

# Decision Pathway



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 23 January 2024

<b>TITLE</b>	<b>2024/25 Budget Recommendations to Cabinet</b>		
<b>Ward(s)</b>	All		
<b>Author:</b>	Denise Murray	<b>Job title:</b>	Director Finance
<b>Cabinet lead:</b>	Cllr Craig Cheney, Cabinet Member: City Economy, Finance & Performance	<b>Executive Director lead:</b>	Stephen Peacock, Chief Executive
<b>Decision maker:</b>	Cabinet Member		
<b>Decision forum:</b>	Cabinet		
<b>Purpose of Report:</b>	<p>To set out the Mayor's Revenue Budget incorporating decisions for:</p> <ul style="list-style-type: none"><li>• Revenue 2024/25 to 2028/29;</li><li>• Capital Programme 2024/25 to 2033/34;</li><li>• Treasury Management Strategy which is including the minimum revenue provision and the prudential indicators and limits.</li></ul> <p>These decisions are to be considered by Cabinet in making recommendations for Council to approve the budget at its meeting on 20 February 2024.</p>		
<b>Evidence Base:</b>	<p>An update to the rolling Medium-Term Financial Plan (MTFP) and Capital Strategy was approved by Full Council on 31 October 2023.</p> <p>At that time, the MTFP update forecast a 'base case' peak funding gap across the 2024/25-2028/29 timeframe of £32.1 million. When considering the sensitivity of the service risks and core funding changes, by revising the forecast to best and worst case of these factors, it was assessed that the position could vary between £4.7 million and £81.2 million by 2028/29.</p> <p>This Budget Report for 2024/25 builds on the key assumptions applied to the base case MTFP which have continued to be monitored and evaluated. It sets out the council's finances and identifies the efficiency savings required to produce a balanced budget against a backdrop of significant financial pressures.</p> <p>Where appropriate public consultation has been undertaken in relation to the budget proposals to be considered and feedback from the consultation process has been taken into account in making these final recommendations.</p> <p>This report proposes a net revenue budget in 24/25 of £525.494 million.</p> <p>In the 2023/24 provisional settlement, the government announced that the council tax referendum threshold for Bristol was 3% including the flexibility to apply a social care precept of 2%. After due consideration and taking into account consultation responses, this report recommends a 4.99% council tax</p>		

increase in the council's band D council tax for 2024/25 of which 2% is the social care precept. This equates to an annual increase of £99.60 per band D household and excludes precepts from the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority.

After the application of council tax a residual gap remains in the budget of £20.4 million in 2024/25. Additional savings of £24.0 million are proposed as part of 24/25's budget. Delivery of these incremental savings is budgeted to cost £0.6m and they are underpinned by a £3.0m increase in contingency.

Finally, the annual balanced position across the 5 year budget timeframe relies on the drawdown and temporary support of one-off council reserves during 2026/27 of £5.9 million and 2027/28 of £4.8 million to smooth the most significant impact of the business rates review.

The council tracks and monitors performance monthly and any risks are reported through routine management reporting.

The report contains a large amount of important information and, in order to make this accessible, the report is comprised of a main report and 15 appendices as follows:

#### Appendix A – Budget Report for Full Council

- Appendix 1 – Detailed Budget Summary by Directorate
- Appendix 2 – Capital Programme 2024/25 – 2033/34
- Appendix 3 – Budget Risk Matrix
- Appendix 4 – Treasury Management Strategy
- Appendix 5 – Flexible Use of Capital Receipts Strategy
- Appendix 6 – Budget Consultation Report
- Appendix 7 – Cumulative Equalities Impact Assessment
- Appendix 8 – Budget Savings and Efficiencies
- Appendix 9 – Long Term Investments - Shareholdings
- Appendix 10 – Service and Corporate Pressures
- Appendix 11 – Statutory Calculations in respect of Council Tax – to follow for Full Council
- Appendix 12 – Changes to Council Tax
- Appendix 13 – Service Investments, Loans and Guarantees
- Appendix 14 – Bristol Schools Forum Feedback
- Appendix 15 - Children and Education Supplementary Estimate Request

Separate reports in respect of the Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA) Landlord Services are also presented to this Cabinet meeting; however, the revenue implications of the two ring-fenced funds are reflected in the proposals contained in this report.

