

Birmingham City Council

Report to Cabinet

25 June 2024



Subject: Section 151 Officer Update on the Financial Position of the Council – June 2024

Report of: Fiona Greenway, Director of Finance and Section 151 Officer

Relevant Cabinet Member: Cabinet Member for Finance, Councillor Karen McCarthy

Relevant O&S Chair(s): Chair of Corporate & Finance Overview & Scrutiny, Councillor Sir Albert Bore

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

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

1. Executive Summary

1.1 This report outlines the financial context of Birmingham City Council as of June 2024. This report is the second in a series presented to Cabinet during the 2024/25 financial year.

1.2 This report will focus on:

- a) The financial context in relation to Exceptional Financial Support (paragraphs 3.1 to 3.4 refers);
 - b) An update on the Financial Position for the General Fund to 2026/27 (paragraphs 3.05 to 3.12 refers); and
 - c) An update on the budget setting process for 2025/26, including capital receipts (paragraphs 3.13 to 3.17 refers), capital programme (paragraphs 3.18 to 3.19 refers) savings allocation (paragraphs 3.20 to 3.22 refers), savings themes (paragraphs 3.23 to 3.25 refers), next steps for June and July 2024 (paragraph 3.26 refers) and Section 25 (paragraphs 3.27 to 3.28 refers).
- 1.3 On 27 February 2024, the Leader of the City Council received confirmation from Simon Hoare MP, Minister for Local Government, that the Department for Levelling Up, Housing and Communities (DLUHC) was minded to approve a capitalisation direction of a total not exceeding £1,225.1m for the financial years 2020/21 to 2024/25.
- 1.4 The Exceptional Financial Support (EFS) is made up of four constituent elements (paragraph 3.2 refers). The Council intends to address this through the application of capital receipts from the sale of assets. If the City Council is unable to make up the totality of this EFS requirement during the 2024/25 financial year through capital receipts, the Council will be forced to borrow at a penalty rate, which will increase interest charges for the Council and increase the revenue budget gap for future years.
- 1.5 The current EFS request addresses the budget gap for the 2024/25 financial year only. Any future requests for EFS would not only be scrutinised and challenged by DLUHC and Commissioners, but also must balance the increasing pressure on the Council's capital receipts programme and the potential for additional revenue impact through interest charges from borrowing to address a capital receipts shortfall. As such, all steps must be taken to balance the 2025/26 and 2026/27 financial years within the Council's own means.
- 1.6 A Medium Term Financial Plan (MTFP) must be developed during the 2024/25 financial year which delivers a four-year plan, 2025/26 to 2026/27 balanced, and 2027/28 to 2028/29 forecast. This means addressing the £143.7m budget gap in

2025/26 and savings proposals for the 2026/27 financial year that are credible and deliverable for both years.

- 1.7 This budget gap has developed over a number of years due to an over reliance on one-off mitigations to overspends. This is demonstrated in the 2022/23 and 2023/24 financial years, with significant in-year overspends due to a combination in inaccurate financial planning, poor financial management and control, and a historical underlying structural budget deficit mitigated through the use of reserves.
- 1.8 One of the challenges within the 2024/25 budget setting process was the allocation of savings targets utilising a single percentage across Directorates. As such, a range of feedback was gathered on the approach to savings allocations, to refine the allocation methodology for the 2025/26 and 2026/27 financial years. The agreed allocations will be presented as part of the Section 151 Officer Update on the Financial Position to July 2024 Cabinet.
- 1.9 Alongside the Directorate allocations, a number of themes have been identified as a series of cross-cutting savings ideas which touch a number of Directorates. Rather than having only savings themes or Directorate allocations, the 2025/26 budget setting process will have both. This aims to encourage the identification of cross-cutting transformation savings whilst maintaining ownership of deliver of these savings at a Directorate level.
- 1.10 In line with Directorate allocations and thematic savings, Directorates are accelerating savings identification activity, with a range of thematic workshops and challenge sessions commencing in June and July 2024.
- 1.11 The key focus for Directorates should be the delivery of the 2024/25 savings programme and identification of a robust savings programme for the 2025/26 and 2026/27 financial years. Allocation methodologies, ownership of themes, and journey to the financial position of today should not divert efforts from the task at hand.
- 1.12** The letter received from DLUHC on 27th February 2024 was clear, that the EFS is only “minded to” at this stage. If the Council is unable to deliver the 2024/25 savings programme, and develop a robust savings programme for 2025/26 and 2026/27 which balances the budget without dependence on further EFS, then there is no guarantee that EFS will continue to be provided by DLUHC.

