

Cabinet Budget Report Update – Final Local Government Finance Settlement – Services Grant increase and Business Rate Levy Surplus Grant

Amendment to be moved at the Cabinet meeting

Introduction:

As part of the Final Local Government Finance Settlement announced on 6th February 2023, the Government has allocated a further £19 million nationally in 2023/24 as a top up to the Services Grant. Bath & North East Somerset Council will now receive an additional £38k of Services Grant (Total £958k).

The Final Settlement also included a new one-off grant allocation in respect of a national surplus on the Business Rates Levy Account of £100m. The Council's share of the surplus is £199k.

It is proposed that this additional funding is allocated as follows:

- £177,000 one-off to establish a new Ward Councillor Empowerment Fund to run until 2025/26.
- £59,500 added to the inflation contingency (of which £21,620 is one-off)

Further recommendation added to report at 2.1 r):

The additional Services grant and Levy Surplus grant funding of £236,500 is allocated to fund the introduction of a new Ward Councillor Empowerment Fund Scheme with £177,000 of one-off funding to be used by 2025/26 and to increase the corporate inflation contingency by £59,500.

HIGHLIGHT OF MAIN FIGURE CHANGES IN BUDGET REPORT FOLLOWING AMENDMENT

The inclusion of the additional grant income and growth as set out in the new recommendation 2.1r above revises the figures that are shaded below in the Budget Report:

5.2.2 The Budget and Medium Term Financial Outlook – Table:

Budget Planning	Future years assumptions £m				
	2023/24	2024/25	2025/26	2026/27	2027/28
Budget Requirement (Previous Year)	126.74	131.03	137.40	144.49	150.40
Budget Adjustments	1.00	0.00	0.00	0.00	0.00
Pay & Pension	5.80	2.89	2.87	3.47	3.33
Demographic Growth	1.71	1.71	1.71	2.71	2.71
Contract Inflation	3.72	5.36	2.28	2.32	2.32
New Homes Bonus Pressure	1.61	0.42	0.00	0.00	0.00
Capital Financing	0.87	2.01	1.78	0.99	1.21
Settlement grant funding	(4.67)	(2.54)	5.07	0.00	0.00
Budget pressure / rebasing	7.49	1.62	(1.03)	2.00	1.52
Funding Requirement Sub Total	17.52	11.48	12.69	11.48	11.09
Draft Budget Before Savings	144.27	142.50	150.09	155.97	161.49
Proposed Savings Plans	(14.38)	(0.69)	(1.05)	0.00	0.00
Estimated Savings Required	(0.00)	(9.96)	(4.55)	(5.57)	(6.56)
Savings Requirement Sub Total	(14.38)	(10.65)	(5.60)	(5.57)	(6.56)
Budget Requirement	129.89	131.86	144.49	150.40	154.93
Business Rate Relief Adjustment*	1.14	5.54	0.00	0.00	0.00
Revised Budget Requirement	131.03	137.40	144.49	150.40	154.93
Funding of Budget Requirement					
Council Tax	113.89	120.33	123.95	127.68	131.52
Business rates retention*	24.28	21.37	22.04	22.72	23.41
Reserve transfers From	0.25	0.00	0.00	0.00	0.00
Reserve transfers (To)	(7.39)	(4.30)	(1.50)	0.00	0.00
Funding of Budget Requirement Total	131.03	137.40	144.49	150.40	154.93

Revised Extract of Annex 1 Revenue Budget 2023/24 – individual service cash limit

CABINET PORTFOLIO	Service	Nov'22 Cabinet Cash Limits	Removal of One-offs (including one-off virements in 2022/23) + Add Feb'23 on-going Technical Virements	2022/23 Base Budget	MTFS - Funding / Growth	MTFS - Savings	Business Rates Relief and Grant Adjustments	Total 2023/24 Budget Changes	2023/24 Proposed Budget
Resources	Property Services	557	15	572	8			8	580
	Corporate Estate Including R&M	4,490	288	4,777	236	(425)		(189)	4,588
	Business Change	127	364	491	330			330	821
	Human Resources & Organisational Development	2,084	59	2,143	23	(25)		(2)	2,141
	Council Solicitor & Democratic Services	2,563	85	2,648	7			7	2,655
	Corporate Strategy & Communications	878	(20)	858	187	(8)		179	1,037
	Finance	2,314	74	2,389	17	(225)		(208)	2,181
	Revenues & Benefits	1,739	(140)	1,600	279			279	1,879
	Risk & Assurance Services	1,203	64	1,267	17			17	1,284
	Procurement & Commissioning	286	18	304	9			9	313
	Corporate Governance	1,705	44	1,749	35	(30)		5	1,754
	Information Technology	6,004	(251)	5,753	113	(275)		(162)	5,591
	Commercial Estate	(11,173)	21	(11,152)	2	(1,500)		(1,498)	(12,650)
	Housing Delivery Vehicle	(2,169)	1,169	(1,000)					(1,000)
	Hsg / Council Tax Benefits Subsidy	(195)		(195)					(195)
	Capital Financing / Interest	5,212		5,212		(423)		(423)	4,789
	Unfunded Pensions	1,488		1,488		(100)		(100)	1,388
	Corporate Budgets incl. Capital, Audit & Bank Charges	(5,361)	(4,242)	(9,603)	8,815	(830)	1,140	9,125	(477)
	New Homes Bonus Grant	(2,038)		(2,038)	1,613			1,613	(425)
	Magistrates	12		12					12
Coroners	370		370	80			80	450	
Environment Agency	254		254					254	
West of England Combined Authority Levy	5,194		5,194					5,194	
	PORTFOLIO SUB TOTAL	15,545	(2,453)	13,092	11,249	(3,318)	1,140	9,070	22,162

