

**EXTRAORDINARY MEETING  
OF BIRMINGHAM CITY  
COUNCIL  
25 SEPTEMBER 2023**



**MINUTES OF THE EXTRAORDINARY MEETING OF BIRMINGHAM CITY  
COUNCIL HELD ON MONDAY 25 SEPTEMBER 2023 AT 1800 HOURS IN  
THE COUNCIL CHAMBER, COUNCIL HOUSE, BIRMINGHAM**

**PRESENT:-** Lord Mayor (Councillor Chaman Lal) in the Chair.

**Councillors**

Deirdre Alden	Ray Goodwin	Bruce Lines
Robert Alden	Rob Grant	Mary Locke
Alex Aitken	Fred Grindrod	Ewan Mackey
Raqib Aziz	Colin Green	Basharat Mahmood
David Barrie	Roger Harmer	Majid Mahmood
Shabina Bano	Deborah Harries	Rashad Mahmood
Baber Baz	Kath Hartley	Lee Marsham
Matt Bennett	Adam Higgs	Karen McCarthy
Jilly Bermingham	Jon Hunt	Saddak Miah
Marcus Bernasconi	Mahmood Hussain	Shehla Moledina
Bushra Bi	Mumtaz Hussain	Yvonne Mosquito
Sir Albert Bore	Shabrina Hussain	Rick Payne
Nicky Brennan	Timothy Huxtable	Miranda Perks
Kerry Brewer	Mohammed Idrees	Rob Pocock
Marje Bridle	Zafar Iqbal	Julien Pritchard
Martin Brooks	Katherine Iroh	Darius Sandhu
Mick Brown	Ziaul Islam	Kath Scott
Zaker Choudhry	Morriam Jan	Shafique Shah
Debbie Clancy	Kerry Jenkins	Rinkal Shergill
Liz Clements	Meirion Jenkins	Sybil Spence
Maureen Cornish	Brigid Jones	Jamie Tennant
John Cotton	Jane Jones	Sharon Thompson
Philip Davis	Amir Khan	Paul Tilsley
Jack Deakin	Ayoub Khan	Lisa Trickett
Barbara Dring	Mariam Khan	Penny Wagg
Sam Forsyth	Saqib Khan	Ken Wood
Jayne Francis	Izzy Knowles	Alex Yip
	Kirsten Kurt-Elli	Waseem Zaffar

**NOTICE OF RECORDING**

- 179 The Lord Mayor advised that the meeting would be webcast for live and subsequent broadcasting via the Council's internet site and that members of the press/public may record and take photographs except where there are confidential or exempt items.
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**DECLARATIONS OF INTEREST**

- 180 The Lord Mayor reminded Members that they must declare all relevant pecuniary and non-pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest was declared a Member must not speak or take part in that agenda item. Any declarations would be recorded in the minutes of the meeting.

The Lord Mayor advised that he had declared his interest on the declaration of interest register.

Councillor Paul Tilsley declared his non-pecuniary interest as an executive director and Council representative on the Airport Board.

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**RESPONSE TO SECTION 114 NOTICE – FINANCIAL RECOVERY PLAN**

The Lord Mayor addressed the Council and advised that the purpose of this meeting was for Members to consider the response for the Section 114 Notice published on the 5 September 2023. He added that this meeting had been held in accordance with the Section 114 Sub-section 3 of the Local Government Finance Act 1988 which stated that the Section 114 Notice must be considered by a meeting of the Council within 21 days of the report being issued. It was a further requirement that the Council must decide whether it agreed or disagreed with the views contained within the report and what action, if any, it proposed to take as a consequence of it.

The Lord Mayor moved the Motion that the Standing Orders be suspended to allow the Section 151 Officer and the Chief Executive to directly address the Council. Council agreed the Motion.

The Section 151 Officer was then invited to present the report and the Chief Executive was then invited to give a response.

The Leader of the Council, Councillor John Cotton gave his response to the Section 114 Notice – Financial Recovery Plan, which included the following comments:

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The Leader of the Council was committed to working alongside Members, officers, and Commissioners to overcome the current challenges.

When Councillor Cotton became Leader at the end of May, the scale of the financial challenges facing the Council were becoming clearer - the growing costs of stabilising and fixing Oracle and the speculation over the possible extent of additional Equal Pay liabilities, where some widely varying and unquantified figures had been circulating.

The Leader had taken immediate steps, together with the Chief Executive, to ensure that a full and urgent review of the Council's financial position was undertaken.

