

BIRMINGHAM CITY COUNCIL

CO-ORDINATING OVERVIEW AND SCRUTINY COMMITTEE

TUESDAY, 19 MARCH 2024 AT 11:00 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

3 - 6

4 **MINUTES**

To confirm the public minutes from the Co-ordinating Overview and Scrutiny Committee meeting held on 26 January 2024.

7 - 10

5 **CO-ORDINATING OVERVIEW AND SCRUTINY COMMITTEE ACTION TRACKER**

To review and note the actions from previous Co-ordinating Overview and Scrutiny Committee meetings.

6 **COMMISSIONER'S REVIEW AND COMMENTS ON THE AGENDA**

To note the comments received from the Commissioner on this agenda.

11 - 22

7 **LEAD COMMISSIONER REPORT**

Max Caller CBE, the Lead Commissioner will provide an update on progress at the Council since government intervention started in October 2023.

8 **REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)**

To consider any request for call in/councillor call for action/petitions (if received).

9 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

10 **DATE AND TIME OF NEXT MEETING**

To note that the next meeting will take place on 19 April 2024.

BIRMINGHAM CITY COUNCIL

COORDINATING O&S COMMITTEE – PUBLIC MEETING

1000 hours on Friday 26th January 2024, Committee Rooms 3 and 4,

Council House, Victoria Square, B1 1BB

Minutes

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Akhlaq Ahmed, Deirdre Alden, Shabrana Hussain, Mohammed Idrees, Kerry Jenkins, Ewan Mackey, Lee Marsham and Alex Yip.

Also Present:

Christian Scade, Head of Scrutiny and Committee Services

Baseema Begum, Scrutiny Officer

1. NOTICE OF RECORDING/WEBCAST

The Chair advised that the meeting would be webcast for live and subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there were confidential or exempt items.

2. APOLOGIES

Apologies were received from Councillors Mick Brown and Morriam Jan.

3. DECLARATIONS OF INTERESTS

None.

4. MINUTES – 15 December 2023

RESOLVED: That the Minutes of the meeting held on 15 December 2023 be approved as a correct record and signed by the Chair.

5. CO-ORDINATING OVERVIEW AND SCRUTINY COMMITTEE ACTION TRACKER

Christian Scade, Head of Scrutiny and Committee Services confirmed that the outstanding action in relation to a briefing note on OFLOG had been received and circulated.

RESOLVED: That the Co-ordinating OSC action tracker be noted.

6. COMMISSIONER'S REVIEW AND COMMENTS ON THE AGENDA

RESOLVED: It was noted that no comments had been received.

7. TERMS OF REFERENCE FOR SCRUTINY TASK AND FINISH GROUP: GOVERNANCE STABILISATION

The Chair, Cllr Sir Albert Bore outlined that the purpose of the Task and Finish Group was essentially to monitor what the Council was doing in implementing its Governance Stabilisation Plan. It was explained that the Corporate Leadership Team (CLT) was monitoring the progress being made through a series of checkpoints and would be looking at overall progress being made. The role of the Scrutiny Task and Finish Group would be to monitor, at regular intervals, delivery of the immediate actions required to support short-term stabilisation of governance across the Council.

It was confirmed that following legal advice the work being considered as part of the Task and Finish Group could be held in mainstream committee meetings. Members were in support of this to ensure greater openness and transparency on the proviso that at times there could be a need to hold private meetings if exempt information needed to be discussed.

In order to undertake the required monitoring, it was suggested that the Committee could sync its meetings, so they took place after CLT had meet. This would allow Members to receive the same papers and to check independently where progress was, or was not, being made.

During the discussion, it was confirmed that there would be an opportunity for the Chair to discuss these arrangements further, with the Council's Monitoring Officer, ahead of the agenda for the next meeting being published.

RESOLVED: -

- That the report be noted.

- That the Terms of Reference, set out in Appendix 1 to the report presented, be agreed.
- That the Chair, and officers, look at the timetable of Committee meetings to ensure these took place shortly after relevant CLT meetings.

8. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)

There were no requests for Call In for Co-ordinating OSC.

9. OTHER URGENT BUSINESS

None.

10. DATE AND TIME OF NEXT MEETING

It was noted that the next meeting of the Co-ordinating Overview and Scrutiny Committee is scheduled for 23rd February 2024. However, it was highlighted that this was subject to change.

RESOLVED: That any future meetings, to consider the progress being made in relation to supporting the short-term stabilisation of governance across the Council, be held on a Friday (where possible) and occur after CLT had met.

