

Birmingham City Council

Report to Cabinet

13 February 2024



Subject: Update on Council Tax Setting for 2024/25

Report of: Fiona Greenway, Interim Director of Finance and Section 151 Officer

Relevant Cabinet Member: Leader, Councillor John Cotton
Cabinet Member for Finance & Resources, Councillor Brigid Jones

Relevant O&S Chair(s): Chair of Finance & Resources Overview & Scrutiny, Councillor Jack Deakin

Report author: Fiona Greenway, Interim Director of Finance and Section 151 Officer

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential: N/A		

1. Executive Summary

- 1.1 This report provides an update on the timeline for Council Tax setting and the presentation of a balanced budget for the 2024/25 financial year to Cabinet and City Council.
- 1.2 In line with the timeline for Council Tax setting for the 2024/25 financial year, papers were due to be presented to Cabinet on 13th February 2024 and City Council on 27th February 2024.

- 1.3 There is an urgent need to reschedule the Cabinet and City Council meetings in relation to the setting of Council Tax and a Budget for the 2024/25 financial year.
- 1.4 Birmingham City Council has now written two letters to the Department for Levelling Up, Housing and Communities (DLUHC) in relation to Exceptional Financial Support (EFS). DLUHC have confirmed that the outcome of these letters and any agreed form of support will not be confirmed until at least the week commencing 26th February 2024.
- 1.5 Without this letter Cabinet and City Council are unable to consider a budget as, without EFS, the budget presented would have a deficit position.
- 1.6 As such, the meetings in relation to the setting of Council Tax and a Budget for the 2024/25 financial year will now be on 27th February 2024 for Cabinet and 5th March 2024 for Full Council.
- 1.7 This is ahead of the statutory deadlines for Council Tax setting. Under the Local government Finance Act 1992, Section 30 (6), Council Tax “must be set before 11th March in the financial year preceding that for which it is set”. As such, delays to Council Tax setting to the 5th March 2024 is within the proscribed timelines.

2. Recommendation(s)

- 2.1 Cabinet is recommended to:
 - a) Agree the update to the dates for Council Tax and Budget setting for the 2024/25 financial year and,
 - b) An extraordinary meeting of Cabinet on 27 February 2024 to determine proposals to recommend to Council for the Council’s budget and council tax for 2024/25.

3. Background

- 3.1 As laid out in paragraph 1.3 to 1.5, there is an urgent need now to reschedule the Cabinet and City Council meetings in relation to the setting of Council Tax and a Budget for the 2024/25 financial year.
- 3.2 Birmingham City Council has now written two letters to the Department for Levelling Up, Housing and Communities (DLUHC) in relation to Exceptional Financial Support (EFS). DLUHC have confirmed that the outcome of these letters and any agreed

form of support will not be confirmed until at least the week commencing 26th February 2024.

3.3 Without this letter Cabinet and City Council are unable to consider a budget as, without EFS, the budget presented would have a deficit position.

3.4 In order to reach a conclusion on a potential delay to Council Tax setting, the following risks have been considered alongside proposed mitigations:

- a) Without confirmation of EFS from DLUHC, Cabinet and City Council are unable to consider a budget as without the confirmation of EFS the budget presented would have a deficit position. As such, delaying the date of which both meetings are held to after the date at which a conclusion is reached by DLUHC would facilitate presentation of a balanced budget.
- b) Council Tax bills for households with a 1st April instalment date need to be delivered to residents 14 days before 1st April 2024 (i.e. 16th March 2024). Bills therefore need to be posted via Royal Mail by 13th March. The Revenues Service has worked with suppliers/partner and put together a potential timeline to achieve this. However, it is important to note that the delay in processing leaves no room at all for any contingency (other than first class postage if this is possible). This would incur an additional postage cost of £250k to deliver the bills (unless on e-billing) first class, but mitigate the potential of delay.
- c) There is no slippage for 'failed' billing runs with our suppliers. Pushing the Council Tax meetings back by one week only would mitigate this risk fully, however this is not feasible due to the conflicting timelines for receipt of Exceptional Financial Support.
- d) The billing cycle for Council Tax will need to be completed during the working week, compared to over the weekend (as originally planned). This has previously been part of standard working practices, meaning over 300 staff can work 'normally' and residents will be able to have their calls answered with live data available. The revised proposal means that the Contact Centre staff will only have 'read-only' access available for at least two days while the annual billing processing takes place. Preparatory work will be completed over the weekend of the 2nd and 3rd March to mitigate the time and impact of full access being unavailable.

- e) The timeline for completing Quality Assurance (QA) of all bills will be shortened to two days. There is no contingency for failures in the process.
- f) As the print run and billing cycle must start immediately following the Full Council meeting, an alternative venue will be secured as a backup in the event the Council House and Chamber is unavailable on 5th March. This mitigates the risk that the meeting cannot occur due to issues with the venue.

3.5 Considering the potential risks and mitigations, it has been concluded that the meetings in relation to the setting of Council Tax and a Budget for the 2024/25 financial year will now be on 27th February 2024 for Cabinet and 5th March 2024 for Full Council.

4. Public Consultation and Engagement

- 4.1 This report has been written in consultation with The Lord Mayor, Commissioners, Directors and has been discussed with Executive Management Team (EMT).
- 4.2 The 2024/25 budget will be subject to legal advice and guidance regarding the Council's legal duties to consult and other statutory obligations under the Equality Act 2010.

5. Risk Management

- 5.1 Risks of this proposed date change have been fully considered and mitigated appropriately within the body of this report.

6. Compliance issues

- 6.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?** This change facilitates the completion of Council Tax setting for the 2024/25 financial year, which is in line with Council priorities.
- 6.2 **Legal Implications:** The Council must set and maintain a legally balanced budget and must take steps to present a budget which does not have a deficit position. Further, consideration must be made to the deadlines for Council Tax setting, as laid out within the Local Government Finance Act 1992, Section 30 (6).
- 6.3 **Financial Implications:** Financial implications are included in the body of this report, of which there may be the requirement to spend up to £250k on first class

post to meet requirements for informing citizens of billing changes. The reason for the delay to these meetings is that the Council has submitted a formal request to DLUHC for EFS. This EFS would give the Council permission to treat revenue expenditure as capital expenditure. This would therefore mean that the Council would need to use capital receipts to fund the expenditure.

6.4 **Public Sector Equality Duty:** The Council will ensure that all actions taken in response to these recommendations are in line with the Public Sector Equality Duty.

7. Appendices

7.1 None