2. Recommendation(s)

2.1 Cabinet is recommended to:

- a) Note the **financial context in relation to Exceptional Financial Support** (paragraphs 3.1 to 3.4 refers);
- b) Note the **update on the Financial Position for the General Fund to 2026/27** (paragraphs 3.05 to 3.12 refers); and
- c) Note the **update on the budget setting process for 2025/26**, including capital receipts (paragraphs 3.13 to 3.17 refers), capital programme (paragraphs 3.18 to 3.19 refers) savings allocation (paragraphs 3.20 to 3.22 refers), savings themes (paragraphs 3.23 to 3.25 refers), next steps for June and July 2024 (paragraph 3.26 refers) and Section 25 (paragraphs 3.27 to 3.28 refers).

3. Background

Exceptional Financial Support for 2024/25

- 3.1 On 27 February 2024, the Leader of the City Council received confirmation from Simon Hoare MP, Minister for Local Government, that the Department for Levelling Up, Housing and Communities (DLUHC) was minded to approve a capitalisation direction of a total not exceeding £1,225.1m for the financial years 2020/21 to 2024/25.
- 3.2 The £1,255.1m of Exceptional Financial Support (EFS) between 2020/21 to 2024/25 is broken down by a number of elements below, table 1 refers:

Table 1: Summary of EFS Request 2020/21 to 2024/25

EFS Request	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	Total (£m)
Budget Gap	0.0	0.0	0.0	0.0	239.8	239.8
Redundancy Costs	0.0	0.0	0.0	0.0	100.0	100.0
Potential Equal Pay Liability	288.4	109.5	172.2	0.0	245.2	815.3
EFS Contingency	0.0	0.0	0.0	0.0	100.0	100.0
TOTAL	288.4	109.5	172.2	0.0	685.0	1,255.1

- a) **Budget Gap** – The approved budget for the 2024/25 financial year included the reliance on the minded to capitalisation from DLUHC of a budget gap of £239.8m. The total budget gap for the 2024/25 financial year prior to savings was £375.6m, of which £149.8m of savings were identified and approved for the budget.
- b) **Redundancy Costs** – In order to facilitate the delivery of £149.8m of savings in the 2024/25 financial year, and additional savings in the 2025/26 financial year, a functioning redundancy programme is a key requirement to realise staffing savings. As such, the costs of redundancies have been capitalised in order to minimise the impact on the Council’s revenue budget.

- c) **Potential Equal Pay Liability** – At the time of writing the request for EFS, the current liability for the Council was estimated at £815.3m across the General Fund, DSG and Schools (cumulative). Provisions are accounted on a risk weighted litigation liability basis, which is a weighted average probability of the estimated change of success of future legal claims. This is in line with the requirements of accounting standards and the CIPFA code, providing a best estimate of the provision at this point in time. This provision will change over time, based on a number of evolving factors. As such, this is a higher figure than the value publicised in 2023 of £760m.

Note: The forecast for the potential Equal Pay liability is carried out until the end of the 2024/25 financial year, which is the point at which the maximum liability is expected to occur. This date is chosen as the date at which the potential equal pay liabilities would stop accruing because a new pay and grading structure is planned to be implemented by 1 April 2025.

- d) **EFS Contingency** – A value of £100m has been included within the total request due to the potential for items which the Council did not or could not have known about at the time of setting this budget.

3.3 As such, all steps must be taken where possible to explore mitigations to address the overall value of potential equal pay liabilities through the use of settlement schemes. The overall budget shortfall and when redundancy liabilities fall will also vary the total value of this request, and the Council intends to mitigate as best as possible these pressures as they materialise.

3.4 Further, the current EFS request addresses the budget gap for the 2024/25 financial year only. Any future requests for EFS would not only be scrutinised and challenged by DLUHC and Commissioners, but also must balance the increasing pressure on the Council's capital receipts programme and the potential for additional revenue impact through interest charges from borrowing to address a capital receipts shortfall. As such, all steps must be taken to balance the 2025/26 and 2026/27 financial years within the Council's own means.

