

CITY COUNCIL – 3 MARCH 2008

REPORT OF THE DEPUTY LEADER

BUDGET FOR THE YEAR 2008/09

This budget report sets out the proposals for 2008/09, in a layout governed by statute.

In summary the report recommends the following (as endorsed by Executive Board on 19 February 2008):

- 1 the approval of the Treasury Management Strategy for 2008/09 which includes the Investment Strategy and the Prudential Indicators;
- 2 approval of the Capital Programme for 2008 - 2011;
- 3 a net budget requirement of £254,735,540;
- 4 a City Council Band D council tax for 2008/09 of £1,252.15;
- 5 The report also recommends the adoption of the Members' Allowance Scheme for 2008/09.

The report also notes:

- 6 a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2008/09 of £65.44.
- 7 a Nottinghamshire Police Authority precept at Band D for 2008/09 of £145.62.

Members are advised that the report should be read in conjunction with the contents of the associated financial plans and budget reports, available on the dedicated budget intranet page, particularly the 'Treasury Management – Strategy Statement 2008/09', the 'Medium Term Financial Plan – Capital Programme

2008-2011 Overview' and 'Medium Term Financial Plan – General Fund Revenue Budget 2008/09'.

Consultation

A full consultation process has been undertaken as part of the development of the proposals set out in the report and appropriate action has been taken in response to representations received. Any additional consultation issues, and the views of the Performance and Resources Standing Panel may be dealt with when presenting this report.

Treasury Management Strategy

Treasury Management is regulated by the Code of Practice on Treasury Management in Public Services (the Code). Members formally adopted the current version of the Code in February 2002. The Code requires an annual strategy report to be submitted to members and this was approved by Executive Board on 19 February 2008.

The Treasury Management Strategy submitted to Executive Board includes the Investment Strategy and a series of Prudential Indicators as required by the Local Government Act 2003.

Capital Programme 2008 - 2011

The capital programme 2008 - 2011 was considered by Executive Board on 19 February 2008. Based upon current assumptions (as detailed in the report) the programme is estimated to total £349.9m, over the three year period. The estimated revenue implications for this programme have been included in the General Fund budget 2008/09 and the Medium Term Financial Plan.

Net Budget Requirement and the Council Tax for 2008/09

The revenue estimates for the various City Council portfolios for the year ending 31st March 2009 are available on the dedicated budget intranet page.

The Local Government Act 2003 requires that the City Council's Chief Finance Officer reports to members on the robustness of the budget estimates and the adequacy of the City Council's reserves. This statement was included as section 12 within the report entitled 'Medium Term Financial Plan – General Fund Revenue Budget 2008/09', which was presented to Executive Board on 19 February 2008.

The 2003 Act also requires the Chief Finance Officer's statement to be taken into account when decisions are made about the calculations set out below. Having consulted with senior finance officers, she is able to conclude both that the budget proposals presented to members are robust and that the current level of reserves are adequate in the context of the City Council's approach to risk management.

The gross expenditure of Portfolios, including contingencies, and the gross income of Portfolios, including use of reserves, are shown below.

OVERALL BUDGET REQUIREMENT 2008/09

	General Fund	Housing Revenue	Total
Gross Expenditure	£833,867,372	£91,144,120	£925,011,492
Gross Income	<u>(£579,131,832)</u>	<u>(£91,144,120)</u>	<u>(£670,275,952)</u>
Budget Requirement	£254,735,540	0	£254,735,540

The legislation governing the setting of council tax is contained in the Local Government Finance Act 1992. Section 33 requires a billing authority to calculate the basic amount of its council tax, which in the City Council's case is the council tax applicable to Band D dwellings in its area.

The calculation is made in accordance with a formula $(R-P)/T$

R is the amount of the City Council’s budget requirement for 2008/09, calculated in accordance with section 32 of the Act. The budget requirement represents the estimated net expenditure on the General Fund for 2008/09 after the use of reserves. The Executive Board at its meeting on 19 February 2008 determined the budget requirement to be £254,735,540.

P represents the aggregate of the following sums:-

- Estimate of Formula Grant £161,158,336.
- It is estimated that there will be no surplus or deficit on the 2007/08 Collection Fund.

The total value of **P** is therefore:-

	£
Estimate of Formula Grant	161,158,336
Estimated 2007/08 Collection Fund balance	0
	161,158,336

T is the amount calculated by the City Council as its council tax base for 2008/09. In January 2008 the council tax base for 2008/09 was determined by the Executive Board as 74,733 equivalent Band D properties.

