

Annex 2

Medium Term Financial Plan (MTFP)

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1 Introduction

- 1.1 The Medium Term Financial Plan (MTFP) has been constructed to align with the priorities as set out in the 'Together for Nottingham' plan and the Transformation Programme to support the Council in setting out new ways of working to take it forward and achieve longer term financial sustainability.
- 1.2 The Council is committed to making the changes needed to secure long term financial stability whilst maintaining services to residents by the prudent management of the Council's finances and the strengthening of financial resilience through enhanced budgetary controls, a freeze on new borrowing, reducing the debt levels and the effective management of reserves.
- 1.3 The MTFP has been developed in the context of the challenges posed by Covid-19 and recent challenges resulting from the costs of exiting Robin Hood Energy (RHE) and the repayment to the Housing Revenue Account (HRA) both of which have and will be funded from a use of reserves.

2 Constructing the Medium Term Financial Plan (MTFP)

- 2.1 The MTFP budget is based on the need to find deliverable cost reductions and the strategy for the MTFP has been a hybrid approach of business as usual Portfolio savings for the short term and the Transformation Programme to deliver significant ongoing sustainable savings in the longer term. This recognises the longer term nature and investment required to achieve long term savings.
- 2.2 **The MTFP has been constructed on a medium case basis and therefore an important part of the strategy is to ensure that, by reducing some of the base corporate budgets, the Council has adequate financial resilience in its reserves to be able to manage and mitigate any risks that materialise over the period of the MTFP that can't be accommodated within existing base Portfolio budgets.**
- 2.3 This 4 year MTFP presents a balanced budget for years one and two and is in line with the Council's expectations that a two year balanced position be achieved. Budget gaps in years 3 and 4 are balanced with the introduction of Wave 3 of transformation savings from 2024/25 in line with the objective of setting an indicative budget in years 3 and 4. The transformation programme is a key part of the Council's strategy to change service delivery models and deliver long term financial sustainability.
- 2.4 The revenue budget and the capital programme are intrinsically linked and the ongoing revenue impact, together with the requirement to reduce overall levels of debt, has been a key consideration when constructing the budget. The aim is to have a sustainable level of revenue and capital programme that is affordable, supports the delivery of the Council's priorities, meets the statutory requirements and demonstrates value for money. The impact of this strategy and success in delivering against the voluntary debt reduction policy are positively impacting on the general fund and savings within Treasury Management are included within the MTFP reflecting the reduced cost of servicing debt.
- 2.5 The MTFP assumes funding of the Transformation Programme and associated redundancy costs through the flexible use of capital receipts; this strategy has been adopted to ensure financial resilience of reserves and to release an element of the corporate budgets annually that previously were used to cover Redundancy costs.
- 2.6 The Council, in December 2020, applied to MHCLG to treat **£35m** of revenue costs as capital. The then Secretary of State approved total capitalisation of **£20m** in 2020/21 and for 2021/22 was 'minded to' support a further Capitalisation Direction but this would be subject to an assessment in Qtr3 2021/22, in conjunction with the Improvement Board. The Leadership has elected not to request the further **£15m** capitalisation request for

2021/22 and is therefore not included within the Qtr3 forecast outturn position or MTFP assumptions.

3 Funding Overview

3.1 The Local Government Finance Settlement confirmed funding for 2022/23 only and therefore significant uncertainty remains with regard to the Council’s resources for 2023/24 and beyond. A detailed Government consultation on their proposed ‘Fair Funding’ review is expected in Spring 2022 with an implementation proposed for 2023/24.

Settlement Funding

3.2 In the final Local Government Financial Settlement published on 7 February 2022 the Government outlined 2022/23 grant funding. This settlement announcement, alongside the latest business rates projections, reflects a net increase of **£13.8m** in funding above that previously assumed in the November 2021 MTFP report to Executive Board.

Settlement Funding is the amount of funding assumed by the Department for Levelling Up, Housing and Communities (DLUHC) to be available to an authority through the estimated business rates share and general grant funding.

Table 1 summarises the total amount of funding assumed by DLUHC to be available to the council through an estimated business rates share and general grant funding (including previous specific grants which have been rolled into it).

Table 1 : Final Funding Settlement 2022/23	
Main Element of Settlement	Final Settlement 2022/23 £m
Revenue Support Grant	26.685
Business Rates Baseline (<i>DLUHC estimate</i>)	67.995
Business Rates Top-up	28.584
TOTAL	123.264

3.3 The Government has assumed a level of business rates for Nottingham based on the 2017 business rates revaluation. The baseline figure included in **Table 1** is **£11.4m** higher than the forecast of retained business rates income as reported to DLUHC in the NNDR1 return and included in the budget. This is mostly due to the impact of one-off business rates reliefs in 2022/23.

In the absence of any Government exemplifications of the likely impact of their proposed ‘Fair Funding’ reforms the future settlement funding, included in the MTFP from 2023/24 onwards, is assumed to remain flat with the 2022/23 Services grant in **Table 2** rolled into the settlement funding assessment.

The shape and level of future funding remains unknown and is highly dependent upon the outcomes of the ‘Fair Funding’ review.

3.4 Core Spending Power

Core Spending Power is the Government calculation used to illustrate the overall impact of local authority funding. This includes the Settlement funding, their assessment of Council Tax income and various specific grants. This measure attempts to assess the total resources over which the Council can exercise discretion on how it can spend its funding.

The Government has published that in their assessment Nottingham's overall annual increase in core spending power will be **7.7%** or **£156** per dwelling in 2022/23 as set out in **Table 2**.

Table 2: Core Spending Power		
Elements of DLUHC Core Spending Power	DLUHC estimates	
	Revised 2021/22 £m	Final 2022/23 £m
Settlement Funding Assessment	122.466	123.264
Compensation for lower BR multiplier (<i>DLUHC estimate</i>)	5.032	9.871
Council Tax requirement (<i>DLUHC estimate</i>)	126.056	131.361
Improved Better Care Fund	16.115	16.603
New Homes Bonus Grant	4.013	2.546
Social Care Support Grant	12.840	17.328
Market Sustainability & Fair Cost of Care Fund		1.046
Lower Tier Services Grant	0.683	0.734
2022/23 Services Grant		6.658
Total	287.205	309.411
Increase		22.206
Increase by dwelling		£156
Annual % change		7.73%

3.5 Retained Business Rates

With the localisation of Business Rates it is necessary for each authority to estimate the amount of business rates to be collected in 2022/23. The locally retained element of business rates is **50%**, of which the council retains **49%** and **1%** is received by Nottinghamshire and City of Nottingham Fire and Rescue Authority. The monitoring and estimating of Business Rates is a local responsibility and the financial risk due to the volatility within Business Rates (including outstanding appeals) has an impact on the Council's overall funding.

Business Rates are based on the 2017 valuation list and the rateable value of businesses in Nottingham will be **£355m** (NNDR1 January 2022). There are currently numerous rating appeals lodged with the Government's Valuation Office in respect of rateable values. Not all of these will be successful either in full or part. The cost of any successful appeals will be met from the monies received, and hence will impact the Council's overall funding. The Council holds an earmarked reserve to provide a degree of protection against such appeals which could otherwise cause in-year budget management issues.

3.6 Top-up

Under the retained Business Rates system any authority, whose Business Rates income is less than their initial baseline funding level, as is the case for Nottingham, will receive the balance as a 'top-up' grant. The City Council will receive **£28.6m** for 2022/23. Other authorities, whose Business Rates income is greater than their initial baseline funding level, pay a tariff. It is the combination of 'tariffs' and 'top-ups' that balances the system nationally.

3.7 Revenue Support Grant (RSG)

Most authorities currently continue to receive RSG from the Government in addition to their retained business rates. The City Council will receive **£26.7m** in 2022/23 representing an inflationary increase of **3%** or **£0.8m**.

3.8 Improved Better Care Fund

This grant was initially awarded in 2017/18 with the purpose driving health and social care integration and contributing towards the increased pressure of Adult Social Care needs aiming to reduce pressures in Health and ensure the Social Care market is provided for. The allocation for 2022/23 is **£16.6m** which is an increase of **£0.5m** from 2021/22.

3.9 New Homes Bonus (NHB)

The NHB rewards local authorities for increasing the number of new, occupied and affordable homes. The allocation is **£2.5m** for 2022/23.