Financial Position – General Fund 2022/23 to 2026/27

3.5 In line with the budget setting timeline for the 2025/26 and 2026/27 financial years, the Medium Term Financial Plan (MTFP) has been rolled forwards to address the next four-year period.

3.6 As outlined in the Section 151 Officer Update on the Financial Position in May 2024, a Medium Term Financial Plan (MTFP) must be developed during the 2024/25 financial year which delivers a four-year plan, 2025/26 to 2026/27 balanced, and 2027/28 to 2028/29 forecast. This means addressing the £143.7m budget gap in 2025/26 and savings proposals for the 2026/27 financial year that are credible and deliverable for both years.

3.7 As part of this exercise, a backwards look at the challenges arising from previous financial years, and the challenges facing future financial years, has been completed and presented to Executive Management Team (EMT) (comprising Corporate Leadership Team [CLT] and Cabinet).

3.8 2022/23

As outlined within the outturn paper presented to Cabinet in 14 May 2024, the 2022/23 financial year outturned with a £66.2m overspend. This is an improvement of £19.8m against the Period 10 forecast for the financial position. This overspend was addressed through the use of reserves. Overreliance on the use of reserves is one of the contributing factors to the hidden structural deficit in the Council's MTFP and the current reserve position. This structural deficit was addressed through the rebasing exercise completed during the budget setting process for the 2024/25 financial year. The Council's reserves position will take longer to recovery, and cannot be relied upon to address budget gaps in future years.

3.9 2023/24

The draft Quarter 3 forecast for the outturn position is £115.1m overspend (Note: this forecast has not been presented to Cabinet, but has been cleared through Directorate Management Teams. The draft outturn will be presented to Cabinet in July 2024). This ties very closely to the Quarter 1 forecast, and the forecast overspend comprises £81.5m of service led overspend and £33.6m of Oracle overspend. Again, this overspend will be addressed through the use of reserves. It should be noted that the application of spend controls during the 2023/24 year controlled overspend during the second half of the financial year. That is, the

overspend forecast at Quarter 1 did not grow, and demonstrates the effectiveness of spend controls to mitigate superfluous spend.

3.10 2024/25

As approved in 5 March 2024, the 2024/25 budget has a £375.6m budget gap prior to the application of identified savings. The Council's savings programme of £149.8m reduces this budget gap to £225.9m. This remaining budget gap is reliant on EFS and the identification of sufficient capital receipts to address the gap. Further, there is no possibility to entertain an overspend during the 2024/25 financial year, highlighting the importance of the Council's intention to live within its means, deliver against the savings programme, and mitigate spend through spend controls.

Note: The 2024/25 budget included a number of corrections to the base budget. The 2023/24 financial plan presented a four-year balanced position, whereas the 2024/25 budget had a £375.6m budget gap prior to the application of identified savings. Several factors contributed to this different, including additional Directorate pressures, Oracle, inflation corrections, savings write off, Collection Fund deficits, corrections of the pay awards, and addressing statutory intervention requirements.

3.11 2025/26

As presented on 5 March 2024, the 2025/26 budget has a £143.7m budget gap prior to the application of identified savings. The Council's savings programme includes £76.3m of additional savings identified for 2025/26, comprising of a number of step up savings will full-year effect in 2025/26 and new savings presented in the 2024/25 budget setting process. There remains an additional budget gap of £67.4m which cannot be address through the use of EFS. This must be addressed through additional savings identified during the 2025/26 budget setting process.

Note: The budget gap for 2025/26 and beyond is draft and will be refreshed in line with reviewing budget forecasts. An updated position will be presented to Cabinet in July 2024.

3.12 2026/27

Provided the Council lives within its means for the 2024/25 and 2025/26 financial years, and does not incur any additional borrowing costs through capital loans to finance the Council's EFS, then the budget gap for the 2026/27 financial year will comprise of service pressures and changes to Council funding only. A figure for this budget gap will be presented to Cabinet in July 2024, however the Council

anticipates the savings programme will need to continue throughout the four years of the MTFP.

