programme unless existing schemes are removed or delayed - unless the new schemes in question are fully funded by external resources.
- The Council will consider the removal of ring-fencing (*where permissible*) from certain grant allocations to assist in the achievement of the Council's priorities and objectives. All uncommitted non-ring-fenced capital funding will be reviewed to ensure it is affordable and financially sustainable in the context of the Council's overall financial position. The aim will be for non-ring-fenced grants received in support of the three areas below will be earmarked to fund these initiatives:
  - Transport grant funding
  - Education based grants
  - Disabled Facilities Grant

Debt Policy

The Council has the discretion to undertake borrowing on capital schemes (General Fund and Public Sector Housing) if the borrowing is deemed Value for Money and meets the criteria as set out in the Prudential Code and is affordable, sustainable, prudent and proportionate for the size of the authority.

HM Treasury have published revised lending terms for the PWLB as from 26th November 2020, which makes PWLB unavailable for all authorities that have debt to yield schemes within their capital plans.

The Council have relied significantly on borrowing to fund capital expenditure in recent years leaving the Council with significant debt exposure and a relatively high level of debt servicing costs in proportion to the scale of its revenue account. Therefore, to mitigate this risk going forwards, the Council will seek to reduce is Minimum Revenue Provision (MRP) costs and pay down debt over time, through a strict prioritisation of spending decisions and the accelerated generation of capital receipts subject to maintaining a best value consideration.

The debt policy in respect of new capital expenditure is thus as follows:

- 2025/26-2028/29 - ***To restrict new borrowing to no more level of borrowing committed to when the policy was incepted.*** (i.e. No new schemes financed by borrowing).

The council has achieved headroom against CFR and external debt targets (as shown below) Capital Programme has been reduced to existing commitments and no schemes added funded by borrowing.

Nothing in this policy shall prevent the council from exercising normal day to day management of its borrowings through Treasury Management activities and/or the use of internal borrowing.

Borrowing allowable in exceptional financial circumstances

It is allowable for the council to engage in borrowing when this is part of the response to exceptional financial circumstances (e.g. Exceptional Financial Support from Government). These exceptions will typically, but not exclusively, take the form of borrowing that arises from a capitalisation direction. This is a temporary funding mechanism that is put in place in order to allow time for sustainable solutions to be put in place. Exceptional borrowing will therefore be of short-term duration only.

Impacts of the Policy

The Council will exert control on debt, primarily through controlling the revenue impacts of borrowing (MRP) rather than through seeking to repay external debt. This is because external debt is often heavily weighted towards fixed rate debt with maturity period up to 60 years and where redemption would often carry significant penalties.

The forecast impact on external debt is set out in the table below. The revised forecast external debt takes into account the revised debt policy together with activities associated with the normal Treasury Management activities.

	Actual 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m	Forecast 2027/28 £m	Forecast 2028/29 £m
Capital Financing Requirement						
HRA	287.900	278.507	264.480	258.926	253.720	251.189
General Fund	975.076	949.196	892.435	840.186	793.427	747.914
CFR Total	**1,262.976**	**1,227.703**	**1,156.915**	**1,099.112**	**1,047.147**	**999.103**
Less PFI / Finance Leases	(146.229)	(133.410)	(119.849)	(107.820)	(96.069)	(86.177)
Underlying Borrowing Requirement	**1,116.747**	**1,094.293**	**1,037.066**	**991.292**	**951.078**	**912.926**
External Borrowing	(774.205)	(741.816)	(722.888)	(696.517)	(670.640)	(641.006)
Internal Borrowing	(342.542)	(352.477)	(314.178)	(294.775)	(280.438)	(271.920)
Internal Borrowing (assumed PFI)	(146.229)	(133.410)	(119.849)	(107.820)	(96.069)	(86.177)
Total Borrowing	**(1,262.976)**	**(1,227.703)**	**(1,156.915)**	**(1,099.112)**	**(1,047.147)**	**(999.103)**
Initial VDR Policy Forecast						
Capital Financing Requirement	*1,337.3*	*1,272.5*				
External Borrowing	*(954.8)*	*(927.4)*				
Reset of VDR Policy Forecast						
Capital Financing Requirement			*1,032.925*	*978.352*	*948.079*	
External Borrowing			*(737.888)*	*(711.518)*	*(685.639)*	

