

City Council – 6 March 2023

Report of the Portfolio Holder for Finance and Deputy Leader

Corporate Director/ Director:

Ross Brown, Corporate Director for Finance and Resources, S151 Officer

Report Author and Contact Details

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Title: Budget 2023/24

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 2023/24 to 2026/27 recommended by Executive Board on 21 February 2023 and sets out, in a layout governed by statute, the council tax calculations for 2023/24 that will result in the City Council element of Band D increasing by a general increase of **2.99%** and an Adult Social Care (ASC) precept of **2.00%**.
- 1.2 It should be read in conjunction with the contents of the report considered by the Executive Board, which included annexes detailing the:
 - Forecast Outturn 2022/23
 - General Fund Revenue Medium Term Financial Plan 2023/24 to 2026/27
 - Financial Reserves Policy
 - Fees and Charges Policy
 - Transformation Programme
 - Budget Consultation
 - General Fund Capital Programme
 - Housing Revenue Account (HRA)
 - Schools Budget
 - Robustness of the Budget and Adequacy of Reserves

2. Recommendations

- 2.1 To approve the Medium Term Financial Plan 2023/24 to 2026/27, incorporating the revenue budget for 2023/24 and the recommendations contained therein;
- 2.2 To note the recommendations of the Corporate Director of Finance and Resources / S151 Officer 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 Corporate Director of Finance and Resources / S151 Officer to finalise the 2023/24 revenue budget for publication;
- 2.4 To approve the Capital Programme, incorporating the capital budget for 2023/24 to 2026/27, noting the revenue implications of the capital programme;
- 2.5 To note the authority's council tax base of **68,403** for 2023/24, calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as approved by Executive Board on 17 January 2023;
- 2.6 To approve a council tax requirement of **£140,423,835** including the calculations required by Sections 30 to 36 of the Local Government Finance Act 1992 ("the Act"), as set out below:
 - (a) **£1,097,443,652** 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) **£957,019,817** 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) **£140,423,835** 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 2023/24 of **£2,052.89** 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 7 of this report);
- 2.8 To note a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2023/24 of **£89.57**;
- 2.9 To note a Nottinghamshire Police and Crime Commissioner precept at Band D for 2023/24 of **£269.19**;
- 2.10 To approve the setting of the amounts of council tax for 2023/24 at the levels described in section 7.6 of this report;
- 2.11 To approve the retention of the Local Council Tax Support (LCTS) scheme currently in operation, amended as required by Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023;

- 2.12 To approve the making of the Members' Allowances Scheme for 2023/24 in the terms of the previously adopted and amended Scheme, except for any further adjustments required 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 projected to be balanced, in the context of continued service pressures and uncertainty with regard to future funding, in all years from 2023/24 to 2026/27.
- 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. Further details are contained within Annex 5 of the Medium Term Financial Plan 2023/24 to 2026/27 report.

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 Section 151 Officer (set out at Annex 10 to the Medium Term Financial Plan 2023/24 to 2026/27 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 2023/24.

Local Council Tax Support

- 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 As in previous years, the Government has amended the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, via the recently enacted changes in the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023, to ensure that pension age LCTS schemes are updated in line with changes in the wider benefits system. This Government update also requires that the residency requirements for accessing both pension age and working age LCTS remain consistent with the UK's immigration policy. Billing authorities must ensure that the requirements of the updated regulations are reflected in their LCTS schemes for 2023/24.
- 3.10 The City Council proposes to retain its current scheme, other than amending for the above Government regulation changes.

Members' Allowance Scheme 2023/24

- 3.11 This report recommends the adoption of the Scheme for 2023/24 without changes, except for any required adjustments to mirror nationally determined rates for pay awards and travel and subsistence (as applicable to officers) and for carers' allowances.
- 3.12 The current Member's Allowance Scheme is set out in Governance Framework Document C of the City Council's Constitution which can be found by following the hyperlink:
<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 2023/24 to 2026/27 report to Executive Board on 21 February 2023.