Capital Receipts Programme for 2024/25

- 3.13 Key to the success of the 2024/25 budget will be the delivery of a capital receipts programme which addresses the permitted capitalisation for the 2024/25 financial year. DLUHC has confirmed that it is minded to allow the Council a capitalisation 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. The Council intends to address this through the application of capital receipts from the sale of assets. If the City Council is unable to make up the totality of this EFS requirement during the 2024/25 financial year through capital receipts, the Council will be forced to borrow at a penalty rate, which will increase interest charges for the Council and increase the revenue budget gap for future years.
- 3.14 The Council has developed a programme of asset sales which addresses the Council's capital receipts requirement. The value of this programme is £500m during the 2024/25 financial year, and £250m during the 2025/26 financial year.
- 3.15 To date, the Council has achieved £68m of the targeted 2024/25 asset disposals, leaving £432m of assets left to be sold during the coming financial year. Legal contracts are exchanged on a further £34m, with £230m under offer and bidding on a further £109m. This means that there is good visibility on just over 88% of the 2024/25 target.
- 3.16 Due to the significant programme of asset sales, and the current pressure on the Council's revenue budget, there continues to be constraints on the Council's capital programme. As such, new inclusions to the programme are restricted, and the Council does not intend to increase the current borrowing requirement which has an impact on revenue funding via interest charges.
- 3.17 The size and scale of the Council's capital programme and capital asset base means that there is opportunity for rationalisation and optimisation. This should be realised through driving the Corporate Landlord model, to rationalise operational use of property leading to consolidation, capital receipts, and a resultant revenue saving. It is critical that the Corporate Landlord model is accelerated during 2024/25.

Capital Programme

- 3.18 It is extremely important that progress against delivery of major capital projects is regularly monitored. The Capital Board chaired by the Leader, will be reviewing its Terms of Reference to ensure that major capital projects are reported on regularly.
- 3.19 Place, Prosperity & Sustainability, City Housing and Finance Directorates have been working together over the last month to improve the quality of investment analytics both within the context of each individual regeneration capital scheme, but also within the Council as a whole. It's been agreed that investment analysis and robust business cases will form a central element of future decision-making, not only on situations where further public capital is being sought, but also where sales/asset disposals are being made. Establishing a robust risk/return model against which all investment and divestment decisions can be made is a priority for the Council.

Savings Allocations

- 3.20 In order to address the £143.7m savings target for the 2025/26 financial year, the Council must identify savings across Directorates to form the basis of the future years savings programme. To date, £76.3m of savings have been identified, with a further £67.4m to be identified.
- 3.21 One of the challenges within the 2024/25 budget setting process was the allocation of savings targets utilising a single percentage across Directorates. As such, a range of feedback was gathered on the approach to savings allocations, to refine the allocation methodology for the 2025/26 and 2026/27 financial years.
- 3.22 In order to address this feedback, a range of savings allocations have been created and reviewed as a Corporate Leadership Team. These scenarios range from a single savings percentage, to refined methodologies preserving specific services during the 2025/26 financial year, phasing savings over the two years, delivering varied savings percentages over the two year period, and adjusting base figures for addressable spend. The agreed allocations will be presented as part of the Section 151 Officer Update on the Financial Position to July 2024 Cabinet, following an initial assessment of the viability of savings allocations from Directorates.

Savings Themes

3.23 Alongside the Directorate allocations, a number of themes have been identified as a series of cross-cutting savings ideas which touch a number of Directorates. Rather than having only savings themes or Directorate allocations, the 2025/26 budget setting process will have both. This aims to encourage the identification of cross-cutting transformation savings whilst maintaining ownership of deliver of these savings at a Directorate level.

3.24 The themes and mechanisms identified for the 2025/26 and 2026/27 financial years are:

- a) **Voluntary Redundancy** – The potential savings impact from a voluntary redundancy scheme Council-wide;
- b) **Top-Tier Organisation** – Examining the top tier 1-3 structure of the organisation to assess potential for consolidation of activities and roles;
- c) **Consolidation** – Merging functions by default, including acceleration of consolidation of the contact centre;
- d) **Commissioning** – Potential synergies between Commissioning teams within Adults and Children's;
- e) **Newton Savings** – Savings identified through work sourced through Newton within Children's Social Care (including Birmingham Children's Trust);
- f) **Benchmarking High Spend Areas** – Following reviews of RA and RO form benchmarks, a number of service areas have been identified as potentially high spend compared to peers (Education, Highways);
- g) **Public Health** – Ensuring optimal use of Public Health funds to support Council priorities;
- h) **Back Office Transformation** – Transforming delivery of back-office operations to reduce costs and enhance service delivery;
- i) **Digital Foundry** – Technology solutions to reduce manual processes and automate manual activities;

