

CITY COUNCIL - 5 MARCH 2012

REPORT OF THE DEPUTY LEADER

BUDGET 2012/13

1. Summary

- 1.1 This budget report sets out the proposals for 2012/13 in a layout governed by statute.
- 1.2 The Medium Term Financial Plan (MTFP) 2012/13 - 2014/15 was considered by Executive Board on 21 February 2012.
- 1.3 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 internet page. Specific attention is drawn to the report to the Executive Board on 21 February 2012 entitled 'Medium Term Financial Plan 2012/13 – 2014/15'.

2. Recommendations

It is recommended that:

- 2.1 the following be approved:
 - (1) the revenue budget for 2012/13, 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;

- (2) the capital programme for 2011/12 – 2014/15;
- (3) a council tax requirement of **£103,884,685**, including the calculations required by Sections 30 to 36 of the amended Local Government Finance Act 1992 (“the Act”), as set out below:
 - (a) **£932,432,497** being the aggregate of the expenditure, allowances, reserves and amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;
 - (b) **£828,547,812** being the aggregate of the income and amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;
 - (c) **£103,884,685** 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 31A(4) of the Act, as its council tax requirement for the year;
- (4) a City Council Band D basic amount of council tax for 2012/13 of **£1,377.58** being the amount at **2.1(3)(c)** divided by the amount at **2.2(3)** below, calculated by the Council, in accordance with Section 31B(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 2012/13 at the levels described in **section 5.6** of this report;
- (6) the making of the Members’ Allowances Scheme for 2012/13 in the terms of the previously adopted scheme, save for adjustments to mirror nationally determined rates for travel and subsistence (as applicable to officers) and for carers’ allowances.

2.2 the following be noted:

- (1) a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2012/13 of **£69.69**.

- (2) a Nottinghamshire Police Authority precept at Band D for 2012/13 of **£166.41**.
- (3) in January 2012, the City Council calculated the amount of **75,411** as its council tax base for the year 2012/13 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

3. Reasons for Recommendations (including outcomes of consultation)

3.1 General Approach

Consultation on the budget was conducted in two phases. Before the budget settlement was announced, pre-budget consultation was carried out with citizens and with the voluntary sector. An insert into the Arrow in Autumn 2011 included a survey, which was also available online. In addition, a series of local consultation events were held, attended by local councillors and, where possible, by an Executive Board councillor.

The draft budget was considered by Executive Board on 17 January 2012 and this was followed by further consultation. Due to the need to feedback to the 21 February Executive Board meeting, this consultation could not be run through the Arrow. Instead, citizens were invited to comment via the Council website. Additionally, further local events were arranged and Neighbourhood Management teams publicised these locally. Voluntary sector consultation has continued alongside this as well as consultation with Council colleagues and business.

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.

3.2 HRA Tenant Consultation on 2012/13 Budget and Rents

Presentations were made to a tenant and leaseholder consultation event held on 12 December 2011, at some of the nine area housing panels and other working groups. A major survey has been undertaken to obtain a more detailed perspective from tenants. Tenants were advised that the Government proposed an average 8.35% rent increase but the Council would make a decision in

February 2012. The discussion also covered an outline of the sources of income and expenditure available to the HRA and the implications of the new self financing model on the HRA. A breakdown of management fee related savings that Nottingham City Homes were required to make was discussed. The tenants were concerned about the impact of such a big rent increase at this time when other living costs were increasing. They were also concerned that cuts should not be made to priority services they identified as:

- the successful completion of the *Decent Homes* programme;
- providing a high quality repairs service with a focus on 'getting the job right first time';
- local jobs rather than low costs for works.

It was recognised that setting 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 2012/13

This report recommends the adoption of the Scheme for 2012/13 without changes, save for adjustments to mirror nationally determined rates for travel and subsistence (as applicable to officers) and for carers' allowances. A copy of the current Scheme can be viewed within the Council's Constitution at Part 7 or by using the following hyperlink to the document published online at:

<http://www.nottinghamcity.gov.uk/index.aspx?articleid=3744>

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") as amended by the Localism Act 2011. Section 31B(1) 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/T**

5.2 **R** is the amount calculated by the City Council as its council tax

requirement for 2012/13, calculated in accordance with section 31A(4) of the Act. The Executive Board at its meeting on 21 February 2012 determined the budget requirement to be **£103,884,685**.

T is the amount calculated by the City Council as its council tax base for 2012/13. In January 2012 the City Council calculated the amount of **75,411** as its council tax base for the year 2012/13 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax base) Regulations 1992.

Application of the formula **R/T** thus gives a basic amount of council tax of:

$$\frac{\mathbf{£103,884,685}}{\mathbf{75,411}} = \mathbf{£1,377.58}$$

for a Band D property in accordance with Section 31B(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 :

Band	Factor	Basic amount of council tax
A	6/9	£918.39
B	7/9	£1,071.45
C	8/9	£1,224.52
D	9/9	£1,377.58
E	11/9	£1,683.71
F	13/9	£1,989.84
G	15/9	£2,295.97
H	18/9	£2,755.16

- 5.4 It should be noted that, for the financial year 2012/13, 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	F	G	H
£110.94	£129.43	£147.92	£166.41	£203.39	£240.37	£277.35	£332.82

- 5.5 It should also be noted that, for the financial year 2012/13, 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	F	G	H
£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 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	918.39	110.94	46.46	1075.79
B	1,071.45	129.43	54.20	1255.08
C	1,224.52	147.92	61.95	1434.39
D	1,377.58	166.41	69.69	1613.68
E	1,683.71	203.39	85.18	1972.28
F	1,989.84	240.37	100.66	2330.87
G	2,295.97	277.35	116.15	2689.47
H	2,755.16	332.82	139.38	3227.36

6. Financial Implications (including value for money)

- 6.1 These have been considered in the Medium Term Financial Plan 2012/13 - 2014/15 report to Executive Board.

7. Risk Management Issues

- 7.1 These have been considered in the Medium Term Financial Plan 2012/13 - 2014/15 report to Executive Board.
- 7.2 The recommendations within this report fall within the City Council functions under the Local Government Finance Act 1992, the Local Government Act 1972 and other enabling legislation

8. Equality Impact Assessment (EIA)

- 8.1 An EIA has been carried out and is detailed in Appendix 1, which has been circulated separately.

9. List of Background Papers

- 9.1 Budget Working Papers
- 9.2 Background papers on strategic choices

10. Published Reports referred to in compiling this report

- 10.1 Previously published documents are available on the dedicated internet page.

**COUNCILLOR CHAPMAN
DEPUTY LEADER**