6. Best Value Considerations

- 6.1 The Best Value requirement to demonstrate the continued financial sustainability of the Council, through approving a balanced 4-year MTFP, has been set out in the Medium Term Financial Plan 2023/24 to 2026/27 report to Executive Board on 21 February 2023.
- 6.2 The Council's approval of this report will also directly address some of the recent instructions issued, under their statutory powers of direction, by the Improvement and Assurance Board with regard to:
- Setting realistic plans and balanced budgets
 - Establishing and maintaining a sound and prudent reserves policy and practice
 - Delivering a fully resourced Capital Investment Plan

- 6.3 Throughout the budget process the Council has taken a proactive and planned approach to delivering best value and financially sustainable services to its communities over the longer term. This will continue as the Council's agreed plans are delivered during 2023/24 and subsequent years.

7. Background (including outcomes of consultation)

- 7.1 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**

- 7.2 **R** is the amount calculated by the City Council as its council tax requirement for 2023/24, calculated in accordance with section 31A(4) of the Act. The Executive Board at its meeting on 21 February 2023 determined the council tax requirement to be **£140,423,835**.

T is the amount calculated by the City Council as its council tax base for 2023/24. In January 2023 the City Council approved the amount of **68,403** as its council tax base for the year 2023/24 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 2023/24, 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:

$$\frac{\mathbf{£140,423,835}}{\mathbf{68,403}} = \mathbf{£2,052.89}$$

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

- 7.3 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	£1,368.59
B	7/9	£1,596.69
C	8/9	£1,824.79
D	9/9	£2,052.89
E	11/9	£2,509.09
F	13/9	£2,965.29
G	15/9	£3,421.48
H	18/9	£4,105.78

- 7.4 It should be noted that, for the financial year 2023/24, 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
£179.46	£209.37	£239.28	£269.19	£329.01	£388.83	£448.65	£538.38

- 7.5 It should also be noted that, for the financial year 2023/24, 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
£59.71	£69.67	£79.62	£89.57	£109.47	£129.38	£149.28	£179.14

- 7.6 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	£1,368.59	£179.46	£59.71	£1,607.76
B	£1,596.69	£209.37	£69.67	£1,875.73
C	£1,824.79	£239.28	£79.62	£2,143.69
D	£2,052.89	£269.19	£89.57	£2,411.65
E	£2,509.09	£329.01	£109.47	£2,947.57
F	£2,965.29	£388.83	£129.38	£3,483.50
G	£3,421.48	£448.65	£149.28	£4,019.41
H	£4,105.78	£538.38	£179.14	£4,823.30

Budget Consultation

- 7.7 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.
- 7.8 A 5 week consultation on the proposals approved by Executive Board on 20 December 2022 closed on 25 January 2023 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 2023/24 to 2026/27 report.
- 7.9 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.

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

- 8.1 These have been considered in the Medium Term Financial Plan 2023/24 to 2026/27 report to Executive Board on 21 February 2023.

9. **Legal colleague comments**

- 9.1 Detailed legal comments were included in the Medium Term Financial Plan 2023/24 to 2026/27 report to Executive Board on 21 February 2023 and these still remain relevant.
- 9.2 The key legal issue for this report is to emphasise that it is a legal requirement for the Council to set a balanced budget for 2023/24 before 11 March 2023.

Malcolm R. Townroe – Director of Legal and Governance – 23 February 2023.

10. **Other relevant comments**

- 10.1 None

11. **Crime and Disorder Implications**

- 11.1 Not applicable

12. **Social value considerations**

- 12.1 Not applicable

13. **Regard to the NHS Constitution**

- 13.1 Not applicable

14. **Equality Impact Assessment (EIA)**

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

Yes



An EIA has been carried out and was detailed in Appendix A of the Medium Term Financial Plan 2023/24 to 2026/27 report to Executive Board on 21 February 2023. Due regard has been given to the equality implications identified in the EIA.

15. **Data Protection Impact Assessment (DPIA)**

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

No



A DPIA is not applicable

16. **Carbon Impact Assessment (CIA)**

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

No



A CIA is not applicable

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

17.1 Budget working papers

18. Published documents referred to in this report

18.1 Previously published documents are available on the council meeting pages

December consultation report

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9490>

February MTFP report

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9776>

Councillor Adele Williams

Portfolio Holder for Finance and Deputy Leader