

REPORT OF CABINET MEMBER FOR FINANCE**ANNUAL BUDGET REPORT 2023/24****Purpose of the Report**

1. To approve the Annual Budget Report 2023/24 as recommended by Cabinet on 26 January 2023.

Background

2. The Annual Budget Report 2023/24 which was considered by the Cabinet on 26 January 2023 is attached as an appendix to this report.
3. The report to Cabinet proposed that Full Council approve the following recommendations:
 - a) The Annual Revenue Budget for Nottinghamshire County Council is set at £591.303 million for 2023/24.
 - b) The principles underlying the Medium-Term Financial Strategy are approved.
 - c) The Cabinet be authorised to make allocations from the General Contingency for 2023/24.
 - d) That the 2.00% Adult Social Care Precept is levied in 2023/24 to part fund increasing adult social care costs.
 - 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.
 - f) The County Precept for 2023/24 shall be collected from the District and Borough councils on the dates set out in Table 8.
 - g) 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:

Year	Capital Programme
2023/24	£156.217m
2024/25	£115.189m
2025/26	£50.407m
2026/27	£45.274m

- h) The variations to the Capital Programme be approved.
- i) The Minimum Revenue Provision policy for 2023/24 be approved.
- j) The Capital Strategy including the 2023/24 Prudential Indicators and Treasury Management Strategy be approved.
- k) The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2023/24 within the limits of total external borrowings.
- l) The Treasury Management Policy for 2023/24 be approved.
- m) The Council delegates responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee.

Timetable for Decisions

1. On 17 November a Budget Update report was presented to Cabinet which highlighted the Council's current and medium-term position as well as setting out the approach to undertaking the budget consultation and tackling the predicted budget deficit. That report was considered by Overview Committee on 1 December 2022.
2. A key element of the Council's budget setting process is consultation with stakeholders. As such, a budget consultation went live on 17 November 2022 and closed on 2 January 2023. The responses to the consultation have been taken account of when drawing up the 2023/24 Annual Budget and further detail is set out in Appendix G.
3. The Overview Committee considered the 2023/24 Annual Budget Report on 24 January. Specific comments were fed back to Cabinet on 26 January for further consideration prior to Cabinet noting the report and recommending the 2023/24 Annual Budget Report to Full Council. One specific request from Overview Committee was that Cabinet re-considered the reduction to the Councillors Divisional Fund (CDF) from £5k to £3k per Member and Cabinet's response is as follows:-
4. Cabinet has considered the request and have decided that no changes to the budget proposal will be made and consequentially the amount will be reduced to £3,000 per Member from 1st April 2023. The Councillors Division Fund (CDF) enables members to make small, one-off awards to people or groups in their electoral division for community benefit. As such, it has always been a discretionary fund. At this moment, Cabinet's view is that Members should sacrifice a small amount of their own discretionary spending power to fund wider budget priorities focused upon providing support to our communities at this challenging time. The implication that the CDF could assist community/voluntary organisations struggling with revenue budget pressures is misleading. CDF cannot be used to provide voluntary bodies with ongoing funding to meet running costs. We make separate provision for that kind of support through the revenue element of the Local Communities Fund, which is not being reduced. In addition, many similar councils don't operate a fund like CDF at all, so it is to this Council's credit that members will still have a significant pot of £3,000 each to allocate to projects and people in their own divisions.

5. Full Council to consider the Annual Budget Report 2023/24 including the revenue budget and capital programme at this meeting. This will enable the 2023/24 budget to be set and approved before the statutory deadline of the end of February 2023.

Amendments to the Cabinet Report

6. Since the Annual Budget Report 2023/24 was considered by Cabinet on 26 January 2023, the Council has received confirmed tax base and collection fund information from all District and Borough Councils. Following the receipt of this information a number of updates have been made to the report as follows:-

Table 1 – Summary of changes to 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
Change in Council Tax Base assumptions	(1.2)	-	-	-	(1.2)
Change in Collection Fund Surplus	0.8	(0.8)	-	-	-
Amendments to Portfolio base budgets	0.1	-	-	-	0.1
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

Council Tax Base 2023/24

7. The District and Borough Councils calculate a Council Tax base by assessing the number of Band D equivalent properties in their area, and then building in an allowance for possible non-collection. Since the report to Cabinet on 26 January 2023, the Council has received confirmed tax base information from all District and Borough Councils. The notifications received forecast a total tax base of 263,692.38 as set out in Table 3. This represents growth of 1.46% compared to original assumed growth of 1.2%. This increase in tax base results in an additional £1.2m of funding when compared to the assumption used in the January Cabinet report.