It is assumed in the MTFP that this will be the final set of allocations under the current approach consequently no NHB grant or legacy payments has been assumed for 2023/24+.

3.10 Social Care Grant

This grant, which covers both children's and adult's social care, was initially awarded in 2020/21 to upper tier authorities with social care responsibilities. The allocation methodology uses a combination of the Adults Relative Needs Formula (RNF) and an assessment of each Council's ability to raise funds via the social care precept. Once received, authorities have flexibility to apportion this grant between its children's and adult's social care social according to local need.

The announced grant for 2022/23 of **£17.3m** and reflects a **£4.5m** increase. Within the draft budget it has been allocated **£12.5m** to partially fund the significantly increased children in care pressures, with the remaining **£4.8m** allocated to adult social care to help fund national living wage and other cost pressures.

3.11 Market Sustainability & Fair Cost of Care Fund

This grant is new for 2022/23 and is for local authorities to move towards paying providers a fair rate for care and to enable local authorities to begin preparing local markets for reform. The allocation for Nottingham in 2022/23 is **£1.0m**.

3.12 Lower Tier Services Grant

This grant included in the 2022/23 core spending power is to ensure lower tier authorities have a minimum funding floor and the City Council funding in 2022/23 is **£0.7m**.

3.13 2022/23 Services Grant

This **£6.7m** one-off Service Grant for 2022/23 is for all tiers of local government in recognition of the vital services delivered and the cost pressures being faced. The MTFP assumes that this level of funding will continue in 2023/24 onwards and be subsumed within the overall settlement funding.

Significant Specific Grants outside the Settlement

3.14 A number of other grants are received outside of the key settlement figures. The basis of distribution varies from grant to grant. This budget has again been constructed on the established basis that if specific grant funding reduces then the associated expenditure and activity will reduce accordingly.

3.15 Better Care Fund

It has been assumed that for 2022/23 this grant will remain at 2021/22 values. The confirmed allocation for 2021/22 is **£15.8m**.

3.16 Disabled Facilities Grant

This grant allocation is still to be confirmed for 2022/23 however it has been assumed that the allocation for 2021/22 will continue at **£2.8m**. This grant contributes to the cost of improvements to citizens' homes to enable them to continue to live there. This forms part of the Better Care Fund and a section 75 agreement with health partners.

3.17 Social Care in Prisons Grant

This grant allocation is still to be confirmed for 2022/23 however in 2021/22 it was **£0.2m**, recognising changes introduced as part of the Care Act that established that the local authority will be responsible for assessing and meeting the care and support needs of an offender residing in a prison, approved premises or bail accommodation.

3.18 Local Reform & Community Voices Grant

This grant allocation is still to be confirmed for 2022/23 however the 2021/22 allocation of **£0.2m** has been assumed, comprised of the following elements:

- Funding for Deprivation of Liberty Safeguards in Hospitals;
- Funding for Independent NHS Complaints Advocacy Services and
- Local Healthwatch Funding (Local Authorities have a duty to ensure that an effective local Healthwatch is operating in their area, delivering the activities set out in the legislation).

3.19 Public Health

The 2021/22 grant for Nottingham was **£34.5m**, the 2022/23 grant has been confirmed as **£35.5m**.

3.20 Local Council Tax Support & Housing Benefit Administration Subsidy Grant

The MTFP assumes the Council will receive administration subsidy grants of **£1.8m** in 2022/23 to fund the Council's statutory duty to administer and process Housing Benefit and directly related enquiries.

4 MTFP

4.1 This section provides an update to the MTFP report presented to November 2021 Executive Board to reflect latest assumptions, Government announcements and the final financial settlement.

The November Executive Board MTFP report was prior to the announcement of the financial settlement and included an outstanding 2022/23 budget gap of **£15.7m** rising to **£24.2m** in 2025/26 and excluded any savings from the Transformation Programme.

Public consultation commenced on the 16 November 2021 and closed on 10 February 2022. The updated MTFP reflects the final financial settlement and updates following Public consultation and revised savings as a result.

4.2 Budget Overview and Headlines

The MTFP has been constructed in accordance with all relevant corporate financial protocols, policy-led, risk assessed and reflecting current Council Plan priorities. The key headlines from the 2022/23 budget are:

- 2022/23 net General Fund revenue budget of **£227.6m** after allowing for a Collection Fund deficit of **£16.3m** as set out in paragraph 4.14;

- Council Tax requirement of **£132.1m**, basic Council Tax increase of **1.99%** and an additional **1.00%** increase for the Adult Social Care precept;
- total new 2022/23 savings of **£14.9m** of which:
 - BAU savings of **£13.5m**;
 - Transformation Programme savings of **£1.5m**;
- Wave 3 business cases are being developed and will generate future savings this will ensure the MTFP is balanced in 2024/25 and 2025/26
- additional pressures of **£17.1m** in 2022/23 – predominately driven by Children and Adults;
- at the time of writing this report the 2021/22 pay award is yet to be finalised and assumes **2.75%** for the lowest payband and **1.75%** for all other paybands in line with the latest pay offer. 2022/23 assumes a **2.0%** pay award. Any variation to these assumptions will need to be managed in year as part of budget monitoring.

4.3 General Fund Revenue Budget

Table 3 summarises the changes required to update the 2021/22 base budget to refresh the starting point for the 2022/23 budget.

Table 3 : Budget Refresh					
Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Table(s)
Pressures	17.127	22.019	31.438	40.773	4
Pay inflation	6.770	10.770	14.770	18.770	5
Corporate / Technical Adjustments	(21.456)	10.403	7.500	4.639	6
Previously Agreed Savings	(3.597)	(2.941)	(3.012)	(3.065)	7
Total	(1.156)	40.251	50.697	61.117	

Budget assumptions are refreshed on an ongoing basis to reflect the Council's latest understanding in relation to inflation, corporate adjustments, previous budget proposals and emerging pressures/overspend risks.

4.4 Pressures

Table 4 below provides a summary of pressures by Portfolio and is presented showing the cumulative impact on the MTFP. Pressures continue to be a significant driver in increasing the budget gap and the majority of pressures are driven by Adults & Health and Children & Young People. There are reductions in some pressures mainly within Leisure, Culture & Schools and Highways, Transport & Cleansing Services and this is largely driven by assumed reduced long term scarring costs of Covid than was previously assumed.

Table 4 : Pressures by Portfolio and Type				
Portfolio	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Adults & Health	7.164	14.076	20.842	26.231
Children & Young People	7.257	10.960	15.045	19.435
Energy, Environment & Waste Services	0.911	0.769	1.003	1.237
Finance & Resources	0.004	(0.732)	(0.732)	(0.732)
Highways, Transport & Cleansing Services	(0.380)	(1.055)	(2.252)	(2.518)
Housing, Planning & Heritage	0.030	0.176	0.176	0.176
Leisure, Culture & Schools	(1.585)	(4.191)	(4.601)	(5.014)
Neighbourhoods, Safety & Inclusion	(0.208)	(0.486)	(0.545)	(0.545)
Skills, Growth & Economic Development	0.400	0.148	0.148	0.148
Strategic Regeneration & Communications	1.435	0.662	0.662	0.662
Corporate/Companies	2.099	1.693	1.693	1.693
Movement in pressures	17.127	22.019	31.438	40.773

Type				
COVID related	(6.703)	(10.960)	(12.752)	(13.435)
'Business As Usual'	22.313	31.868	43.079	53.097
Corporate / Companies	1.517	1.111	1.111	1.111
Movement in pressures	17.127	22.019	31.438	40.773

4.5 Companies

The Council has a range of companies in its ownership and some owned jointly with others that have developed over time. Many of these companies have experienced trading difficulties mainly arising from the ongoing economic impact of Covid-19 on business models. The MTFP assumes no company returns within the base budgets. Any returns received in-year by companies will be transferred to reserves to support financial resilience, this strategy is to ensure that base budgets reflect core Council activity.

The Together for Nottingham plan which is the Recovery and Improvement Plan Refresh 2022 continues to include a theme dedicated to the Council's companies. This theme seeks to reach a clear determination on the future and direction of each Council company within a coherent and effectively managed commercial strategy. It will do this by addressing the following key objectives:

- Provide greater visibility of company performance and risk profile of the wider City Council group.
- To reduce overall complexity and simplify the management and oversight of all core Council activities by reducing the number or alternative delivery vehicles.
- To strip out duplication of overhead and management costs by bringing core functions in house where there is no imperative to maintain externalised delivery vehicles.
- To identify opportunities to generate capital receipts to the Capital Programme through divestment of interests in profitable activities that are outside the City Council's core competence
- To establish robust shareholder controls and assurance mechanisms for those companies Nottingham City Council maintains.