Given the gravity of these matters, the Leader had made it clear that there must be accountability. The Leader was pleased that the Secretary of State had recognised the importance of such independent oversight, with his announcement of a local enquiry. This matched the Leader's commitment to transparency.

The Leader was concerned that there was a lack of senior capacity at the Council to deal with these issues, and this was the reason he had asked Michael Gove and the Local Government Association to help rebuild that capacity and support the Council to get the budget back on track.

The Leader welcomed last week's intervention announcement and would now work with DLUHC, the Local Government Association and the Commissioners to get the council back on a sound financial footing.

The collective task now was to transform the Council and to deliver services for the city.

Even though his work as a Commissioner would not formally start until after the consultation period, the Leader had already reached out to Max Caller to assure him that our approach to the vital work ahead will be constructive, collaborative, and decisive.

It was clear that we must work collaboratively and in partnership with Max Caller and his fellow Commissioners.

The external auditor had requested that a decision on Job Evaluation be made no later than Friday 29 September and so the Leader had sought clarity on the status of the Commissioners and the involvement of them in this decision given its implications for the Council.

When it became clear that the Council was still formally in a consultation period ahead of the appointment of Commissioners, the Leader took the decision to schedule the Council Business Management Committee meeting for Thursday 28 September.

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The Leader was extremely disappointed that this plan to make a decision before the auditor's deadline prompted an additional Section 114 Notice and 5 Notice, which meant that only a further Extraordinary Meeting of the Council could now take a decision on this matter.

This was a frustrating delay because the Council must act decisively to close off the long-standing equal pay liability once and for all.

The Council had to do the right thing and ensure people were paid equally and fairly. The Council needed to ensure that staff were paid properly and fairly for the work they did. Gender pay injustice needed to end once and for all.

There was no quick fix or overnight solution, and the road ahead would be extremely challenging, but the Leader was determined to make the tough decisions needed to transform the Council, restore financial sustainability, and deliver the services that the people of Birmingham deserved.

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The Leader of the Conservative Group, Councillor Robert Alden gave his response to the Section 114 Notice – Financial Recovery Plan including the following comments:

This was a sad day for the city. It was tragic to be discussing this section 114 report. Since this report was published, another Section 114 report and a Section 5 report had now been published.

We had seen a shameful amount of inaction from the Labour Administration across the summer and there was a known issue of equal pay but a refusal to take any decision to remove that liability. We should also be clear why we met here tonight that this was a Council issue. The City of Birmingham had a bright future ahead.

The City of Birmingham was full of amazing people and the city would rise like a phoenix from the ashes, just like New York rose from the bankruptcy they faced in the 1970's.

It was important to understand why we were here.

Quoting from section 1.1 of the report, Councillor Robert Alden stated that we would all like to see more resources from the Government.

We had written cross-party, requesting additional money and that had secured an increase in the Council's budget. The report could not be clearer as to the causes for this Section 114 Notice and that was a failure from the Labour administration to resolve equal pay.

We heard the instruction from the officers' concerns and the speed of effectiveness of the administration's actions to balance the budget.

Accounts had not been signed off for three years. The Chief Executive highlighted the urgent position the Council was in and the need to act now. She had also highlighted that the Council had not yet asked for

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financial help and that was the reason the government had not yet announced what the financial help to the city would be.

The Birmingham Mail had talked about the bin strike deal being an issue. Looking back at the 2017 public report, we could see that Councillor John Cotton was consulted as the relevant Overview and Scrutiny Chair back in 2017.

Turning to the Corporate Risk Register, a public document (on the 27 March 2018), the current level of risk of equal pay to the Council was raised to significant. The recent industrial action in waste management had increased the profile of equal pay.

In December 2018 an equal pay strategy update was taken through Cabinet. It was called in by the Conservative Group because we thought there was a substantial lack of clarity, material inaccuracy and insufficient information. It was the view of the Group at that time, that the decision gave rise to significant legal, financial and propriety issues and it was not in accordance with Council procedures.

Labour Members voted against that call in when it went to Scrutiny and the only people who voted against it were the five Labour Members on that Committee, but the warning was raised by the opposition.

The 2018/2019 statutory accounts from Grant Thornton stated that key risks had emerged as follows: equal pay remained a significant financial risk. The recommendations stated that the Council was recommended to keep under close review the potential impacts of one-off budget risks such as the Commonwealth Games, equal pay and Amey. We were told very clearly by the auditors that the Cabinet should be keeping a close eye on it.

