

FINANCE SCRUTINY WORKSHOP

Birmingham City Council
26th 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 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'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)
Budget gap as (as per 2023/24 Financial Plan)	-	-	-	-	4,113
Expenditure					
Budget Pressures					
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	-	-	-	-	-
Budget Pressures Subtotal	59,430	41,709	48,097	46,410	44,113
Corporately Managed Budgets	(4,240)	(4,097)	(3,935)	(4,154)	(5,461)
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)
Inflation Sub-total	20,917	55,341	84,374	92,391	100,408
Savings					
High Risk Savings	35,141	56,274	75,374	75,374	75,374
Savings Subtotal	35,141	56,274	75,374	75,374	75,374
Total Net Expenditure Movements	111,248	149,227	203,910	210,021	214,434
Resources					
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)	-	-
Total Resources Movement	(23,863)	15,612	(26,775)	(37,576)	(38,463)
MTEP Budget Gap at July 2023	87,385	164,838	177,135	172,445	180,084

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”

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- 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)