The Together for Nottingham Plan sets out a work programme that provides an update on progress to date and milestones for what is to be achieved in 2022/23.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has been engaged by the Council to undertake data-based review and diagnostic work on council-owned companies and those in which we have a substantial interest. The initial review by CIPFA will be presented to private session of the Audit Committee for recommendations.

4.6 Pay Inflation

Nottingham City Council is part of the national pay bargaining framework and is bound by national agreements. At the time of writing the report the national pay offer for 2021/22 has yet to be agreed. The draft MTFP assumes pay awards of **2.0%** pa for each year of the MTFP. When the 2021/22 budget was set, a pay freeze (with the exception of a £250 increase for salaries less than £24,000) was expected and therefore no budget provision below this exception was included. Since then, the Government has consulted the Trade Unions on a pay award and although this has not yet been agreed, for the purposes of the MTFP, a pay award of **2.75%** at the lowest point and **1.75%** on all other points has been assumed. Any variation to these assumptions will need to be managed accordingly.

For non-pay costs, the budget assumes no general inflation. Specific contractual inflation is reflected in the identified pressures as appropriate. There remain some risks, particularly in relation to energy process, where there is a significant amount of market and price volatility, and care costs that are likely to be impacted by the increase in the National Living Wage. **Table 5** below details the inflation assumptions included within the MTFP.

Table 5: Pay Inflation				
Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Detailed pay model	2.109	2.109	2.109	2.109
Remove identified vacancies	(0.345)	(0.345)	(0.345)	(0.345)
Potential impact of pay awards	7.300	11.300	15.300	19.300
Sub-total	9.063	13.063	17.063	21.063
Existing resources held in corporate item	(2.293)	(2.293)	(2.293)	(2.293)
Total	6.770	10.770	14.770	18.770

Pay inflation budgets will be held corporately until final agreements have been made at which point updated budgets will be allocated to departmental budgets, this is done to aid in year budget monitoring.

4.7 Corporate/Technical Adjustments

Table 6 summarises the corporate adjustments that include anticipated movements in the financing of the capital programme and debt portfolio, movements in reserves, net impact of changes in specific grants and various other changes. Provision has also previously been made in the base budget for the revenue implications of investment schemes within the capital programme.

Table 6 : Corporate/Technical Adjustments				
Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<u>Movement in Earmarked Reserves</u>				
Collection Fund - NNDR1 income/deficits	(16.933)	(1.377)	(1.892)	(1.892)
Capital, Treasury Management, Tram PFI, IT development - past MTFP decisions	2.939	5.060	6.244	6.296
<u>Movement in Specific Grants</u>				
Fall out of one-off COVID funding	17.363	17.363	17.363	17.363
Update of New Homes Bonus	1.467	4.013	4.013	4.013
s31 grants for business rates	(13.935)	(9.556)	(12.938)	(15.945)
New 22/23 Services Grant	(6.658)	0.000	0.000	0.000
Increase in other grants (incl. IBCF/Social Care)	(5.027)	(5.027)	(5.027)	(5.027)
<u>Movement in Corporate Items</u>				
Treasury Management / NET Tram	(0.060)	0.578	0.616	0.656
NCH (remove previously assumed contribution)	2.164	2.164	2.164	2.164
Companies (remove previously assumed income)	0.578	0.540	0.611	0.664
Service Realignment (remove existing contribution)	(1.500)	(1.500)	(1.500)	(1.500)
Pay protection (remove existing corporate item)	(1.742)	(1.742)	(1.742)	(1.742)
Improvement Board costs	0.000	0.000	(0.300)	(0.300)
Other amendments	(0.112)	(0.112)	(0.112)	(0.112)
Total	(21.456)	10.403	7.500	4.639

4.8 General / Un-earmarked Reserves

The proposed level of general reserves for 2022/23 is **£13.6m**, this represents a **£1.0m** increase on the 2021/22 level and the draft budget assumes a further **£1.0m** p.a. for each year of the MTFP. The level of general reserves is in recognition of the prevailing risks and reductions in the overall Corporate budgets which will reduce the Council's in-year budget flexibility. This will result in an increased reliance on resilience and general fund unearmarked reserves to manage any risks which materialise. Further information is included within **Annex 5** of this report – Robustness of the Budget and Adequacy of reserves.

4.9 Previously Agreed Savings

Table 7 summarises the continuing impact on the 2022/23 budget of savings decisions made in previous budget rounds that are already factored into the MTFP:

Table 7 : Previously agreed savings				
Lead Portfolio	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Adults & Health	0.337	0.337	0.337	0.337
Children & Young People	(0.762)	(0.782)	(0.782)	(0.782)
Energy, Environment & Waste Services	(0.155)	(0.155)	(0.155)	(0.155)
Finance & Resources	(1.028)	(1.028)	(1.028)	(1.028)
Highways, Transport & Cleansing Services	(0.347)	(0.107)	(0.107)	(0.107)
Housing, Planning & Heritage	0.045	0.045	0.045	0.045
Leisure, Culture & Schools	(1.070)	(1.102)	(1.102)	(1.102)
Neighbourhoods, Safety & Inclusion	(0.363)	(0.363)	(0.363)	(0.363)
Skills, Growth & Economic Development	0.234	0.259	0.259	0.259
Strategic Regeneration & Communications	(0.519)	(0.519)	(0.519)	(0.519)
Corporate	0.031	0.475	0.404	0.351
Total	(3.597)	(2.941)	(3.012)	(3.065)

4.10 BAU Portfolio Savings

The strategy for this current MTFP has been a hybrid approach that delivers business as usual (BAU) savings as well as transformation savings.

The November 2021 Executive Board included BAU savings proposals of **£12.2m** in 2022/23 rising to **£13.8m** in 2025/26. Following Public Consultation the Executive is recommending the following changes to the savings proposals included within the November MTFP report:

- withdrawn the saving proposal to charge for toilets at Greyhound Street
- Reduce the Play and Youth Services (excluding buildings) saving by retaining more staff in the team
- Reduce the Children's Centre saving and retain four centres

This updated MTFP includes BAU Portfolio savings of **£13.5m** in 2022/23 rising to **£15.6m** in 2025/26, this increase is largely due to increased Treasury Management savings. The increase in value since the November 2021 Executive Board report is largely due to increased Treasury Management savings. Redundancy costs are to be funded from the flexible use of capital receipts and therefore over the next four years the annual base budget assumption has been removed.

Table 8 below summarises the total value of BAU savings by Portfolio. Details of the savings are shown within **Appendix 1a-k**.

Table 8 : BAU Portfolio Savings				
Lead Portfolio	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Adults & Health	(2.428)	(2.875)	(3.947)	(4.180)
Children & Young People	(1.790)	(2.485)	(2.485)	(2.485)
Energy, Environment & Waste Services	(0.328)	(0.080)	(0.080)	(0.080)
Finance & Resources	(0.637)	(0.660)	(0.760)	(0.760)
Highways, Transport & Cleansing Services	(0.647)	(0.525)	(0.525)	(0.525)
Housing, Planning & Heritage	(0.022)	(0.022)	(0.022)	(0.022)
Leisure, Culture & Schools	(0.529)	(0.060)	(0.060)	(0.060)
Neighbourhoods, Safety & Inclusion	(0.983)	(0.940)	(0.940)	(0.940)
Skills, Growth & Economic Development	(0.879)	(0.229)	(0.279)	(0.329)
Strategic Regeneration & Communications	(0.613)	(0.200)	(0.200)	(0.200)
Corporate	(4.619)	(6.520)	(5.461)	(6.061)
Total	(13.473)	(14.595)	(14.759)	(15.641)

4.11 Transformation Programme Savings

Annex 9 of this report details the progress on the Transformation Programme which a fundamental element of the Council's improvement journey. The MTFP assumes savings from business cases brought forward in Waves 1 and 2, the transformation theme included are:

a) Customer

The redesign of the council's customer contact delivery model delivered over a period of three years, with implementation activity focussed in the first two years. It will focus on optimising the channels and touchpoints ("front door") that customers use to interact with the council.

b) Business Support

Develop opportunities to simplify, standardise and streamline the way in which the council delivers business support activities, thereby reducing the effort spent on business support whilst improving how effectively it is delivered.

c) Procurement

Identify and implement opportunities that will enable NCC to reduce and better manage the spend with third parties;

Develop and implement an operating model for a strategic commercial, commissioning, procurement and contract management function that will play an important role in driving the organisation going forward.

d) Adults

Adults Health and Social Care are embarking on a transformation to address challenges of increasing demand, workforce retention and financial pressures.