- j) **Core City Peers** – Engaging with other Core Cities to discuss shared challenges and understand peer solutions to efficiency challenges;
- k) **Review of High Headcount Teams** – Analysing teams with high headcount to understand throughput and efficiency gains;
- l) **Transition Management** – From Adults to Children’s Social Care;
- m) **Procurement** – Procurement efficiencies through renegotiation and contract management;
- n) **Fees and Charges** – There is circa £150m of fees and charges within the budgeted income for the 2025/26 financial year, increases should be explored across all service areas.

3.25 Each of these themes are being explored, and additional themes may be added to this list during the coming months. Once the potential scale of the opportunity has been developed in the form of a range, a detailed savings Delivery Plan will be produced including an allocation by Directorate as to how the saving will be delivered.

Next Steps in June and July 2024

3.26 The key focus areas as part of the budget development in June and July will be (including activity reference to Appendix 1):

- a) **Saving Theme Workshops** (18, 25) – To build out the detail behind the themes identified to date, develop a savings range, and populate a savings delivery plan;
- b) **Savings Delivery Plans** (19) – Developed for all proposed savings for the 2025/26 financial year, completed in draft by the end of June 2024 in order to inform review and challenge sessions in July 2024.
- c) **Directorate Challenge Sessions** (16) – Hosted by Finance Business Partners, to challenge the baseline pressures within the budget, to inform an updated budget position for the 2026/27 financial year in July 2024;
- d) **Review of Capital Programme** (20, 21) – Commencing the 2025/26 Capital Programme activities, to review the current and prior year to inform the position for future years;

- e) **Big Birmingham Conversation** (22) – Commencing the Big Birmingham Conversation which will inform the budget process;
- f) **Budget Assurance Sessions** (23) – Commencing budget assurance sessions with the Leader and Cabinet Members on newly proposed savings opportunities;
- g) **Ongoing reporting processes** (17, 24, 26, 27, 28, 29) – To various forums on the current position.

Section 25 of the Local Government Act 2003

3.27 On 5 March 2024 the Section 151 Officer submitted her Section 25 statement to City Council as part of the budget setting for 2024/25. It is important to remind ourselves that the budget as presented was credible and deliverable, only on the basis that certain arrangements were put in place and regularly monitored throughout the 2024/25 financial year including:

- The Oracle ERP Programme is remediated at an accelerated rate, prioritising income management, such that the Council has a suitable and stable financial management system to support operational delivery;
- The Council's savings programme is delivered and supporting processes are developed that are sufficiently robust that they provide further assurance to the delivery of savings;
- Suitable transformation and delivery arrangements are put in place to support the changes required to achieve the significant savings programme;
- Financial Management provided by the Finance Directorate, and specifically those working alongside Service teams such as Finance Business Partners, support and challenge financial decision making effectively to protect the Council's Best Value;
- Commissioners are satisfied with the response to their intervention, including ensuring the Finance Commissioner is satisfied with the financial management arrangements delivered by all Officers and Members of the Council.

3.28 It is imperative that Directors and Members continue to acknowledge that they must deliver on the commitments made within the budget for 2024/25, and in particular relating to the proposed savings which ensure the budget is achievable.

4. Public Consultation and Engagement

4.1 This report has been written in consultation of CLT members and has been discussed with EMT. The content of this report is also based on presentations to the Commissioner led Finance Sub-Board.

4.2 The full 2025/26 budget will be subject to legal advice and guidance regarding consultation, at that point specific plans will be developed to ensure all relevant groups and communities are appropriately and meaningfully consulted with.

4.3 The Council is yet to determine how to engage with the public on the 2025/26 budget. Once determined, specific plans will be developed if appropriate.

5. Risk Management

5.1 All savings presented against as part of the 2025/26 budget will be fully risk assessed. Further, risk assessments are completed as part of the ongoing savings delivery for the 2024/25 financial year.

6. Compliance issues

6.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?** All implications and priorities will be considered in the development of savings proposals alongside CLT and Cabinet Members. EMT engagement sessions ensure that there is alignment of proposals with City Council priorities, plans and strategies.

