

COUNTY COUNCIL MEETING – THURSDAY 24th FEBRUARY 2022

INDEPENDENT ALLIANCE 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 Investing in Nottinghamshire programme is amended so that the office development at Top Wighay Farm does not go ahead, and the Capital Programme is amended to add this funding to the Highways capital programme to address the significant backlog of highway maintenance.

Amendment 1

Citizens in Nottinghamshire and across the country are facing an unprecedented cost of living crisis with significantly increased fuel costs, increased National Insurance charges and inflation for all goods and services running well above any wage increases. As such 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.

The proposal 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)	-	(0.765)	231.454
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)	-	1.511	596.371
Corporate Budgets	(31.863)	-	-	-	(1.273)	(33.136)
Use of Reserves	(1.333)	-	-	-	(6.540)	(7.873)
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.

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	-	(4.110)	(4.110)
Subtotal Use of Reserves	(1.333)	(6.540)	(7.873)

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

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.

**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.

**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.

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.

**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	(6.0)	(3.6)	(0.3)	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	(1.1)	(2.6)	4.3	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.

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 2

The capital programme currently includes an allocation of £15m 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.

There is a significant backlog of highway maintenance within Nottinghamshire. It is therefore proposed that this funding is allocated to the highway maintenance programme instead and is allocated proportionately per District / Borough.

Table 11 – Summary Capital Programme

	Revised 2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
Committee:						
Children & Young People*	19.844	43.193	12.139	11.301	6.500	92.977
Adult Social Care & Public Health	0.971	0.000	0.000	0.000	0.000	0.971
Transport & Environment	57.903	58.268	30.408	29.002	26.903	202.484
Communities	2.013	1.943	0.500	0.500	0.500	5.456
Economic Devt & Asset Mngt	20.438	11.806	3.900	2.835	2.400	41.379
Finance	10.083	7.069	5.145	3.645	2.610	28.552
Personnel	0.151	0.000	0.000	0.000	0.000	0.151
Contingency	0.000	4.600	4.600	4.600	4.600	18.400
Capital Expenditure	111.403	126.879	56.692	51.883	43.513	390.370
Financed By:						
Borrowing	39.751	56.420	17.660	14.595	13.660	142.086
Capital Grants	64.312	65.586	35.774	35.072	29.077	229.821
Revenue / Reserves	7.340	4.873	3.258	2.216	0.776	18.463
Total Funding	111.403	126.879	56.692	51.883	43.513	390.370

* These figures exclude Devolved Formula Capital allocations to schools.

The **Economic Devt & Asset Mngt** row in the above table has been reduced by £12m in 2022/26, £2.5m in 2023/24 and £0.5m in 2024/25, reflecting the expected phasing of expenditure on the scheme. The **Transport & Environment** row has been increased by the same amounts.

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.	Para. 13										
4) The Finance Committee be authorised to make allocations from the General Contingency for 2022/23.	Para. 19										
5) That the 3.00% Adult Social Care Precept is levied in 2022/23 to part fund increasing adult social care costs.	Para. 28										
6) 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										
7) 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										
8) 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										
9) 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										
<table border="1"><thead><tr><th>Year</th><th>Capital Programme</th></tr></thead><tbody><tr><td>2022/23</td><td>£126.879m</td></tr><tr><td>2023/24</td><td>£56.692m</td></tr><tr><td>2024/25</td><td>£51.883m</td></tr><tr><td>2025/26</td><td>£43.513m</td></tr></tbody></table>	Year	Capital Programme	2022/23	£126.879m	2023/24	£56.692m	2024/25	£51.883m	2025/26	£43.513m	
Year	Capital Programme										
2022/23	£126.879m										
2023/24	£56.692m										
2024/25	£51.883m										
2025/26	£43.513m										
10) The variations to the Capital Programme be approved.	Para. 51-63										

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| 11)The Minimum Revenue Provision policy for 2022/23 be approved. | Appx. C |
| 12)The Capital Strategy including the 2022/23 Prudential Indicators and Treasury Management Strategy be approved. | Appx. D |
| 13)The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2022/23 within the limits of total external borrowings. | Para. 72 |
| 14)The Treasury Management Policy for 2022/23 be approved. | Appx. E |
| 15)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 |
| 16)The report be approved and adopted. | |

Cllr Lee Waters
Independent Alliance
Group

Cllr Tom Hollis
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 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 amend the proposed capital programme by £15m across financial years 2022/23, 2023/24 and 2024/25. The proposal moves the funding from Investing in Nottinghamshire to highways maintenance.

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 cease development at Top Wighay Farm and add the funding to the highway maintenance capital programme has no overall impact on the capital programme of the Authority or the borrowing requirement.
- 3.6 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 £0.5m and would need to be funded from the revenue budget at the point when the decision is made.

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