To address this a programme of change has been developed to improve service quality, provide better outcomes for citizens and deliver financial savings for the council. The programme is designed to work towards delivering the outcomes from the Social Care Futures enquiry: "We all want to live in the place we call home with the people and things that we love, in communities where we look out for one another, doing things that matter to us".

e) Children's Social Care

The Transformation programme is focused across all of Children's Social Care, from Early Help, through Child in Need and Child Protection plans and all the way through to Children in Care. Fundamentally the programme is designed to improve the outcomes of Nottingham's young people and families.

Table 9 below details the Transformation Programme savings included within the MTFP from the Wave 1 and 2.

Lead Portfolio	Transformation theme	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Adults & Health	Adults	(0.226)	(0.513)	(1.044)	(1.701)
Children & Young People	Children's	(0.539)	(3.557)	(5.222)	(7.231)
Energy, Environment & Waste Services	Customer	(0.329)	(1.648)	(2.605)	(2.605)
Finance & Resources	Business Support	(0.340)	(0.680)	(1.370)	(1.370)
Finance & Resources	Procurement	(0.031)	(0.493)	(0.807)	(1.121)
Total		(1.465)	(6.891)	(11.048)	(14.028)

The Transformation Programme is expected to deliver further savings from future Waves of business cases. Funding of transformation costs up to £15m are met from the flexible use of capital receipts.

4.12 Budget Requirement

Table 10 shows the proposed draft net budget requirement for 2022/23 and the current budget projections from 2023/24 to 2025/26.

Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Table
2021/22 Budget Requirement	243.744	243.744	243.744	243.744	
Budget Refresh	(1.156)	40.251	50.697	61.117	3
Sub-total	242.588	283.995	294.441	304.861	
Portfolio Savings	(13.473)	(14.595)	(14.759)	(15.641)	8
Transformation Savings	(1.465)	(6.891)	(11.048)	(14.028)	9
Wave 3 transformation savings	0.000	0.000	(0.589)	(4.144)	
Net Budget	227.649	262.509	268.045	271.048	

4.13 Funding

Retained Business Rate income carries significant risks for the Council. The assumed share of the business rate income is **£56.6m** in 2022/23, which is **£11.4m** below our Business Rate Baseline as determined by the Government for the purpose of the settlement.

Under the retention scheme, there are both potential risks and rewards in calculating our share of the yield. The major risks and concerns are; the level of successful rating appeals that may be made in the year, the unknown level of bankruptcies and businesses going into administration, the number of empty properties, the number of new properties and the collection rate achievable. The Council is required to make an estimate of the impact of all these, based on limited trend information. The NNDR1 return submitted to DLUHC in

February 2022 estimated the net rates as **£122m** after all reliefs, with **£3m** assumed for bad debts (2%) and **£4m** for appeals (3%) leaving total collectible rates for 2022/23 as **£115m**.

The Council in 2022/23 expects to receive **£22.8m** section 31 grant which compensates councils for the loss of income, suffered as a result of previously announced changes to the business rates multiplier and various reliefs including Covid related reliefs. The impact of these grants has been included within the budget refresh figures and details are shown in **Table 11** below.

Budget Item	2022/23 £m
Multiplier cap	(5.735)
Small business rates relief	(4.083)
Local newspaper	(0.001)
Retail, hospitality & leisure relief	(9.732)
Transitional relief & supporting small business scheme	(0.270)
NNDR1 return	(19.821)
Under-indexing of Top-up Grant	(2.921)
Total	(22.743)

Under the current scheme 100% of any business rates uplift in both the Enterprise Zone and the Creative Quarter can be retained and ring-fenced for these areas. No retained uplift for either the Enterprise Zone or the Creative Quarter is expected in 2022/23.

Table 12 sets out the overall funding assumed within the budget.

Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Retained Business Rates	(56.572)	(65.637)	(65.637)	(65.637)
Top Up Grant	(28.584)	(28.584)	(28.584)	(28.584)
Revenue Support Grant	(26.685)	(26.685)	(26.685)	(26.685)
Notional Settlement		(6.658)	(6.658)	(6.658)
Net Position	(111.841)	(127.564)	(127.564)	(127.564)

4.14 Collection Funds

The collection funds are held separately from the General Fund and account for income collected from council tax and business rates. An annual review is undertaken to assess the estimated level of collection, the likely balance of the funds and to advise the precepting authorities (Fire and Police) of their share of any surplus/deficit. This enables them to take this into account in their own budget calculations.

It is currently estimated that there will be a surplus on the council tax collection fund of **£2.0m** with the City Council share of this being **£1.7m**.

It is estimated that there will be a deficit on the business rates collection fund of **£36.6m** with the City Council share of this being **£18.0m**. Much of this deficit has been caused by the Government's introduction of expanded retail reliefs to businesses in response to Covid-19 and will be largely covered through a use of reserves, funded from additional Section 31 grants received in 2021/22.

Table 13 below shows the Council's Collection Fund Deficit.

Table 13 : Collection Fund Deficit				
Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
In-year	(2.135)			
Prior year	0.434	0.779		
Council Tax Surplus/Deficit	(1.701)	0.779	0.000	0.000
In-year	15.052			
Prior year	2.902	0.483		
Business Rates Deficit	17.955	0.483	0.000	0.000
Net Position	16.254	1.262	0.000	0.000

4.15 Council Tax Requirement

Table 14 shows the implications for the proposed level of council tax needing to be levied.

If the final budget is in line with the total figures outlined in this report, the proposed total council tax levied for 2022/23 will be **£132.1m**, equating to a Band D of **£1,955.32** and a Band A of **£1,303.55**. This represents a general increase of **1.99%** and an adult social care precept of **1.00%**.

The draft statutory Band D Council Tax calculation that will form the basis of the March City Council budget report is detailed at **Appendix 2**. Precepts and detailed statutory calculations are still to be finalised.

Table 14 : Amount to be raised by Council Tax in 2022/23	
Budget Item	2022/23 £m
Net Budget Requirement	227.649
Funding	(111.841)
Collection Fund Deficit	16.254
Council Tax Requirement	132.062

5 Budget summary & MTFO assumptions

5.1 In examining proposals for the 2022/23 budget, the Council considers both the immediate situation and the longer term outlook and assesses the impact of decisions accordingly.

Current budgets for 2022/23 through to 2025/26 assumes:

- Council tax increases of **2.99%** in 2022/23 (**1.99%** general increase and **1.00%** adult Social care precept). 2023/24-2024/25 assumes an increase of **2.99%** per annum comprising the same mix of funding as 2022/23. The assumed Council Tax increase for 2025/26 is **1.99%**.
- 2022/23 council tax base of **67,540** as per January 2022 Executive Board report with assumed future underlying growth of **100** pa Band D equivalents.
- Confirmed settlement funding for 2022/23 only with a working assumption of flat future funding.
- Future increases in Retained Business Rates and associated section 31 grants reflect only CPI inflation projections with working assumption of nil underlying growth.

- 2021/22 pay award is yet to be finalised and assumes **2.75%** for the lowest band and **1.75%** for all other grades in line with the latest pay offer. 2022/23+ assumes a **2.0% pa** pay award.
- Assumed no NHB grant or legacy payments for 2023/24+ to support budget
- Assumed that all other specific grants, will continue at their current level for all future years.

All these budget assumptions will be subject to on-going review in light of changing circumstances.

- 5.2 **Table 15** includes the impact of the 2022/23 budget savings contained elsewhere in this report. The first two years of the MTFP for 2022/23 and 2023/24 are balanced through a combination of BAU and Transformation Savings. The introduction of Wave 3 transformation savings from 2024/25 will ensure the budget is balanced in the remaining two years of the MTFP. Details of the BAU Portfolio savings are detailed within **Appendix 1a-k** and **Annex 8** for the Transformation Savings (excluding Wave 3).

