

VCFSE Response to BCC Section 114

**Stephen Raybould
Programmes Director
BVSC**

What do we know?

- 114 Notice has been issued creating additional spend controls within BCC.
- 114 Notice was issued because BCC could not deliver a balanced budget on its main fund and overall budget 23-24.
- Equal Pay exposure is potentially circa £650m-£750m.
- There was already a planned deficit of £87m (23-24) and £160m (24-25).
- The resource to address the equal pay can only be drawn from BCC 'main fund'.
- Spending controls will be lifted when a balanced budget is implemented.
- Balanced budget will be delivered through a mixture of increased revenue, asset sales and spending reductions.
- BCC has 'an approach' but not yet 'a plan'.
- BCC will be redesigned to address the challenge.
- Officers and political leadership are committed to working through the challenge with involvement from VCFSE.
- Commissioners appointed by DLUC have arrived in Birmingham.

*BCC approach to addressing their financial challenge can be found [here](#)

*BCC's overall annual budget is £3.2 billion.

Timeline

- BCC currently focused on introduction of job evaluation scheme (stopping unequal pay).
- Emergency budget 23-24 will be submitted in late October.
- Budget for 24-25 will be set in February.
- Directorates will also need to set budgets.
- Revised budgets 23-24, 24-25 will give a high-level indication of how they are intending to address the financial challenge.
- Directorate budgets will give us a better indication of what impact might be felt within the VCFSE.
- BCC political leadership will be navigating both the general election (2024) and the local election (2026)

*Budgets will be available on CMIS in the run up to the webcast full council meeting as meeting papers.

*Finance and Resources Overview and Scrutiny Committee will provide a more detailed and less partisan examination of the budgets

Impact

- There will be resistance to any attempt to address the funding challenges.
- Potential industrial action because of the introduction of the job evaluation scheme.
- City will seek to secure higher revenue from taxation.
- Easily disposed of assets that are high value are likely to be sold, reducing income to BCC over the medium to long term.
- Areas in which BCC is failing should see improvement (Oracle, Send, Governance, HR and Financial Management).
- BCC will be a smaller organisation.
- Scale of the impact will partially depend on the approach taken to the local government settlement in the next parliament.
- Risk that the action taken will shrink Birmingham as an economy pulling the city into a negative economic spiral.
- BCC will be less visible within communities impacting on community confidence.
- Impact will be directly experienced by citizens.

Impact on VCFSE

Unclear, but areas of focus are:

- Revenue into VCFSE from BCC budgets.
- Restrictions on the 'type' of spend VCFSE organisations are permitted to undertake through BCC resource.
- Disposal of assets.
- Reduction in capacity of BCC officers effective at dealing with VCFSE.
- Increased demand from citizens.
- Need to 'step up' presence in communities as council steps back.

Approach

- Focus on role VCFSE activity plays in delivering prevention against BCC spending on statutory responsibilities.
- Strengthen relationships with BCC Officers and Commissioners.
- Support BCC Officers to navigate VCFSE activity through spending decisions.
- Evidence impact at the strategic level at which funding decisions are taken.
- Support the transfer of assets into the VCFSE.

Asks of BCC

1. Articulate a thought through approach that focuses on managing spend and demand whilst delivering the best outcomes.
2. Redesign of the city council to include VCFSE as an aligned delivery partner.
3. Clear purposeful and specific communications that relate to the strategic approach taken by BCC.
4. No cuts to the VCFSE where this creates greater demand and spend pressures in other parts of the council.