

COUNTY COUNCIL MEETING – THURSDAY 24th FEBRUARY 2022

LABOUR GROUP AMENDMENT

ANNUAL BUDGET 2022/23

That the following amendments to the proposed budget be approved.

1. The County Council element of the Council Tax is not increased in 2022/23.
2. The Council utilises the £5m funding identified within the General Fund Reserve relating to Risks in the Social Care Market to support care operators in increasing hourly rates in advance of future increases in the national living wage. The Council will also work with Government and NHS providers to identify any options to increase hourly rates to at least £10 / hr at the earliest opportunity.
3. The Council provides funding of up to £1m to allow 1 fte Community Liaison Officer in each District to support individuals and families to mitigate the cost of living crisis over the next 2 years.
4. The £15m allocated to the highways review and the environment strategy is only spent once the proposals have been subject to review by all Members to ensure that value for money is achieved and that the money is spent in the best way possible.

Amendment 1

In the current economic climate, with citizens of Nottinghamshire facing increasing energy costs, increased national insurance contributions and general inflation well above wage rises, any increase in Council Tax and Social Care Precept should be kept as low as possible. Whilst accepting that, in the absence of sufficient Government funding, the crisis in social care makes it necessary to retain the Social Care Precept it is proposed that the County Council element of Council Tax should not be increased in 2022/23.

The proposal is that this reduction in income is offset by an increase in the use of reserves in 2022/23.

Amendment 2

The Council has recognised the significant issues facing adult social care providers by identifying £5m within the General Fund Reserve. This funding should be utilised now to increase wages in the sector and bring forward planned increases in the national living wage to 2022/23. It is estimated that the £5m will allow an increase in hourly pay rates of around £0.25/hr.

Further to this the Council should engage with Government, the ICS and the NHS to identify any funding available to support a further increase in wages to at least £10/hr to help reduce the significant workforce issues faced by the sector.

Amendment 3

As noted in Amendment 1, individuals and families are facing a cost-of-living crisis. Many do not have access to help and support to enable them to manage their finances. The amendment would set aside £1m over the next 2 years to fund 1fte Community Liaison Officer per District to help provide advice and support. The funding would be used in conjunction with partners to ensure the support is targeted at the most vulnerable and those that need it most.

Amendment 4

It is essential that additional funding for highways and the environment is used in the best possible way to deliver the best outcomes for the people of Nottinghamshire. Proposals for the use of this funding should be shared with all Members to confirm that this funding will provide value for money, ensure that proposed schemes meet expected standards of quality, that schemes will be delivered within an agreeable timeframe and allow members to approve schemes before any money is spent.

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

Table 1 - Proposed County Council Budget 2022/23

Committee Analysis	Net Budget 2021/22	Pressures	Savings	Pay, NI & Pensions increase	Budget Changes	Net Budget 2022/23
	£m	£m	£m	£m	£m	£m
Children & Young People	149.087	15.040	(0.357)	-	(2.216)	161.554
Adult Social Care & Public Health	219.272	20.692	(7.745)	-	4.735	236.954
Transport & Environment	111.447	3.003	-	-	0.080	114.530
Communities	18.417	0.148	-	-	(0.327)	18.238
Policy	3.186	-	-	-	1.798	4.984
Economic Development & Asset Management	21.246	0.566	-	-	3.326	25.138
Finance	15.097	-	-	-	0.282	15.379
Governance & Ethics	7.727	-	-	-	(0.090)	7.637
Personnel	18.034	-	-	-	(0.577)	17.457
Net Committee Requirements	563.513	39.449	(8.102)	-	7.011	601.871
Corporate Budgets	(31.863)	-	-	-	(1.273)	(33.136)
Use of Reserves	(1.333)	-	-	-	(12.040)	(13.373)
Budget Requirement	530.317	39.449	(8.102)	-	(6.302)	555.362

The **Use of Reserves** in the **Budget Changes** and the **Net Budget 2022/23** columns are increased by £4.1m, with the net **Budget Requirement** reduced by £4.1m. (Amendment 1).

The **Adult Social Care & Public Health** budget will be increased by £5.0m for care sector support (Amendment 2)

The **Adult Social Care & Public Health** budget will be increased by £0.5m for funding to support debt advisors (Amendment 3)

The **Use of Reserves** will increase by a further £5.5m (Amendment 2 and 3).

