

# Birmingham City Council

## Report to Cabinet

27 February 2024



**Subject: 2024/25 Budget Setting for General Fund Revenue Account, 2024/25 to 2027/28 Capital Programme and 2024/25 Treasury Management Strategy and Policy**

### Commissioner Review

- 1.1 The Council is in an extremely serious financial position as a result of the past decisions it has taken, both in deciding to take specific actions and failing to recognise and take proper corrective action. All local authorities are facing significant pressure in service delivery costs and the failures of the past have eroded the Council's room for manoeuvre. There is a narrow path to financial sustainability that will require both discipline and pace from both Members and Officers.
- 1.2 The Commissioners believe this budget is deliverable. However, to do so will require major improvements in the arrangements for the delivery of savings. This includes governance, monitoring and project management arrangements and also a change in organisational culture where successful delivery of change and savings is valued and problems overcome rather than hidden. There is also a real need to ensure Council recruits, retains and invests in people with the right skills and knowledge to undertake this work. The Council has made limited progress in this area and needs to do far more and at a far greater pace.
- 1.3 The same rigour must be applied to both the Oracle and Job Evaluation programmes. This budget is clearly dependent on the successful delivery of both these programmes. The mistakes of the previous projects cannot be repeated.
- 1.4 The Council has received £1.255bn in Exceptional Financial Support (EFS) from Government. For the avoidance of doubt EFS is really nothing more than a loan from government that must be paid back through asset sales. There are conditions for this loan that mirror the concerns raised above around savings delivery.
- 1.5 The narrow path to financial sustainability is dependent on the revenue budget being balanced within two years. This means that over this period revenue savings of £293m [Note: £226m existing savings programme + £67m budget deficit for 25/26, as per budget report] must be made, of which £226m are set out in this budget. If this cannot be delivered the Commissioners have serious concerns that the Council asset base will not be large enough to support a further request for EFS with a consequent major impact on services.

- 1.6 As well as delivering this budget effectively, the Council needs to start work on the 2025/26 budget immediately by identifying and starting to implement savings to address the overall budget gap. The Commissioners believe a far higher proportion of savings in this second year can be generated through efficiencies. This will require a far more considered approach to identification of savings and major changes to how the Council operates. These proposals need to be shaped by a coherent vision of what the smaller, more effective, Birmingham City Council will offer its citizens and businesses and how it will lead the place.
- 1.7 Now the real work of delivery needs to take place with discipline and pace. There are no other choices available.