6.2 **Legal Implications:** Members have a statutory responsibility to ensure that the Council acts lawfully. The Council must set and maintain a legally balanced budget and must take steps to deal with any projected overspends and identify savings or other measures to bring budget pressures under control. Cabinet is responsible for preparing the annual Council budget in good time for the Council budget meeting in 2025.

- 6.3 Members are reminded in this context of their fiduciary duty to the Council Taxpayer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of the Council's resources.
- 6.4 The Council must comply with all relevant legal requirements to complete Council Tax Setting in 2025, including employment consultation and consultation with the public where appropriate on the implications of proposals as part of this process. The Council will make sure that Equality Impact Assessments and all appropriate statutory consultation takes place in the development of savings proposals. This will be referenced in future reports to Cabinet and City Council.
- 6.5 **Financial Implications:** Financial implications are included in the body of this report.
- 6.6 **Public Sector Equality Duty:** The Council will ensure that all actions taken in response to these recommendations are in line with the Public Sector Equality Duty, this includes aligning to Equality Impact Assessments completed in the development of savings proposals, and ensuring the impact of savings proposals are aligned to the Public Sector Equality Duty.

7. Appendices

- 7.1 Appendix 1 – Budget Timeline for 2025/26 for June 2024

Appendix 1 – Budget Timeline for 2025/26 for June 2024

Appendix 1 – Budget Timeline for 2025/26 for June 2024

ID	Status	Date	Milestone
1	Complete	Early-April 2024	2024/25 budgets loaded into Oracle, budget books issued to directorates.
2	Complete	April 2024	Indicative targets allocated - Directorates continue to review potential areas for savings and transformation, including Alternative Budget proposals and other councils' savings list.
3	Complete	April 2024	Update MTFP model to reflect a 4-year MTFP, update assumptions.
4	Complete	April 2024	Briefing to Leader as Finance Portfolio – weekly
5	Complete	April 2024	Update to Informal Cabinet
6	Ongoing	April 2024	Workshops are held on saving themes and areas for review
7	Ongoing	April 2024	Staff, Member and Trade Union suggestions process to be set up for savings ideas
8	Complete	April – May 2024	Fortnightly updates to CLT and EMT
9	Ongoing	May 2024	Deep dives of Directorates spend to identify initial areas of potential savings
10	Ongoing	May 2024	Further workshops are held on saving themes and areas for review
11	Complete	May 2024	Briefing to Leader as Finance Portfolio - weekly
12	Complete	May 2024	Update to Informal Cabinet
13	Complete	May 2024	Cabinet finance report outlining approach to MTFP and budget consultation
14		Late-May 2024	Review of staff suggestions and sharing with CLT
15		Late-May 2024	Deadline for submission for updated savings (2025/26 prior submissions), savings identified from the review of Alternative Budget proposals and other council's savings list.
16		June 2024	Further deep dive reviews are held with Directorates

Appendix 1 – Budget Timeline for 2025/26 for June 2024

ID	Status	Date	Milestone
17		June 2024	Cabinet finance report update on progress made.
18		Late-June 2024	Saving themes workshops conclude – areas identified as possible savings to be worked up
19		Late-June 2024	Deadline for Directorates to put forward further savings proposals and pressures for 2025/26 onwards
20		June – July 2024	Review of existing Capital Programme - Review the existing capital programme from the current financial year to identify ongoing projects, commitments, and any carry-over funding requirements. Review existing capital programme to ensure projects are still aligned to Corporate priorities. Assess any emerging needs, priorities, or strategic initiatives that may require capital investment in the upcoming year.
21		June 2024	Issue Capital Budget Guidance and Communications - Issue guidance and instructions to departments and stakeholders regarding the capital budget process, including submission deadlines, evaluation criteria, and any policy considerations. Communicate the overarching financial constraints, strategic priorities, and expectations for the upcoming capital budget cycle.
22		June – August 2024	Big Birmingham Conversation
23		July 2024	Leader’s Budget Assurance sessions are held, Leader will review proposed savings and challenge and scrutinise Directors and Cabinet Members to ensure proposed savings are deliverable.
24		July 2024 onwards	Corporate & Finance Overview & Scrutiny Committee to start scrutiny of 2025/26 Budget
25		July 2024	Savings from theme workshops are worked up and submitted
26		Mid-July 2024	Q1 2024/25 Budget Monitor – revised 2025/26+ budget gap based on latest position