Table 2 - Proposed Budget 2022/23
Corporate Budgets and Reserves

	Net Budget 2021/22	Budget Changes	Net Budget 2022/23
	£m	£m	£m
Flood Defence Levies	0.294	0.015	0.309
Pension Enhancements (Centralised)	2.050	-	2.050
Trading Organisations	1.300	-	1.300
Contingency - General	7.664	(0.625)	7.039
Contingency - Pay	-	10.226	10.226
Capital Charges (Depreciation)	(44.070)	(1.290)	(45.360)
Interest & Borrowing	21.323	(0.100)	21.223
Minimum Revenue Provision (MRP)	11.867	0.815	12.682
New Homes Bonus Grant	(1.172)	(0.465)	(1.637)
Social Care Grant	(24.301)	(9.160)	(33.461)
Council Services Grant	-	(7.507)	(7.507)
Local Council Tax Support Grant	(6.818)	6.818	-
Subtotal Corporate Budgets	(31.863)	(1.273)	(33.136)
Net Transfer (From)/To Other Earmarked Reserves	(1.333)	(2.430)	(3.763)
Transfer (From)/To General Fund Balances	-	(9.610)	(9.610)
Subtotal Use of Reserves	(1.333)	(12.040)	(13.373)

The above table is amended to include a **Transfer from General Fund Balances** of £4.1m. (Amendment 1)

The above table is further amended to include a **Transfer from General Fund Balances** of £5.5m. (Amendment 2 and Amendment 3).

Table 3 – Local Tax Requirement Calculation

2022/23	Amount	%
	£m	Funding
Initial Budget Requirement	555.362	100.0
Less National Non-Domestic Rates	(120.767)	21.7
Less Revenue Support Grant	(7.336)	1.3
Net Budget Requirement	427.259	
Less Estimated Collection Fund Surplus	(4.060)	0.7
Council Tax Requirement	423.199	76.3

The above table is amended to reflect the reduced **Initial Budget Requirement** of £555.362m (was £559.472m), and a consequential reduction in **Council Tax Requirement** of the same amount. (Amendment 1)

Table 5 – Impact of 0% Increase on Local Tax Levels
(County Council Element) 2022/23

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	954.14	954.14	0.00
B	£40,001 to £52,000	77,141	20.6%	7/9	1,113.16	1,113.16	0.00
C	£52,001 to £68,000	63,963	17.1%	8/9	1,272.19	1,272.19	0.00
D	£68,001 to £88,000	43,458	11.6%	1	1,431.21	1,431.21	0.00
E	£88,001 to £120,000	24,642	6.6%	11/9	1,749.26	1,749.26	0.00
F	£120,001 to £160,000	11,888	3.2%	13/9	2,067.30	2,067.30	0.00
G	£160,001 to £320,000	6,392	1.7%	15/9	2,385.35	2,385.35	0.00
H	Over £320,000	485	0.1%	18/9	2,862.42	2,862.42	0.00

The above table is amended to show no increase in the County Council element of Council Tax. (Amendment 1)

Table 6 - Recommended levels of Council Tax and Adult Social Care Precept 2022/23

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	1,053.90	1,085.52	31.62
B	£40,001 to £52,000	77,141	20.6%	7/9	1,229.55	1,266.44	36.89
C	£52,001 to £68,000	63,963	17.1%	8/9	1,405.20	1,447.36	42.16
D	£68,001 to £88,000	43,458	11.6%	1	1,580.85	1,628.28	47.43
E	£88,001 to £120,000	24,642	6.6%	11/9	1,932.15	1,990.12	57.97
F	£120,001 to £160,000	11,888	3.2%	13/9	2,283.45	2,351.96	68.51
G	£160,001 to £320,000	6,392	1.7%	15/9	2,634.75	2,713.80	79.05
H	Over £320,000	485	0.1%	18/9	3,161.70	3,256.56	94.86

The above table details the impact of a 3% increase in Adult Social Care Precept and a 0% increase in Council Tax. The Band D charge falls from £63.24 to £47.43. (Amendment 1)

