

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 amendment 1 is to reduce the proposed staffing budgets in Comms and Marketing and a number of other teams by an amount of £670k. This reduction will be offset by a corresponding increase in the Highways Maintenance revenue budget. There is no net change to the revenue budget from this proposal and no other elements of the budget are impacted.
- 2.2 Reinstating the Councillors Divisional Fund as proposed in amendment 2 will reduce the proposed savings in Appendix B of the report by £132k. It is proposed the amendment will be funded from contingency, netting off part of a small increase of £200k in this since the report to Cabinet as a result of final figures being received from District / Borough Councils on Council Tax Base. There are no changes to tables in the budget report as these adjustments are within the same area of the budget.
- 2.3 The combined impact of amendments 3, 4(a) and 4(b) is to increase the proposed Highways capital programme by £20.5m in 2023/24, with reductions in planned expenditure on Highways and Top Wighay in future years. The adjustments are net nil across the Capital Programme over the years 2023/24 – 2026/27.

3 Commentary on the Proposals

- 3.1 Proposal 1 is net nil in revenue terms with additional proposed staffing savings being added to Highways revenue budgets. There is no impact on planned precept calculations.

- 3.2 The reduction in planned savings as a result of not reducing the Councillors Divisional Fund will be funded from revenue contingency, partly offsetting a small increase in this resulting from updated Council Tax Base information from District Councils. There is no impact on planned precept calculations.
- 3.3 The proposal to cease development at Top Wighay Farm is possible as main contracts have not been let and building work has not commenced. There will be one-off costs associated with any abortive costs incurred to date on the Top Wighay element of the Investing in Nottinghamshire programme which would not be able to be capitalised. These are estimated at £4.2m and would need to be funded from the revenue budget at the time when the decision to stop the scheme is made. This funding will come from the NDR reserve and will reduce the anticipated balance on this reserve by £4.2m. This will reduce the funding available for other infrastructure projects.
- 3.4 Accelerating Highways capital funding from 2024/25 and 2025/26 to 2023/24 has no impact on the net capital programme. There will be slight changes to the phasing of revenue MRP calculations, but these will net off across the MTFS.
- 3.5 Allocating the remaining Top Wighay capital funding to Highways in 2023/24 has no impact on the net capital programme. Again, there will be slight changes to the phasing of revenue MRP calculations, but these will net off across the MTFS.

4 Conclusion

- 4.1 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.
- 4.2 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

COUNTY COUNCIL MEETING – THURSDAY 9th FEBRUARY 2023

INDEPENDENT ALLIANCE GROUP AMENDMENT

ANNUAL BUDGET 2023/24

That the following amendments to the proposed budget be approved.

1. Further reductions to Comms and Marketing and increases in other staffing savings based on current year underspends. Net additional saving of £670k to be added to Highways revenue budgets in 2023/24.
2. Reinstate the Councillors Divisional Fund to its current £5k per Member at a cost of £132k. There are some minor amendments to the Council Tax base figures as a result of final figures received from District / Borough Councils after the publication of the Cabinet report. The next impact of this was an additional £200k which has been added to contingency. Part of this will be utilised to fund the cost of £132k.
3. Stop work on Top Wighay Farm as no contracts have been signed. This would generate a one-off abortive cost estimated at £4.2m which would be chargeable to revenue. This one-off cost would be funded from the NDR reserve, set aside for future infrastructure developments and to cover the costs of Dev Co and devolution.
4. Amend the Highways Capital Programme through the following adjustments:
 - a) Increase the 2023/24 programme with the remaining additional Highway's Reserve funding approved in February 2022, estimated at £9m. This funding to be allocated equally per Borough / District.
 - b) Allocate the remaining Top Wighay capital amount of circa £11.5m for capital spend on Highways in 2023/24, again split equally per Borough / District.

This would mean that £20.5million would be available for 2023/24 and £670,000 (as outlined in proposal 1) would deal with any deliverability issues – i.e. staffing.

Amendment 1

The costs of Comms and Marketing have increased over recent years and are disproportionate to the size and nature of the Council. In addition, there are current year underspends across a range of support teams. Some savings are included in the proposed budget however it is proposed that further net savings of £670k are achieved through reductions in staffing in Comms and Marketing and through deletion of vacant posts in other teams. The net saving will be added to the Highways revenue budget.