Revised extract of Annex 2ii – 2023/24 Budget Funding Requirements

Annex 2 (ii) - 2023/24 Budget Funding Requirements						
2023/24 - 2025/26 Funding Proposals						
Funding Title	Description of Funding Requirement	Funding Categories	Portfolio Holder / Director	23/24 Funding £000	24/25 Funding £000	25/26 Funding £000
Portfolio: Deputy Leader, Resources						
Licences	Microsoft Licences Renewal cost increase from MS 365. Liquid Logic licences, shortfall in existing budget to meet new license requirements for Children's and Adults services.	Budget Pressure	Clr Richard Samuel / Andy Rothery	25	30	
Council Tax Inspector Role	New homes, new commercial developments = new business rates, new council tax.	Budget Pressure	Clr Richard Samuel / Andy Rothery	38		
Creation of new Business Change Hub	Creation of a Business Change Hub to programme manage and deliver organisational improvement projects	Budget Pressure	Clr Richard Samuel / Amanda George	330		
Unfunded pensions	Rebase corporate budget for historic pension liabilities in line with reduction in actual charges - reverses 22/23 growth	Budget Pressure	Clr Richard Samuel / Andy Rothery	(100)		
External Audit Fees	Uplift in contract price following PSAA national procurement for Public Sector external audit. Additional price will need to be demonstrated with additional auditor capacity to ensure timely sign off of the statement of accounts.	Budget Pressure	Clr Richard Samuel / Andy Rothery	270		
Increase in Coroners Levy	Share coroners service administered by BCC, material uplifts in operating costs due to skill and supply shortages creating backlog in the mortuary.	Budget Pressure	Clr Richard Samuel / Andy Rothery	80		
Capital Financing and Treasury Management - return budget from 2022/23 2 year saving item	Planned return of £1m temporary capital financing saving approved in 2022/23 to base budget	Budget Pressure	Clr Richard Samuel / Andy Rothery		1,000	
Supported Bus Service investment	Additional Transport Levy funding for cost pressures in supported bus routes	Budget Pressure	Clr Richard Samuel / Andy Rothery	281	(121)	
Business Rates	Business Rates Revaluation 2023/24 - 2025/26	Budget Pressure	Clr Richard Samuel / Various	162	70	42
Ward Councillor Empowerment Fund	Ward Councillor Empowerment Fund extended to 2023/24	Budget Pressure	Clr Richard Samuel / Cherry Bennett	177	(177)	
Corporate Budget Adjustments	Corporate Base Budget Adjustments including New Homes Bonus & Settlement Grants	Corporate Adjustments	Clr Richard Samuel / Andy Rothery	4,377	2,629	1,779
Medium Term Corporate Budget and Overhead Rebasng	Review of corporate overhead charges to non-general fund activity and medium term funding requirement	Budget Pressure	Clr Richard Samuel / Andy Rothery	0	333	1,533
Contractual Inflation	Annual increases in contract costs within the portfolio	Contract Inflation	Clr Richard Samuel / Various	1,251	456	195
Pension Triennial Valuation and Staff Increments	Net impact of pension on-cost reduction from 21% to 20.1% and staff increments	Pay and Pension	Clr Richard Samuel / Various	448	1	
Pay Inflation 2022/23	Salary inflation and members allowances over and above inflation budgeted in 22/23	Pay and Pension	Clr Richard Samuel / Various	404		
Pay Inflation 2023/24	Salary inflation and members allowances estimated at 3%, with 1% contingency built into 23/24	Pay and Pension	Clr Richard Samuel / Various	1,057	822	822
Deputy Leader, Resources Total				8,799	5,043	4,371