Table 15 : Budget Summary & Medium Term Financial Outlook				
Budget Item	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
2021/22 Net Budget Requirement	243.744	243.744	243.744	243.744
Updated Budget Assumptions	(1.156)	40.251	50.697	61.117
Sub-Total	242.588	283.995	294.441	304.861
2022/23 Proposals	(13.473)	(14.595)	(14.759)	(15.641)
Transformation savings	(1.465)	(6.891)	(11.048)	(14.028)
Wave 3 transformation savings	0.000	0.000	(0.589)	(4.144)
Assumed Net Budget	227.649	262.509	268.045	271.048
Retained Business Rates, Top-up & RSG	(111.841)	(127.564)	(127.564)	(127.564)
Council Tax	(132.062)	(136.208)	(140.482)	(143.484)
Collection Fund Deficit	16.254	1.262	0.000	0.000
Assumed Funding	(227.649)	(262.509)	(268.045)	(271.048)
Balanced MTFP	0.000	0.000	0.000	0.000

6 Financial Stability & the Management of Risk

- 6.1 The Council's strategy is to have financial stability and ensure that our financial pressures are known, understood and well managed. The Chief Finance Officer (CFO) advises on this using best practice and professional experience.
- 6.2 Under sections 25-27 of the Local Government Act 2003 (part II), the CFO is required to formally report to councillors on the robustness of the budget estimates and the adequacy of the City Council's financial reserves.
- 6.3 A corporate financial risk assessment has been undertaken to determine key risks and their impact on the budget. This ensures that adequate overall corporate budgetary provision is available to cover for unforeseen future events. This approach is embedded within the budget process and is used to inform the level of reserves required. Details appear in **Annex 5**.

The General Fund opening balance for 2022/23 is forecast to be **£13.6m** and has been informed by the risk assessment, financial climate and comparison to other Core Cities.

Earmarked Reserves

In addition to the general fund, the Council held balances of **£157.1m** in earmarked reserves at 31 March 2021 which includes schools reserve balances of **£18.3m**. Earmarked reserves are set aside to provide for specific future expenditure plans. A summary of the earmarked reserves position is set out in **Table 16** below.

Earmarked reserves, by their very nature, are set aside for specific purpose and it should be noted that the Council's earmarked reserves include a number of reserves with specific grant conditions attached to them which ensures that they can only be used for specific expenditure.

The Contingency and Risk reserve as at the 31 March 2021 included **£30.8m** Business Rate Relief Grant from Central Government in response to the Covid pandemic which the Council received in advance to assist with cash flow and to allow the Council to help the businesses of Nottingham. Although these amounts were received in 2020/21, they primarily relate to the 2021/22 financial year and this grant will be discharged against the Collection Fund deficit in 2021/22.

In response to the Council's financial position the S151 / Deputy S151 officer now approves all movements within reserves and this process takes place quarterly. The **Table 16** below show the draft position as at 31 December (adjusted for the 2020/21 outturn restatement) and Executive Board in February 2022 will be asked to approve the movements as part of the Quarter 3 review.

Table 16 : Earmarked reserves as at 31 March 2021 and 31 December 2021 adjusted for 2020/21 outturn				
	31 March 2021 £m	Outturn 2020/21 £m	Other Movements £m	Draft 31 December 2021 * £m
Restricted Reserves:				
Capital	2.951		(0.379)	2.572
Schools	18.344		(1.131)	17.213
Total Restricted Reserves	21.295	0.000	(1.510)	19.785
Other Reserves:				
Asset Maintenance	2.536		0.101	2.637
Contingency & Risk	50.263	1.856	(31.101)	21.018
Information Technology	7.099		0.939	8.038
Local Economy	2.352		0.485	2.837
Private Finance Initiatives	32.705	20.592	(5.970)	47.327
Services	8.921		(1.091)	7.830
Transformation	(0.452)	15.000	3.024	17.572
Treasury Management	25.916		3.106	29.022
Workforce	6.495		(0.068)	6.427
Total Other Reserves	135.835	37.448	(30.576)	142.707
Total	157.130	37.448	(32.086)	162.492

*adjusted for 2020/21 outturn restatement

Reserves are held for specific purposes and are regularly reviewed to ensure that they are still appropriate. Such a review of reserves has been undertaken as part of the MTFP process and it is proposed that some reserves be released to:

- Fund emerging priorities, i.e. transformation that will lead to ongoing savings in future years

- Repay reserves that were to be repaid through the flexible use of capital receipts and thereby releasing funding to pay for the capital programme as well as redundancy and transformation costs

In addition to this, the Council is proposing that any in year underspend in 2021/22 be transferred to the finance resilience reserve in order to provide more capacity to manage and mitigate against any unforeseen pressures that may arise in 2022/23 and future years. This finance resilience reserve will also provide capacity to smooth the impact of any short term pressures that may need to be addressed.

Annex 5 details the separate report (incorporating the risk assessment) relating to the robustness of the budget and the adequacy of reserves and has been written by the CFO in his capacity as S151 officer.

6.4 Historical freeze on incremental pay rises – Supreme Court ruling

In November 2018, the Supreme Court refused the Council’s application to appeal a previous judgement in relation to the historical freeze on incremental pay rises. The matter was returned to the Nottingham Employment Tribunal to assess the position of individual claimants and oversee the complex process of agreeing schedules of loss; this legal process is still ongoing. This ruling is likely to result in additional costs to the Council; however as yet this is unknown. The full financial implications won’t be known until the Nottingham Employment Tribunal process has been concluded.

7 CIPFA Financial Management Code

- 7.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code in October 2019. This code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. **Annex 5** provides more detail on the Financial Management Code and the principles that the Council will need to adopt in order to be compliant.

8 Accountability

- 8.1 Portfolio pages are included below, providing an outline of the key responsibilities of each portfolio. Portfolio Holders are expected to deliver the City’s policies and priorities within the resources made available to them. The March 2022 City Council Budget report will detail Portfolio budgets for 2022/23 and the budgets set for 2022/23 form the basis by which performance management can take place.
- 8.2 A critical element to achieve long term financial sustainability is to ensure savings proposals included within the budget are delivered. To support this objective the S151 Officer has introduced Implementation Plans and these are required for all savings and require sign-off from the relevant Corporate Director and Portfolio Holder. These will then be reviewed as part of the in-year budget monitoring process with Budget Review meetings where Corporate Directors and Portfolio Holders will report progress.
- 8.3 In addition to the Budget Review process, regular monitoring of budgets will continue to take place at various management levels within the Council, including at monthly reports to CLT, Leadership and Executive Panel and reported quarterly to Executive Board. This is particularly important in highlighting areas of budget pressures as early as possible in the process to enable management action to take place.
- 8.4 The City Council recognises the importance of individual and collective accountability and requires managers acknowledge their responsibilities to deliver services on time, to the required standard and within budget, and to implement any savings and investment allocated to their areas. In recognition that financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of financial processes.

9. Portfolio Pages

Leader / Strategic Regeneration and Communications – Councillor David Mellen



Broad Responsibilities:

- **Strategic Regeneration and Development;**
- **Communications and Marketing;**
- Political leadership and development of the city;
- Overview of all regeneration across the city;
- Strategic and Operational Property;
- Regeneration Land and Property;
- Improvement and Assurance Board;
- Core Cities;
- Devolution;
- One Nottingham;
- International Links;
- Promote Vision of the Council;
- Overseeing strategic use of resources and strategic planning cycle of the Council;
- Partnerships – Voluntary Sector and Faith;
- Strategic partnerships;
- Support to portfolio Holders.

Deputy Leader / Energy, Environment and Waste Services – Councillor Sally Longford



Broad Responsibilities:

- **Deputise for Leader;**
- **Customer Care and Customer Services across the Council;**
- **Climate Change, Carbon Reduction and Sustainability;**
- **Waste Collection and Disposal;**
- Carbon Neutral 2028
- Clean Air and Air Quality;
- Biodiversity and Conservation;
- Energy – Fuel Poverty;
- Energy from Waste;
- EnviroEnergy;
- Nottingham Energy Partnerships;
- Flooding;
- Council Plan Monitoring.

