

## **CITY COUNCIL - 8 MARCH 2010**

### **REPORT OF THE DEPUTY LEADER**

#### **BUDGET 2010/11**

##### **1. Summary**

- 1.1 This budget report sets out the proposals for 2010/11 in a layout governed by statute.
- 1.2 This 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.
- 1.3 The Medium Term Financial Plan (MTFP) 2010/11-2012/13 was considered by Executive Board on 24 February 2010.

##### **2. Recommendations**

It is recommended that:

###### **2.1 the following be approved:**

(1) the revenue budget for 2010/11, including:

- (a) the recommendations of the Chief Finance Officer (CFO) in respect of the robustness of the estimates made for the purpose of the budget calculations and the adequacy of reserves;
- (b) the delegation of authority to the Deputy Chief Executive/Corporate Director for Resources in consultation with the Deputy Leader to finalise the MTFP for publication;
- (c) the delegation of authority to the appropriate Directors to implement Strategic Choices proposals after undertaking the appropriate consultation;
- (d) the allocation of the Working Neighbourhoods Fund element of the ABG for 2010/11 and 2011/12 and that the

impact of the remaining elements of the ABG as reported to Executive Board on 16 February 2010

- (2) The capital programme for 2010/11 – 2012/13 including;
  - (a) delegated approval for future arrangements to manage the Greater Nottingham Transport Partnership initiative to the Corporate Director for Development in consultation with the Portfolio Holder for Transport and Area Working and the Deputy Chief Executive/Corporate Director for Resources
  - (b) Establishment of a capital allowance to avoid pooling of receipts generated from HRA land and building sales to be used to fund affordable housing and regeneration schemes.
- (3) a net budget requirement of **£272,716,640**, including the calculations required by Section 32 to 36 of the Local Government Finance Act 1992 (“the Act”), as set out below:
  - (a) **£993,077,276** 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) **£720,360,636** 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) **£272,716,640** being the amount by which the aggregate at **2.1(3)(a)** above exceeds the aggregate at **2.1(3)(b)** above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;
  - (d) **£172,345,328** 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.

- (4) a City Council Band D basic amount of council tax for 2010/11 of **£1,332.28** being the amount at **2.1(3)(c)** above less the amount at **2.1(3)(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);
- (5) the setting of the amounts of council tax for 2010/11 at the levels described in **section 5** of this report;
- (6) the making of the Members' Allowances Scheme for 2010/11 In the terms of the previously adopted scheme.

2.2 the following be noted:

- (1) a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2010/11 of **£69.69**.
- (2) a Nottinghamshire Police Authority precept at Band D for 2010/11 of **£160.11**.
- (3) in January 2010, the City Council calculated the amount of **75,338** as its council tax base for the year 2010/11 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.
- (4) the introduction of a council tax reduction of **£20** in 2010/11 to elderly residents, for one year only, who are not in receipt of Council Tax Benefit.

### 3. Reasons for Recommendations (including outcomes of consultation)

#### 3.1 General Approach

The consultation process was launched following the Executive Board meeting on 22 December 2009 and ran until 31 January 2010. The consultation included an online survey on the City Council's

website, a business sector event, a voluntary and community group event and partnership engagement through One Nottingham. In addition specific consultation has taken place through engagement with specific service users. Presentations and discussions on principles and approaches have also taken place at JCNCs and central panel. Overview & Scrutiny Committee have also considered budget issues on 3 occasions including their meeting on 14 January 2010 where they acknowledged that consultation on the budget process had began earlier than in previous years which was welcomed. However, they requested that in future years more detailed information be made available and that staff and the public were kept informed through the intranet. Appropriate action has been taken in relation to any representations made and feedback from that consultation process has been taken into account in finalising the proposals within this report.

Any workforce reduction proposals will be the subject of meaningful consultation, which entails jointly examining and discussing the proposals and issues of concern with trade unions and affected employees. Therefore any proposed posts to be deleted may be subject to change during the consultation period, which may impact on the location of the proposed budget savings, the proposed posts to be affected, the services, directorates and/or departments the cost reductions are met from and whether the savings are pay or non-pay.