The Birmingham Independent Improvement Panel report of 2019 stated in paragraph 3.11 that the financial risks included demographic pressures, capital project overruns, major contract disputes, potential change to the business rates regime, Commonwealth Games and equal pay.

The Corporate Risk Register of the 16 December 2019, risk No. 1 on page 23 Management of Equal Pay Claims - inherent risk to the Council severe; residual risk material under prioritisation. Risk No. 8 – spoke of the need to dismiss and re-engage to end any ongoing payment for equal pay liability – this was marked as Red rating. Risk No. 6 - monitoring working practises and waste management – identify and address any further equal pay risks.

The Equal Pay Update report to Full City Council in December 2020, the public report paragraph 7.3.1 under financial implications stated that a further estimate of the liability of £153m in respect of unsettled equal pay claims brought under the Equalities Act was identified at the 31 March 2019. Cabinet was told there was a residual risk all the way back from 2019 in a Cabinet update report in 2020. The Job Evaluation Grading Report in April 2022 stated in the Executive Summary

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paragraph 1.2: *in 2018 BCC and the recognised trade unions agreed to review the seven-grade pay structure, viewed as being an accessible structure.*

We were told since 2018 that the Cabinet had been in discussions with unions about the pay structure in this city. Paragraph 1.3 of that report stated that it was expected that implementing a robust pay structure would mitigate future equal pay risk. We were also told in a Cabinet report in 2022 that a new scheme to mitigate against equal pay risks needed to be introduced. Paragraph 3.17.4 of that report stated: *creates further risk of uncertainty in relation to potential equal pay claims due to incomplete processes and old evaluations with further financial liability.*

This administration failed to complete a job evaluation scheme leaving the city at further risk of equal pay claims.

The BBC website, August 2022 stated that Birmingham City Council workers balloted over equal pay delays. Staff were balloted in this organisation, yet the Cabinet claimed they did not know there was an equal pay risk. The BBC website further stated: *The Council said it had been liaising with union members since November and had agreed a new evaluation approach and that the union stated that there could be a wave of fresh claims after significant new information emerged about how the Council evaluated roles.*

An employment tribunal revealed key roles may have been evaluated incorrectly in terms of parity.

The July meeting of 2023 – Permanent Pay Equality Short form report paragraph 2.8.2: *- it must be carried out in the shortest possible timescale, given the size of potential liability.* Paragraph 2.9 stated: *that new terms and conditions are implemented with all speed.*

The reality was this Labour administration knew all about equal pay risk. The opposition has warned them for years and years. Officers have warned them, unions warned them, the press has covered it, auditors have highlighted it. The improvement panel, when they were last here, warned you about it. And yet this Labour administration took no action. And since they announced this figure in July, still no action has been taken.

The opposition would work across this Council and with Commissioners to do all we can to push the Council to finally act, to work to protect the residents as best we can from the negative impacts of this administration and to limit the damage of Labour's equal pay crisis.

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The Leader of the Liberal Democrat Group, Councillor Roger Harmer gave his response to the Section 114 Notice – Financial Recovery Plan including the following comments:

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That these past few months had been the most tumultuous, the most staggering and the most bizarre he had experienced since he joined the Council in 1995.

That he had seen some challenges through his time but this year we had crisis after crisis after crisis and the impact on our residents would be devastating. All of us on crossbenches had been frustrated by the lack of accountability by Birmingham Labour but specifically with the Cabinet.

There were some Labour backbenchers who had the grace to be embarrassed privately at least, but the leadership have wasted no time in blaming everyone else which was ironic as they wasted so much time failing to fix the problem that caused these crisis.

Last week's Section 114 and Section 5 Notices were unequivocal, but we were still not tackling the issues with the urgency it requires. Councillor Harmer welcomed the fact that there would be an enquiry and we would hopefully get to the bottom of what has gone wrong and who was to be blamed.

It was hoped the Labour leadership of this Council would finally treat this as a watershed moment. We literally cannot afford to get into any similar disasters in the future. Change was needed and it begins with some introspection.

The Kerslake report in 2014 stated that the Council lacked a clear vision and that it failed to tackle deep rooted problems such as the low level of skills and had a culture of sweeping problems under the carpet.

The equal pay issue bore evidence of this. Nine years on, little had changed and the appointment of Max Caller, Lead Commissioner was welcomed and that he had written to Max Caller suggesting five clear lines of inquiry.

