

# FINANCE SCRUTINY WORKSHOP

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Birmingham City Council  
26<sup>th</sup> July 2023

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# Objectives



- To ensure that everyone understands the nature and depth of the financial challenge faced by the Council
- To plan Scrutiny's approach and contribution to the Council's overall approach in meeting the challenge
- To develop a timetable and action plan for Scrutiny, especially over the autumn period

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Total Net Expenditure (as per 2023/24 Financial Plan)	925,078	1,018,314	1,035,612	1,049,934	1,083,206
Total Resources (as per 2023/24 Financial Plan)	(925,078)	(1,018,314)	(1,035,612)	(1,049,934)	(1,079,093)
<b>Budget gap as (as per 2023/24 Financial Plan)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,113</b>
<b>Expenditure</b>					
<b>Budget Pressures</b>					
Staffing	3,844	3,973	4,070	4,170	4,273
Demand/Complexity Growth	55,586	37,736	44,027	42,240	39,840
Statutory Requirement	-	-	-	-	-
Borrowing costs, investment etc	-	-	-	-	-
<b>Budget Pressures Subtotal</b>	<b>59,430</b>	<b>41,709</b>	<b>48,097</b>	<b>46,410</b>	<b>44,113</b>
<b>Corporately Managed Budgets</b>	<b>(4,240)</b>	<b>(4,097)</b>	<b>(3,935)</b>	<b>(4,154)</b>	<b>(5,461)</b>
Pay Inflation	-	-	(2,532)	(5,178)	(7,943)
Contract Inflation	1,042	27,346	51,904	55,348	58,666
Other Inflation	19,875	28,352	35,367	42,593	50,063
Fees and Charges Inflation	-	(357)	(365)	(372)	(378)
<b>Inflation Sub-total</b>	<b>20,917</b>	<b>55,341</b>	<b>84,374</b>	<b>92,391</b>	<b>100,408</b>
<b>Savings</b>					
High Risk Savings	35,141	56,274	75,374	75,374	75,374
<b>Savings Subtotal</b>	<b>35,141</b>	<b>56,274</b>	<b>75,374</b>	<b>75,374</b>	<b>75,374</b>
<b>Total Net Expenditure Movements</b>	<b>111,248</b>	<b>149,227</b>	<b>203,910</b>	<b>210,021</b>	<b>214,434</b>
<b>Resources</b>					
Business Rates	-	14,100	(27,677)	(40,165)	(41,052)
Council Tax	-	2,019	-	-	-
Other Grants Excl DSG & ABG	-	-	-	-	-
Top Up Grant	-	-	-	-	-
Other income	5,044	2,589	2,589	2,589	2,589
Net Payment to/(from) Reserves	(28,907)	(3,096)	(1,687)	-	-
<b>Total Resources Movement</b>	<b>(23,863)</b>	<b>15,612</b>	<b>(26,775)</b>	<b>(37,576)</b>	<b>(38,463)</b>
<b>MTFP Budget Gap at July 2023</b>	<b>87,385</b>	<b>164,838</b>	<b>177,135</b>	<b>172,445</b>	<b>180,084</b>

# Additional issues

- 2023/24 agreed budget savings - £33.479m out of £64.619m are “high risk” (i.e. unlikely to be delivered)
- Equal pay - £650 - £760m not currently included in the MTFS
- Oracle implementation – impact on reserves

# My thoughts.....

- Both capital and revenue budgets require fundamental review to generate savings
- Work to be done on the deliverability of savings
- Much work is underway – including a “star chamber” process
- The end point is a scrutiny review of the Budget Savings and Recovery Plan for the 24/25 budget – November/December 2023

# But....

- Should Scrutiny just wait for the results of the review and scrutinize the saving list?
- How can Scrutiny engage with the star chamber process?

**How can Scrutiny be proactive and add value to this process, avoiding duplication?**

# Workshop

## Generating Scrutiny Questions

“The important and most difficult job is never to find the right answers, it is to find the right questions” (Peter Drucker)

# The Challenge

What questions can scrutiny ask and explore in order to make a positive contribution to the savings identification process?



# Questions and Key Lines of Enquiry Discussed at the Workshop

- All scrutiny committees need to review their work programme and identify what can be delayed to give space to this work.
- Information required on:
  - What and who the “star chamber process” is, including what they will be reviewing to ensure there is no duplication.
- Are there any previous scrutiny recommendations that suggested ways that savings / efficiency could be achieved that have not yet been implemented? Can these be taken forward?

# Cont'd

- Officers to be asked for the current list of agreed savings to be broken down per committee so that scrutiny committees can;
  - Undertake a reality check of how / when / how much can now be delivered.
  - Understand why these savings were put forward and agreed as part of the budget process but are now considered high and medium risk.
  - Ensure that all further savings proposals can be implemented on time and that they deliver the savings identified.
- Resources scrutiny committee to:
  - Review the various assumptions in the MTFP
  - Request other scrutiny committees review the assumptions made in lines such as “demand and complex growth”

# Cont'd

- Potential more detailed reviews:
  - Duplication between departments.
  - Income generation possibilities e.g. commercial rental income
  - Invest to save possibilities in the capital programme
- Timescale
  - Much work needs to be completed over the next few weeks to ensure that recommendations are formally discussed and approved in the September scrutiny meetings
  - Scrutiny review of the Budget Savings & Recovery Plan need to be timetabled for later in the autumn (November/ December)