

## **COUNTY COUNCIL MEETING – THURSDAY 22nd FEBRUARY 2024**

### **INDEPENDENT ALLIANCE GROUP AMENDMENT**

#### **ANNUAL BUDGET 2024/25**

That the following amendments to the proposed budget be approved.

1. To progress the disposal of investment land held at Toton in order to fund:-
  - a. A variation to the capital programme to increase the Road Maintenance and Renewal capital programme by £10m in each of 2024/25 and 2025/26 funded initially from borrowing and then repaid from the capital receipt from the Toton land disposal.
  - b. Utilise any excess capital receipt to re-pay previous years borrowing and realise a one-off revenue saving of up to £2.0m.

#### **Amendment 1**

At the Policy Committee meeting held on 13 November 2018 approval was granted to amend the capital programme to include the acquisition of land in the vicinity of Toton Lane to deliver the HS2 Toton Growth Strategy. The purchase was completed in March 2019 at a cost of £22.1m.

This amendment proposes that work commences to dispose of the land at Toton with a view to gaining a significant capital receipt in the 2025/26 financial year over and above the capital receipt target that is set out in the 2024/25 Budget Report. The Cabinet Member for Economic Development and Asset Management stated at the Full Council meeting in December 2023 that the land was acquired with planning consent for residential use which formed the basis of the purchase price. Despite the cancellation of the eastern leg the Council believes that the land has not lost value. In the 2022/23 Statement of Accounts, this land was valued at £23.3m and it is assumed that any future capital receipt will be in that region.

Borrowing of £10m will be required in 2024/25 to fund the initial further investment in highway maintenance. There will be a financing cost of £0.5m associated with the additional borrowing in 2024/25 and this is proposed to be funded from within the 2024/25 revenue contingency.

On realisation of the capital receipt in 2025/26, the initial £10m borrowing will be repaid, a further £10m investment in highways improvements will be made and any excess capital receipts will be used to repay previous years' borrowing. This may result in a one-off revenue saving across the MTFS of up to £2.0m.

**Table 11 – Summary Capital Programme**

	Revised 2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	TOTAL £m
<b>Portfolio:</b>						
Education & SEND	57.859	58.806	24.453	6.500	6.500	154.118
Children & Families	4.159	5.861	0.000	0.000	0.000	10.020
Adult Social Care	0.776	0.000	0.000	0.000	0.000	0.776
Transport & Environment	58.438	71.793	41.220	30.857	30.331	232.639
Communities & Public Health	2.652	1.714	0.500	0.500	0.500	5.866
Economic Devt & Asset Mngt	15.500	19.313	6.328	2.400	2.400	45.941
Finance & Resources	5.610	10.111	4.210	4.210	4.210	28.351
Contingency	3.057	3.698	3.000	3.000	4.660	17.415
<b>Capital Expenditure</b>	<b>148.051</b>	<b>171.296</b>	<b>79.711</b>	<b>47.467</b>	<b>48.601</b>	<b>495.126</b>
<b>Financed By:</b>						
Borrowing	40.805	82.145	28.497	14.305	15.420	181.172
Capital Grants	97.064	80.767	47.030	29.077	29.077	283.015
Revenue / Reserves	10.182	8.384	4.184	4.085	4.104	30.939
<b>Total Funding</b>	<b>148.051</b>	<b>171.296</b>	<b>79.711</b>	<b>47.467</b>	<b>48.601</b>	<b>495.126</b>

The **Transport & Environment** row in the table above includes an additional £10m of highways investment in 2024/25 and 2025/26 funded initially from borrowing. It is proposed that the borrowing is repaid on realisation of the capital receipt.

**Table 12 – Forecast Capital Receipts**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	TOTAL £m
<b>Forecast Capital Receipts</b>	<b>7.1</b>	<b>22.6</b>	<b>58.2</b>	<b>25.7</b>	<b>25.5</b>	<b>139.1</b>

The forecast capital receipts table above now includes an additional £23.3m capital receipt in 2025/26.

## **RECOMMENDATION**

The Recommendations moved by the Cabinet Member for Finance as shown in the report be deleted and replaced by the following: (changes highlighted in red and underlined)