Firstly, the equal pay problem was most urgent. We needed to stop the bleed by completing a comprehensive job evaluation exercise. While this was being done we endured a rise of equal pay claims of up to £300 per minute. In this context we have already spent nearly three months - £50m – trying and failing to agree a methodology for this exercise. This was utterly disgraceful. It looked ridiculous to the public that we wasted that time and then it would take another 18 months to complete the exercise. After all, it was not the first time that local authorities were evaluating the roles of their employees. We must do everything possible to minimise the time this takes. We also needed to get urgent answers as to how this happened in the first place.

It had been mentioned that in the context of the budget this year and this needed to be highlighted that by the time the budget was set, it had been highlighted that we were facing claims of between £300m - £800m. Councillor Harmer questioned why action had not been taken then; why a 0% risk was placed on those equal pay claims in the budget; and, if that was the genuine

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view then, why the Leader had spent his time and effort over the summer getting into the root of the problem.

If the challenge had at least been faced up to at the time of the budget setting some months ago, we could have cut the spend of the total bill and started dealing with it earlier. Perhaps we could even have kept control of the process ourselves.

Secondly, the Oracle situation. Who blundered and who knew when the blunder was being made as it needed careful examination in addition to the technical work which was needed to ensure that our finances were in order and that the Council were both receiving and paying out what it should.

Councillor Harmer questioned why the Cabinet report in 2019 setting out how Oracle needed to be implemented was not adhered to and that this highlighted a major concern about governance in this Council. We were asking for it months earlier in the year and we were given assurances that all would be fine. Then the bombshell was dropped that it was costing us up to £100m (over five times the original figure).

The third line of enquiry was the governance of this city. We would soon have the report of the CFGS on our structure and our processes with a final report by the end of October. How that would fit in the work of the Commissioners was a key issue. Whilst recent events showed that once again the Kerslake review accurately identified the problems that a lot of the city faced, the solution that was posed to rectify those problems were fundamentally flawed and have clearly failed.

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The Leader of the Green Group, Councillor Julien Pritchard gave his response to the Section 114 Notice – Financial Recovery Plan including the following comments:

This was a real crisis for this Council and this city. We were happy to admit that cuts and austerity from government and less funding was available was indeed a factor. Although aside considering the Labour Leader nationally had not promised a reinstatement of any of that funding. Councillor Pritchard was not entirely convinced there would be a white knight coming over the horizon any time soon.

As well as the issue of funding nationally, and the massive reductions, it was also true that it was mismanagement locally as well. That had caused these issues. No matter how good your funding was, you were not going to have £760m ready and waiting in case you had an equal pay liability.

The only way to sort this out was to ensure it did not happen like that in the first place. One could be dealt an awful hand, but you could play it well. There were Councils across the country of various political views that have played the awful hand that has been dealt to them well and



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better than Birmingham. This Labour Administration have played its awful hand terribly.

Although we had massive cuts from the Government, but also that there was local problems and local mismanagement of the crisis, residents were now facing a double whammy of Tories austerity and cuts to local government and Labour mismanagement on this issue to make it even worse.

Birmingham residents and ordinary Council workers did not cause this crisis, but they were the ones who potentially would have to pay for it. It was not fair, and it was not just. Part of the escalation of this crisis in his view, was the centralization of decision making and information.

As well as devolution geographically, within the Council one other solution could be a Council model that made decisions differently.

One that involved more Councilors in decision making and supplying that information about what was going on in this Council. Using the talents across the Chamber instead of concentrating power in a select small number of Councillors.

Maybe in the long term a solution as to how we ran the Council would be using a committee system and a lot would be said for that as opposed to the current model. What we faced in the short term was probably less democracy not more and he for one was worried about the Commissioners coming in.

Unlike the Leader, he found it hard to see the positive in that announcement. Previous government interventions in Birmingham such as the Kerlake review failed to solve the Council's problems. The question was how we could be sure that this would be any different. It was not clear how government appointed commissioners would be held to account and would be any different as they were only accountable to the Conservative Minister.

It was important that the solution to this crisis was not massive cuts to valuable local services that the residents relied on, and we did not see a fire sale of our public assets in this city.

Communities could not have the heart ripped out of them by more cuts. His concern with the financial recovery plan as it was now, was that we did not have the details in there about where those cuts would fall and how services will be adjusted. We needed to protect the services that were most important to our residents whatever emergency and future budgets that were produced.