### 3.2 HRA Tenant Consultation on 2010/11 Budget and Rents

A tenants' conference was held on 14 November 2009 and outline rent increase proposals were raised at this conference, Tenants' views were also sought on their priorities for services moving forward. A presentation has been made to each of the nine area housing panels, other working groups and the Tenants and Leaseholders Congress asking tenants and residents about their views on services and priorities for the future. Due to the late issue of the draft determination only two of the consultation events were able to use the actual information from the draft determination. Tenants were asked their views on a potential 4.24% or 2.7% rent increase. The presentation also contained an outline of the sources of income and expenditure available to the HRA and the way in which the HRA Subsidy system operated. A breakdown of how Nottingham City Homes spends its management fee was also presented to the meeting. The tenants identified the following areas as their priorities:

- the successful completion of the Decent Homes programme;
- providing a high quality repairs service with a focus on 'getting the job right first time';
- tackling community concerns such as anti social behaviour;
- more investment in tenant involvement;
- minimising the time properties are empty;
- support to vulnerable tenants.

It was recognised that setting the rents was ultimately the responsibility of the City Council and that in reaching a decision the views of tenant representatives would be taken into account.

### 3.3 Members' Allowances Scheme 2010/11

The budget takes account of the full year effect of changes. This report recommends the adoption of the scheme for 2010/11. A proposal to not apply inflation to Special Responsibility Allowances has been made, and it should be noted that, because the scheme cannot be amended without the prior involvement of the Independent Remuneration Panel, it assumes that the inflation entitlement will not be taken up.

### 4. Other options considered in making recommendations

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 2010/11, 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 2010/11 after the use of reserves. The Executive Board at its meeting on 24 February 2010 determined the budget requirement to be **£272,716,640**.

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

- Estimate of Formula Grant £172,595,328.
- It is estimated that there will be a deficit of (£250,000) on the 2009/10 Collection Fund.

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

	£
• Estimated of Formula Grant	172,595,328
• Estimated 2009/10 Collection Fund Deficit	(250,000)
	<u>172,345,328</u>

**T** is the amount calculated by the City Council as its council tax base for 2010/11. In January 2010 the City Council calculated the amount of 75,338 as its council tax base for the year 2010/11 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:

$$\frac{(\underline{\underline{£272,716,640}} - \underline{\underline{£172,345,328}})}{75,338} = \underline{\underline{£1,332.28}}$$

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 :

<b>Band</b>	<b>Factor</b>	<b>Basic amount of council tax</b>
<b>A</b>	6/9	£888.19
<b>B</b>	7/9	£1,036.22
<b>C</b>	8/9	£1,184.25
<b>D</b>	9/9	£1,332.28
<b>E</b>	11/9	£1,628.34
<b>F</b>	13/9	£1,924.40
<b>G</b>	15/9	£2,220.47
<b>H</b>	18/9	£2,664.56

5.4 It should be noted that, for the financial year 2010/11, 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:-

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£106.74	£124.53	£142.32	£160.11	£195.69	£231.27	£266.85	£320.22

- 5.5 It should also be noted that, for the financial year 2010/11, 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:-

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£46.46	£54.20	£61.95	£69.69	£85.18	£100.66	£116.15	£139.38

- 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:

<b>Band</b>	<b>City Council £</b>	<b>Police Authority £</b>	<b>Fire Authority £</b>	<b>Aggregate Council Tax £</b>
<b>A</b>	888.19	106.74	46.46	1,041.39
<b>B</b>	1,036.22	124.53	54.20	1,214.95
<b>C</b>	1,184.25	142.32	61.95	1,388.52
<b>D</b>	1,332.28	160.11	69.69	1,562.08
<b>E</b>	1,628.34	195.69	85.18	1,909.21
<b>F</b>	1,924.40	231.27	100.66	2,256.33
<b>G</b>	2,220.47	266.85	116.15	2,603.47
<b>H</b>	2,664.56	320.22	139.38	3,124.16

## 6. Financial Implications (including value for money)

6.1 These have been considered in the Medium Term Financial Plan 2010/11-2012/13 Report to Executive Board.

7. **Risk Management Issues**

7.1 These have been considered in the Medium Term Financial Plan 2010/11-2012/13 Report to Executive Board.

8. **List of Background Papers**

8.1 Budget Working Papers

8.2 Background papers on strategic choices

9. **Published Reports referred to in compiling this report**

9.1 Previously published documents are available on the dedicated intranet page.

**COUNCILLOR GRAHAM CHAPMAN  
DEPUTY LEADER OF THE COUNCIL**