

## Meeting of the City Council

### 2 March 2022

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| <b>Report title</b>                            | Final Budget Report 2022-2023                      |  |
| <b>Referring body</b>                          | Cabinet, 23 February 2022                          |  |
| <b>Councillor to present report</b>            | Councillor Ian Brookfield                          |  |
| <b>Wards affected</b>                          | (All Wards);                                       |  |
| <b>Cabinet Member with lead responsibility</b> | Councillor Ian Brookfield<br>Leader of the Council |  |
| <b>Accountable director</b>                    | Tim Johnson, Chief Executive                       |  |
| <b>Originating service</b>                     | Strategic Finance                                  |  |
| <b>Accountable employee</b>                    | Claire Nye<br>Tel<br>Email                         | Director of Finance<br>01902 550478<br>Claire.Nye@wolverhampton.gov.uk |
| <b>Report to be/has been considered by</b>     | Strategic Executive Board<br>Cabinet               | 11 February 2022<br>23 February 2022                                   |

#### Recommendations for decision:

The Council is recommended to approve:

#### Cabinet recommendations from the Capital Programme 2021-2022 to 2025-2026 Quarter Three Review and 2022-2023 to 2026-2027 Budget Strategy

1. Approve the revised City of Wolverhampton Capital Strategy.
2. Approve the revised, medium term General Revenue Account capital programme of £346.1 million, an increase of £47.7 million from the previously approved programme, and the change in associated resources.

#### Cabinet recommendations from the Treasury Management Strategy 2022-2023

1. Approve the authorised borrowing limit for 2022-2023 to support the capital strategy as required under Section 3(1) of the Local Government Act 2003 to be set at £1,163.3 million (PI3, Appendix 3 of the Cabinet report). The authorised borrowing limit includes a forecast provision for potential business cases that may be brought forward during the

year, additional borrowing will only be authorised if the business case proves to be affordable over the medium term. The forecast borrowing is below the authorised borrowing limit.

2. Approve the Treasury Management Strategy Statement 2022-2023 as set out in Appendix 1 of the Cabinet report.
3. Approve the Annual Investment Strategy 2022-2023 as set out in Appendix 2 of the Cabinet report.
4. Approve the Prudential and Treasury Management Indicators as set out in Appendix 3 of the Cabinet report.
5. Approve the Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2022-2023 as set out in Appendix 4 of the Cabinet report.
6. Approve the Treasury Management Policy Statement and Treasury Management Practices as set out in Appendix 6 of the Cabinet report.
7. Approve that authority be delegated to Cabinet to approve updates to the Treasury Management Strategy and corresponding practices during 2022-2023 to reflect the additional reporting requirements detailed in the most recent publication of the revised Treasury Management and Prudential Codes. It is important to note that, the Council complies with the principles of the codes however due to the timing of the release of the new Codes, CIPFA has allowed reporting on the Codes to be deferred until 2023-2024.
8. Approve that authority continues to be delegated to the Director of Finance to amend the Treasury Management Policy and Practices and any corresponding changes required to the Treasury Management Strategy, the Prudential and Treasury Management Indicators, the Investment Strategy and the Annual MRP Statement to ensure they remain aligned. Any amendments will be reported to the Portfolio Holder for Resources and Cabinet (Resources) Panel as appropriate.
9. Approve that authority continues to be delegated to the Director of Finance to lower the minimum sovereign rating in the Annual Investment Strategy, in the event of the UK's credit rating being downgraded by the third credit rating agency, due to the current economic climate.
10. Approve that authority is delegated to the Portfolio Holder for Resources, in consultation with the Director of Finance, to amend the MRP statement should this be required following the outcome of the consultation.

## **Cabinet recommendations from the 2022-2023 Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026**

1. The net budget requirement for 2022-2023 of £267.2 million for General Fund services.
2. The Medium Term Financial Strategy (MTFS) 2022-2023 to 2025-2026 as detailed in Table 5 and the key assumptions underpinning the MTFS as detailed in Appendix 1 of the Cabinet report.
3. A Council Tax for Council services in 2022-2023 of £1,818.27 for a Band D property, being an increase of 2.99% on 2021-2022 levels, which incorporates the 1% in relation to Adult Social Care.