## RECOMMENDATION/S

1) That the following recommendations be approved:-

a) The Annual Revenue Budget for Nottinghamshire County Council is set at £638.835 million for 2024/25.	Table 1										
b) The principles underlying the amended Medium-Term Financial Strategy are approved.	Table 3										
c) The Cabinet be authorised to make allocations from the General Contingency for 2024/25.	Appendix 2, paragraph 73										
d) That the 2.00% Adult Social Care Precept is levied in 2024/25 to part fund increasing adult social care costs.	Appendix 2, paragraph 87										
e) The County Council element of the Council Tax is increased by 2.84% in 2024/25. That the overall Band D tax rate is set at £1,807.08 with the various other bands of property as set out in the report.	Appendix 2 paragraph 88										
f) The County Precept for the year ending 31 March 2025 shall be £482,559,408 and shall be applicable to the whole of the District Council areas as General Expenses.	Paragraph 12										
g) The County Precept for 2024/25 shall be collected from the District and Borough Councils in the proportions set out in Table 5 of this report on the dates set out in Table 8 of Appendix 1.	Table 5 and Appendix 2, Table 8										
h) The Capital Programme for 2024/25 to 2027/28 be approved at the total amounts below and be financed as set out in the report: <table border="1" data-bbox="280 1279 1018 1473"> <thead> <tr> <th>Year</th><th>Capital Programme</th></tr> </thead> <tbody> <tr> <td><b>2024/25</b></td><td><b>£171.296</b></td></tr> <tr> <td><b>2025/26</b></td><td><b>£79.711m</b></td></tr> <tr> <td><b>2026/27</b></td><td>£47.467m</td></tr> <tr> <td><b>2027/28</b></td><td>£48.601m</td></tr> </tbody> </table>	Year	Capital Programme	<b>2024/25</b>	<b>£171.296</b>	<b>2025/26</b>	<b>£79.711m</b>	<b>2026/27</b>	£47.467m	<b>2027/28</b>	£48.601m	Appendix 2, Table 11
Year	Capital Programme										
<b>2024/25</b>	<b>£171.296</b>										
<b>2025/26</b>	<b>£79.711m</b>										
<b>2026/27</b>	£47.467m										
<b>2027/28</b>	£48.601m										
i) The variations to the Capital Programme be approved.	Appendix 2, Paragraphs 118-122										
j) The Minimum Revenue Provision policy for 2024/25 be approved.	Appendix D										
k) The Capital Strategy including the 2024/25 Prudential Indicators and Treasury Management Strategy be approved.	Appendix E										
l) The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2024/25 within the limits of total external borrowings.	Appendix 2, Paragraph 132										
m) The Treasury Management Policy for 2024/25 be approved.	Appendix F										

n) The Council delegates responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee.	Appendix 2, Paragraph 131
o) The implementation of the savings options set out in Appendix B is implemented.	Appendix B
p) The undertaking of future consultations on savings options where required is approved.	Appendix 2, Paragraph 59
q) The report be approved and adopted.	

**Cllr Jason Zadrozny**  
Independent Alliance  
Group

**Cllr Francis Purdue-Horan**  
Independent Alliance  
Group

## **FINANCIAL AND CONSTITUTIONAL IMPLICATIONS OF THE INDEPENDENT ALLIANCE GROUP'S AMENDMENT - COMMENTS OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT AND THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND EMPLOYEES**

### **1 Purpose**

- 1.1 The purpose of this report is to set out the financial and constitutional implications of the Independent Alliance Group's Budget Amendments and provide an opinion on whether it meets the funding requirements contained in the Local Government Finance Act 1992, the Local Government Act 2003, the CIPFA Prudential Code for Capital Finance, and is in accordance with legal requirements and the Council's constitution.

### **2 Financial Implications**

- 2.1 The impact of this amendment is as follows:-

A variation to the capital programme to increase the Road Maintenance and Renewal capital programme by £10m in each of 2024/25 and 2025/26 funded initially from borrowing and then repaid from the capital receipt from the Toton land disposal.

- 2.2 Any excess capital receipt is utilised to re-pay previous years borrowing and realise a one-off revenue saving of up to £2.0m.

### **3 Commentary on the Proposals**

- 3.1 Proposal 1 incurs a cost of £0.5m in 2024/25 that is proposed to be met from 2024/25 revenue contingency. This cost could be more than offset across the MTFS by using any excess capital receipt to repay previous years' borrowing and thereby generating a one-off saving of up to £2.0m. There is no impact on planned precept calculations.

### **4 Risks and Issues**

- 4.1 The Council is under a legal obligation to achieve the best price reasonably obtainable for all land which it disposes of and to consider options to deliver best value. This applies to any land identified for sale within the Council's capital programme.

4.2 The two significant financial risks are as follows:

- a) The land referenced in the amendment was last valued in March 2023; however, the value of land can change over time so current value does not necessarily reflect future value (which may be higher or lower) with a consequent impact on the borrowing position. The amendment has set modest figure of £20m as the lowest estimate of value to account for this risk.
- b) The timing and mechanism for sale may also affect values as can the terms agreed between parties so different options should be explored and documented. The process of developers negotiating new or changed planning conditions with planning authorities could also impact on the timing of final payments for the land and delay the capital receipt beyond the end of the 2025/26 financial year with a consequent impact on repayment of borrowing. For example, a delay of obtaining the sale by one year would add a further £1m for additional financing costs in 2025/26.

## **5 Conclusion**

- 5.1 In the opinion of the Service Director – Finance, Infrastructure and Improvement, these amendments meet the requirements of the Local Government Finance Act 1992, the Local Government Act 2003 and the CIPFA Prudential Code.
- 5.2 In the opinion of the Service Director – Customers, Governance and Employees, the proposals contained in the Independent Alliance Group's Amendments are in accordance with the law and the County Council's Constitution.

**NIGEL STEVENSON**

**SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND  
IMPROVEMENT**

**MARJORIE TOWARD**

**SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND  
EMPLOYEES**