

FAQs

On 5 September 2023, Birmingham City Council issued a section 114 (s.114) notice.

What is a section 114 (s.114) notice?

Councils are required by law to have balanced budgets.

If a council cannot find a way to finance its budget then a Section 114 (s.114) must be issued.

The issuing of a s.114 notice bans all new spending with the exception of protecting:

- vulnerable people
- statutory services
- pre-existing commitments

Our reason for issuing the notice

The council's 151 (finance) officer has filed a section 114 notice because the council already knows it will not be able to balance its budget in the next financial year (2024/25), which councils are required to do by law.

A section 114 will stop all but essential spending, making sure the council can continue to provide vital services to its most vulnerable residents.

What the notice means for Birmingham

It means the council has to stop spending; it cannot enter into new agreements which will incur a cost.

The council can still spend money on:

- existing staff and payroll costs
- expenditure on goods and services which have already been received
- expenditure required to deliver the council's statutory services at a minimum possible level
- urgent expenditure to safeguard vulnerable residents contractually committed expenditure
- expenditure through ring-fenced grants
- expenditure that will improve the council's financial situation, that is necessary to reduce overall costs

How this will affect council services

There will be no disruption to essential services.

The council has issued the section 114 now to ensure that we take action to balance our budget and protect essential services.

I am paid by the council - will I still be paid and will my salary and deductions be processed as normal?

Yes, all salaries and wages will be paid as normal and at the normal time.

Pensions are paid by pension funds external to the council and will not be affected.

I have a contract with the council or I am owed money for goods and services - will I be paid?

Contractual commitments will be honoured and all invoices for work delivered will be paid.

I receive a grant from the council - will I still receive it?

All existing grant agreements will be honoured.

Future grant agreements will be reviewed under the prevailing essential spend criteria that the council is now temporarily operating under.

I receive direct payments – will these be affected?

Agreements and care packages will continue to be paid.

We have given the council money for a particular purpose or to act as an accountable body – how will this be affected?

Examples of the above include:

- NHS pooled budgets
- grants for specific reasons
- deposited money with the council

All monies held by the council on behalf of other bodies, on Trust, or deposited under treasury arrangements to the council, or where BCC acts under an accountable body agreement, will be unaffected.

Will my council tax will go up?

Council tax is set in the annual council budget which is finalised next year and no decisions have yet been made.

What was the result of the extraordinary general meeting on 25 September?

Councillors voted to:

- accept the section 114 notice
- agree to continue spending control measures under the direction of the Section 151 Officer
- endorse the financial recovery plan
- receive a further report and emergency budget

Did the council respond to Michael Gove?

Yes. The Leader and Chief Executive wrote back to the Department for Levelling Up, Housing and Communities, accepting the government's analysis of the current challenges and welcoming the appointment of commissioners.

When did the commissioners start?

The commissioners started on Monday 9 October 2023.

Why was there another extraordinary general meeting on 12 October?

A second section 114 notice was triggered by the issuing of a section 5 report on 21 September 2023.

These notices have been issued because we have not been able to agree on a new process for job evaluations.

An emergency council meeting took place within 21 days of these notices being issued.