

City Council – 7 March 2022

Report of the Portfolio Holder for Finance and Resources

Corporate Director/Director:

Clive Heaphy, Interim Corporate Director of Finance and Resources

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Title: Budget 2022/23

Does the report form part of the Budget or Policy Framework?

Yes No

Does this report contain any information that is exempt from publication?

No

Relevant Council Plan Key Outcome:

Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

1. Summary

- 1.1 This report seeks approval of the Medium Term Financial Plan 2022/23 to 2025/26 recommended by Executive Board on 22 February 2022 and sets out, in a layout governed by statute, the council tax calculations for 2022/23 that will result in the City Council element of Band D increasing by a general increase of **1.99%** and an Adult Social Care (ASC) precept of **1.00%**.
- 1.2 It should be read in conjunction with the contents of the report considered by the Executive Board, which included annexes detailing the 2021/22 forecast budget outturn, General Fund Revenue Medium Term Financial Plan 2022/23 to 2025/26, General Fund Capital Strategy and programme, Housing Revenue Account (HRA) revenue and capital budget, Robustness of the Budget and Adequacy of Reserves, Budget Consultation 2022/23, Schools Budget 2022/23 and Transformation programme.

2. Recommendations

- 2.1 To approve the Medium Term Financial Plan 2022/23 to 2025/26, incorporating the revenue budget for 2022/23 and the recommendations contained therein;

- 2.2 To note the recommendations of the Interim Corporate Director of Finance and Resources in respect of the robustness of the estimates made for the purpose of the budget calculations and the adequacy of reserves;
- 2.3 To delegate authority to the Interim Corporate Director of Finance and Resources to finalise the 2022/23 revenue budget for publication;
- 2.4 To approve the capital programme 2022/23 to 2026/27, noting the revenue implications of the capital programme;
- 2.5 To note the authority's council tax base of **67,540** for 2022/23, calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as approved by Executive Board on 18 January 2022.
- 2.6 To approve 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) **£1,027,753,083** 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) **£895,690,771** 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 2.6(a) above exceeds the aggregate at 2.6(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;
- 2.7 To approve a City Council Band D basic amount of council tax for 2022/23 of **£1,955.32** being the amount at 2.6(c) divided by the amount at 2.5, 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 6 of this report);
- 2.8 To note a Nottinghamshire Police and Crime Commissioner precept at Band D for 2022/23 of **£254.25**.
- 2.9 To note a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2022/23 of **£84.57**.
- 2.10 To approve the setting of the amounts of council tax for 2022/23 at the levels described in section 6.6 of this report;
- 2.11 To approve the retention of the Council Tax Support Scheme currently in operation, amended to disregard the Government's £150 Energy Rebate Scheme payments for the financial year 2022/23 as required by The Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022;
- 2.12 To approve the making of the Members' Allowances Scheme for 2022/23 in the terms of the previously adopted and amended Scheme, except for adjustments to mirror nationally determined rates for pay awards and travel and subsistence (as applicable to officers) and for carers allowances.

3. Reasons for recommendations

Medium Term Financial Plan

- 3.1 The Medium Term Financial Plan has been constructed to align with the City Council priorities as set out in the Together for Nottingham plan and is provisionally balanced, in the context of continued service pressures and uncertainty with regard to future funding, in all years from 2022/23 to 2025/26 based on the City Council's stated aim of two years' firm budgets and two further years' indicative.
- 3.2 To achieve longer term financial sustainability whilst maintaining services to residents the City Council has commenced an ambitious Transformation Programme to deliver new service delivery models and sustainable on-going savings. Wave 1 and 2 will contribute to balancing the budget from 2022/23 and it is assumed that Wave 3 will deliver savings from 2024/25 onwards thereby ensuring that budgets are balanced over the 4 year period.

