

REPORT OF THE LEADER, AND THE CHAIRMAN OF THE FINANCE & PROPERTY COMMITTEE**ANNUAL BUDGET 2013/14****CAPITAL PROGRAMME 2013/14 to 2016/17****MEDIUM TERM FINANCIAL STRATEGY 2013/14 to 2016/17****COUNCIL TAX PRECEPT 2013/14****Purpose of the Report**

1. The purpose of this report is to:
 - approve the Annual Budget for 2013/14
 - approve the level of the Capital Programme for 2013/14 to 2016/17
 - approve the Medium Term Financial Strategy for 2013/14 to 2016/17
 - approve the amount of Council Tax to be levied for County Council purposes for 2013/14 and the arrangements for collecting this from District and Borough Councils
 - approve borrowing limits that the Council is required to make by Statute
 - approve the Treasury Management Strategy and Policy for 2013/14

Executive Summary

2. The budget for 2013/14 has been prepared in an environment of unprecedented change for local government. The Government's overarching priority remains the reduction of the national structural deficit, and the changes being implemented to help deliver this, are having extensive implications for local authorities.
3. As part of the Government's wider set of reforms to the welfare system, from April 2013 local Councils will be implementing Council Tax support schemes designed by individual billing authorities. More significantly from a financial perspective, local authorities will be allowed to retain a much greater proportion of locally generated business rates (the so-called "repatriation" of national non-domestic rates, NNDR). In addition to this, there is the transfer of responsibility for public health from the Health Service to upper tier authorities.

4. The Council is now in the third year of its own transformation programme, brought about by the combination of significant government funding reductions announced in the Comprehensive Spending Review in October 2010, and the need to invest in priority areas. Over £70 million of savings were delivered in 2011/12 and the Council is on track to deliver a further £36 million in 2012/13, with another £26 million savings identified for delivery across 2013/14 and 2014/15.
5. The County Council has accepted the one-off grant from the government to again freeze the Council Tax for 2013/14. This equates to a 1% increase (£3.1million). It should be noted that the government has also offered a further 1% Council Tax freeze grant for 2014/15. As a result of this, earlier this month Policy Committee received a report recommending that the level of Council Tax for 2013/14 be held at the current level and this recommendation is incorporated within this report. This therefore means that the County Council is able to deliver a balanced budget for 2013/14 without an increase in Council Tax for the fourth consecutive year.
6. The County Council has also developed proposals to deliver a balanced capital programme in the medium term, and is proposing a prudent use of its reserves (both County Fund and earmarked) to reduce the need to borrow.
7. The County Council's Medium Term Financial Strategy has been refreshed to account for a number of changes, including adjustments to the taxbase, levels of grant funding, changes to the pressures and deliverability of savings identified through the base budget review, and measures to respond to feedback from the public during the budget consultation exercise.
8. Looking beyond 2013/14, the budget report presented to Policy Committee on 13th February showed that there is an increasing shortfall in resources, which will need to be addressed over the medium term.

Medium Term Financial Strategy (MTFS)

9. At its meeting in February 2012, the County Council agreed the Medium Term Financial Strategy and Capital Programme for 2012/13 to 2015/16. Whilst the underlying principles of the MTFS remain relatively constant, there is an on-going need to refresh and update it, in order to ensure that it reflects the prevailing economic and financial conditions. In addition to this, a base budget review has taken place over recent months, to ensure that the position presented to County Council, is as robust as possible, and based upon the best available information and analysis.
10. It is important to stress that, given the governments continued austerity measures, together with the pressures associated with growing demands for social care, the financial challenge facing the County Council will remain for the foreseeable future. The publishing of a two year local government settlement, and the suggestion that detailed spending plans for 2015/16 will be published in the first half of 2013, should give some degree of certainty to aid financial planning. The actual scale of change needed to deliver a balanced budget is of a similar scale to the Council's three year Programme back in 2011. However, a significant element of this programme was efficiencies and savings that had minimal impact on front line services. The ability to deliver a similar level of efficiency savings over the next four years will be extremely challenging.

11. The Service Director Finance and Procurement gave an update to the January Finance and Property Committee, on the impact of the local government finance settlement and further detail was provided in the February Policy Committee Report. The following table summarises the County Council's overall Medium Term Financial Strategy for the four years to 2016/17. It shows that whilst the Council can deliver a balanced budget in 2013/14, based on current assumptions significant savings will need to be identified in each of the following three years to 2016/17.