The proposal will result in changes to information set out in the Annual Budget Report as detailed below.

Table 1 – Summary of changes to the Cabinet Report

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Year on Year Savings requirement (Cabinet Report - Jan 23)	-	-	18.5	13.2	31.7
Proposed Efficiencies	(0.7)	-	-	-	(0.7)
Change in Council Tax Base assumptions	(1.2)	-	-	-	(1.2)
Change in Collection Fund Surplus	0.8	(0.8)	-	-	-
Amendments to Portfolio base budgets	0.8	-	-	-	0.8
Increase in Contingency for Pressures/Inflation Risk	0.2	-	-	-	0.2
Variation in use of Reserves	-	0.8	(0.8)	-	-
Other Corporate Adjustments	0.1	-	(0.1)	-	-
Revised Gap	-	-	17.6	13.2	30.8

The above table shows amendments in **Proposed Efficiencies** with an additional £0.7m in 2023/24, with £0.7m included in the £0.8m as an **amendment to Portfolio base budgets**. The **Revised Gap** across the MTFS remains at £30.8m.

Table 2 - Proposed County Council Budget 2023/24

Portfolio Analysis	Net Budget 2022/23 £m	Pressures £m	Savings £m	Pay, NI & Pensions increase £m	Budget Changes £m	Net Budget 2023/24 £m
Children & Young People	161.554	13.476	(0.385)	-	4.445	179.090
Adult Social Care & Public Health	231.454	24.788	(3.254)	-	6.606	259.594
Transport & Environment	114.530	4.255	(3.447)	-	4.114	119.452
Communities	18.238	0.916	(0.140)	-	0.300	19.314
Deputy Leader & Transformation	4.984	-	(0.281)	-	(0.052)	4.651
Economic Development & Asset Management	25.138	1.306	(0.668)	-	0.254	26.030
Finance	15.379	-	(0.084)	-	2.794	18.089
Personnel	25.094	-	(1.078)	-	2.913	26.929
Net Portfolio Requirements	596.371	44.741	(9.337)	-	21.374	653.149
Corporate Budgets	(33.136)	-	-	-	(24.492)	(57.628)
Use of Reserves	(3.763)	-	-	-	(0.127)	(3.890)
Budget Requirement	559.472	44.741	(9.337)	-	(3.245)	591.631

The **Savings** have increased by £0.7m in the Personnel portfolio with a compensating increase of £0.7m in the **Budget Changes** column in the Transport & Environment portfolio. The **Net Budget 2023/24** remains unchanged.

Amendment 2

The CDF is used to provide support to local groups, charities and individuals who cannot access any other source of funding. It provides much needed funding to local communities and any reduction would have a significant impact on these groups. It is therefore proposed that the saving identified in Appendix B is reversed.

This amendment will be funded from contingency, netting off part of a small increase of £200k in this since the report to Cabinet as a result of final figures being received from District / Borough Councils on Council Tax Base. There are no changes to tables in the budget report as these adjustments are within the same area of the budget.

Amendment 3

The capital programme currently includes an allocation of £15.7m for the development of new offices at Top Wighay Farm within the Investing in Nottinghamshire allocation.

Given the changes in working practices as a result of the COVID19 Pandemic a significant proportion of the Councils workforce are unlikely to ever return to full time office working. As a result, this office is no longer required. It is therefore proposed that work on Top Wighay Farm is halted as no contracts have been signed. This would generate a one-off abortive cost estimated at £4.2m which would be chargeable to revenue. This one-off cost would be funded by the NDR reserve.

Amendment 4(a)

The capital programme currently includes an allocation of £12m approved at Full Council in February 2022 for additional highways expenditure, allocated as £3m p.a. for 2022/23 – 2025/26. It is proposed that the estimated £9m allocation remaining at the end of 2022/23 is all allocated to 2023/24 to deal with the urgent Highways issues across the network. It is further proposed that this allocation is split equally across each District / Borough to ensure each area sees an appropriate improvement in the condition of their local roads.

Amendment 4(b)

Stopping work on Top Wighay would mean the remaining capital amount of circa £11.5m would be available for capital spend on Highways, again split equally per Borough / District. This would mean that £20.5million would be available for 2023/24 and £670,000 (as outlined in proposal 1) would deal with any deliverability issues – i.e. staffing.