Council Tax

- 3.3 The City Council is required by Section 30 of the Local Government Finance Act 1992 to set its council tax for each year on or before 11 March in the preceding financial year. In order to do so, it must calculate its council tax requirement in accordance with the Act as detailed below including taking into account its estimated forthcoming spending requirements and ensuring that there are adequate reserves to draw on in the event that these estimates turn out to be insufficient.
- 3.4 The City Council must also take into account the report of its Chief Financial Officer (set out at Annex 5 to the Medium Term Financial Plan 2022/23 to 2025/26 report) on the robustness of these estimates and the adequacy of the proposed reserves.
- 3.5 The total council tax being set also includes the precepted requirements of the Nottinghamshire Police and Crime Commissioner and the Nottinghamshire and City of Nottingham Fire and Rescue Authority.
- 3.6 Under Section 52 of the Local Government Finance Act 1992 each authority must determine whether its council tax for a financial year is excessive, as defined by a set of principles determined by the Secretary of State, and whether a referendum must be held.
- 3.7 The council tax increases proposed in this report will not require a referendum as they do not exceed the qualifying criteria as set out in The Referendums Relating to Council Tax Increases (Principles) (England) Report 2022/23.

Council Tax Support Scheme

- 3.8 The City Council is required by Schedule 1A to the Local Government Finance Act 1992 to consider whether to revise or to replace its Council Tax Support Scheme. Any revisions must be made no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 3.9 The recent Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 amended the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 to require that from 1 April 2022 all local council tax support schemes (including those for persons of working age as well as those of pension age) must disregard Energy Bills Rebate payments in determining a person's eligibility for a council tax reduction and the amount of any such reduction.

- 3.10 The City Council proposes to retain its current scheme, other than amending for the above regulation change required by Government with regard to its Energy Rebate Scheme.

Members' Allowance Scheme 2022/23

- 3.11 This report recommends the adoption of the Scheme for 2022/23 without changes, except for adjustments to mirror nationally determined rates for pay awards and travel and subsistence (as applicable to officers) and for carers' allowances. A copy of the current Scheme can be viewed within the City Council's Constitution at Part 7 or by using the following hyperlink to the document published online at:
<https://www.nottinghamcity.gov.uk/your-council/about-the-council/nottingham-city-councils-constitution>

4. Other options considered in making recommendations

- 4.1 None

5. Consideration of Risk

- 5.1 These have been considered in the Medium Term Financial Plan 2022/23 to 2025/26 report to Executive Board on 22 February 2022.

6. Background (including outcomes of consultation)

- 6.1 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**

- 6.2 **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 at 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 approved 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.

- 6.3 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	£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

- 6.4 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

- 6.5 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

- 6.6 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 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

Budget Consultation

- 6.7 In line with the Council's commitment to citizen involvement the budget process is supported by public consultation and the City Council is committed to maintaining and developing this participation.
- 6.8 An 8 week consultation on the proposals approved by Executive Board on 16 November 2021 closed on 10 January 2022 with consultation taking place via on-line survey and a range of targeted and general engagement events. The results from this budget consultation are contained within Annex 6 of the Medium Term Financial Plan 2022/23 to 2025/26 report.
- 6.9 Appropriate action has been taken in relation to any representations made and feedback from the consultation has been taken into account in finalising the proposals within this report.

7. Finance colleague comments (including implications and value for money)

- 7.1 These have been considered in the Medium Term Financial Plan 2022/23 to 2025/26 report to Executive Board on 22 February 2022.

8. Legal colleague comments

- 8.1 These have been considered in the Medium Term Financial Plan 2022/23 to 2025/26 report to Executive Board on 22 February 2022.
- 8.2 The recommendations within this report fall within the City Council's functions under the Act, the Local Government Act 1972 and other enabling legislation.

9. Other relevant comments

- 9.1 None

10. Crime and Disorder Implications (If Applicable)

- 10.1 Not applicable

11. Social value considerations (If Applicable)

- 11.1 Not applicable

12. Regard to the NHS Constitution (If Applicable)

- 12.1 Not applicable

13. Equality Impact Assessment (EIA)

- 13.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

An EIA has been carried out and was detailed in Appendix A of the Medium Term Financial Plan 2022/23 to 2025/26 report to Executive Board on 22 February 2022. Due regard has been given to the equality implications identified in the EIA.

14. Data Protection Impact Assessment (DPIA)

14.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because it is not applicable

15. Carbon Impact Assessment (CIA)

15.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because it is not applicable

16. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

16.1 Budget working papers

17. Published documents referred to in this report

17.1 Previously published documents are available on the dedicated consultation page

<https://www.nottinghamcity.gov.uk/engage-nottingham-hub/budget-202223-consultation-page/>

and the council meeting pages

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9111>

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9114>

Councillor Sam Webster
Portfolio Holder for Finance and Resources