

Birmingham City Council

Cabinet

12 December 2023



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

Commissioner Review

- 1 The BCC financial position remains extremely serious and challenging.
- 2 The Council has made some progress identifying savings to address what is expected to be a c£300m budget gap by 2025/26, however, there remains a huge amount of work to do to both identify robust savings and establish a savings delivery process that is credible. This will need to be undertaken at pace and with a step change in the level of organisational focus and grip.
- 3 The Commissioners accept that given the lack of any early budget work it will not be possible to find savings to fully address the 2024/25 gap, however, Commissioners have requested that by the 7th January the Council has a credible plan to meet the c£300m two year savings target. This is achievable.
- 4 As the report states an approval is required from DLUHC to capitalise expenditure to address the 2024/25 budget cap, redundancy costs and equal pay costs. Capitalisation is not a solution to the financial crises. The bigger the budget gap and thus required capitalisation the more assets the Council will need to sell. The Council is between a rock and a hard place where the only sensible course of action is to balance the revenue budget as quickly as it can.
- 5 Commissioners support the need to rebuild useable balances. Going forward, every budget-holding officer must not overspend without reporting a viable compensating saving. If this is not possible, delegated authority to spend will need to be withdrawn.