Table 7 – Amount of County Precept by District – 2022/23

District Council	Council Tax Base	County Precept
Ashfield	34,052.70	£55,447,330
Bassetlaw	36,396.81	£59,264,198
Broxtowe	34,530.00	£56,224,508
Gedling	37,776.42	£61,510,589
Mansfield	30,557.30	£49,755,840
Newark	41,205.00	£67,093,277
Rushcliffe	45,387.60	£73,903,721
Total	259,905.83	£423,199,463

The **County Precept** is reduced from £427,308,575 to £423,199,463, with the amended split per District shown in the table. (Amendment 1)

**Table 9 – Analysis of Changes to the Medium-Term Financial Strategy
2022/23 – 2025/26**

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Year on Year Savings requirement (February 2021 Report)	17.6	14.6	15.5	-	47.7
Additional Pressures / Inflation	10.2	5.2	0.8	27.4	43.6
Increase in Contingency for Pressures Risk	4.2	-	-	-	4.2
Change in Pay / Pension Related Inflation	1.9	1.9	0.1	3.9	7.8
Approved Efficiencies & Base Budget Adjustments	(0.5)	(8.6)	(0.8)	0.1	(9.8)
Change in Grant Funding	(22.9)	(4.9)	(9.2)	(2.3)	(39.3)
Increase in Council Tax	4.1	(4.1)	(4.4)	(9.2)	(13.6)
Change in Council Tax Base assumptions	(3.2)	(0.1)	(0.1)	(5.5)	(8.9)
Change in Council Tax Surplus	(5.2)	5.2	-	-	-
Variation in use of Reserves	(8.6)	2.4	4.8	0.5	1.1
Other Corporate Adjustments	0.4	0.7	(0.3)	-	0.8
Revised Gap	(0.0)	12.3	6.4	14.9	33.6

The above table shows amendments in the **Increase in Council Tax** row, with £4.1m added in 2022/23. The **Revised Gap** across the MTFs increases from £29.1m to £33.6m.

The table is also amended to reflect additional funding in Adult Social Care & Public Health of £5.5m in 2022/23 and £0.5m in 2023/24, funded from reserves. This change is reflected in the **Variation in use of Reserves** row. (Amendment 2 and Amendment 3).

Table 10 – Medium Term Financial Strategy 2022/23 – 2025/26

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Net Budget Requirement	555.4	582.6	598.9	624.5
Financed by :				
Business Rates	120.8	123.0	125.3	127.7
Revenue Support Grant	7.3	7.4	7.4	7.4
Council Tax	373.8	387.4	401.6	416.3
Adult Social Care Precept	49.4	53.7	58.2	58.2
Collection Fund Surplus / (Deficit)	4.1	(1.2)	-	-
Total Funding	555.4	570.3	592.5	609.6
Funding Shortfall	-	12.3	6.4	14.9
Cumulative Funding Shortfall	-	12.3	18.7	33.6

The above table is amended to reduce the **Net Budget Requirement** from £559.5m to £555.4m in 2022/23, with a reduction in **Council Tax** across all years. The **Cumulative Funding Shortfall** increases from £8.2m to £12.3m in 2023/24, from £14.4m to £18.7m in 2023/24 and from £29.1m to £33.6m in 2025/26. (Amendment 1)

RECOMMENDATION

The Recommendations moved by the Chairman of the Finance Committee as shown on pages 22 and 23 of the report be deleted and replaced by the following: (changes highlighted in red and underlined)

Recommendations

It is recommended that:	<u>Reference</u>
1) The Annual Revenue Budget for Nottinghamshire County Council is set at <u>£555.362 million</u> for 2022/23.	Para. 17
2) The principles underlying the Medium-Term Financial Strategy are approved.	Table 9
3) The establishment of a £15m earmarked reserve to fund costs associated with the highways review and the environment strategy, <u>subject to review and approval of proposals by Members at Full Council.</u>	Para. 13
4) <u>The establishment of a £1m earmarked reserve to fund costs associated with the provision of 1fte Community Liaison Officer per District for the next 2 years.</u>	
5) <u>The use of £5m from the General Fund Reserve in 2022/23 to support care operators in bringing forward increases in hourly rates, subject to any relevant legal and/or contractual constraints being overcome</u>	
6) The Finance Committee be authorised to make allocations from the General Contingency for 2022/23.	Para. 19
7) That the 3.00% Adult Social Care Precept is levied in 2022/23 to part fund increasing adult social care costs.	Para. 28
8) The County Council element of the Council Tax is <u>not increased</u> in 2022/23. That the overall Band D tax rate is set at <u>£1,628.28</u> with the various other bands of property as set out in the report.	Para. 29
9) The County Precept for the year ending 31 March 2023 shall be <u>£423,199,463</u> and shall be applicable to the whole of the District Council areas as General Expenses.	Para. 32
10) The County Precept for 2022/23 shall be collected from the District and Borough councils in the proportions set out in Table 7 with the payment of equal instalments on the dates set out in Table 8.	Table 7 Table 8

