

Birmingham City Council

City Council

5 March 2024



Subject: **2024/25 Budget Setting Process:**
Leader and Cabinet's Budget and Council Tax
Resolution for 2024/25

Report of: **Leader of the Council and Cabinet**

Report author: **Fiona Greenway, Director of Finance & Section 151 Officer**

Does the report contain confidential or exempt information? Yes No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, a recorded vote will be taken at Full Council and Cabinet on any vote in respect of the Council's budget and council tax. The names of Members who voted for or against such a decision or abstained shall be recorded and entered into the minutes of the relevant meeting. A recorded vote shall also be taken on any proposed amendments relation to the Budget and Council Tax

1 Executive Summary

- 1.1 The purpose of this report is to set out the 2024/25 Budget for the City Council in relation to the General Fund, Housing Revenue Account, Capital Programme, and Treasury Management Strategy and Policy, including the 2025/26 financial planning context. If any changes are made by Cabinet at its meeting on 27 February 2024, a supplemental report will be provided to City Council.
- 1.2 In accordance with the City Council's Budget and Policy Framework Procedure Rules, as laid out within the Constitution, only the full Council is able to approve "the overall revenue budget, the allocations of revenue resources to Directorates, the initial capital programme at the commencement of each year, the level of Council Tax and Council Tax Support, the Prudential indicators, the Prudential borrowing limit, the treasury management strategy and policy" (Paragraph 4.2.i.b of [Part B](#) of the Constitution).
- 1.3 This report is set against the context of the financial challenges for the City Council. The full range of these pressures means that the budget presented for the 2024/25 financial year cannot be balanced without Government support.
- 1.4 To balance this budget, and to enable the City Council to set a lawfully balanced budget on 5 March 2024, the Council submitted two formal requests to the Department for Levelling Up, Housing and Communities (DLUHC) to seek Exceptional Financial Support (EFS) which provides the ability to capitalise revenue expenditure and is unfunded, requiring capital receipts generated by asset disposals. These requests were:
 - a) Permission to increase the Council Tax level above the referendum limit to 9.99% and to support this, the Council will review and revise the Council Tax Support Scheme to offset the potential impact to citizens; and
 - b) A formal application for a Capitalisation Direction of £1.255bn and 'minded to' letter to cover the Equal Pay accounting liability, the costs involved in the redundancy scheme, and support to deliver a balanced budget for the 2024/25 financial year.
- 1.5 A letter from the Secretary of State for Levelling Up, Housing and Communities, confirming that he is "minded to" provide the EFS requested to balance the budget,

is due week commencing 26 February 2024 and will be provided to the City Council in advance of the meeting on 5 March 2024.

- 1.6 This EFS request, if approved, will enable the City Council to set a balanced budget and to start the journey to rebuild a credible and sustainable financial plan for the medium term. This includes the identification and delivery of a new savings programme that is unprecedented for the City Council in terms of its scale. A significant programme of check, challenge, and scrutiny has been undertaken to enable the identification of credible savings proposals for 2024/25 and 2025/26 to improve the financial resilience of the Council, including Equality Impact Assessments (EIAs), where required. Delivery of these savings will need to involve significant and sustained work by all council officers, elected members and stakeholders.
- 1.7 In relation to the Section 151 Officer's Section 25 statement, issued in accordance with the Local Government Act 2003, the City Council must demonstrate its due consideration and acknowledgement of the statement (Annex 1 refers).
- 1.8 Equally, City Council must take into account in its deliberations on the 2024/25 Budget proposals, the Budget Scrutiny Task & Finish Group's report and Cabinet's subsequent response to their recommendations (Annex 2 refers).
- 1.9 In accordance with the City Council's Constitution alternative budget proposals may be proposed at this meeting of the City Council and this will require an alternative Council Tax Resolution to be presented on the same basis by 10:30am on the day of this meeting.
- 1.10 This report is now presented by the Leader of the Council and Cabinet to City Council, recommending the 2024/25 General Fund Revenue budget, the Council Tax Requirement and Council Tax level, the 2024/25 Dedicated School Grant funding allocation, the 2024/25 Reserves and Balances Policy, the 2024 to 2028 Capital Programme, and the 2024/25 Treasury Management Strategy and Policy.

2 Recommendations

- 2.1 City Council is recommended to:

- a) Note the Report under Section 25 of the Local Government Act 2003 (as presented to Cabinet on 27 February 2024) (Annex 1 refers); and

- b) Note the Response to Budget Scrutiny Task & Finish Group (as presented to Cabinet on 27 February 2024) (Annex 2 refers); and
- c) Approve 2024/25 Budget Setting for General Fund Revenue Account, 2024/25 to 2027/28 Capital Programme and 2024/25 Treasury Management Strategy and Policy (as presented to Cabinet on 27 February 2024) in its totality (Annex 3 refers); and
- d) Approve the formal 2024/25 Council Tax Resolution for Birmingham City Council, that supports the 2024/25 Budget Setting (Appendix 1 refers).