#### **Cabinet Member / Officer Recommendations:**

That Cabinet recommends to Council to:-

Note:

- The report from Overview and Scrutiny Management Board (OSMB) and/or the Resources Scrutiny Commission that will be published separately.
- The budget consultation process that was followed and feedback as outlined in Section 18 and Appendix 6.
- The categorisation of earmarked reserves and provisions set out in Section 15.
- That the budget consultation feedback and equality impact assessments have been taken into consideration and have informed the final budget proposals.
- The feedback provided by Bristol Schools Forum for Cabinet and Council, for consideration in making final decisions on the Dedicated Schools Budget for 2024/25 as set out in Appendix 14.
- The Section 25 Statement of the Chief Finance Officer (s151 Officer) as set out in Section 17 on the robustness of the budget and adequacy of reserves.

**Delegate Authority:**

- To the Director of Finance after consultation with Designated Deputy Mayor with responsibility for Finance, Governance and Performance and the Mayor, to make any necessary technical adjustments that may be required to the budget with transfers to and or from reserves as appropriate.

**That Cabinet recommends to Full Council:**

- The Bristol City Council levels of Council Tax increase of 4.99%; which includes 2% precept to support Adult Social Care, noting the precepts of the Police and Crime Commissioner for Avon and Somerset and the Avon Fire Authority.
- The council's General Fund net revenue budget for the year 2024/25 as £525.494 million and expenditure allocations as set out in Appendix 1; subject to any budget amendments properly notified to and approved by the council in line with the Constitution.
- That supplementary estimates be approved as part of the Budget 2024/25 Report in the case that they are required to meet Q3/P8 2023/24 full year forecast spending requirements (see Appendix 15)
- The council's capital budget and programme for the years 2024/25 – 2033/34, totalling £2.7 billion for the General Fund and Housing Revenue Fund.
- The strategic Community Infrastructure Levy allocations in section 13 are approved.
- The proposed Treasury Management Strategy for 2024/25 in Appendix 4, incorporating the Minimum Revenue Provision policy and the prudential indicators and limits.
- To approve the Strategy for the Flexible use of Capital Receipts as set out in Appendix 5.
- To approve the changes to Council Tax for empty homes (long term empty dwellings that are substantially unfurnished) and for second homes (dwellings that are occupied only periodically and are substantially furnished) in Appendix 12 be applied from 1 April 2024, or as soon as possible thereafter, subject to the required legislation being in place.

**Corporate Strategy alignment:** The Corporate Strategy underpins the council's budget.

**City Benefits:** It is a statutory requirement to set a legal budget

**Consultation Details:** Details of consultation are included within Appendix 6 – Budget Consultation Report

**Background Documents:** <https://www.bristol.gov.uk/council-spending-performance/council-budgets>

<b>Revenue Cost</b>	<b>£see Full Report</b>	<b>Source of Revenue Funding</b>	
<b>Capital Cost</b>	<b>£ see Full Report</b>	<b>Source of Capital Funding</b>	
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>
<input type="checkbox"/>			

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1.Finance Advice:** The council's financial position has been set out in this report. Council is under a legal obligation (Local Government Finance Act 1992) to set a balanced budget and in doing so they are obliged, under normal administrative principles, to take into account the various relevant factors, particularly in respect of consultation and equalities.

Members are entitled to exercise their political judgement, paying due regard to the relevant factors rather

than being absolutely determined by them.

The budget report sets out a comprehensive picture of the council's finances over a 5 year timeframe to assist in the decision-making process in setting the 2024/25 budget and the forward look for the Council.

