

from the  
**BEST VALUE COMMISSIONERS**

**28 November 2023**

Dear Chief Executive and Leader,

On behalf of the Commissioners, I would like to thank you for the work already undertaken to drive savings proposals within the council. Since our last letter, a list has been created that appears to us to be more practical and deliverable than the previous proposals.

However, we all recognise that there is **considerable further work still to be done, at pace** before these initiatives meet the quantum and quality required. At present the list contains £106m savings for the 24/25 budget, less than 50% of the required target. More importantly, they are far from being transformational, an explicit request of our last letter.

At this late stage in the budget setting cycle, it is simply not credible for the Council leadership to fail to present a viable plan to meet its financial obligations. I am concerned that the seriousness of the situation with which BCC finds itself in has still not been fully recognised throughout the officer and political wider leadership group.

Over the next two years the Council must deliver savings in the region of £300m. A Council the size of Birmingham must be able to respond to this challenge, as others have done before it.

Our assessment of the savings presented so far is:

- **Savings proposed do not meet the required level.** The organisation must make difficult choices, and spending which has previously been protected must be considered again. It is not acceptable that areas of the council's spending are considered untouchable. What the council does now, or has always done, may not form part of its future offer to citizens. Service directors, under the leadership and direction of the Chief Executive and her CLT must look again at their budgets. Nothing can be off the table at this stage, yet we are aware of a number of items on earlier lists that are no longer being pursued despite them appearing deliverable.
- **Cross-cutting transformation savings have not been presented.** We are aware that the Council is working on cross-cutting efficiency savings to supplement department proposals. Some of these appear to be basic good housekeeping or in line with the experience of many other authorities without affecting service delivery. These must be brought to the table urgently to be considered as part of

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next year's budget together with those more radical proposals needed to make the council work effectively within its financial envelope.

- **BCC must understand its transformation journey over the medium term.** The organisation must develop a new vision of what a reconstructed council will look like and deliver in 2 years' time. Only then will it be able to ensure that changes made today are bringing the council, step by step, closer to that vision. It is important that the council recognises that the future scale and reach of the council will be necessarily reduced. This means that savings should be presented for 25/26 budget in addition to the 24/25 budget, to demonstrate the organisation's journey to meet the c.£300m gap over two years.

By not presenting a credible plan, the Council leadership risks damaging Commissioners' confidence in their ability to deliver. It will be impossible to advise Ministers to authorise the necessary support measures which will allow a budget to be presented which can be considered lawful. To be explicit, if the Council cannot meet its statutory duty, Commissioners will be forced to use their Direction powers to propose a budget themselves.

The leadership should be under no illusion of the impact of Commissioners being forced to take these extreme measures. If this were to happen, the failure of the officer team to develop a legally sound budget for Members to approve will directly reflect on the reputations of those officers who hold budget responsibilities.

As a result, Commissioners expect the following:

1. A credible list of savings, **by Friday 1 December 2023** to meet the vast majority of the first year's budget gap.
2. A **transformation plan by January 7 2024** which establishes both vision and demonstrates credibility that the organisation is on a path to becoming a more efficient, focussed, organisation. This plan must ensure the budget is fully balanced by 2025/26, meaning it will contain sufficient proposals to meet the current estimate of a £300m two-year budget gap.

During the next week we will also want to see how you will resource the delivery of each of these proposals. This will require you to have thought about the timelines and resources, whether inhouse or externally procured, to ensure successful delivery of every element of this activity over the period and the fallback positions you will adopt to meet inevitable setbacks along the way.

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We look forward to seeing a credible plan by the end of the week.

Yours Sincerely,

**Max Caller CBE**

Lead Commissioner, on behalf of the Best Value Commissioner team.

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