Application of the formula $(R-P)/T$ thus gives a basic amount of Council tax of

$$\frac{(\underline{\underline{£254,735,540 - £161,158,336}})}{74,733} = £1,252.15$$

This represents the City Council's council tax for a Band D property. Application of the factors specified in the Act gives the following City Council council taxes for each valuation band: -

<u>Band</u>	<u>Factor</u>	<u>City Council council tax</u>
A	6/9	£834.77
B	7/9	£973.89
C	8/9	£1,113.02
D	9/9	£1,252.15
E	11/9	£1,530.41
F	13/9	£1,808.66
G	15/9	£2,086.92
H	18/9	£2,504.30

The City Council, as billing authority, is required under section 30 of the Act to set council taxes for its area. In the City Council's case these will represent the aggregate of the City Council's council taxes as shown above and also those of Nottinghamshire Police Authority and the Nottinghamshire and City of Nottingham Fire and Rescue Authority, which have now been formally notified.

The impact of the proposals in the council tax is provided below:

Band	City Council	Police Authority	Fire Authority	Aggregate Council Tax
A	£834.77	£97.08	£43.63	£975.48
B	£973.89	£113.26	£50.90	£1,138.05
C	£1,113.02	£129.44	£58.17	£1,300.63
D	£1,252.15	£145.62	£65.44	£1,463.21
E	£1,530.41	£177.98	£79.98	£1,788.37
F	£1,808.66	£210.34	£94.52	£2,113.52
G	£2,086.92	£242.70	£109.07	£2,438.69
H	£2,504.30	£291.24	£130.88	£2,926.42

Members' Allowances Scheme 2008/09

A revised scheme for 2007/08 was approved by the City Council on 4 February 2008. The budget takes account of the full year effect of these changes.

It is **RECOMMENDED** that the City Council, having had regard to the statement of the Chief Finance Officer and the consultation process, resolves as follows:-

- (1) that the overall Treasury Management Strategy for 2008/09, including the Investment Strategy for 2008/09 and the Prudential Indicators be approved;
- (2) that the Capital Programme 2008 - 2011 be approved;
- (3) that the revenue estimates for 2008/09 be approved;
- (4) that it be noted that, in January 2008, the City Council calculated the amount of 74,733 as its council tax base for the year 2008/09 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992;
- (5) that the following amounts be now calculated by the Council for the year 2008/09 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 ("the Act"):-
 - (a) £925,011,492 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act;
 - (b) £670,275,952 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act;

- (c) £254,735,540 being the amount by which the aggregate at (5) (a) above exceeds the aggregate at (5) (b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;
- (d) £161,158,336 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the estimated formula grant, reduced by the amount of the sums which the Council estimates will be transferred in the year to or from its Collection Fund.
- (e) £1,252.15 being the amount at (5)(c) above less the amount at (5)(d) above, all divided by the amount at (4) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year;
- (f) Valuation Bands

A	B	C	D	E
£834.77	£973.89	£1,113.02	£1,252.15	£1,530.41
F	G	H		
£1,808.66	£2,086.92	£2,504.30		

being the amounts given by multiplying the amount at (5)(e) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- (6) that the functions of the City Council with regard to council tax, non-domestic rate and residual poll tax, including their collection and recovery, continue to be exercised by the Executive Board;

- (7) that it be noted that, for the financial year 2008/09, the Nottinghamshire Police Authority has issued the following amounts in precepts in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

A	B	C	D	E
£97.08	£113.26	£129.44	£145.62	£177.98
F	G	H		
£210.34	£242.70	£291.24		

- (8) that it be noted that, for the financial year 2008/09, the Nottinghamshire and City of Nottingham Fire and Rescue Authority has issued the following amounts in precepts in accordance with Section 40 of the Local Government Finance Act 1992 (which has been amended by the Local Government Act 2003 to include Combined Fire Authorities), for each of the categories of the dwellings shown below:-

A	B	C	D	E
£43.63	£50.90	£58.17	£65.44	£79.98
F	G	H		
£94.52	£109.07	£130.88		

- (9) that the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the council tax for the year 2008/09 for each of the categories of dwellings shown below:-

A	B	C	D	E
£975.48	£1,138.05	£1,30 0.63	£1,463.2 1	£1,788.3 7
F	G	H		
£2,113.52	£2,438.69	£2,926.42		

- (10) that notice be published in accordance with the provisions of section 96(1) of the Local Government Finance Act 1992.

(11) that the Members' Allowances Scheme for 2008/09 be adopted with effect from 1 April 2008.

COUNCILLOR MICHAEL EDWARDS
DEPUTY LEADER