Table 1 – Medium Term Financial Strategy 2013/14 – 2016/17

	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m	TOTAL £'m
Cumulative shortfall (November report)	0.0	30.6	70.0	106.3	-
Year on year savings requirement	0.0	30.6	39.4	36.3	106.3
Post consultation adjustments	1.5	(1.5)	-	-	-
Revised Pressures	10.4	3.1	-	-	13.5
Changes in use of reserves	(8.4)	8.4	-	-	-
Changes in Taxbase	(1.1)	-	-	-	(1.1)
Changes in Government grant	1.6	4.9	7.7	-	14.2
NHS Funding	(3.0)	-	3.0	-	-
Adoption Reform Grant	(1.0)	1.0	-	-	-
Revised year on year shortfall	0	46.5	50.1	36.3	132.9
Revised cumulative shortfall	0	46.5	96.6	132.9	-

Budget Consultation

12. Each year the Council undertakes a budget consultation exercise with residents and stakeholder groups to help guide and inform the annual budget setting process. Last year the County Council consulted on specific budget proposals for a two year period, as such this year there are no specific budget proposals to consult on. As in previous years, this year's budget consultation process has been robust with the emphasis on involving as many residents and communities as possible. Details of the Council's budget consultation are shown at Appendix A.

Annual Budget 2013/14

13. The November report to Finance and Property Committee outlined the initial budget proposals for consultation and provided a reminder of the pressures and savings proposals that were approved in previous budgets.
14. The February report to Policy Committee gave a further update of the MTFs, and contained details of additional proposals to be incorporated into the 2013/14 budget, following the budget consultation exercise.
15. This report is the summation of the previous two reports and brings together the effect of both spending pressures and savings proposals at a Council wide level. The County Council's total revenue budget for 2013/14 is £512.138m. A summary is shown in Table 2 with a more detailed breakdown shown in Appendix B.

Table 2 - Proposed County Council Budget 2013/14

Committee Analysis	Net Budget 2012/13 £'m	Pressures £'m	Savings £'m	Pay Inflation £'m	Budget Changes £'m	Net Budget 2013/14 £'m
Children & Young People	165.657	13.273	(1.714)	0.693	(6.462)	171.447
Adult Social Care & Health	204.117	17.900	(5.869)	0.528	0.147	216.823
Transport & Highways	59.389	3.442	(1.104)	0.094	1.546	63.367
Environment & Sustainability	25.966	-	-	0.016	3.045	29.027
Community Safety	4.279	-	(0.099)	0.037	0.014	4.231
Culture	13.014	0.663	(0.331)	0.117	0.927	14.390
Economic Development	0.843	-	-	0.005	0.297	1.145
Policy	23.618	0.537	(0.128)	0.125	(0.720)	23.432
Finance & Property	24.966	-	(1.274)	0.197	5.628	29.517
Personnel	3.779	-	(0.010)	0.041	(1.425)	2.385
Public Health	-	-	-	-	35.103	35.103
Net Committee Requirement	525.628	35.815	(10.529)	1.853	38.100	590.867
Corporate Budgets	(41.469)	-	-	-	(12.251)	(53.720)
Use of Reserves	7.326	-	-	-	(32.335)	(25.009)
BUDGET REQUIREMENT	491.485	35.815	(10.529)	1.853	(6.486)	512.138

16. The table above shows the changes between the Original Budget for 2012/13 and the proposed budget for 2013/14 including budget pressures, savings, pay inflation and other budget changes including:

- The transfer of Public Health service provision from the NHS to the County Council, for which funding is included in Corporate Items, Revenue Grants (Table 3 below)
- Additional NHS Funding to ASCH of £3 million
- The transfer of £11.4 million for the Learning Disability & Health Reform grant from a ring-fenced grant within ASCH to mainstream Corporate funding
- The reduction of £3.8m in reserves funding for the Improvement Programme from 2012/13 to 2013/14 within Policy Committee, in line with the project profile
- The transfer of permanent use of contingency approved in 2012/13.
- Additional budgets for 2013/14 to Highways and Children and Young People following the budget consultation
- Transfers between committees

17. Members will be aware that Policy Committee (17 October 2012) approved £1 million of grant funding to support the network of community sports clubs across Nottinghamshire. Following the success of the London 2012 Olympic and Paralympic Games, the funding will enable clubs to meet the increased demand experienced, and assist more people in Nottinghamshire to get involved in sport. There has been a high response for funding and as a result the County Council is proposing a further allocation of £700,000 to extend the Olympic and Paralympic legacy.