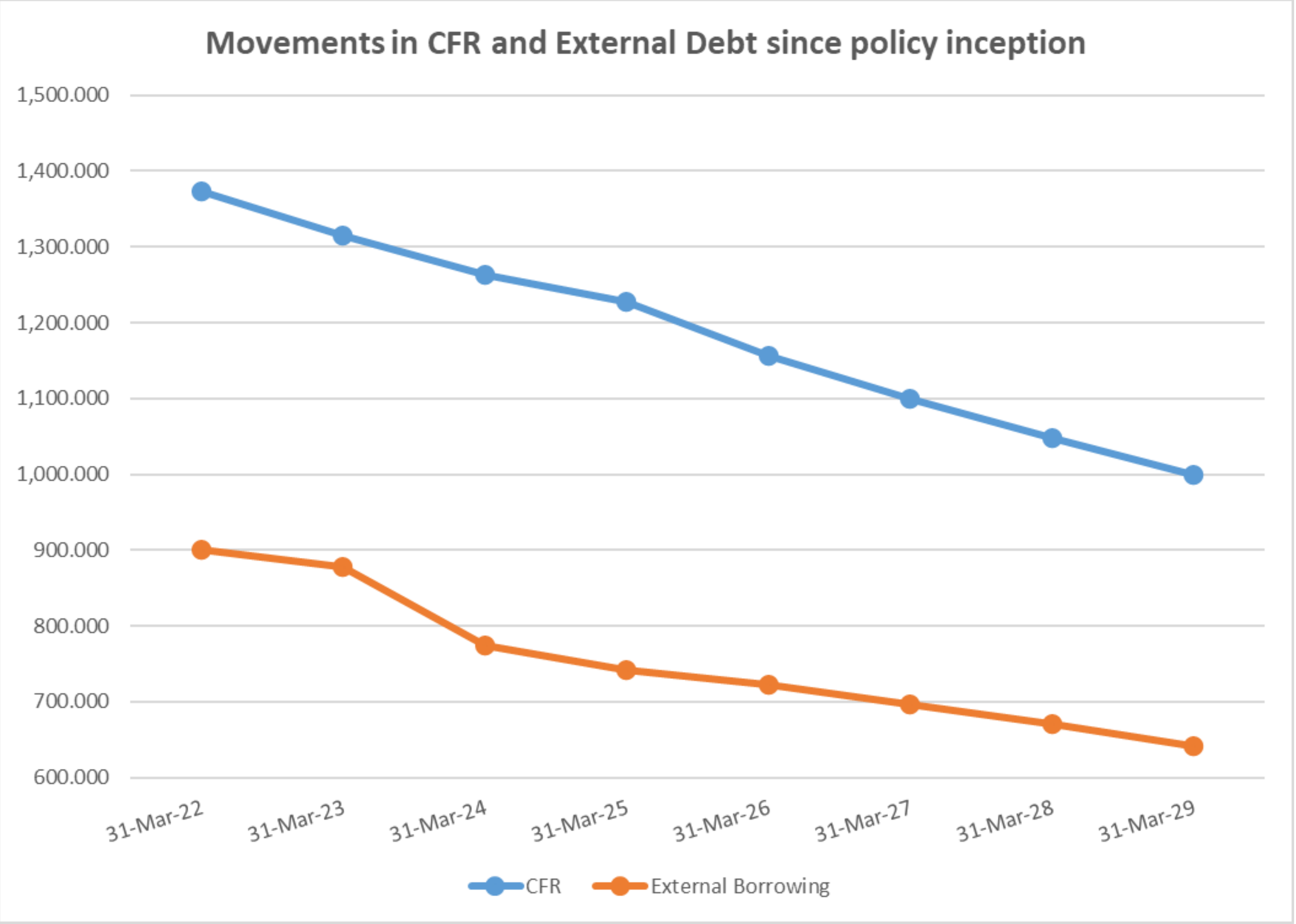
When the VDR Policy was incepted it forecasted the CFR and External Debt position to 31st March 2025, the above table effectively resets the VDR policy forecast to match the current CFR position / forecast.