11. AUTHORITY TO CHAIRS AND OFFICERS

RESOLVED: -

That in an urgent situation between meetings the Chair, with the relevant Chief Officer, be authorised to act on behalf of the Committee.

The meeting ended at 10:13 hours.

CO-ORDINATING OSC

ACTION TRACKER 2023/24 – MARCH 2024

	Date	Agenda Item	Action	Notes
1.	27 January 2023	Cabinet Member Social Justice, Community Safety & Equalities	The Cabinet Member agreed to meet with the Board of Deputies and the Jewish Leadership Council and will confirm if the letter was sent to the MPs when the definition was adopted and restate the message	<p>IN PROGRESS</p> <p>Cllr Brennan has met with Leader and is now in the process of arranging visits with a number of faith leaders, including Board of Deputies and the Jewish Leaders and will circulate the letter. It is not possible to confirm that a letter was issued to MPs, but Cllr Brennan will circulate a letter following her visit.</p> <p>UPDATE (30 Nov 2023) As a result of the current conflict in the Middle East the actions (see above) have not taken place as previously advised. The Cabinet Member and Officers are in regular discussions with the Jewish Community and the CST and will reconsider actions as a result of the conflict and increases in Antisemitism that have been seen.</p>
2.	16 June 2023	Developing the Co-ordinating OSC Scrutiny Work Programme 2023/24	A short briefing note on OFLOG, and its functions and powers, to be produced once more is known about it.	<p>COMPLETED</p> <p>The Head of Scrutiny and Committee Services circulated a briefing from the Centre of Governance and Scrutiny on this (via email) ahead of the January OSC Committee meeting.</p>

5.	15 Sept 2023	Financial Challenges – Scrutiny Contribution	Interim Director of Finance (Section 151 Officer) to ensure that information on statutory recommendations is forwarded to members.	IN PROGRESS / ONGOING
7.	15 Sept 2023	Financial Challenges – Scrutiny Contribution	Discussion be held with the Chair of the Audit Committee and OSC Chairs on how to modify work programmes and if such modifications are necessary to ensure that value was added in the context of financial challenges.	IN PROGRESS / ONGOING This is being picked up as part of work to respond to the CfGS Governance Review, especially recommendation 6 (<i>Strengthen working relationships between the Chairs of Scrutiny Committees and the Chair of the Audit Committee to lead and direct the function</i>) and recommendation 7 (<i>Put in place new arrangements for the support of the internal audit function, the audit committee, and the links between audit and scrutiny</i>).
9.	13 Oct 2023	Scrutiny of Delivery of 2023/24 Budget Savings and update on Council’s response to Section 114 Notice and Financial Recovery Plan.	That a cross-party/cross OSC Task and Finish Group led by Finance and Resources OSC be set up to discuss budgetary issues. This would be Chaired by the Chair of Finances and Resources OSC but involving the other Chairs of OSCs.	COMPLETED Final report considered by Finance and Resources OSC on 24 January ahead of recommendations be considered by Cabinet at the end of February and by Full Council in March.
10.	13 Oct 2023	Scrutiny Work Programme	The Chair highlighted that there would be a need for each of the scrutiny work programmes to refocus on the Council’s recovery, budget and improvement priorities to ensure the best use of Scrutiny resource and the time of officers across the council working with scrutiny.	IN PROGRES / ONGOING Information in relation to indicative priorities/workstreams for the Improvement and Recovery Plan, including proposed themes/outcomes, considered by all OSCs during January and February. Following this, Scrutiny Chairs collectively reviewed all work programmes as part of an informal meeting held on 23 February. Further work in this area will be supported

				by the Centre for Governance and Scrutiny who held a workshop with the Committee on 23 February, with a second workshop scheduled for 15 March. This work will help to prioritise both budget and non-budget aspects of the scrutiny work programme and will help identify new ways of doing this work.
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Birmingham City Council

Co-ordinating Overview and Scrutiny Committee

19 March 2024



Subject: Lead Commissioner Report
Report of: Christian Scade, Head of Scrutiny and Committee Services
Report author: Fiona Bottrill, Senior Overview and Scrutiny Manager,
fiona.bottrill@birmingham.gov.uk
07395 884487

1 Purpose

- 1.1 Max Caller CBE, the Lead Commissioner will attend a Special Meeting of the Co-ordinating Overview and Scrutiny Committee to engage with members to provide an update on progress at the Council since intervention started in October 2023 and the role of Overview and Scrutiny.