Corporate Budgets

18. There are a number of centrally held budgets that do not report into a specific Committee. They are shown below (with the budget analysis shown in the following table):

- Flood Defences Levy: The Environment Agency raise a number of charges and levies to fund flood defence works. This particular levy is charged by the local Flood Defence Committees to fund local priorities
- Trading Services Pensions Costs: This sum is required to cover the difference between the basic employer's contributions used in the trading accounts and the amounts actually charged, as required by the actuarial valuation.
- Contingency: A contingency is provided to cover certain redundancy costs, delays in efficiency savings, changes in legislation and other eventualities. Finance & Property Committee approval is required for the release of contingency funds.
- Capital Charges: Capital charges represent the notional costs of utilising the Council's fixed assets, similar in a way to depreciation in a private sector organisations accounts. However, statute requires that this amount is not a cost to the council tax payer, and instead the actual cost that impacts on the Council's revenue budget are the costs of borrowing, represented by Interest and the Minimum Revenue Provision (MRP).

Table 3 - Proposed Budget 2013/14
Corporate Budgets and Reserves

	Net Budget 2012/13 £'m	Budget Changes £'m	Net Budget 2013/14 £'m
Horizontal Savings	(2.190)	2.190	-
Flood Defence	0.291	(0.018)	0.273
Trading Organisations	0.801	-	0.801
Pension Enhancements (centralised)	-	1.842	1.842
Contingency	17.823	(12.783)	5.040
Capital Charges	(45.882)	0.134	(45.748)
Interest etc	19.528	(1.609)	17.919
MRP	17.399	1.309	18.708
Revenue Grants	(49.239)	(3.316)	(52.555)
Corporate Budgets	(41.469)	(12.251)	(53.720)

	Net Budget 2012/13 £'m	Budget Changes £'m	Net Budget 2013/14 £'m
Transfer to/from Earmarked Reserves	2.396	(12.268)	(9.872)
Transfer to/from General Fund	4.930	(20.067)	(15.137)
Use Of Reserves	7.326	(32.335)	(25.009)

Council Tax Levels 2013/14

19. Each District Council has to construct a Council Tax base by assessing the number of "Band D equivalent" properties in its area, and then building in an allowance for possible non-collection. This task has been complicated this year due to the change of localising council tax support, as those households qualifying for discount are no longer included in the Districts tax base. Instead the grant is to be paid directly to the County Council as part of its total funding.

20. The notifications from the seven District Councils are a Tax base of 229,071.29. This is slightly higher than the equivalent figure from the seven Districts for 2012/13 (adjusted for the localising of council tax support schemes), representing growth of 0.53%. The increase in Tax base has been taken into account in the calculation of budget.

Council Tax Surplus/Deficit

21. Each year an adjustment is made by the District Councils to reflect the actual collection rate of Council Tax in the previous year. This can sometimes result in a surplus, payable to the County Council; or a deficit which is offset against future year's Council tax receipts. The figures received from the Districts show a surplus on the Collection Fund of £685,755, which has been factored into the overall council tax requirement calculation, and is shown in the table below.

Table 4 – Council Tax Requirement Calculation

<u>2013/14</u>	Amount £'m	% Funding
Initial Budget Requirement	512.138	100.0
Less Formula Grant	(238.129)	46.5
Net Budget requirement	274.009	
Less Estimated Collection Fund Surplus	(0.686)	0.1
Council Tax Requirement	273.323	53.4

22. The Council Tax requirement is then divided by the taxbase to arrive at the Band D figure. This figure then forms the basis of the calculation of the liability for all Council Tax bands. Full details of the County Council's Tax Rates are shown below.