General Fund MRP and Interest	**Actual 31/03/24 £m**	**Forecast 31/03/25 £m**	**Forecast 31/03/26 £m**	**Forecast 31/03/27 £m**	**Forecast 31/03/28 £m**	**Forecast 31/03/29 £m**
General Fund Proportion of External Debt	550.23	527.30	509.00	487.60	466.01	442.65
Annual MRP (exc. PFI)						
Supported borrowing	0.077	4.756	4.756	4.756	4.756	4.756
Unsupported Borrowing	27.732	27.902	28.376	27.649	27.448	27.996
Annual MRP (exc. PFI)	**27.809**	**32.658**	**33.132**	**32.405**	**32.204**	**32.752**
General Fund interest incurred (exc. PFI)	18.963	17.869	17.219	16.574	15.891	15.891
General Fund interest received	(15.189)	(10.057)	(7.548)	(6.948)	(6.948)	(6.948)
Total Capital Financing Cost	**31.583**	**40.470**	**42.803**	**42.031**	**41.147**	**41.695**
Net Revenue Budget	292.671	356.800	355.068	372.189	390.103	409.835
Capital Financing Costs as % Net Revenue Budget	**10.79%**	**11.34%**	**12.05%**	**11.29%**	**10.55%**	**10.17%**

A measurement of bringing the debt to a sustainable level is the Council's capital financing costs as a % of Net Revenue Budget, the below table shows the Council's position is significantly improving over the current MTFP.

The VDR was implemented as part of the Capital Strategy 2021/22, for comparative purposes at 31st March 2021 the financing cost was 17.63% of net revenue budget.

The graph below evidences the actual and forecasted movements from the inception of the debt reduction policy to March 2028, since 31st March 2021 to the forecast position at 31st March 2025 the CFR has reduced by 9.5% from £1,411.0m to £1,277.3m, while external debt has reduced by 20.5% from £932.8m to £741.8m.



Annex C – Non-Treasury Investment Strategy

Nottingham City Council
Non-Treasury Investment Strategy

1. Introduction

1.1. Nottingham City Council may make two types of investments:

- Treasury Investments
- Non-Treasury Investments (also referred to as 'Other Investments').

Details of the Council's treasury management investments are contained in the Council's Treasury Management Strategy and are therefore not included in this strategy.

1.2. This strategy covers the Non-Treasury Investments and is prepared in accordance with statutory guidance issued under the Local Government Act 2003, the Treasury Management Code of Practice, and the Prudential Code for Capital Finance in Local Authorities. Non-Treasury Investments are policy investments made to deliver Nottingham City Council objectives as set out in the Capital Strategy and Medium Term Financial Strategy.

1.3. For the purposes of this strategy the Non-Treasury Investments are subdivided into either being classified as a Commercial Investment or a Service Investment. The definition of each is detailed below:

- **Commercial Investments**, as defined by CIPFA are investments by the Council solely to earn income and/or for capital appreciation. Following revised guidance in November 2020, the Council is no longer able to invest in further Commercial Investments without breaching the Debt to Yield. Nottingham City Council's stance is to completely comply with the revised guidance. These investments are where the Council is holding property for a financial return and/or appreciation.
- **Service Investments** are investments that deliver Council service objectives (e.g. regeneration / housing), these investments are able to generate a return for Nottingham City Council but there is a requirement for the investments to support Council service objectives. These investments are loans to external organisations and shareholdings in companies that are delivering the Council's strategic objectives.

1.4. The Council is continuously reviewing its investments to identify opportunities of divestment with a view to accelerate the reduction of the Councils debt exposure and achieve its VDR policy. As part of the VDRP policy the council is not allowing any additional non-treasury investment above what was included within the Capital Programme at the time the VDRP was incepted.