Adult and Health – Councillor Adele Williams



Broad Responsibilities:

- **Adults**
- Corporate Strategies for Older People and Vulnerable Adults;
- Championing Independent Living;
 - Telecare;
 - Catering.
- Adult Safeguarding;
- Lead on commissioning of Adults Services;
- Meals at Home;
- Adult Passenger Transport;
- All age disability services;
- **Health**
- Public Health and Wellbeing;
- Health inequalities;
- Smoking and avoidable injuries;
- Chair of the Health and Well Being Board;
- Mental Health and Well-being;
- Teenage Conception;
- Oral/Dental health;
- Wider Health Links.

Children and Young People – Councillor Cheryl Barnard



Broad Responsibilities:

- **Children's Services;**
- Performing the Lead Role for Children's Services in accordance with statutory requirements and guidance;
- Children's Safeguarding;
- Children's social care;
- Children in Care and Care Leavers;
- Early Intervention;
- Children's Partnership and Young People's Plan;
- Youth and Play teams;
- Youth justice services;
- Children's Centres;
- Children's Mental Health;
- Lead on commissioning of Children's Services;
- Early Years.

Skills, Growth and Economic Development – Councillor Rebecca Langton



Broad Responsibilities:

- **Jobs and Skills**
- **Lead on skills and employment**
- Post 16 Training, FE and HE;
- Apprenticeships;
- Develop opportunities for young people and adults;
- ‘Local Jobs for Local People’ and ‘Making the Connections’;
- Investment initiatives;
- Nottingham and Notts Futures Advice, Skills and Employment;
- Employability in Schools;
- **City Centre Management**
- City Centre Retail Management;
- Tourism;
- Place Marketing Organisation;
- Markets, Fairs and Toilets;
- **Business & Growth**
- Growth Plan Delivery;
- Neighbourhood Regeneration;
- Business Support, Development and Liaison;
- Inward Investment;
- Social Enterprise and Enterprise Development;
- Creative Quarter;
- Smart Cities.

Neighbourhoods, Safety and Inclusion – Councillor Neghat Kahn



Broad Responsibilities:

- **Community Safety**
- Crime and Drugs Partnership;
- Overview of the Council's Section 17 responsibilities;
- Community Safety and Respect for Nottingham;
- Domestic Violence Lead;
- Licensing;
- Environmental Health;
- Trading Standards;
- Taxi Strategy;
- **Equalities and Inclusion**
- Lead on refugees and asylum seekers;
- Community Sector and Volunteering;
- Community Centres;
- Community Cohesion;
- Area Based Grant.

Finance and Resources – Councillor Sam Webster



Broad Responsibilities:

- **Finance**
- Value for Money across the council;
- Collection of Council Tax and NNDR;
- Housing and Council Tax Benefits;
- East Midlands Shared Services;
- Income Generation and Commercialisation;
- Commissioning and Procurement;
- Welfare Rights;
- Health and Safety;
- Risk Management;
- **Legal and Democratic Services and Elections**
- **IT**
- Digital Inclusion;
- **HR**
- Facility and Building Services.

Leisure and Culture – Councillor Eunice Campbell-Clark



Broad Responsibilities:

- **Leisure and Culture;**
- Leisure Centres and Sport;
- Museums and Heritage Sites;
- Libraries;
- Arts and Events;
- Theatres and concert venues;
- Cemeteries and Crematoriums;
- Armed Forces Champion;
- **Schools;**
- School re-organisation and governance;
- Attendance;
- Educational provision 3 – 16
- Special Educational Needs – Special Education Schools;
- Pupil Referral Units;
- Virtual School for Children in Care;
- Services to schools;
- School Catering;
- Education Improvement Board

Housing, Planning and Heritage – Councillor Linda Woodings



Broad Responsibilities:

- **Planning**
- Planning Policy and Development Management;
- **Housing**
- Physical neighbourhood transformation and regeneration;
- Estate Management – Council and private Estates;
- Private Housing and Private Rented Sector;
- Performance of NCH and Housing Associations;
- Student Housing;
- Housing with care and support;
- Strategic and Retained Housing functions;
- Temporary Accommodation commissioning;
- HiMOs;
- **Heritage**
- Homelessness and Housing Aid
- Policy and Operational

Highways, Transport and Cleansing Services – Councillor Rosemary Healy



Broad Responsibilities:

- **Local and Public Transport**
- **Strategic Transport**
- NET phase 1, 2 and 3;
- HS2;
- Corporate Transport Fleet;
- Parking;
- Parking Enforcement;
- Cycling;
- Traffic Management;
- Highways Design;
- Highways Maintenance;
- Road repairs and resurfacing;
- Street Lighting;
- **Cleansing and Streetscene**
- **Parks and Open Spaces**
- Playgrounds;
- Allotments.

10 Nottingham City Council Tax Strategy and Policy

Year Ended 31 March 2023

Introduction

- 10.1 The purpose of this document is to set out the Council's (comprising the Council and its subsidiary companies) policy and approach to conducting its tax affairs and dealing with tax risk. Organisations and groups with an annual turnover of £200m per annum are legally required to publish a tax strategy, for organisations with a lower turnover although not statutorily required to do so the adoption of a tax strategy is considered to be good practice. This document draws on the Council's current approach to Tax administration and follows best practice in the sector and beyond.
- 10.2 The document is approved by Executive Board and is effective for the tax year following approval. The strategy is reviewed annually by the Council's Section 151 Officer and any amendments will be approved by Executive Board.

This document addresses the Council's:

- a) Approach to risk management and governance arrangements;
- b) Attitude towards tax planning;
- c) Level of acceptable risk in relation to UK taxation;
- d) Approach to dealings with HM Revenue & Customs.

Tax Policy

- 10.3 In line with the Council's commitment to adhere to the best ethical and professional standards, the Council commits to conduct its tax affairs in order to:-
- a) Comply with all relevant tax laws, rules, regulations and reporting requirements wherever it operates;
 - b) Ensure that the tax strategy is at all times consistent with the overall strategy, approach to risk and values of the Council;
 - c) Apply diligence and care to the management of risks associated with tax matters, and ensure that governance and assurance procedures are appropriate;
 - d) Foster constructive, professional and transparent relationships with tax authorities, based on integrity, collaboration and mutual trust;
 - e) The Council will use incentives and reliefs to minimise the tax costs of conducting its activities. The Council will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original intention of the legislation.

Risk Management and Governance

- 10.4 In accordance with the Council's Constitution, the Audit Committee has oversight of the governance of Council Affairs. The Council prepares an Annual Governance Statement in

accordance with the Accounts and Audit (England) Regulations 2015 which is considered annually by the Audit Committee alongside the Statement of Accounts. The Council has adopted a Governance Framework that is consistent with the 2016 CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

- 10.5 Authority is delegated to officers for the day-to day operation of the Council's affairs in accordance with an agreed schedule of delegation. As head of paid service the Chief Executive is ultimately accountable to the Council for all aspects of operational management of Council affairs.
- 10.6 The Monitoring Officer and Section 151 Officer fulfil key roles in ensuring that the Council complies with all applicable statutes and regulations and maintains appropriate financial records and systems of control. The operational application of these roles is delegated to other officers within the Council establishment.
- 10.7 Personnel managing the Council's tax affairs are appropriately qualified and experienced; they are required to update their knowledge through Continuing Professional Development and liaising with colleagues within the sector through appropriate forums and informally to ensure that best practice is maintained.
- 10.8 When it is judged to be required the Council seeks advice from appropriately qualified external advisers.
- 10.9 The Council adopts appropriate risk management processes and controls to provide assurance that the Council is complying with the requirements of applicable statutes and the Tax Strategy. This includes consideration of reputational risk arising from the Council's approach to tax.

Attitude to Tax Planning

- 10.10 The Council's policy in relation to tax is to comply with its legal duty to account for and pay all tax due and recover all tax to which it is entitled.
- 10.11 The Council will use available incentives and reliefs to minimise the tax costs of conducting its activities, thereby retaining more funds available to maintain the delivery of services to citizens.
- 10.12 The Council aims to pay the amounts of tax legally due. There are likely to be circumstances where this amount may not be clearly defined, or where alternative interpretations or approaches might result in different tax outcomes. In these circumstances, the Council will use its best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers and/or HMRC.
- 10.13 The Council will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original intentions of the legislation.

