

CITY COUNCIL - 9 MARCH 2009

REPORT OF THE DEPUTY LEADER

BUDGET 2009/10

1 SUMMARY

- 1.1 This budget report sets out the proposals for 2009/10, in a layout governed by statute.

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 City Council's dedicated budget intranet page.

2 RECOMMENDATIONS

- 2.1 It is recommended that the following be approved, as endorsed by Executive Board on 24 February 2009:

- (1) the Prudential Indicators;
- (2) the Capital Programme for 2009/10 – 2011/12;
- (3) the revenue estimates for 2009/10;
- (4) a net budget requirement of **£264,622,975**, including the calculations required by Section 32 to 36 of the Local Government Finance Act 1992 ("the Act"), as set out below
 - (a) **£1,002,813,123** 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) **£738,190,148** 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) **£264,622,975** being the amount by which the aggregate at

(2.1 (4) (a)) above exceeds the aggregate at **(2.1(4) (b))** above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;

(d) **£167,154,634** 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.

(5) a City Council Band D basic amount of council tax for 2009/10 of **£1,294.73** being the amount at **(2.1(4)(c))** above less the amount at **(2.1(4)(d))** above, all divided by the amount at **(2.2 (3))** below, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year (as set out in section 5 of this report);

(6) the setting of the amounts of council tax for 2009/10 at the levels described in **section 5** of this report;

(7) the adoption of the Members' Allowance Scheme for 2009/10.

2.2 the following be noted:

(1) a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2009/10 of £67.73

(2) a Nottinghamshire Police Authority precept at Band D for 2009/10 of £152.82

(3) in January 2009, the City Council calculated the amount of 75,281 as its council tax base for the year 2009/10 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.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

3.1 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 Overview and Scrutiny Committee may be dealt with when presenting this report.

3.2 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 the City Council on 9 February 2009.

The Code also requires a series of Prudential Indicators (financial indicators relating to treasury management, debt and capital expenditure) to be prepared, approved annually by members and monitored on an ongoing basis. The indicators for the forthcoming and following two financial years must be set before the beginning of that year. They may be revised at any time, following due process, and must be reviewed when the indicators are set for the following year. The Prudential Indicators for 2007/08 to 2011/12 are detailed in Appendix 16 of the Medium Term Financial Plan 2009/10 -2011/12.

3.3 Capital Programme 2009 - 2012

The capital programme 2009 - 2012 was considered by Executive Board on 24 February 2009. Based upon current assumptions (as detailed in the report) the programme is estimated to total £485m, over the three year period. The estimated revenue implications for this programme have been included in the General Fund budget 2009/10 and the Medium Term Financial Plan.

3.4 Net Budget Requirement and the Council Tax for 2009/10

The revenue estimates for the various City Council portfolios for the year ending 31st March 2010 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 within the report entitled 'Medium Term Financial Plan 2009/10 – 2011/12', which was presented to Executive Board on 24 February 2009.

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 2009/10

	General Fund	Housing Revenue	Total
Gross Expenditure	£907,264,953	£95,548,170	£1,002,813,123
Gross Income	(£642,641,978)	(£95,548,170)	(£738,190,148)
Budget Requirement	£264,622,975	£0	£264,622,975

3.5 Members' Allowances Scheme 2009/10

A report elsewhere on the agenda deals with amendments to the members' allowances scheme. The budget takes account of the full year effect of these changes, and this report recommends the adoption of the scheme for 2009/10.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

4.1 None.

5 BACKGROUND

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

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

5.2 **R** is the amount of the City Council's budget requirement for 2009/10, calculated in accordance with section 32(2) (a) to (e) of the Act. The budget requirement represents the estimated net expenditure on the General Fund for 2009/10 after the use of reserves. The Executive Board at its meeting on 24 February 2009 determined the budget requirement to be **£264,622,975**.

P represents the aggregate of the following sums set out in Section 32(3) (a) to (c) of the Act:-

- Estimate of Formula Grant £167,404,634.
- It is estimated that there will be a deficit of (£250,000) on the 2008/09 Collection Fund.

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

	£
• Estimate of Formula Grant	167,404,634
• Estimated 2008/09 Collection	(250,000)
Fund Deficit	
	167,154,634

T is the amount calculated by the City Council as its council tax base for 2009/10. In January 2009 the City Council calculated the amount of 75,281 as its council tax base for the year 2009/10 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax base) Regulations 1992 made under Section 33 (5) of the Act.

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

$$\frac{(\pounds 264,622,975 - \pounds 167,154,634)}{75,281} = \pounds 1,294.73$$

for a Band D property in accordance with Section 33(1) of the Act.

5.3 Application of the formula specified in section 36 of the Act gives the following basic amount of council tax for each valuation band :

<u>Band</u>	<u>Factor</u>	<u>Basic amount of council tax</u>
a	6/9	£863.15
b	7/9	£1,007.01
c	8/9	£1,150.87
d	9/9	£1,294.73
e	11/9	£1,582.45
f	13/9	£1,870.17
g	15/9	£2,157.88
h	18/9	£2,589.46

5.4 It should be noted that, for the financial year 2009/10, 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
£101.88	£118.86	£135.84	£152.82	£186.78
f	g	h		
£220.74	£254.70	£305.64		

- 5.5 It should also be noted that, for the financial year 2009/10, 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
£45.15	£52.68	£60.20	£67.73	£82.78
f	g	h		
£97.83	£112.88	£135.46		

- 5.6 The City Council, as billing authority, is required under section 30(2) 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 basic amount of council taxes and the precepts of Nottinghamshire Police Authority and the Nottinghamshire and City of Nottingham Fire and Rescue Authority as shown above.

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

Band	City Council	Police Authority	Fire Authority	Aggregate Council Tax
a	£863.15	£101.88	£45.15	£1,010.18
b	£1,007.01	£118.86	£52.68	£1,178.55
c	£1,150.87	£135.84	£60.20	£1,346.91
d	£1,294.73	£152.82	£67.73	£1,515.28
e	£1,582.45	£186.78	£82.78	£1,852.01
f	£1,870.17	£220.74	£97.83	£2,188.74
g	£2,157.88	£254.70	£112.88	£2,525.46
h	£2,589.46	£305.64	£135.46	£3,030.56

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

6.1 These have been considered in the Medium Term Financial Plan 2009/10-2011/12 Report to Executive Board.

7 RISK MANAGEMENT ISSUES

7.1 These have been considered in the Medium Term Financial Plan 2009/10-2011/12 Report to Executive Board.

8 LIST OF BACKGROUND PAPERS

8.1 Budget Working Papers.

8.2 Background papers on pressures, investments, savings and balances.

9 PUBLISHED REPORTS REFERRED TO IN COMPILING THIS REPORT

9.1 Executive Board report and minutes from 24 February 2009.