2. Non-Treasury Investment Exposure

2.1. The Prudential Code stipulates that Council's are required to consider the financial exposure and proportionality of its non-treasury investments. This will evidence the impact on the MTFP if income is lower than forecasted within the base budget. The assumptions within the base budget for these investments is done on a prudent basis and should a revenue pressure be identified in year it will be managed within the budget process. The below table evidences the proportion of income from non-treasury investments to net revenue position, excluding any notional interest.

	2021/22 Actual (£m)	2022/23 Actual (£m)	2023/24 Forecast (£m)
Commercial Investments			
Income (i.e. rent)	(15.381)	(14.813)	(15.530)
MRP and other attributable costs (exc. Interest)	4.301	3.329	4.978
Service Investments			
Income (i.e. interest / dividends)	(3.986)	(4.278)	(3.103)
MRP and other attributable costs (exc. Interest)	1.849	1.874	0.333
Net Non-treasury investment	**0.192**	**(0.007)**	**(13.322)**
Net Revenue Position	278.046	292.671	317.092
Proportion of net income from commercial and service investments to net revenue position	**4.75%**	**4.75%**	**4.20%**

2.2. Majority of the non-treasury investments are considered a secure income with income generated as defined in either the lease agreements or the loan repayment schedules. However, the Council is carrying the risk that tenants or loanees are unable to make debt / interest payments per the agreements, the following table shows the sensitivity of net income in actual and as a percentage of the net revenue position using forecasted position as the base position.

Sensitivity Analysis of Non-Treasury Investment as £m and % of net revenue budget						
£m		Commercial Investments				
%		(5.00%)	(2.50%)	Base	2.50%	5.00%
Service Investments (*)	(5.00%)	(12.700)	(12.900)	(13.200)	(13.400)	(13.700)
		3.99%	4.07%	4.16%	4.24%	4.32%
	(2.50%)	(12.700)	(12.900)	(13.300)	(13.500)	(13.800)
		4.01%	4.10%	4.18%	4.26%	4.35%
	Base	(12.800)	(13.100)	**(13.300)**	(13.600)	(13.900)
		4.04%	4.12%	**4.20%**	4.28%	4.37%
	2.50%	(12.900)	(13.100)	(13.400)	(13.700)	(13.900)
		4.06%	4.14%	4.22%	4.31%	4.39%
	5.00%	(12.900)	(13.200)	(13.500)	(13.700)	(13.900)
		4.08%	4.16%	4.25%	4.33%	4.41%

(*) Assumes the Council doesn't have to make MRP for missed loan repayments.

3. Commercial Investments

3.1. The most significant commercial Investments that the Council has undertaken to date are in relation to property acquisitions. The capital value of the commercial investments currently held by the Council as at 31 March 2024 is £200.554m and will be revalued at 31 March 2025 as part of the Councils 2024/25 Financial Accounts. These investments have been funded by £4.000m of the Councils own resources and £218.812m of Unsupported Borrowing (net of MRP to March 2023).

3.2. The forecast net revenue to the general fund for 2023/24 from the above investments is (£10.552m). The average yield generated from the Commercial Investments is 4.52% (based on net income and purchase price).

3.3. All Commercial Property Investments are reviewed on an on-going basis. These reviews support good estate management principles and ensure that the Council's risk and returns are appropriately managed. The gross commercial investment made by the Council of £222.812m (excluding MRP payments to 31st March 24), leaves the Council open to Property Market downturn including increased voids / tenant lease breaking and any other risks including the ongoing impact and recovery from Covid-19. The pandemic and the current economic and fiscal outlook will continue to have a significant impact on the level of risk and the expected returns for 2023/24 and its effects are likely to be felt for several years.

3.4. A register of the commercial investments is detailed below, this also confirms that the Council has not disposed of any commercial investment during 2024/25. Sales are expected during 2025/26 and into 2026/27 as approved at January 2023 Executive Board.