2 Recommendation

- 2.1 **That the Committee considers the information presented at the meeting by the Lead Commissioner, Max Caller CBE.**

3 Background

- 3.1 The Secretary of State for the Department of Levelling Up, Housing and Communities issued Directions that Commissioners were appointed to Birmingham City Council from 5 October 2023. The Directions that set out the powers of the Commissioners is available from [Birmingham City Council: Directions made under the Local Government Act 1999 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/121424/Birmingham_City_Council_Directions_made_under_the_Local_Government_Act_1999.pdf)
- 3.2 The Commissioners reported to the Secretary of State on 9 January 2024. This report and the Secretary of State's response are attached as Appendix 1 and 2.

4 Any Finance Implications

- 4.1 There are no financial implications arising from the recommendation set out in this report. The Financial challenges faced by the Council are set out in Appendix 1.

5 Any Legal Implications

- 5.1 When issuing the Directions the Secretary of State was satisfied that the Authority was failing to comply with the requirements of Part I of the Local Government Act 1999 (“the 1999 Act”).
- 5.2 The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act considered it necessary and expedient, in accordance with his powers under section 15(5) and (6) of the 1999 Act, to direct the Authority to secure the Authority’s compliance with the requirements of Part I of the 1999 Act, in particular:
- a. To address systemic weaknesses in the Authority’s governance function, to secure improvements in transparency and formal decision making.
 - b. To deliver financial sustainability, including by closing any short or longterm budget gaps - which should include taking action to expediate the closure of the equal pay liability.
 - c. To ensure compliance with all relevant rules and guidelines relating to the financial management of the Authority.
 - d. To agree as necessary any changes needed to the Authority’s operating model and redesign of council services to achieve value for money and financial sustainability.
 - e. To achieve improvements in relation to the proper functioning of the Authority’s IT.
 - f. To address the serious failings and ensure conformity with the best value duty, thereby delivering improvements in services and outcomes for the people of Birmingham.

6 Any Equalities Implications

- 6.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.2 The protected characteristics and groups outlined in the Equality Act are Age; Disability; Gender Reassignment; Marriage and Civil Partnership; Pregnancy and Maternity; Race; Religion and Belief; Sex, and Sexual Orientation.
- 6.3 The Committee should ensure that it addresses these duties by considering them during work programme development, the scoping of work, evidence gathering and making recommendations. This should include considering how policy issues

impact on different groups within the community, particularly those that share a relevant protected characteristic; whether the impact on particular groups is fair and proportionate; whether there is equality of access to services and fair representation of all groups within Birmingham; and whether any positive opportunities to advance equality of opportunity and/or good relations between people are being realised.

- 6.4 The Committee should ensure that equalities comments, and any recommendations, are based on evidence. This should include demographic and service level data and evidence of residents/service-users views gathered through consultation.

7 Appendices

- 7.1 Appendix 1: Birmingham City Council Statutory Intervention Update Letter from Commissioners
- 7.2 Appendix 2: Birmingham City Council Ministerial Response to Commissioners Update Letter

8 Background Papers

- 8.1 Co-ordinating OSC Report: Item 6: [CMIS > Meetings](#)

BEST VALUE COMMISSIONERS

9 January 2024

Dear Secretary of State,

First Quarter Update

Directions were issued and Commissioners were appointed with effect from 5th October 2023. Although our first formal report is not due until April 2024, the scale and reach of the issues that are now coming to light and the pace at which these are emerging led us to conclude that a report now, in advance of the budget setting meetings, was essential.

It is worth recording at the outset that not every part of the Council's services are failing. Adult Services were reported as good by the CQC in their pilot Inspection in October 2023. Children's Services (via the Birmingham Children's Trust) were rated good by OFSTED in April 2023, and, following a long period of intervention, there are gradual improvements in SEND services. This demonstrates that, with consistent and quality leadership from both Members and Officers, it is possible to deliver sustainable improvements at Birmingham City Council.

However, this has not been the case Council-wide. The lessons that the Council needed to learn and internalise following the Kerslake review in 2014 have not been embedded in the Council's policy and practice. Hard decisions have not been taken, issues have not been followed through to resolution and the overriding impression we gained on arrival was that officers felt it was never possible to tell bad news to senior management or Members, and Members felt they were never told the truth, resulting in a climate of mutual distrust and suspicion and occasional poor behaviour. In part, this was due to a rotating cast of senior officers and members, particularly the Statutory Officers. Until the appointment of the current Chief Executive, no-one was established enough to ensure truth was told to power.