Level of Acceptable Risk

- 10.14 In accordance with generally accepted best practice, The Council's appetite to risk is determined on an activity basis such that risks are taken in a controlled manner within the overall governance framework set by Council with a generally cautious approach to risk.

10.15 The Section 151 Officer will determine the degree of risk in any activity, consulting colleagues, members of Council and external advisers as appropriate.

Relationship with HM Revenue & Customs

10.16 It is the Council's intention to have constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust. The Council's aim is to meet all its statutory and legislative tax requirements.

As part of this, personnel managing the Council's tax affairs will:

- Submit all statutorily required returns and payments in accordance with deadlines and respond to requests for information by tax authorities in a courteous and timely manner
- Conduct all dealings with tax authorities with openness and honesty, maintaining the Council's standard policies on integrity and ethics.
- Engage in open and early dialogue to discuss tax planning, strategy, risks and significant transactions
- Aim to minimise the risk of future challenge and gain certainty in our tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain.
- Where disagreements arise, work together to resolve issues by agreement (where possible)
- Respond to Consultations as appropriate, either directly with HMRC or via appropriate representative groups.

Bodies covered by this Strategy

10.17 The following bodies are covered by this strategy:

Nottingham City Council
Nottingham City Homes
Nottingham City Transport
Nottingham Ice Centre Limited
Nottingham Revenues & Benefits Ltd
Thomas Bow Ltd
Nottingham Futures
Blue Print

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	People	Adult Health and Social Care	Backdated and extended fairer charging for care services	Charges are backdated to the start of long term service rather than after the financial assessment. People are charged as soon as their reablement episode is complete and aims are met, at average independent sector rate, for their service from the council's in-house homecare and Social Care Reablement services	(0.098)	(0.098)	(0.098)	(0.098)
2	People	Adult Health and Social Care	Nottingham Pathway Service and strengths-based practice	On-going benefits of the continued development of strengths based work, primarily from the pathways service and preventive approaches with people who are new/relatively new to social care, supporting access to work, volunteering and activities they choose	(0.150)	(0.150)	(0.150)	(0.150)
3	People	Adult Health and Social Care	Liberty Protection Safeguards - delay implementation preparation	Delay commissioning a provider to support preparation for implementation of new legislation due to delayed implementation of new legislation	(0.500)	0.000	0.000	0.000
4	People	Adult Health and Social Care	Proactive reviews and timely assessments	Invest in capacity to carry out more planned and proactive person centred reviews and assessments, in a more timely way, resulting in less failure demand, opportunities to right-size care packages and to apply preventive approaches	(1.275)	(1.879)	(1.879)	(1.879)
5	People	Adult Health and Social Care	Proactive reviews and timely assessments - from the transformation programme	Invest in capacity to carry out more planned and proactive person centred reviews and assessments, in a more timely way, resulting in less failure demand, opportunities to right-size care packages, and apply preventive approaches. To include Occupational Therapy-led assessments and strengths-based approaches	0.000	(0.430)	(1.270)	(1.270)
6	People	Adult Health and Social Care	CCG contributions to work streams	CCG are asked to fund services that meet health needs	(0.029)	(0.029)	(0.029)	(0.029)
7	People	Adult Health and Social Care	Shared Lives - Expansion of service	Expansion of the Shared Lives service to make more placements available for people to live in a family home environment with personalised care provided from within the family unit	(0.056)	(0.289)	(0.522)	(0.754)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
8	People	Adult Health and Social Care	Provision release <i>(New)</i>	Release of one-off provision	(0.320)	0.000	0.000	0.000
Adults & Health					(2.428)	(2.875)	(3.947)	(4.180)

Children & Young People

Appendix 1b

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	People	Early Help	NGY Services	Ending the grant funding of the youth services and NGY base provided by Base 51	(0.200)	(0.180)	(0.180)	(0.180)
2	People	Early Help	Play & Youth Services - Excluding buildings (Amended)	Reduction of the service to provide targeted youth provision only. All play services would cease and there will be a reduction in staffing.	(0.537)	(0.733)	(0.733)	(0.733)
3	People	Early Help	Play & Youth Services - Buildings only	Reduction of the Play and Youth buildings in line with a reduced service as above	0.000	(0.165)	(0.165)	(0.165)
4	People	Early Help	Children's Centres - Excluding buildings (Amended)	The Early Help service will operate from four Children's Centres across the City, with a reduction in staffing and early help offer to families	(0.282)	(0.376)	(0.376)	(0.376)
5	People	Early Help	Children's Centres - Building Only (Amended)	Children's Centres operate from four centres. 5 Centres would close	0.000	(0.259)	(0.259)	(0.259)
6	People	Early Help	CAMHS City Wide Service	Working with the Clinical Commissioning Group and Public Health to transform Child and Adolescent Mental Health Services (CAMHS)	(0.215)	(0.215)	(0.215)	(0.215)
7	People	Children In Care	Agency Decision Maker (ADM) for Adoption and Fostering	Currently delivered by an external consultant this would be delivered in house within the senior management team	(0.019)	(0.019)	(0.019)	(0.019)
8	People	Strategy & Improvement	Management reductions in Strategy and Improvement	Reduction in management capacity within Strategy and Improvement section	(0.028)	(0.028)	(0.028)	(0.028)
9	People	Strategy & Improvement	Business Support	Savings linked to reductions in Play & Youth and Children's Centre provision	(0.200)	(0.200)	(0.200)	(0.200)
10	People	Targeted Family Support	Targeted support to children and families	Review and reconfiguration of Targeted Family Support and Edge of Care Services to consolidate and target the offer.	(0.309)	(0.309)	(0.309)	(0.309)
Children & Young People					(1.790)	(2.485)	(2.485)	(2.485)

Energy, Environment & Waste Services

Appendix 1c

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Resident Services	Waste	Waste Collection - Bulky Waste	Introduce a proposed charge for bulky waste, including discount schemes	(0.080)	(0.080)	(0.080)	(0.080)
2	Growth & City Development	Energy Services	Management fee maximisation	Maximisation of Midlands Energy Hub Management fee	(0.248)	0.000	0.000	0.000
Energy, Environment & Waste Services					(0.328)	(0.080)	(0.080)	(0.080)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Finance & Resources	IT	Contract damages	Contract damages	(0.100)	0.000	0.000	0.000
2	Finance & Resources	IT	Application Rationalisation	Reduce the number of IT applications	(0.050)	(0.050)	(0.050)	(0.050)
3	Finance & Resources	IT	Commercial income	Additional income from commercial activity arising through two projects	(0.091)	(0.021)	(0.021)	(0.021)
4	Finance & Resources	Human Resources	Employability Budget	Reduce the budget allocated to fund apprenticeship salaries and increase focus on use of the levy and recruiting to entry level posts	(0.250)	(0.250)	(0.250)	(0.250)
5	Finance & Resources	Executive & Majority Support	Councillor Development Budget	To freeze the spend on Councillor Development for full year 2022/23	(0.007)	0.000	0.000	0.000
6	Resident Services	Neighbourhood Services	Mechanical & Electrical Service	Redesign the Electrical team to ensure effective and efficient ways of working	(0.039)	(0.039)	(0.039)	(0.039)
7	Cross-cutting	Commissioning & Procurement	Procurement / contract spend	Efficiency target for procurement / contract spend against recurrent contracts based upon category management driving change in how requirements are tendered to ensure value for money	(0.100)	(0.300)	(0.400)	(0.400)
Finance & Resources					(0.637)	(0.660)	(0.760)	(0.760)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Growth & City Development	Major Projects	Release of a lighting scheme budget	Release of £250k which had been provisionally ring-fenced within the street lighting financial model to cover the upfront and ongoing costs arising from a potential decorative lighting project	(0.250)	0.000	0.000	0.000
2	Growth & City Development	Public Transport	Public Transport	Reduced link bus services mean fewer buses in operation, leading to a maintenance saving (£100k) Scholars pass upgrade to Robin Hood Card no longer available other than for SEN children (£35k)	(0.135)	(0.135)	(0.135)	(0.135)
3	Growth & City Development	Public Transport	Withdrawal of school bus service A1	Alternative services available on the commercial network	(0.026)	(0.040)	(0.040)	(0.040)
4	Growth & City Development	Public Transport	Medilink fare increase	Increase fares for greater alignment with commercial network	(0.010)	(0.010)	(0.010)	(0.010)
5	Growth & City Development	Public Transport	Bus service reductions	Reduce the frequency on a number of services, but retain links to out of town employment and education destinations and to essential services and amenities. The majority of households would continue to have access to a public transport service	(0.226)	(0.340)	(0.340)	(0.340)
Highways, Transport & Cleansing Services					(0.647)	(0.525)	(0.525)	(0.525)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Growth & City Development	Planning (Heritage)	Heritage Strategy Officer	Delete Heritage Strategy Officer post	(0.022)	(0.022)	(0.022)	(0.022)
Housing, Planning & Heritage					(0.022)	(0.022)	(0.022)	(0.022)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	People	Education	Thorneywood Education Centre	Thorneywood Education Centre is identified for disposal, this will release the budget allocated to manage this site	(0.060)	(0.060)	(0.060)	(0.060)
2	Resident Services	Libraries & Culture	Libraries reduction in spend 2022/23 only	Reduced running costs in 22/23 whilst the projects for the Central Library and Sherwood Library are undertaken	(0.266)	0.000	0.000	0.000
3	Resident Services	Libraries & Culture	Libraries reduction in spend 2022/23 only	A 12 months reduction in spend within the Libraries Services including the book fund, events, themed activity and IT replacement	(0.202)	0.000	0.000	0.000
Leisure, Culture & Schools					(0.529)	(0.060)	(0.060)	(0.060)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Resident Services	Community Partnerships	Community Centres	Reduction in maintenance cost due to reduced number of buildings	(0.044)	(0.044)	(0.044)	(0.044)
2	Resident Services	Community Protection	Area Based Grants	Reduction in the Area based Partnership Grant funding in line with overall council budget reductions	(0.236)	(0.236)	(0.236)	(0.236)
3	Resident Services	Community Protection	Community Grants	Reduction in Community Grants funding in line with overall council budget reductions	(0.055)	(0.055)	(0.055)	(0.055)
4	Resident Services	Operations	Community Safety and Regulatory Services review	Full review of Community Safety and Regulatory services.	(0.250)	0.000	0.000	0.000
5	Resident Services	Community Protection	Community Development team	Creation of a new Community Development team through merger of the existing Neighbourhood Management and Community Cohesion teams	(0.192)	(0.192)	(0.192)	(0.192)
6	Resident Services	Regulations	Introduce a Residents Parking Permit charging Scheme <i>(Amended)</i>	1st permit remains free (residential or visitor), 2nd permit £35 and 3rd permit £50	(0.206)	(0.413)	(0.413)	(0.413)
Neighbourhoods, Safety & Inclusion					(0.983)	(0.940)	(0.940)	(0.940)

