

Public Report

Birmingham City Council

Report to Cabinet

14 February 2023

TABLED UPDATE



Subject: DRAFT FINANCIAL PLAN - AMENDMENT DUE TO FINAL SETTLEMENT

Report of: Director Council Management

Relevant Cabinet Member: Councillor Ian Ward, Leader of the Council
Councillor Yvonne Mosquito, Cabinet Member
Finance & Resources

Relevant O &S Chair(s): Councillor Ahmed, Resources OSC

Report author: Richard Lloyd-Bithell, Assistant Director, Financial Strategy

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010143/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 The draft Financial Plan 2023-2026 report sets out the budget for 2023/24 and financial planning context for the Council for the period 2023/24 to 2032/33, with particular emphasis on the period to 2026/27.
- 1.2 After the publication on the draft Financial Plan on Monday 6th February, the Government published the Final Local Government Finance Settlement on Tuesday 7th February.

2 Recommendations

Cabinet agrees to:

- 2.1 Note that the Final Settlement has a positive impact on the Council's resources in 2023/24.
- 2.2 Note that the Council will receive an extra **£0.573m** in Service Grant compared to the figure in the draft Financial Plan.
- 2.3 Note that Council will receive a one-off amount of **£3.004m** in 2023/24. This is because the Government has a surplus in the national levy account because of increased growth in business rates income. They will distribute £100m of the national surplus on a one-off basis based on each Local Authority's 2013/14 Settlement Funding Assessment.
- 2.4 Note that the Council is recommending a four year balanced budget for 23/24 to 27/28, therefore the additional funding which has been announced for the Council is a surplus above the already balanced position.
- 2.5 Approves for the draft Financial Plan 2023-2026 to be amended to contribute the extra **£3.577m** to the Financial Resilience Reserve. This will provide further resilience at this time of economic uncertainty.

3 Background

3.1 Council Financial Plan

- 3.1.1 The Council's approach to medium term financial planning is based on a rolling framework with regular updates on the financial position, and which culminates with an annual budget agreed each year. This report provides the actions to deliver a balanced budget for 2023/24 and a sustainable medium term financial plan.
- 3.1.2 Appendix 1 of this report brings together a range of information including in year Cabinet decisions, updates to the savings programme, service plans and reviews, responses to the public engagement and the latest information about the provisional Local Government Settlement. The report also details proposals for closing the financial gap in 2023/24 and recognises that further work needs to be undertaken across the medium term.
- 3.1.3 The report is intended to enable Cabinet to consider how the proposals contribute to delivering a robust budget and sustainable medium term financial strategy, and to take a considered view of all relevant factors in order to recommend to Council to agree the final 2023/24 budget and medium-term financial plan to 2026/27.

4 Options considered and Recommended Proposal

- 4.1 The Council must approve a balanced budget and Council Tax level in order to identify resources for the provision of its services. Certain other decisions are also required by statute or in accordance with statutory guidance. The draft Financial Plan 2023 - 2026 (which includes the detailed budget) is the product of the careful evaluation of budgetary needs and policy priorities and represents the culmination of the process to recommend viable proposals to Council. This report proposes an amendment to increase the contribution to the Financial Resilience Reserve by £3.577m following the publication of the Final Local Government Finance Settlement.

5 Consultation

5.1 *Internal*

Relevant Cabinet Members, Directors, the City Solicitor and Directors of Finance have been consulted in the preparation of this report.

- 5.1.1 Budget proposals have also been scrutinised by the Overview and Resources Committee at its meeting of 9 February 2023.

Risk Management

- 5.2 Assumptions made in the Financial Plan have been examined for risks and estimates of expenditure and income have been made on a prudent basis, informed by previous experience, evidence in the current financial year, market forces and service intelligence. An assessment of, and arrangements for, the management of the Council's principal budget risks is set out in the Strategic risk section within Chapter 2 and Appendix C of the draft Financial Plan.
- 5.3 The Council continues to plan its medium-term budgets in a period of uncertainty around resourcing changes, increased demand for services and inflationary pressures.

6 Compliance Issues:

6.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 6.1.1 The draft Financial Plan represents a key element of the Council's Policy Framework and is integrated with the Council Plan.

- 6.1.2 Proposals in the draft Financial Plan, including any extra investment in services, have been developed in the light of the City Council's priorities.

6.2 Legal Implications

6.2.1 A Council Plan and Budget is an important element in our Policy Framework, as set out in the Local Government Act 2000.

6.2.2 The Council must set a balanced revenue budget and Council Tax in accordance with the requirements of the Local Government Finance Act 1992, as amended by the Localism Act 2011. These, together with the Capital Programme and Treasury Management Strategy and Policy, are key components of the Policy Framework which must be approved by the Council. These then set the resource framework and limits within which services must be delivered.

6.3 Financial Implications

6.3.1 The draft Financial Plan itself sets out the financial implications for the City Council. It also includes identification of risks and reserves that can be used as a contingency if required. This amendment proposes an increase in the Financial Resilience Reserve.

6.4 Procurement Implications

6.4.1 N/A

6.5 Human Resources Implications (if required)

6.5.1 N/A

6.6 Public Sector Equality Duty

6.6.1 There are no additional Equality Duty or Equality Analysis

7 Background Documents

7.1.1 Council Plan 2022 – 2027, approved by the Council February 2022

7.1.2 MTFP Refresh, approved by Cabinet 11 October 2022

7.1.3 Council Taxbase report, approved by Cabinet 17 January 2023

7.1.4 Business Rates Income 2023/24, approved by Cabinet 17 January 2023

7.1.5 Quarter 3 2022/23 Budget Monitoring Report

7.1.6 Draft Financial Plan 2023-2026