It is within this context that the arrival of Commissioners appears to have been broadly welcomed. The challenge and backstop that Commissioners represent is recognised as being essential to the reset that the Council needs. Nevertheless, changing expectations and delivering the cultural and governance improvements required are difficult and will take an extended timescale. The situation is exacerbated by the scale of the financial crisis.

The Council is in a precarious financial position. Recent reports to Scrutiny and Cabinet demonstrate that the Council has not valued delivery of their budget proposals. Underachievement does not result in effective challenge, improved performance, or the identification of equivalent compensating savings. The budget gap over the next two years was not fully known on arrival of Commissioners and none of the normal budget setting processes, involving identification and validation of potential savings and reconfiguration of service offers, had been commenced whilst most councils would have started in June/July.

The Council now appears to have a revenue budget gap of c £300m over the next two- year period. This is entirely separate from the potential liability to settle Equal Pay claims of around £750m, and the additional costs, currently estimated at around £50m to re-implement the Oracle and Income Management system whose introduction was thoroughly

botched. Even if there were credible savings plans to fully deliver the £300m target, it is unrealistic for any Council, let alone one with no track record in delivering challenging targets for cost reduction, to guarantee that they can all be delivered fully in time.

It is not possible for the Council to set a lawful budget for 2024/25 without Government support. The Council was instructed to demonstrate to Commissioners that it has credible plans to bridge this gap over the two-year period by January 7th. This has allowed us to support an application by the Council to increase Council Tax to 10% without a referendum in the first year and to seek a Capitalisation Direction to enable redundancy costs, rebuild useable balances and the residual revenue gap to be capitalised. This is likely to be of the order of £1.5bn and will need to be covered by asset sales generating capital receipts and the elimination of the majority of the capital programme. In the first 12 months, Commissioners have set a target of £500m receipts received, with a further target to follow thereafter.

A consequence of the required budget changes is the Council can no longer afford to undertake or fund schemes and programmes that it had previously thought to commit to. These include not being able to match fund Heritage Lottery allocations and events such as the European Athletics Championships. Being able to support the various Levelling Up initiatives have been enabled by a reworking of the allocation of Business Rate uplift generated by each approved development in agreement with the Council's partners but means that most public realm schemes in the areas will need to be much later in the programme until the uplift in new Business Rates can support these elements.

It is essential that the Council, at both Member and Officer level, understand the importance of both the identification and delivery of these challenging financial goals. Failure must inevitably lead to Commissioner's exercising the powers set out in the October 5 Directions to the letter. At the end of this initial two-year period the Council must be some 15% smaller and will need to have articulated its future offer to its citizens. Every part of the Council will have been affected with the second year of the programme needing to address cross-cutting and service transformation themes.

There are a number of key initial areas for action which are commented on below.

Equal Pay

Equal Pay challenges have beset the Council for nearly two decades. Previous solutions have unravelled and opened up challenges anew. The cycle of this must be broken, and permanently so. Other Councils have ended discriminatory practices, and Birmingham must use the opportunity of intervention to do the same. This will only be achieved by five concurrent workstreams:

- **Job Evaluation.** The Council must agree a Job Evaluation scheme, with Trade Union agreement. The Council had been unable to agree a way forward with Trade Union representatives. With the support of Commissioners and their political advisers, progress has been made with the agreement of a process addendum with the unions, but the council were underprepared for the work needed to support this. Under new leadership in HR/OD, that work is beginning at pace.
- **Pay and Grading.** The lack of a revised, coherent pay and grading system has allowed the potential for job enrichment and still further potential pay discrimination. This is for Council leadership to design, with the appropriate Trade union engagement. There has been some progress on developing a plan for this, but it is

from a standing start. There had been almost no preparation for this in advance of the intervention.

- **Communication and engagement.** The Council must develop a regular, structured plan of engagement with the Trade Unions and staff on all employment issues and ensure any impacts of the concurrent workstreams are well understood and clearly signposted.
- **Litigation** BCC's external auditors in October 2023 reported that there has been a potential £760m liability arising relating to Equal Pay. Both GMB and Unison have brought a significant number of claims against the council in this matter. The Council must have a plan to manage and respond to these claims that meets the other workstreams.
- **Terms and Conditions.** BCC must develop a plan to review staff terms and conditions to a two-year timescale.

Alongside this activity a comprehensive system of performance management is required and a complete reworking of the sickness, grievance, and discipline procedures.