The combined impact of Amendments 3, 4(a) and 4(b) is set out below

Table 11 – Summary Capital Programme

	Revised 2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
Portfolio:						
Children & Young People*	35.009	65.047	54.092	8.500	6.500	169.148
Adult Social Care & Public Health	0.862	0.000	0.000	0.000	0.000	0.862
Transport & Environment	46.141	76.206	36.930	28.797	28.664	216.738
Communities	2.110	1.665	0.500	0.500	0.500	5.275
Economic Devt & Asset Mngt	10.471	8.021	6.849	2.400	2.400	30.141
Finance	7.830	12.658	6.438	4.210	4.210	35.346
Personnel	0.106	0.000	0.000	0.000	0.000	0.106
Contingency	0.000	3.000	3.000	3.000	3.000	12.000
Capital Expenditure	102.529	166.597	107.809	47.407	45.274	469.616
Financed By:						
Borrowing	28.556	43.391	48.186	14.194	13.760	148.087
Capital Grants	67.555	108.098	55.535	31.077	29.077	291.342
Revenue / Reserves	6.418	15.108	4.088	2.136	2.437	30.187
Total Funding	102.529	166.597	107.809	47.407	45.274	469.616

The **Transport & Environment** row in the above table has been adjusted to move planned highways expenditure of £3m in each of 2024/25 and 2025/26 into 2023/24. In addition, planned expenditure on Top Wighay in 2023/24, 2024/25 and 2025/26 in the **Economic Devt & Asset Mngt** row has been moved to **Transport & Environment** in 2023/24 as proposed highways expenditure. The corresponding borrowing and use of Revenue / Reserves has also been rephased, but there is no net change in the capital programme across the MTFS.

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 £591.631 million for 2023/24.	Appendix 1 - Table 2
b) The principles underlying the AMENDED Medium-Term Financial Strategy are approved.	Table 1

c) The Cabinet be authorised to make allocations from the General Contingency for 2023/24.	Appendix 1, paragraph 62										
d) That the 2.00% Adult Social Care Precept is levied in 2023/24 to part fund increasing adult social care costs.	Appendix 1, paragraph 78										
e) The County Council element of the Council Tax is increased by 2.84% in 2023/24. That the overall Band D tax rate is set at £1,723.66 with the various other bands of property as set out in the report.	Appendix 1 paragraph 78/79										
f) The County Precept for the year ending 31 March 2024 shall be £454,516,008 and shall be applicable to the whole of the District Council areas as General Expenses	Paragraph 10										
g) The County Precept for 2023/24 shall be collected from the District and Borough Councils in the proportions set out in Table 3 of this report on the dates set out in Table 8 of Appendix 1.	Table 3 and Appendix 1, Table 8										
h) The Capital Programme for 2023/24 to 2026/27 be approved at the total amounts below and be financed as set out in the report: <table border="1" data-bbox="280 954 1018 1149"> <thead> <tr> <th>Year</th><th>Capital Programme</th></tr> </thead> <tbody> <tr> <td>2023/24</td><td>£166.597m</td></tr> <tr> <td>2024/25</td><td>£107.809m</td></tr> <tr> <td>2025/26</td><td>£47.407m</td></tr> <tr> <td>2026/27</td><td>£45.274m</td></tr> </tbody> </table>	Year	Capital Programme	2023/24	£166.597m	2024/25	£107.809m	2025/26	£47.407m	2026/27	£45.274m	Appendix 1, Table 11
Year	Capital Programme										
2023/24	£166.597m										
2024/25	£107.809m										
2025/26	£47.407m										
2026/27	£45.274m										
i) The variations to the Capital Programme be approved.	Appendix 1, Paragraphs 110-121										
j) The Minimum Revenue Provision policy for 2023/24 be approved.	Appendix D										
k) The Capital Strategy including the 2023/24 Prudential Indicators and Treasury Management Strategy be approved.	Appendix E										
l) The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2023/24 within the limits of total external borrowings.	Appendix 1, Paragraph 128										
m) The Treasury Management Policy for 2023/24 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 1, Paragraph 127										
o) The report be approved and adopted.											

Cllr Francis Purdue-Horan
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