The following Councillors also spoke during the debate:

Majid Mahmood  
Deirdre Alden  
Miranda Perks

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Paul Tilsley  
Sam Forsyth  
Gareth Moore  
Waseem Zaffar  
Izzy Knowles  
Alex Yip  
Lisa Trickett  
Jon Hunt  
Marj Bridle  
Matt Bennett  
Mariam Jan  
Sir Albert Bore  
Ewan Mackey  
Lee Marsham  
Ayoub Khan  
David Barker  
Adam Higgs  
Liz Clements  
David Pears  
Sharon Thompson  
Richard Parkin  
Marcus Bernasconi  
Robert Pocock

The vote on recommendation 1 was named vote.

Here upon a poll being demanded the voting was as follows:-

**For Recommendation 1 (90)**

Mary Locke	Ray Goodwin	Alex Aitken
Sam Forsyth	Miranda Perks	Matt Bennett
Jack Deakin	Jamie Tennant	Kirsten Kurt-Elli
Brigid Jones	Jayne Francis	Karen McCarthy
Sharon Thompson	John Cotton	Nicky Brennan
Majid Mahmood	Mariam Khan	Liz Clements
Ziaul Islam	Shafique Shah	Rinkal Shergill
Saqib Khan	Saddak Miah	Zafar Iqbal
Paul Tilsley	Colin Green	Mumtaz Hussain
Deborah Harries	Gareth Moore	Rick Payne
Deirdre Alden	Robert Alden	Ewan Mackey
David Pears	Alex Yip	Richard Parkin
Meirion Jenkins	David Barrie	Ken Wood
Ayoub Khan	Roger Harmer	Morriam Jan
Yvonne Mosquito	Lisa Trickett	Kerry Jenkins
Brigid Jones	Basharat Mahmood	Amar Khan
Rashad Mahmood	Shehla Moledina	Shabrina Hussain
Saima Ahmed	Mohammed Idrees	Diane Donaldson
Phil Davis	Katherine Iroh	Waseem Zaffar
Sybil Spence	Lauren Rainbow	David Barker
Marje Bridle	Jilly Berminhgham	Mahmood Hussain

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Barbara Dring	Fred Grindrod	Shabina Bano
Lee Marsham	Mick Brown	Baber Baz
Jon Hunt	Izzy Knowles	Penny Wagg
Zaker Choudhry	Adam Higgs	Ron Storer
Debbie Clancy	Darius Sandhu	Timothy Huxtable
Kerry Brewer	Bruce Lines	Julien Pritchard
Rob Grant	Raqib Aziz	Marcus Bernasconi
Kath Hartley	Martin Brooks	Sir Albert Bore
Bushra Bi	Kath Scott	Rob Pocock

### **Against Recommendation 1 (0)**

### **Abstentions (0)**

Upon the completion of the voting process, the Lord Mayor declared that the Recommendation 1 was carried.

It was therefore-

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### **RESOLVED:-**

- 1.) The vote on recommendation 1 was carried.
- 2.) By a show of hands, the votes on recommendations 2 and 3 was carried
- 3.) Full Council:
  - (i) Agreed to accept the Section 114 notice issued on 5 September 2023 and the views set out within it, as described in section A and Appendix 1.
  - (ii) Agreed to continue Spending Control measures under the direction of the Section 151 Officer until such date as the Council has passed an approved balanced Budget for 2024/25, as described in section B and Appendix 2.
  - (iii) Endorsed the following activity now underway as part of our Financial Recovery Plan and described in section C:
    - a. Measures to reduce spending and mitigate budget pressures for 2023/24, leading to a revised Emergency Budget for 2023/24.
    - b. Organisational Redesign work to reshape our services around citizens and within our available resources, to inform the 2024/25 Budget and deliver a balanced MTFP.

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- c. A Capital Strategy and Assets Review to identify options to raise funds and minimise borrowing costs.
  - d. A review of council-controlled companies and traded services to identify options to raise funds, reduce costs and reduce risk.
  - e. An Income Review to maximise sustainable income from all sources, including Business Rates, Council Tax, Grants and other income.
  - f. Measures to achieve pay equity and stop the growth of our equal pay liability, including work to reduce the value of the potential liability and fund the actual liability.
  - g. Formal dialogue with DLUHC to explore options for Exceptional Financial Support, including potential capitalisation of revenue liabilities.
- (iv) Agreed to receive a further report and revised Emergency Budget for 2023/24 at an Extraordinary Council Meeting in late October; to note equalities considerations; to involve Overview & Scrutiny Committees; and to undertake public consultation and engagement as described below in section D.

The meeting ended at 2149 hours.