Appendix 1 – Budget Timeline for 2025/26 for June 2024

ID	Status	Date	Milestone
27		July 2024	Cabinet finance report update on progress made, including latest value of savings identified, milestones reached, and latest timetable shared.
28		Late-July 2024	Savings and pressures shared with CLT for review and challenge
29		Late-July 2024	Savings and pressures shared with EMT for review and challenge
30		July – August 2024	Submission of Capital pressures / Requirements - Directorates and FBPs submit capital bids for new projects, enhancements, replacements, or expansions, adhering to the prescribed format and guidelines. Bids should include detailed project proposals, cost estimates, anticipated benefits, risks, and alignment with strategic objectives.
31		August 2024	Delivery Plans produced for submitted savings proposals
32		September 2024	Service review sessions with a cross-directorate challenge group to scrutinise Delivery Plans
33		September 2024	Cabinet finance report update on progress made, including latest value of savings identified, milestones reached, and latest timetable shared.
34		August – September 2024	Review and Evaluation of Capital Bids - Establish a review panel comprising finance experts, Directorate representatives, and other relevant stakeholders to evaluate capital bids. Assess the merits of each proposal based on criteria such as strategic alignment, financial sustainability, value for money, feasibility, and potential impact on service delivery. Conduct financial analysis, risk assessment, and sensitivity analysis for selected projects.
35		September 2024	Capital Bid Prioritisation and Allocation - Prioritise capital bids based on the outcomes of the evaluation process and the available budgetary resources. Allocate provisional funding to approved projects, taking into account the strategic importance, urgency, and capacity constraints.

Appendix 1 – Budget Timeline for 2025/26 for June 2024

ID	Status	Date	Milestone
36		Late-September 2024	Member challenge sessions held to scrutinise Delivery Plans
37		Late-September 2024	Final savings and pressures position, deadline to receive all known pressures and proposed savings with delivery plans
38		Late-September 2024	Savings and pressures shared with CLT for final review, this includes saving delivery plans
39		Late-September 2024	Savings and pressures shared with EMT for final review, this includes saving delivery plans
40		Late-September 2024	Savings and pressures shared with Informal Cabinet for final review, this includes saving delivery plans
41		October 2024	Launch of the refreshed Corporate Plan
42		October 2024	Draft MTFP shared with CLT for comment
43		October 2024	Draft MTFP shared with EMT for comment
44		October 2024	Draft Capital Budget for Review - Present the proposed capital budget. Provide project summaries, financial projections, and risk assessments, to support budget deliberations. Address any queries, concerns, or requests for clarification from decision-makers.
45		Mid-October 2024	Cabinet finance report update on draft MTFP
46		Mid-October 2024	Q2 2024/25 Budget Monitor – revised 2025/26+ budget gap based on latest position
47		October-November 2024	Further review, challenge and refinement of saving proposals
48		Early-November 2024	Final review and update of inflation model using Bank of England Forecasts for November

Appendix 1 – Budget Timeline for 2025/26 for June 2024

ID	Status	Date	Milestone
49		Mid-November 2024	Draft MTFP shared with CLT for comment, changes since previous draft highlighted
50		Mid-November 2024	Draft MTFP shared with EMT for comment, changes since previous draft highlighted
51		November 2024	Cabinet finance report update on latest MTFP position, changes since previous draft highlighted
52		Mid-December 2024	2025/26 Provisional Local Government Finance Settlement
53		December 2024	Cabinet finance report update on latest MTFP position, changes since previous draft highlighted
54		Early-January 2025	Council tax request sent to DLUHC
55		January 2025	Cabinet finance report update on impact of provisional Local Government Finance Settlement, and latest MTFP position
56		Mid-January 2025	2025/26 Final Local Government Finance Settlement
57		Mid-January 2025	O&S Budget Task & Finish Group
58		Mid-February 2025	Cabinet Member budget briefings
59		Mid-February 2025	Political Group budget briefings
60		Late-February 2025	Cabinet – Receives budget
61		Late-February/Early-March 2025	Full Council – Council tax setting