Table 5 - Recommended Levels of Council Tax (County Council Element) 2013/14

Band	Value as at 1.4.91	No. of Properties	% no. of properties	Ratio	County Council 2012/13 £	County Council 2013/14 £	Change £
A	Up to £40,000	140,560	40.0	6/9	795.45	795.45	-
B	£40,001- £52,000	72,320	20.6	7/9	928.03	928.03	-
C	£52,001- £68,000	60,210	17.1	8/9	1,060.60	1,060.60	-
D	£68,001- £88,000	39,720	11.3	1	1,193.18	1,193.18	-
E	£88,001- £120,000	21,830	6.2	11/9	1,458.33	1,458.33	-
F	£120,001- £160,000	10,470	3.0	13/9	1,723.48	1,723.48	-
G	£160,001 - £320,000	5,890	1.7	15/9	1,988.63	1,988.63	-
H	Over £320,000	450	0.1	18/9	2,386.36	2,386.36	-

23. The County Council's proposed Council Tax for 2013/14 is the same as for 2012/13 in line with the administration's proposal to freeze the Council Tax. This is the fourth year of Council Tax freeze. The actual amounts payable by householders will also depend on:-

- The District's own Council Tax
- The Police Authority and the Combined Fire Authority Council Tax
- Any Parish precepts or special levies

- The eligibility for discounts and rebates

County Precept

24. District and Borough Councils collect the Council Tax for the County Council, which is recovered from the Districts by setting a County Precept. The total Precept is split according to the Council Taxbase for each District as set out in the table below.

Table 6 – Amount of County Precept By District - 2013/14

District Council	Council Taxbase	County Precept £
Ashfield	29,870.30	35,640,645
Bassetlaw	31,409.55	37,477,247
Broxtowe	31,907.95	38,071,928
Gedling	34,396.13	41,040,774
Mansfield	26,524.26	31,648,217
Newark & Sherwood	36,015.10	42,972,497
Rushcliffe	38,948.00	46,471,975
Total	229,071.29	273,323,283

25. Discussions have been held with District Councils and the following dates have been agreed for the collection of the precept:

Table 7 – Proposed County Precept Dates - 2013/14

2013	2013	2014
19 April	11 September	3 February
29 May	16 October	10 March
1 July	20 November	
5 August	23 December	

26. The dates shown are those by which the County Council's bank account must receive the credit, otherwise interest is charged. Adjustments for net variations in amounts being collected in 2012/13 will be paid or refunded on the same dates.

Capital Programme and Financing

27. Local authorities are able to determine their overall levels of borrowing, provided they have regard to “The Prudential Code for Capital Finance in Local Authorities” published by CIPFA. It is, therefore, possible to increase the Capital Programme and finance this increase by additional borrowing provided that this is “affordable, prudent and sustainable”. This is in addition to capital expenditure funded from other sources such as external grants and contributions, revenue and reserves. The revenue implications of the Capital Programme are provided for in, and integrated with, the revenue budget.
28. The County Council’s capital programme has been reviewed as part of the 2013/14 budget setting process. The programme continues to be monitored closely in order that variations to capital expenditure and capital receipts can be identified in a timely manner. Any subsequent impact on the revenue budget and associated prudential borrowing indicators will be reported appropriately.
29. During the course of 2012/13, some variations to the Capital Programme have been approved by Policy Committee, Finance and Property Committee and by the Section 151 Officer. A summary of these were reported to Finance and Property Committee in December 2012. Following a review of the Capital Programme and its financing, some proposals have been made regarding both new schemes and extensions to existing schemes in the Capital Programme. These proposals are identified in paragraphs 30 to 51. The schemes are at different levels of maturity and, where indicated, detailed Business Cases will need to be developed before expenditure commences. Schemes will be subject to Latest Estimated Cost reports in accordance with the Council’s Financial Regulations.

Children and Young People’s

30. School Basic Need Programme - The School Basic Need Programme totalling £19.6 million over the period 2012/13 to 2015/16 is already approved within the CYPS capital programme. There continues to be significant pressures on school places due to rising birth rates and parental choice. This has resulted in a need to extend the programme to ensure that Nottinghamshire schools have sufficient capacity. It is proposed that additional funding of £10.5 million funded from contingency (£5.5 million) and reserves (£5.0 million) is added to the School Basic Need Programme with revised phasing as follows:-

2012/13	£2.6m
2013/14	£14.1m
2014/15	£8.9m
2015/16	£2.5m
2016/17	£2.0m

31. School Capital Refurbishment Programme – The School Capital Refurbishment Programme totalling £65.5 million over the period 2012/13 to 2015/16 is already approved as part of the CYPS capital programme. The programme has been accelerated to deliver essential building works. The rephased funding of the School Capital Refurbishment Programme is as follows:-