11)The Capital Programme for 2022/23 to 2025/26 be approved at the total amounts below and be financed as set out in the report:

Table 11

Year	Capital Programme
2022/23	£126.879m
2023/24	£56.692m
2024/25	£51.883m
2025/26	£43.513m

- 12)The variations to the Capital Programme be approved. Para. 51-63
- 13)The Minimum Revenue Provision policy for 2022/23 be approved. Appx. C
- 14)The Capital Strategy including the 2022/23 Prudential Indicators and Treasury Management Strategy be approved. Appx. D
- 15)The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2022/23 within the limits of total external borrowings. Para. 72
- 16)The Treasury Management Policy for 2022/23 be approved. Appx. E
- 17)The Council delegates responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee. Para. 71
- 18)The report be approved and adopted.

Cllr Jim Creamer
Labour Group

Cllr Kate Fowles
Leader, Labour Group

FINANCIAL AND CONSTITUTIONAL IMPLICATIONS OF THE LABOUR 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 Labour 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 the legal requirements and the Council's constitution.

2 Financial Implications

- 2.1 The impact of amendment 1 is to reduce the proposed Council Tax increase by 1% to zero for 2022/23. This reduces the funding available to pay for services and, since no offsetting savings are proposed, will increase the use of one-off reserves to fund this, and will increase the shortfall in the 4-year MTFS.
- 2.2 The impact of amendment 2 is to reduce the General Fund Reserve by £5m to fund increases in hourly rates in the care sector.
- 2.3 The impact of amendment 3 is to utilise up to £0.5m per year for the next 2 years from the General Fund Reserve to fund debt advisors to support individuals and families.
- 2.4 Amendment 4 has no financial impact.

3 Commentary on the Proposals

- 3.1 Any decision to forego a Council Tax increase means that potential increased income is lost forever. At a time of increasing demand on Council services and continued uncertainty around the medium and long term impact of the COVID19 pandemic this inevitably increases the risk that the Council may not be able to maintain its financial sustainability.
- 3.2 The impact of the proposal is seen in the updated tables included in the amendment, with the reduced income being funded from reserves in 2022/23 and the MTFS shortfall to 2025/26 increasing to £33.6m.

- 3.3 The 2022/23 budget can still be balanced, albeit with an increased use of one-off funding, and the revised overall MTFS position will be amended accordingly. Acceptance of the amendment means that the Council will have foregone a possible 2% increase in Council Tax, and it is felt that this is the maximum that could be lost without significantly impacting on the future financial sustainability of the Authority. It should be recognised that acceptance of this amendment increases the risks in the overall Council plan in the medium term.
- 3.4 It should be noted that the revised MTFS still assumes future Council Tax and Social Care Precept increases in line with current Government guidelines (2% CT, 1% SCP).
- 3.5 The proposal to utilise £5m from the General Fund Balance in 2022/23 to support care providers in increasing hourly rates will reduce the amounts held by the Authority to address one-off in year issues. Appendix B of the Budget Report sets out the many risks faced by the Authority and attempts to put a financial value on them. The amount set aside has been increased to specifically recognise risks in the social care market, and part of this is related to staff retention which this proposal seeks to address. Using the full balance as proposed will mean there is no amount set aside for other social care issues that might arise. If approved the additional cost of £5m will be funded from the General Fund Reserve in 2022/23. The additional funding will be passed to operators, and it will be their responsibility to increase rates.
- 3.6 The proposal to earmark up to £1m over the next 2 years to fund 1fte Community Liaison Officer per District will reduce the General Fund Reserve and increase the risk that the Authority has insufficient reserves to deal with one-off in year issues. If approved the earmarked reserve will be set up in 2022/23 and spent during 2022/23 and 2023/24.

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 Labour 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**