**Finance Business Partner: Jemma Prince, Finance Business Partner, 16th January 2024**

**1. Legal Advice:** Approval of a balanced budget each year is a statutory responsibility of the Council (Local Government Finance Act 1972).

Cabinet must consider the budget recommendations in the report and propose a budget to Full Council to adopt. Cabinet and Full Council must have regard to the report of the Chief Finance (s.151) Officer at Appendix A as

to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed

financial reserves (Local Government Act 2003).

Public consultation has taken place in relation to the level of Council tax to be set in 2024/25. In doing so the Council

has satisfied its statutory duty to consult with non-domestic rate payers (S65 Local Government Finance Act 1992).

The responses to the consultation must be taken into account by Cabinet. Cabinet should also be satisfied that a

proper consultation has taken place in that consultation was undertaken when proposals were at a formative stage

and sufficient reasons and time has been given to allow consultees to understand and respond to them properly.

Appendix A specifies that further public consultation will take place if required in relation to a new initiative or the

specific implementation of an existing proposition set out in the report, and sets out the principles on which

consultation will take place. The Budget Consultation report at Appendix 6 of the report sets out the process that was

undertaken, detailed responses to consultation and how responses have been taken into consideration by officers

when developing proposals for final decision.

When considering proposals and options, Members must bear in mind their fiduciary duty to the council taxpayers of

Bristol. Members must have adequate evidence on which to base their decisions.

The Public Sector Equality duty requires the decision maker to consider the need to promote equality for persons

with protected characteristics and to have due regard to the need to i) eliminate discrimination, harassment, and

victimisation; ii) advance equality of opportunity; and iii) foster good relations between persons who share a relevant

protected characteristic and those who do not share it. The Cumulative Equalities Impact assessment at appendix 7 is

designed to assess whether there are any barriers in place that may prevent people with a protected characteristic

using a service or benefiting from a policy and any mitigations proposed. The decision maker must take into consideration the information in the assessment before taking the decision.

**Legal Team Leader: Nancy Rollason, Head of Legal Services, 15th January 2024**

**3. Implications on IT:**

The budget proposals contain many IT implications, presenting both risk and opportunity. Core IT services and existing Digital Transformation Programme work is proposed to remain funded, and the proposed Capital allocations enable delivery of more hybrid meeting technology and a necessary rolling replacement of end user devices such as laptops. However, there is no corporate, central funding for developing and exploiting emergent areas of technology such as robotic process automation and generative AI, which may limit overall pace of progress on digital and service transformation at an enterprise-level. However, with major transformation programmes funded within the budget, there will likely be opportunities to pursue some opportunities on a case-by-case basis.

Also unfunded is systematic replacement of outdated Line of Business Systems and the work likely to be needed to fully address all facets of cyber security risk and business continuity. This may require further consideration and reprioritisation of funding within any approved budget envelopes once a costed programme of work is possible to present. Work is underway to review the council's cyber posture and LOBS needs.

Achieving savings against third party IT supplies will be a key factor for delivering IT-related elements of the budget, with substantial cashable savings targets of over £300k whilst also containing inflationary pressure on remaining contracts. This risk will be closely monitored and managed within the IT service.

Finally, where the budget results in updates to Fees and Charges, there will be a need to update details across relevant payment systems and on the council's website.

**IT Team Leader: Tim Borrett, Director: Policy, Strategy and Digital, 16<sup>th</sup> January 2024**

**4. HR Advice:** Any impacts on the Council's employees arising from budget decisions will be managed in line with the Managing Change Policy and in compliance with all obligations in law.

**HR Partner: James Brereton, Head of Human Resources, 15th January 2024**

<b>Cabinet Member sign-off</b>	Cllr Cheney	<b>17/01/2024</b>
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	<b>17/01/2024</b>

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix C – Summary of engagement with Scrutiny</b>	<b>No</b>
<b>Appendix 6 – Details of consultation carried out - internal and external</b>	<b>YES</b>
<b>Appendix 7 (E) – Equalities screening/impact assessment of proposal</b>	<b>YES</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO (Not required)</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>