2012/13	£25.6m
2013/14	£29.9m
2014/15	£10.0m

32. The Department for Education capital grant allocation for 2013/14 and beyond that support both the school Basic Need and Refurbishment programmes are best estimates as the Government funding regarding school capital allocations have yet to be announced. On confirmation of the grant allocations the programme will need to be varied accordingly.
33. Rushcliffe Children's Centres – It is proposed that a programme of work is undertaken to re-organise the Children's Centre provision in Rushcliffe. Co-location of services and the refurbishment of existing buildings would enhance services available in the Borough and enable most vulnerable families to be reached. It is proposed that an £870k allocation funded from contingency is incorporated into the Capital Programme.
34. Early Education Places for Eligible Two Year Olds – The Local Authority has been allocated a 2013/14 capital grant from the Department for Education. The £1.1million grant is available to provide childcare places for disadvantaged children across the County where there is a sufficiency issue. It is proposed to incorporate the £1.1 million Early Education Places for Eligible Two Year Olds grant into the Capital Programme.

Transport and Highways

35. Worksop Bus Station – This project proposes to create a fully enclosed bus station for Worksop as part of the County Council's strategy to refurbish or rebuild the county's stock of bus stations. It is proposed that funding of £1.0 million in 2013/14 and a further £1.5 million in 2014/15 is incorporated into the Capital Programme and funded from reserves.
36. Minor Capital Allocation Variations – Many programmes of work within the Transport and Highways are intrinsically linked. As a result of this, approval is sought to transfer a number of minor allocations between programmes as shown below. This movement of funding does not impact the total level of borrowing in the programme as a whole:-

Programme	£000
Road Maintenance & Local Transport Plan	91
Road Safety	(41)
Residual Land Compensation Claims	(44)
Street Lighting Renewal	(49)
Advance Design Fees	(8)
Other Major Projects	51
Net Budget Movement	NIL

37. Road Maintenance and Renewals and Local Transport Plan – These two programmes of work provide support for local highway maintenance across the County. Funding for 2012/13 is already approved within the capital programme. In the Chancellor's Autumn Statement announced on 5 December 2012, additional funding was received from the Department for Transport through the Local Highways Maintenance Grant. It is proposed that additional grant of £2.0 million in 2013/14 and a further £1.1 million grant in 2014/15 are included within the capital programme.

38. Transport and Highway External Funding - Transport and Highways have successfully levered in external funding to fund a number of projects across the Capital Programme. This is funding allocated across many programmes of work but does not impact upon the financing of the programme as a whole. The variations to the capital programme required as a result of the external funding income are as follows:-

Programme	£000
Transport and Highways External Funding	(676)
Local Transport Plan	295
Land Reclamation	251
Transport and Travel Services	84
Road Safety	41
Flood Alleviation and Drainage	5
Net Budget Movement	NIL

39. Hucknall Town Centre Improvement - This major transport scheme proposes the construction of a 0.5 km inner relief road parallel to the existing town centre High Street with funding already approved within the Capital Programme. Grant identified against this scheme in the capital programme totals £9.8 million. £8.5 million of this is funded from the Department from Transport and a further £1.34 million is funded from a contribution from Ashfield District Council. £339k of the Ashfield contribution was applied to capital expenditure in 2011/12. A variation to the capital programme is therefore required to reduce the financing of this project down by £339k to reflect external funding applied in prior years.
40. Vehicle Purchase – Gritters – Costs totalling £219k have been incurred to purchase essential gritting vehicles over and above the available budget. It is proposed that the shortfall in funding is recovered from within the Manage and Operate Partnerships capital budget. It is proposed that a variation to the capital programme is approved to reduce the Manage and Operate Partnerships budget by £219k with a corresponding increase to the Vehicle Purchase – Gritters budget. The overall capital programme is unaffected by this variation.
41. Rail Improvements – It is proposed to vary the capital programme to include £300k per annum from 2013/14 to 2015/16, funded from capital borrowing, to carry out essential improvements to railways across the County.
42. Green Network – Investment is required to join up existing off-road cycle routes and bridleways across the county. This investment will integrate existing provision to provide significant leisure and recreational routes for cyclists, walkers and horse riders. It is proposed to include up to £500k from the 2013/14 capital contingency, to fund these works.