3 Background

- 3.1 On 27 February 2024, Cabinet will consider the following reports:
 - a) Report under Section 25 of the Local Government Act 2003 – Annex 1;
 - b) Response to Budget Scrutiny Task and Finish Group Report – Annex 2; and
 - c) 2024/25 Budget Setting for General Fund Revenue Account, 2024/25 to 2027/28 Capital Programme and 2024/25 Treasury Management Strategy and Policy – Annex 3.
- 3.2 A Supplementary Report updating Council on any changes agreed by Cabinet at its meeting on 27 February 2024 to the reports at Annex 3 will be published following that meeting.
- 3.3 In relation to the Report under Section 25 of the Local Government Act 2003 by the Section 151 Officer, City Council should note that this draft report is now the final version to be considered at this meeting.
- 3.4 Since Cabinet's consideration of the above reports, and under the delegation granted to the Section 151 Officer, in consultation with the Leader and Cabinet Member for Finance & Resources, there have been minor formatting changes to improve the accessibility of this report.

4 Compliance Issues:

4.1 Legal Implications

- a) Local authorities are subject to statutory duties to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report sets out the basis

upon which a recommendation will be made for the adoption of a lawful budget and the basis for the level of the council tax for 2024/25.

- b) Section 25 of the Local Government Act 2003 imposes a duty on an Authority's Chief Finance Officer to make a report to the Authority for it to take into account when it is considering its budget and funding for the forthcoming year. Members will find the Section 25 Report of the Section 151 Officer as Annex 1 to this report. This outlines the Council's current and anticipated financial circumstances, including matters relating to the General Fund budget, the HRA, the capital programme and borrowing and expenditure control.
- c) The Local Government Finance Act 1992 requires local authorities to balance their budget. The setting of the budget and council tax by Members involves their consideration of choices as to spending. No realistic options should be dismissed without proper consideration and Members must also consider their fiduciary duty to the council taxpayers of Birmingham.
- d) Where the Council is subject to a mandatory duty to provide a service, it would not be lawful to fail to discharge that duty. Where there is discretion as to how a discretionary power is to be exercised or as to the manner in which a mandatory duty is to be discharged, that discretion must be exercised reasonably. There will need to be appropriate consultation where the Council is subject to a duty to consult, as well as compliance with the public sector equality duty.
- e) Under the constitutional arrangements, the setting of the council budget is a matter for the council, having considered recommendations made by the Cabinet.
- f) Before the final recommendations are made to the Council, the Finance Overview and Scrutiny Committee must have been given the opportunity to scrutinise these proposals and the Cabinet should take into account its comments when making those recommendations.
- g) For the 2024/25 financial year, the Council requires Exceptional Financial Support from Central Government to enable a balanced budget to be set. This will need to come in a letter from the Secretary of State for Levelling Up, Housing and Communities in advance of the City Council meeting on 5 March 2024, to enable a vote on a balanced budget for the 2024/25 financial year.

4.2 Financial Implications

- a) The financial implications of the budget for the 2024/25 financial year are set out within the body of this report and the supporting Annexes and Appendices.

4.3 Procurement Implications

- a) The implementation of proposals set out in this budget report will need to be managed in accordance with the appropriate procurement governance arrangements.

4.4 Human Resources Implications

- a) The impact of the new savings proposals will result in staff redundancies. The Council will take all necessary steps to minimise the number of redundancies. The costs of these redundancies form part of the request for Exceptional Financial Support from DLUHC.

4.5 Public Sector Equality Duty

- a) The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.
- b) After more than a decade of significant budget savings, it is difficult to make new savings without any impact on residents. There will inevitably be some impact on particular groups, including those with protected characteristics as defined by the Equality Act. The Council is not legally obligated to reject savings with negative impacts on any particular groups but must consider carefully and with rigour the impact of its proposals on the Public Sector Equality Duty, take a reasonable and proportionate view about the overall impact on particular groups and seek to mitigate negative impacts where possible.
- c) The need for an individual Equality Impact Assessments (EQIA) has been considered for all the budget savings proposals and where assessments are

deemed necessary these are set out in full at:

<https://www.birmingham.gov.uk/EqualityImpactAssessments>. These demonstrate that the Council has met its duties under the Equality Act 2010.

- d) A summary corporate EQIA assessment of the budget proposals was completed on 20 February 2024 and is attached in Annex 3 of this report. The EIA report is based on data extracted from the individual EQIAs completed by Directorates uploaded to the Council's SharePoint site as of 20 February 2024. This document is only a summary and does not replace the individual specific EIAs, which decision-makers must read before making their decision.
<https://www.birmingham.gov.uk/EqualityImpactAssessments>.

5 Appendices

Appendix 1 – 2024/25 Council Tax Resolution

6 Annexes

Annex 1 – Report under Section 25 of the Local Government Act 2003 (as presented to Cabinet on 27 February 2024)

Annex 2 – Response to Budget Scrutiny Task & Finish Group (as presented to Cabinet on 27 February 2024)

Annex 3 – 2024/25 Budget Setting for General Fund Revenue Account, 2024/25 to 2027/28 Capital Programme and 2024/25 Treasury Management Strategy and Policy (as presented to Cabinet on 27 February 2024)

7 Background Documents

- 7.1 As referenced in the Annexes to this report.

