

Financial Comments – Redevelopment of Spondon Street, Sherwood – Authority to appoint the preferred developer

1. Introduction

- 1.1 This decision does not require an amendment to the value of the Capital Programme, but due to the nature of the works, the Spondon Street Development will be reported as a planned scheme until an affordable financial model has been developed.
- 1.2 No additional resources have been set aside for development / feasibility costs incurred by the council so they are deemed to be able to be contained within existing Council revenue budgets.

2. Financial Implications

- 2.1 A financial model is yet to be developed for this project and is awaiting developers' final and best offers, prior to the Corporate Director for Development & Growth selecting the preferred developer. The following affordability criteria and minimum financial parameters are required for the scheme to progress:
 - The financial model for the new library is affordable as defined in the Council's Capital Strategy principles;
 - Surplus Net Present Value & Cash Position
 - Financial model includes whole life costing (i.e. is sustainable)
 - Funding is secured
 - Carrying costs / early year deficits funded and funding is secured.
 - Any capital receipt is sufficient to be allocated as detailed in the exempt appendix, any deviation from this would require the receipt to be allocated as per Council priorities.
 - Any taxation risks to the Council have been mitigated and signed off by the Council's Taxation Team.
 - The project is in accordance with the principles set out in the Capital Strategy.
- 2.2 If the financial model is affordable and within the capital budget as detailed in the exempt appendix then no further approval is required for the capital scheme, it will progress from planned to approved once the above criteria has been met and the scheme has been received delegated approval.

However, the current identified budget and funding does not take into account any potential revenue costs (e.g. decant / storage and communications) so additional approval may be required for the revenue costs and funding.

2.3 The project risks are required to be identified within a risk register and will need to be managed by the project team.

3. **Taxation Advice**

3.1 Due to the stage of this scheme it is not yet understood if the Council is required to opt to tax the Spondon Street site. Therefore, as detailed in recommendation 6 the Director of Strategic Finance has delegated authority to opt to tax the land if required to protect the Council's tax / partial exemption position.

Advice provided by:

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