Environment and Sustainability

43. Waste Management – The capital programme already includes indicative budget of £500k per annum, funded from revenue, to fund Waste Management costs from 2013/14 onwards. It is proposed to remove the £500k revenue contribution from the capital programme and replace this with funding of £500k per annum, funded from capital borrowing.

Culture

44. Sherwood Forest Visitor Centre – In September 2011, the Council agreed a new works concession procurement process to secure an external designer, operator and funder for the Sherwood Forest Visitor Centre. As part of this process there is a requirement for the County Council to support the development by a third party of a new visitor centre. It is proposed that funding of £1.653 million, funded from reserves, is added to the capital programme to fund site remediation, access and infrastructure costs at the centre.
45. National Water Sports Centre – In January 2013, Policy Committee approved the award of a bidder to become the operating partner for the National Water Sports Centre, subject to successful clarification and fine tuning of legal agreements. As part of the procurement process the Council has been explicit with bidders that there is £1.6 million capital funding allocated to the project. £1.475 million of this contribution will be funded from grant that is already approved within the capital programme. It is proposed that the £0.125 million funding shortfall is met from contingency and included in the Capital Programme.
46. Tourism & Economic Development Initiatives – A number of initiatives in the capital programme will support growth in tourism and economic activity. The County Council is keen to provide further resources to support other similar initiatives. One possibility is the development of a civil war museum in Newark, in conjunction with the District Council. It is proposed that funding of £1 million, funded from reserves, is added to the Capital Programme to provide support for these initiatives.

Finance and Property

47. Nottinghamshire Local Broadband Plan – The ambitious vision for superfast broadband deployment in Nottinghamshire can only be realised if the Government's allocation of £4.25 million is matched pound for pound by local sources and a telecommunications provider is procured (who will also be required to provide match funding). Discussions are taking place with the District, Borough and City Councils with regard to contributions to the scheme. It is proposed that funding of £2.150 million, funded from contingency, is included in the capital programme to fund the County Council's contribution to the broadband project.
48. Building Works – It is proposed that the Building Works capital budget will make a contribution of £237k in respect of essential maintenance works required to the Adult Day Care Services Modernisation capital project. It is proposed that a variation to the capital programme is approved to reduce the Building Work budget by £237k with a corresponding increase in the Adult Day Care Modernisation project. The overall capital programme is unaffected by this variation.
49. Sun Volt Programme - It is proposed that a spend to save initiative is undertaken to install solar panels on the main County Council building. This project will enable the County Council to benefit from feed tariff payments and savings in energy costs. The programme is expected to yield an overall return on investment of almost 10% and will also markedly reduce carbon emissions. It is proposed that from 2013/14 to 2016/17 funding of £250k per annum, funded from prudential borrowing, is included in the capital programme to fund the County Council's Sun Volt programme.

Contingency

50. The Capital Programme requires an element of contingency funding for a variety of purposes, including urgent capital works, schemes which are not sufficiently developed for their immediate inclusion in the Capital Programme, possible match-funding of grants and possible replacement of reduced grant funding.
51. A number of capital bids described above are proposed to be funded from uncommitted 2012/13 contingency and a part of the 2013/14 contingency. The levels of contingency funding remaining in the capital programme are as follows:-

2013/14	£0.8 million
2014/15	£8.5 million
2015/16+	£5.0 million per annum

Revised Capital Programme

52. Taking into account schemes already committed from previous years (some of which have incurred slippage and are now re-phased) and the additional proposals above, the summary Capital Programme and proposed sources of financing for the years to 2016/17 are set out in the table below. The figures reflect proposals to utilise Earmarked Reserves and County Fund Balances to fund one off capital schemes as outlined at Appendix C.

Table 8 – Summary Capital Programme

	Revised 2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m	TOTAL £'m
Committee:						
Children & Young People*	39.854	54.294	18.900	2.500	2.000	117.548
Adult Social Care & Health	4.418	6.104	6.650	3.000	3.000	23.172
Transport & Highways	38.602	43.324	37.707	35.865	26.256	181.754
Environment & Sustainability	5.171	4.853	4.574	4.200	4.000	22.798
Community Safety	0.003	0.297	-	-	-	0.300
Culture	5.147	6.930	1.204	0.450	1.322	15.053
Policy	8.902	5.075	-	-	-	13.977
Finance & Property	14.880	11.180	4.450	3.650	3.650	37.810
Personnel	0.088	0.070	0.070	0.070	0.070	0.368
Contingency	3.200	0.829	8.500	5.000	5.000	22.529
Capital Expenditure	120.265	132.956	82.055	54.735	45.298	435.309
Financed By:						
Borrowing	67.298	72.444	36.706	26.100	21.672	224.220
Capital Grants †	46.162	44.351	37.679	27.465	22.456	178.113
Revenue/Reserves	6.805	16.161	7.670	1.170	1.170	32.976
Total Funding	120.265	132.956	82.055	54.735	45.298	435.309

* These figures exclude Devolved Formula Capital allocations to schools.