Register of Commercial Investments			
	Purchase Price	**Capital Funding**	
		Borrowing Incurred	**Council Resources Used**
	£m	**£m**	**£m**
Disposed in 2024/25	0.000	0.000	0.000
Disposed in 2024/25 - Subtotal	**0.000**	**0.000**	**0.000**
Project Doncaster	23.641	23.641	0.000
Project Mulberry	22.182	22.182	0.000
Project Abbey	19.102	19.102	0.000
Project Duke	14.486	14.486	0.000
Project Green	14.160	12.160	2.000
Project Donnington	11.793	10.793	1.000
Project Highland	11.105	11.105	0.000
Project 118	10.724	10.724	0.000
Project Fothergill	10.615	10.615	0.000
Project Albert	10.083	10.083	0.000
Project Willow	9.926	9.926	0.000
Project Brookfield	8.352	8.352	0.000
Flying Horse Walk	6.403	6.403	0.000
Project Minster	6.200	6.200	0.000
Project Castle	5.838	4.838	1.000
Project Boot	5.566	5.566	0.000
Project Aston	5.504	5.504	0.000
Heron House	3.223	3.223	0.000
Other Commercial Investments under £5.0m	23.909	23.909	0.000
Commercial Investments Held - Subtotal	**222.812**	**218.812**	**4.000**
Commercial Investment Total	**222.812**	**218.812**	**4.000**
Forecast Income net of MRP and associated costs	(10.552)		
Net Yield	**4.52%**		

3.5. Non-Treasury investments are analysed periodically to ensure that the fair value / carrying value of each investment is appropriate as required under the relevant Accounting Standard (Service Investments – IFRS9, Commercial Investments – IAS40).

4. Service Investments

4.1. Nottingham City Council has made loans and investments to third parties based on further delivery of the Council's strategic objectives and any benefits from the investment will be received by the Council and its residents in the short, medium, or long term. The Council also hold shares in companies that support service provision.

4.2. The most significant service investments that the Council has undertaken to date are loans to 3rd parties to support the delivery of objectives that align to the council plan, these comprise of capital and revenue loans totalling £107.422 at 31/3/25. Details of these Service Investments are detailed below.

Register of Service Investments					
Equity	**31 March 24 Balance**	**Revenue**	**Capital**	**31 December 24 Balance**	**31 March 25 Balance Forecast**
	£m	**£m**	**£m**	**£m**	**£m**
Shares / Equity Held					
Blueprint	8.713	0.000	8.713	8.713	8.713
Robin Hood Energy	0.000	0.000	0.000	0.000	0.000
Thomas Bow	0.000	0.000	0.000	0.000	0.000
Nottingham City Transport	4.532	0.000	4.532	4.532	4.532
Other Investments Under £1m	1.61	0.000	1.61	0.835	0.82
Total Shares / Equity Held @ 31 March 2024	**14.855**	**0.000**	**14.855**	**14.080**	**14.065**
Loans					
Bridge Estate	1.623	0.000	1.623	1.442	1.442
Nottingham Castle	1.859	0.000	1.859	1.859	1.859
Nottingham Cricket Club	1.776	0.000	1.776	1.752	1.694
College	15.962	0.000	15.962	15.193	14.695
Nottingham Ice Centre	7.384	7.384	0.000	7.384	7.384
Nottingham City Homes	25.937	0.000	25.937	25.714	25.488
RHE	6.922	0.000	6.922	30.088	30.088
Tramlink	30.088	0.000	30.088	6.922	7.134
NCH RP	3.932	3.932	0.000	3.912	3.893
NCH EL	14.074	0.000	14.074	13.156	14.377
Total Loans @ 31 March 2024	**109.557**	**11.316**	**98.241**	**107.422**	**108.054**

4.3. Each Service Investment is scrutinised giving due regard to the formal approval. This scrutiny includes an appropriate level of due diligence reflecting the level of additional risk which ensures that the Council has the appropriate level of security, liquidity, and yield.