Appendix 1: 2024/25 Council Tax Resolution

2024/25 Council Tax Resolution

Council Tax Resolution

That the following calculations be now made in accordance with Section 31A of the Local Government Finance Act 1992, for the financial year commencing on 1st April 2024:

	£
a. Aggregate of estimated City Council expenditure, contingencies, and contributions to financial reserves	4,195,082,194
b. Parish Precepts	1,930,010
c. Aggregate of estimated income (including Top-Up Grant), and use of financial reserves (Note 1)	(3,324,258,103)
d. net transfers to/(from) the Collection Fund in relation to Business Rates	(394,626,529)
e. Transfer to/(from) the Collection Fund in relation to Council Tax	4,221,000
f. Council Tax Requirement, being the aggregate of (a) to (e) above	482,348,571

Note 1: To note that the income figure is calculated by taking the aggregate of estimate City Council income, the total Top Up Grant due to the Council in 2024/25 and the amount of the Council's Exceptional Financial Support request to balance the 2024/25 budget

Council Tax - Basic Amount

That the Basic Amount of Council Tax for the financial year commencing on 1st April 2024 be set at £1,800.21, pursuant to the formula in Section 31B of the Local Government Finance Act 1992, being the Council Tax Requirement of £482,348,571 divided by the Council Tax Base of 267,940 Band D properties (as agreed by Cabinet on 16 January 2024).

Council Tax – City Council and Parish Precepts

That the basic amount of Council Tax for City Council services for the financial year commencing on 1st April 2024 be set at £1,793.01 pursuant to the formula in Section 34(2) of the Local Government Finance Act 1992:

a. Basic Amount calculated under Section 31B		£1,800.21
LESS		
b. Parish precepts	£1,930,010	
DIVIDED BY		
City Council Tax base (no. of Band D Properties)	267,940	£7.20
		£1,793.01

Appendix 1: 2024/25 Council Tax Resolution

That, pursuant to Section 52ZB of the Local Government Finance Act 1992, the Basic Amount of Council Tax for City Council services is not excessive in relation to determining whether a referendum is required on the level of Council Tax.

New Frankley Parish Council Precept

That the basic amount of Council Tax for New Frankley in Birmingham Parish for the financial year commencing on 1st April 2024 be set at £1,836.21 pursuant to the formula in Section 34(3) of the Local Government Finance Act 1992:

a.	Basic Amount calculated under Section 34(2)		£1,793.01
	PLUS		
b.	The New Frankley in Birmingham Parish precept	£59,308	
	DIVIDED BY		
	The tax base for New Frankley in Birmingham Parish (no. of Band D properties)	1,373	£43.20
			£1,836.21

Royal Sutton Coldfield Town Council Precept

That the basic amount of Council Tax for the Royal Sutton Coldfield Town Council for the financial year commencing on 1st April 2024 be set at £1,842.97 pursuant to the formula in Section 34(3) of the Local Government Finance Act 1992:

a.	Basic Amount calculated under Section 34(2)		1,793.01
	PLUS		
b.	The Royal Sutton Coldfield Parish Council precept	£1,870,702	
	DIVIDED BY		
	The tax base for Royal Sutton Coldfield Town Council (no. of Band D properties)	37,444	£49.96
			£1,842.97

Appendix 1: 2024/25 Council Tax Resolution

Council Tax – Total

That, in accordance with Section 30 of the Local Government Finance Act 1992, the amounts of Council Tax set for the financial year commencing on 1st April 2024 for each category of dwelling listed within a particular valuation band, shall be calculated by adding:

- a. the amount given by multiplying the basic amount of Council Tax for the relevant area by the fraction whose numerator is the proportion applicable to dwellings listed in a particular valuation band, and whose denominator is the proportion applicable to dwellings listed in valuation Band D; to
- b. the amounts which are stated in the final precepts issued by the West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner (PCC); and are shown in Table 1 below.

Appendix 1: 2024/25 Council Tax Resolution

Table 1 – Total Council Tax Amounts for the 2024/25 year

Band	Areas without a Parish Council				New Frankley in Birmingham		Royal Sutton Coldfield	
	City Council £	Fire and Rescue Authority £	West Midlands PCC £	Total excl. Parish / Town Precept £	Parish Precept £	Parish Total £	Town Precept £	Town Total £
A	1,195.34	50.13	143.70	1,389.17	28.80	1,417.97	33.31	1,422.48
B	1,394.56	58.49	167.65	1,620.70	33.60	1,654.30	38.86	1,659.56
C	1,593.79	66.84	191.60	1,852.23	38.40	1,890.63	44.41	1,896.64
D	1,793.01	75.20	215.55	2,083.76	43.20	2,126.96	49.96	2,133.72
E	2,191.46	91.91	263.45	2,546.82	52.80	2,599.62	61.06	2,607.88
F	2,589.90	108.62	311.35	3,009.87	62.40	3,072.27	72.17	3,082.04
G	2,988.35	125.33	359.25	3,472.93	72.00	3,544.93	83.27	3,556.20
H	3,586.02	150.40	431.10	4,167.52	86.40	4,253.92	99.92	4,267.44