† Indicative Government funding for Transport and Schools is included in 2014/15 to 2016/17.

53. The Capital Programme for 2013/14 includes £19m of re-phased or slipped expenditure previously included in the Capital Programme for 2012/13. Funding for individual schemes is detailed in Appendix B.

Capital Receipts

54. In preparing the Capital Programme, a full review has been carried out of potential capital receipts. The programme still anticipates significant capital receipts over the period 2012/13 to 2016/17. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of Capital Receipts incorporate anticipated slippage between years and are shown in the following table.

Table 9 – Forecast Capital Receipts

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m	TOTAL £'m
Forecast Capital Receipts	3.6	6.0	15.0	15.7	8.3	48.6

55. The County Council is required to set aside a Minimum Revenue Provision (MRP) in respect of capital expenditure previously financed by borrowing. In recent years, the Council has sought to minimise the revenue consequences of borrowing by optimising the use of capital receipts to reduce the levels of MRP in the short to medium term. As such, the Council's strategy (Appendix E) is to apply capital receipts to borrowing undertaken in earlier years, rather than using them to fund in-year expenditure. Although this will be presented as a higher level of in-year borrowing, the overall level of external debt will be unaffected. This policy will be reviewed on an annual basis.
56. One of the requirements of the Local Government Act 2003 is that the Council must set an "Authorised Limit" for its external borrowings. Any potential breach of this limit would require authorisation from the Council. There are a number of other prudential indicators that are required by The Prudential Code to ensure that the proposed levels of borrowing are affordable, prudent and sustainable. The values of the Prudential Indicators are proposed in Appendix F.
57. In accordance with the "CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", it is proposed that the Council approves a Treasury Management Strategy and Policy for 2013/14. The Strategy is in Appendix G and the Policy is in Appendix H.
58. It is proposed that the Service Director – Finance and Procurement be allowed to raise loans within the Authorised limit for external borrowing, subject to the limits in the Treasury Management Strategy for 2013/14.

Equality Impact Assessments

59. Public authorities are required by law to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share protected characteristics and those who do not
 - foster good relations between people who share protected characteristics and those who do not.
60. Decision makers must understand the effect of policies and practices on people with protected characteristics. Equality impact assessments are the mechanism by which the authority considers these effects.
61. Equality implications have been considered during the development of the budget proposals and equality impact assessments were undertaken on each proposal approved as part of the 2012/13 MTFS. In addition the Human Resources (HR) policies that will be applied to any staffing reductions have been the subject of equality impact assessments undertaken by HR staff. This includes assessments which are available as background papers on the following relevant HR policies:
- Enabling process
 - Redundancy process
 - Redundancy selection criteria
 - Selection and recruitment process
 - Re-deployment process
62. It is essential that Members give due regard to the implications for protected groups in the context of their equality duty in relation to this decision

Statutory and Policy Implications

63. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Recommendations

Paragraph
Ref

It is recommended that:

1. The Annual Revenue Budget for Nottinghamshire County Council is set at £512.138 million for 2013/14. 15
2. The Finance & Property Committee be authorised to make allocations from the General Contingency for 2013/14. 18
3. That the County Council element of the Council Tax is set at a standard Band D tax rate of £1,193.18 and for the various Bands of property shall be: 22

Band	Value as at 1.4.91	No. of Properties	% no. of properties	Ratio	County Council 2012/13 £	County Council 2013/14 £	Change £
A	Up to £40,000	140,560	40.0	6/9	795.45	795.45	-
B	£40,001- £52,000	72,320	20.6	7/9	928.03	928.03	-
C	£52,001- £68,000	60,210	17.1	8/9	1,060.60	1,060.60	-
D	£68,001- £88,000	39,720	11.3	1	1,193.18	1,193.18	-
E	£88,001- £120,000	21,830	6.2	11/9	1,458.33	1,458.33	-
F	£120,001- £160,000	10,470	3.0	13/9	1,723.48	1,723.48	-
G	£160,001 - £320,000	5,890	1.7	15/9	1,988.63	1,988.63	-
H	Over £320,000	450	0.1	18/9	2,386.36	2,386.36	-