### **Council Tax formal resolutions for 2022-2023:**

The resolution as follows:

1. That it be noted that the Council Tax base for the year 2022-2023 is calculated at 64,936.94 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"), as reported to Cabinet on 8 December 2021.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2022-2023 is £118,072,000.
3. That the following amounts be calculated for the year 2022-2023 in accordance with Sections 30 to 36 of the Local Government Finance Act 1992 as amended:
  - (a) £669,030,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
  - (b) £550,958,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
  - (c) £118,072,000 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
  - (d) £1,818.27 being the amount at 3(c) above (Item R), all divided by Item T (section 1 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

(f) £1,818.27 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. To note that West Midlands Police and Fire Authorities have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

| Precepting Authority                        | Valuation Band |               |               |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | A<br>6/9       | B<br>7/9      | C<br>8/9      | D<br>9/9      | E<br>11/9     | F<br>13/9     | G<br>15/9     | H<br>18/9     |
| West Midlands Fire and Rescue Authority     | 45.35          | 52.91         | 60.47         | 68.03         | 83.14         | 98.26         | 113.38        | 136.05        |
| West Midlands Police and Crime Commissioner | 125.03         | 145.87        | 166.71        | 187.55        | 229.23        | 270.91        | 312.58        | 375.10        |
| <b>Total Precepts</b>                       | <b>170.38</b>  | <b>198.78</b> | <b>227.18</b> | <b>255.58</b> | <b>312.37</b> | <b>369.17</b> | <b>425.96</b> | <b>511.15</b> |

5. That the Council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables as the amounts of Council Tax for 2022-2023 for each part of its area and for each of the categories of dwellings.

| Billing Authority             | Valuation Band  |                 |                 |                 |                 |                 |                 |                 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                               | A<br>6/9        | B<br>7/9        | C<br>8/9        | D<br>9/9        | E<br>11/9       | F<br>13/9       | G<br>15/9       | H<br>18/9       |
| City of Wolverhampton Council | 1,212.18        | 1,414.21        | 1,616.24        | 1,818.27        | 2,222.33        | 2,626.39        | 3,030.45        | 3,636.54        |
| <b>Total Billing</b>          | <b>1,212.18</b> | <b>1,414.21</b> | <b>1,616.24</b> | <b>1,818.27</b> | <b>2,222.33</b> | <b>2,626.39</b> | <b>3,030.45</b> | <b>3,636.54</b> |

6. That, having calculated the aggregate in each case of the amounts at (3) (f) and (4) above, the City Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of the Council Tax for the year 2022-2023 for each of the categories of dwellings shown below:

| Authority                | Valuation Band  |                 |                 |                 |                 |                 |                 |                 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                          | A<br>6/9        | B<br>7/9        | C<br>8/9        | D<br>9/9        | E<br>11/9       | F<br>13/9       | G<br>15/9       | H<br>18/9       |
| Total Precepts           | 170.38          | 198.78          | 227.18          | 255.58          | 312.37          | 369.17          | 425.96          | 511.15          |
| Total Billing            | 1,212.18        | 1,414.21        | 1,616.24        | 1,818.27        | 2,222.33        | 2,626.39        | 3,030.45        | 3,636.54        |
| <b>Total Council Tax</b> | <b>1,382.56</b> | <b>1,612.99</b> | <b>1,843.42</b> | <b>2,073.85</b> | <b>2,534.70</b> | <b>2,995.56</b> | <b>3,456.41</b> | <b>4,147.69</b> |

7. That a notice of the amounts payable in respect of chargeable dwellings in each valuation band for the year commencing on 1 April 2022 be published in at least one local newspaper and that in accordance with Section 3(2) of the Local Government Finance Act 1992, this notice shall also make reference to the National Non-Domestic Rating Multiplier set by the Secretary of State, and specify that the Council Tax and the

non-domestic rate demands are annual demands which cover the full financial year.