Council Tax Collection Fund Surplus / Deficit

8. Each year an adjustment is made by the District and Borough Councils to reflect the actual collection rate of Council Tax in the previous year. Sometimes this gives rise to a surplus, payable to the County Council, or a deficit which is offset against the future years' tax receipts. As a result of pressures associated with the Coronavirus pandemic, deficits estimated by billing authorities in 2020/21 were allowed by Government legislation to be spread over the three years 2021-22 to 2023-24. Following receipt of collection fund information from all District and Borough Councils, and after application of the phasing arrangement, the figures confirmed from the District and Borough Councils equates to a net surplus of £1.0m in 2023/24. This results in a £0.8m shortfall when compared to the assumption used in the January Cabinet report.

9. The confirmed Council Tax figures for 2023/24 are set out in the following paragraphs:-

Requirement to Raise Local Tax

10. The Local Tax Requirement is divided by the tax base to arrive at the Band D figure. This figure then forms the basis of the calculation of the liability for all Council Tax bands.

Table 2 – Local Tax Requirement Calculation

2023/24	Amount	%
	£m	Funding
Initial Budget Requirement	591.631	100.0
Less National Non-Domestic Rates	(128.016)	21.6
Less Revenue Support Grant	(8.098)	1.4
Net Budget Requirement	455.517	
Less Estimated Collection Fund Surplus	(1.001)	0.2
Council Tax Requirement	454.516	76.8

County Precept

11. District and Borough Councils collect the Council Tax for the County Council. This is then recovered from the Districts by setting a County Precept. The total Precept is split according to the Council Tax base for each District as set out in Table 3 below.

Table 3 – Amount of County Precept by District – 2023/24

District Council	Council Tax Base	County Precept
Ashfield	34,428.30	£59,342,684
Bassetlaw	37,260.45	£64,224,347
Broxtowe	34,861.86	£60,089,994
Gedling	38,503.71	£66,367,305
Mansfield	30,778.70	£53,052,014
Newark	41,790.96	£72,033,406
Rushcliffe	46,068.40	£79,406,258
Total	263,692.38	£454,516,008

12. In summary, from 2024/25 onwards, the Council is currently projecting a budget shortfall of £30.8m across the duration of the MTFS. This represents a reduction of £0.9m in comparison to projections used in the report considered by Cabinet on 26th January 2023. The Council's year by year MTFS for the four years to 2026/27 is shown in Table 4 below. It shows that whilst the Council can deliver a balanced budget in both 2023/24 and 2024/25, based on current assumptions, further significant savings will need to be identified in each of the following years to 2026/27.

Table 4 – Medium Term Financial Strategy 2023/24 – 2026/27

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Net Budget Requirement	591.6	612.1	644.9	656.2
Financed by :				
Business Rates	128.0	130.3	130.3	130.3
Revenue Support Grant	8.1	8.1	8.1	8.1
Council Tax	396.5	411.1	426.3	442.0
Adult Social Care Precept	58.0	62.6	62.6	62.6
Collection Fund Surplus / (Deficit)	1.0	-	-	-
Total Funding	591.6	612.1	627.3	643.0
Funding Shortfall	-	-	17.6	13.2
Cumulative Funding Shortfall	-	-	17.6	30.8

13. No further changes have been made to the 2023/24 Annual Budget Report as presented to Cabinet on 26 January 2023.

Other Options Considered

14. The Council has a statutory requirement to set a balanced budget and to set a Council Tax precept for the 2023/24 financial year. This report meets those requirements.

Reasons for Recommendation

15. To enable the County Council to meet its statutory requirements with respect to setting a budget and Council Tax precept for 2023/24, to allow efficient financial administration during 2023/24 and to provide a basis for the planning of services across the medium-term.

Statutory and Policy Implications

16. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

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="191 793 1091 982"> <thead> <tr> <th>Year</th><th>Capital Programme</th></tr> </thead> <tbody> <tr> <td>2023/24</td><td>£156.217m</td></tr> <tr> <td>2024/25</td><td>£115.189m</td></tr> <tr> <td>2025/26</td><td>£50.407m</td></tr> <tr> <td>2026/27</td><td>£45.274m</td></tr> </tbody> </table>	Year	Capital Programme	2023/24	£156.217m	2024/25	£115.189m	2025/26	£50.407m	2026/27	£45.274m	Appendix 1, Table 11
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2023/24	£156.217m										
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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.											

COUNCILLOR RICHARD JACKSON
CABINET MEMBER FOR FINANCE

For any enquiries about this report please contact:
Keith Palframan, Group Manager – Financial Services

HR Comments (HG 27/01/2023)

The human resources implications are implicit in the body of the report. Where any employment implications arise from any of the identified actions outlined in this report, these will be consulted on and implemented in line with the agreed employment policies and procedures of the Council.

Constitutional Comments (SSR 30/01/2023)

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

Financial Comments (NS 30/01/2023)

The financial implications are set out in the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

[Updated Response to Overview Committee's Consideration of Draft Budget and MTFS Proposals](#)

[Completed Equality Impact Assessments \(EqiAs\) | Nottinghamshire County Council](#)

Electoral Division(s) and Member(s) Affected

All