4. The County Precept for the year ending 31 March 2014 shall be £273,323,283 and shall be applicable to the whole of the District Council areas as General Expenses. 24
5. The County Precept for 2013/14 shall be collected from the District and Borough Councils in the proportions set out in paragraph 32 with the payment of equal instalments on the following dates: 25

2013	2013	2014
19 April	11 September	3 February
29 May	16 October	10 March
1 July	20 November	
5 August	23 December	

Table 7

6. Subject to the final outturn for 2013/14, up to £5m of underspend be transferred to the Capital Projects Reserve to support the future capital programme. Appendix C

7. The Capital Programme for 2012/13 to 2016/17 be approved at total amounts of: Table 8

£132.956m 2013/14
 £ 82.055m 2014/15
 £ 54.735m 2015/16
 £ 45.298m 2016/17

and be financed as set out in the report.

- | | |
|--|------------|
| 8. The variations to the Capital Programme be approved. | 30-51 |
| 9. The Minimum Revenue Provision policy for 2013/14 be approved. | Appendix E |
| 10. The Prudential Indicators be approved. | Appendix F |
| 11. The Service Director – Finance & Procurement be authorised to raise loans in 2012/13 within the limits of total external borrowings. | 58 |
| 12. The Treasury Management Strategy for 2013/14 be approved. | Appendix G |
| 13. The Treasury Management Policy for 2013/14 be approved. | Appendix H |
| 14. The report on the Annual Budget for 2013/14, and the Capital Programme 2013/14 – 2016/17 be approved and adopted. | |
| 15. The principles underlying the Medium Term financial Strategy be approved. | Table 1 |

**CLLR KAY CUTTS
LEADER OF THE COUNCIL**

**CLLR REG ADAIR
CHAIRMAN OF FINANCE AND PROPERTY COMMITTEE**

Background Papers Available for Inspection

- Budget Report – Finance & Property Committee – 12th November 2012
- Budget Report – Policy Committee – 13th February 2013
- Human Resource policies as listed at paragraph 61 above.

All EqIAs are published on the Council’s website at:

<http://www.nottinghamshire.gov.uk/thecouncil/democracy/equalities/eqia/>

Constitutional Comments (KK 18/02/2013)

64. The proposals within this report are within the remit of Full Council.

Financial Comments of the Service Director, Finance & Procurement (PDS 11/02/2013)

65. The budget proposed has been prepared taking into account the major strategic objectives of the Council as set out in the Strategic Plan 2010 to 2014 and reflects all significant cost variations that can be anticipated.
66. The budget has been prepared in conjunction with Corporate Directors and other senior officers, and through significant member engagement via Policy Committee and Finance & Property Committee. There has been robust examination and challenge of all the additional spending pressures and savings proposals.
67. Strict budgetary control will be maintained throughout the 2013/14 financial year, and the Base Budget Review will provide a platform on which improved financial management and budgetary control can be established. As in previous years, Departments will be required to utilise any departmental underspends to offset unexpected cost increases that exceed the resources that have been provided to meet known cost pressures and inflation. To the extent that that this may be insufficient or that other unexpected events arise, the Council could potentially call on its County Fund Balances.
68. The levels of Reserves and Balances have been reviewed and are considered to be adequate. The Council is planning to apply a prudent level of County Fund balances and Earmarked reserves to support its capital programme. In accordance with guidance from the Department for Communities and Local Government, the Council is also looking to release some of its general reserves in order to deliver a balanced budget in 2013/14.
69. A comprehensive risk analysis is included at Appendix D to this report. A Contingency has been provided in recognition of the risk of underachievement of some of the savings proposals. The risks and assumptions have been communicated to, and understood by, elected Members and Corporate Directors.
70. The budget is, in my opinion, robust and meets the requirements of the Local Government Finance Act 1992, the Local Government Act 2003 and the CIPFA Prudential Code. The proposals for 2013/14 fulfil the requirement to set a balanced budget.