

# Birmingham City Council

## City Council

28 February 2023



**Subject:** Financial Plan

**Report of:** Cabinet

**Report authors:** Rebecca Hellard, Strategic Director – Council Management (Section 151) and Richard Lloyd-Bithell, Assistant Director, Financial Strategy

[richard.lloyd-bithell@birmingham.gov.uk](mailto:richard.lloyd-bithell@birmingham.gov.uk)

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: Not applicable

### 1 Executive Summary

1.1 This 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. It summarises the pressures and growth proposals, savings and additional income proposals across the medium term and the cash limited budgets for each of the Directorates for 2023/24. The work undertaken throughout the 2023/24 budget setting process has enabled the identification of robust savings proposals across the medium term to improve the financial resilience of the Council and further work will be carried out in the early part of 2023 to develop further transformative proposals in order continue identification of savings and efficiencies as part of the rolling budget process. The Council has also made additional investment in some key service areas to improve outcomes for users of the service.

### 2 Recommendations

2.1 Following Cabinet recommendation, Council approves the Financial Plan which lays out a net revenue budget of £925.1m and a capital budget of £1.6bn, by approving the recommendations set out via Appendix 1- (Recommendations sheet).

### 3 Background

3.1 The Financial Plan sets out the Council's medium term financial plan for the next four years, which is based on the following core principles:

- Allocating resources in accordance with the priorities as set out in the Council Plan.
- Ensuring that the Council sets a balanced budget for 2023/24 and has robust plans for the long-term financial health and viability of the Council.
- Ensuring that capital investment plans are set at an affordable and sustainable level.
- Protecting the Council's reserves – in line with its Reserves Policy - for 'rainy day' events and not seeking to use them to meet ongoing pressures or where savings have not been achieved.
- Ensuring that there is strong governance, assurance and accountability for delivery of service outcomes and savings proposals within budget.
- Mitigate against uncertainty in the near and medium term.

3.2 The Financial Plan was considered by the Resources Overview and Scrutiny Committee on 9 February 2023 and no recommendations were proposed.

3.3 The Financial Plan was considered and recommended to Cabinet on 14 February 2023.

3.4 Since the recommendation to Cabinet, the final Local Government Funding settlement was provided to officers who have amended the report to reflect the changes in funding, which are as follows:

- There is a positive impact for the General Fund, compared to the position reported in the Medium-Term Financial Plan due to be presented to Council on 28 February 2023. The General Fund has improved by £0.573m due to updates in the Service Grant.
- Birmingham will receive a one-off amount of £3,004,167 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 2023/24 Settlement Funding Assessment.

## **4 Legal Implications**

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

4.2 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.

## **5 Financial Implications**

- 5.1 The 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.

## **6 Public Sector Equality Duty**

- 6.1 Equality impact assessments have been approved for each proposal in the budget.

## **7 Background Papers**

- 7.1 Council Plan 2022 – 2027, Approved by Council February 2022
- 7.2 MTFP Refresh, Approved by Cabinet 11 October 2022
- 7.3 Council Taxbase report, approved by Cabinet 17 January 2023
- 7.4 Business Rates Income 2023/24, approved by Cabinet 17 January 2023

## **8 Appendices**

Appendix 1 – Recommendations sheet

Appendix 2 – Financial Plan