8. The Council has determined that its relevant basic amount of Council Tax for 2022-2023 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.
9. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2022-2023 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

### **Recommendations for noting:**

The Council is asked to note:

### **Cabinet recommendations from the Treasury Management Strategy 2022-2023**

1. That the MRP charge for the financial year 2022-2023 will be £19.8 million; it is forecast to increase to £21.1 million in 2023-2024 (paragraph 2.20 of the Cabinet report).
2. That Cabinet or Cabinet (Resources) Panel and Council will receive regular Treasury Management reports during 2022-2023 on performance against the key targets and Prudential and Treasury Management Indicators in the Treasury Management Strategy and Investment Strategy, as set out in the paragraph 2.18 and Appendices 2 and 3 of the Cabinet report.
3. That the new Treasury Management and Prudential Codes have been published and are effective immediately. However, due to the date of their release some elements, mainly changes to the capital strategy, prudential indicators and investment reporting can be deferred until 2023-2024. The documents covered in this report have been updated where possible to reflect the new Codes, any changes not reflected due to the timescales will be implemented and approval sought during 2022-2023.
4. That the documents covered in this report have been updated to reflect the latest interest rate forecasts available, however, due to uncertainties with the economy, should interest rates increase quicker than forecast, this may create a budget pressure on the treasury management budget. In the event that this were to occur, approval would be sought to accommodate the budget pressure by making a call on the Budget Contingency Reserve. This will continue to be monitored and reviewed in light of the changing economic environment, with updates provided to Councillors throughout 2022-2023 as part of the quarterly update reports.

## **1.0 Purpose**

- 1.1 The purpose of this report is to obtain Full Council approval for the annual capital budget, treasury management strategy and revenue budget, as recommended by Cabinet and to pass the statutory formal Council Tax resolutions.

## **2.0 Background**

- 2.1 The Council's revenue and capital budgets together with the treasury management strategy require approval by Full Council on an annual basis. In addition to this, Full Council has to pass statutory resolutions in respect of Council Tax before the commencement of each financial year.

## **3.0 Reports**

- 3.1 The budget setting information and recommendations from Cabinet are set out in the relevant reports to Cabinet which were presented on 23 February 2022:
- A. Capital Programme 2021-2022 to 2025-2026 Quarter Three Review and 2022-2023 to 2026-2027 Budget Strategy
  - B. 2022-2023 Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026
- 3.2 Cabinet recommendations in relation to the treasury management strategy are set out in the report to Cabinet which was presented on 23 February 2022:
- A. Treasury Management Strategy 2022-2023
- 3.3 The setting of the Council Tax Base is set out in the report to Cabinet which was presented on 8 December 2021:
- A. Council Tax Base and Business Rates (NDR) Net Rate Yield 2022-2023 and Draft Budget Update 2022-2023
- 3.4 Copies of the report have been supplied to Councillors and can also be accessed online on the Council's website via the following links:

Cabinet - [23 February 2022](#)

Cabinet – [8 December 2021](#)

## **4.0 Financial implications**

- 4.1 The financial implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

## **5.0 Legal implications**

- 5.1 The legal implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

## **6.0 Equalities implications**

- 6.1 The equalities implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

## **7.0 All other implications**

- 7.1 All other implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

## **8.0 Schedule of background papers**

- 8.1 Cabinet, [23 February 2022, Capital Programme 2021-2022 to 2025-2026 Quarter Three Review and 2022-2023 to 2026-2027 Budget Strategy](#)
- 8.2 Cabinet, [23 February 2022, Treasury Management Strategy 2022-2023](#)
- 8.3 Cabinet, [23 February 2022, 2022-2023 Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026](#)
- 8.4 Cabinet, [8 December 2021, Council Tax Base and Business Rates \(NDR\) Net Rate Yield 2022-2023, and Draft Budget Update 2022-2023](#)
- 8.5 Individual Executive Decision Notice, 31 January 2022, Final Business Rates (NDR) Net Rate Yield 2022-2023 and Collection Fund Estimated Outturn 2021-2022