Skills, Growth & Economic Development

Appendix 1i

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Growth & City Development	Business Growth	ITS Tram Ducting contract buy out option	The Council receives an annual income amount from this agreement but the option for buying out of this agreement is being considered	(0.700)	0.000	0.000	0.000
2	Growth & City Development	Economic Development Policy and Partnerships	D2N2 membership reduced	Each authority contributes an annual amount as part of involvement in D2N2 of £62,500	(0.030)	(0.030)	(0.030)	(0.030)
3	Growth & City Development	Business Growth	Marketing NG	To reduce the Councils core funded contribution for place marketing and Inward Investment activity to Marketing NG.	0.000	(0.050)	(0.100)	(0.150)
4	Resident Services	Facilities Management	Public Toilets - Change to cleaning provision	Change cleaning arrangements and reduce staffing levels	(0.067)	(0.067)	(0.067)	(0.067)
5	Growth & City Development	Economic Development Policy and Partnerships	Reduction in contribution to Futures	To reduce the funding allocated to Futures by £50k	(0.050)	(0.050)	(0.050)	(0.050)
6	Resident Services	Facilities Management	Public Toilets	Close the public convenience on Victoria Embankment	(0.032)	(0.032)	(0.032)	(0.032)
Skills, Growth & Economic Development					(0.879)	(0.229)	(0.279)	(0.329)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Resident Services	Planned Maintenance	Planned Maintenance	One off reduction in the cost of maintenance of Council buildings	(0.345)	0.000	0.000	0.000
2	Growth & City Development	Strategic Assets and Property	Property rent income	To increase the amount of rental income received via a specific project on rent reviews and lease renewals. This saving is net of the costs of resource to undertake this work	(0.200)	(0.200)	(0.200)	(0.200)
3	Growth & City Development	One Nottingham	One Nottingham	One off contribution from One Nottingham	(0.050)	0.000	0.000	0.000
4	Finance & Resources	Communication & Marketing	Arrow	Switch printed Spring edition of the resident publication (Arrow) to digital edition only	(0.008)	0.000	0.000	0.000
5	Finance & Resources	Communication & Marketing	Reduce the Corporate Campaign budget	Reduce corporate campaign budget	(0.010)	0.000	0.000	0.000
Strategic Regeneration & Communications					(0.613)	(0.200)	(0.200)	(0.200)

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	Corporate	Corporate	Corporate Contingency	Remove the Corporate Contingency budget	(1.475)	(1.475)	(1.475)	(1.475)
2	Corporate	Corporate	Treasury Management <i>(Amended)</i>	Realignment of the Treasury Management to support the latest forecast position and activity relating to borrowing and investments	(3.144)	(5.045)	(3.986)	(4.586)
Corporate					(4.619)	(6.520)	(5.461)	(6.061)

Appendix 2 - draft statutory calculations of 2022/23 Band D Council Tax

Extract from draft City Council Recommendations

2.1 (3) a council tax requirement of **£132,062,312** including the calculations required by Sections 30 to 36 of the Local Government Finance Act 1992 (“the Act”), as set out below:

- (a) **£tbd** 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) **£tbd** 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) **£132,062,312** 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 2022/23 of **£1,955.32** 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

2.2 the following be noted:

- (1) a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2022/23 of **£84.57**.
- (2) a Nottinghamshire Police and Crime Commissioner precept at Band D for 2022/23 of **£254.25**.
- (3) in January 2022, the City Council calculated the amount of **67,540** as its council tax base for the year 2021/22 in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Background

The legislation governing the setting of council tax is contained in the Act. 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**

R is the amount calculated by the City Council as its council tax requirement for 2022/23, calculated in accordance with section 31A(4) of the Act. The Executive Board as its meeting on 22 February 2022 determined the council tax requirement to be **£132,062,312**.

T is the amount calculated by the City Council as its council tax base for 2022/23. In January 2022 the City Council calculated the amount of **67,540** as its council tax base for the year 2022/23 in accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

This tax base assumed the retention of the current Council Tax Support Scheme for financial year 2022/23, having regard to the Public Sector Equality Duty and noting that local circumstances have not changed sufficiently to warrant changes.

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

$$\frac{\mathbf{£132,062,312}}{\mathbf{67,540}} = \mathbf{£1,955.32}$$

for a Band D property in accordance with Section 31B(1) of the Act.

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	£1,303.55
B	7/9	£1,520.80
C	8/9	£1,738.06
D	9/9	£1,955.32
E	11/9	£2,389.84
F	13/9	£2,824.35
G	15/9	£3,258.87
H	18/9	£3,910.64

It should be noted that, for the financial year 2022/23, the Nottinghamshire Police and Crime Commissioner 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
£169.50	£197.75	£226.00	£254.25	£310.75	£367.25	£423.75	£508.50

It should also be noted that, for the financial year 2022/23, the Nottinghamshire and City of Nottingham Fire and Rescue Authority has issued the following amounts in precepts in accordance with Section 40 of the Act for each of the categories of the dwellings shown below:

A	B	C	D	E	F	G	H
£56.38	£65.78	£75.17	£84.57	£103.36	£122.16	£140.95	£169.14

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 the Nottinghamshire Police and Crime Commissioner 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 & Crime Commissioner £	Fire & Rescue Authority £	Aggregate Council Tax £
A	£1,303.55	£169.50	£56.38	£1,529.43
B	£1,520.80	£197.75	£65.78	£1,784.33
C	£1,738.06	£226.00	£75.17	£2,039.23
D	£1,955.32	£254.25	£84.57	£2,294.14
E	£2,389.84	£310.75	£103.36	£2,803.95
F	£2,824.35	£367.25	£122.16	£3,313.76
G	£3,258.87	£423.75	£140.95	£3,823.57
H	£3,910.64	£508.50	£169.14	£4,588.28