

# Birmingham City Council

## Cabinet

25 June 2024



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**Subject:** Section 151 Update

### Commissioner Review

Commissioners have made the point previously that the path to financial stability is very tight, with no room for missteps and delay. Exceptional Financial Support (EFS) is financed by capital receipts and potentially borrowing. It is certainly not a solution to the critical financial position the Council is in. Further EFS is not an option for many reasons, not least as the Commissioners have real reservations as to whether it could be paid back. Within this context, it is worth remembering that the Council is balancing three significant financial issues, namely; the budget position, equal pay and Oracle.

Commissioners are very concerned that within the four months after Cabinet approved the budget, only £7m of new savings have been identified to address the residual gap in 2025/26 of £67m, and none to address what will be a significant gap in 2026/27. If the Council does not increase the pace and focus on this task we are concerned that BCC will be in a real financial crisis in the autumn, similar to 2023. There is scope to transform services and make significant efficiencies, but only if work is undertaken now. The Council must use the time over the summer to identify credible savings.

The overall financial position is being refreshed and as well as the three huge issues mentioned above, the Council also faces demand pressures and extremely challenging national public sector finances, irrespective of the results of the general election. There is every possibility that the budget gaps in future years could grow. Against this backdrop, all capital and revenue expenditure undertaken by the Council must be both affordable and necessary. This includes development projects planned by the Council.