Housing

The Council's housing stock has been judged to be 38% non-decent by the regulator. The Council now accepts that the housing stock has not received the investment or organisational attention required over a significant period and that the landlord functions and investment in housing stock were not previously prioritised or structured to best deliver and fulfil its landlord duties. It is vital that BCC understands and applies the learning from the mistakes of the past and avoids repeating them. The Council is moving forward with two key strategies in the new year: the Housing Revenue Account (HRA) Business Plan and Rent Setting 2024/2025 and the Asset Management Strategy 2024- 2029. The approval of these strategic plans and the award of the interim repairs' arrangements will provide the necessary, although not sufficient foundations for improvement and recovery. The delivery of the plans will require corporate and housing commitment, prioritisation and a whole council focus and approach to improvement.

The City Housing Directorate must take a rigorous, consistent and long-term approach to delivering effective, resilient, and improving landlord functions through the prioritisation of investment in its existing housing stock, ensuring they have the right dedicated senior leadership expertise, capability and capacity and a skilled, permanent workforce in place to deliver at pace and with strong managerial grip to achieve decent homes.

The directorate needs to be coherently organised around its landlord functions and aligned with the agreed improvement workstreams and work closely with colleagues from across the organisation to drive improvement and compliance. The HRA Business Plan ensures that City Housing is appropriately resourced over the long term to confidently respond to recommendations from the regulator and ombudsman, tenant and leaseholder feedback, benchmarking, and best practice and to drive sustained improvement to meet its commitments to tenants and leaseholders while recognising and addressing the scale and scope of improvement required across its housing stock which may not be delivered by refurbishment alone.

A comprehensive delivery plan must be established and include the commitments and targets set out in the HRA Business Plan and the Asset Management Strategy and progress will be

closely monitored by City Housing, CLT, Cabinet Member, Cabinet and Scrutiny, tenants and leaseholder groups and the Social Housing Regulator. Any deviations from agreed milestones and targets will be tracked, monitored, managed, and reported with mitigating and corrective actions identified and taken, as necessary. It is vital that BCC builds and retains trust and confidence in its ability to progress at pace.

Highways PFI

The letter sent by the Lead Commissioner to the Secretary of State for Transport (copy attached for completeness) sets out the position. To date, this letter has not been responded to or acknowledged. The Council has now commenced Judicial Review proceedings against the decision and sought an expedited process.

Announcing the decision in December with an existing contract termination date of 31st January 2024, provided no time to establish a new contractual relationship on other than a short-term basis, with a consequent substantial uplift in rates. It is also an inherently unstable position which will require a new procurement exercise putting significant pressure on a management team who are already heavily committed to service changes to deliver next year's budget. This would test even the best well embedded management. It is likely to set back progress on other issues.

Oracle and Income Management System

It is well known in public sector management that implementing any major proprietary software system requires adopting best practice processes the system provides rather than attempting to adapt major elements of the system to existing current, inefficient, ways of working. Birmingham did not want to follow this hard-won wisdom, poorly managed/led the programme, ignored all the warning flags, and have reached the inevitable endpoint. Stabilisation of the current system is required to enable the council to operate while they embark on rescuing the position. This is highly likely to require a full reimplemention of the Oracle system, and the deployment of a new income management solution. Done correctly this will deliver additional benefits as business processes supported by the system can be redesigned to be more efficient and operated at a lower cost. In addition, the new implementation will provide the platform to transform core corporate business services. However, this is unlikely to be fully complete in less than an 18–24 month timescale from the start of the new programme.

Governance Review

Failures in governance and the cultural acceptance that there is a correct and lawful way of receiving advice and taking decisions has long been a feature of the Council's problems. Changing and embedding the required process will be a fundamental part of the improvement journey.

The Council has acted to ensure the Audit Committee's terms of reference now match CIPFA best practice guidance. From the next Annual meeting it will be chaired by an opposition councillor and training will be mandatory for its members. The Council has also accepted the findings of the CFGS review and has received a report from Prof Colin Copus which will change the way full Council works. Together, all these changes will provide a more appropriate constitutional framework but it will be changed behaviours that will make this come to life.

Overview

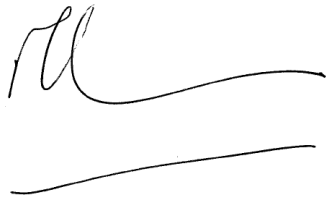
Birmingham City Council are facing a greater challenge than many other authorities and are only now recognising that this requires a comprehensive culture and operational reset at both Member and Officer level. It has been slow to understand the scale of the financial difficulty it has created for itself. However, it is now starting to respond to the Commissioner and Direction regime. There will be inevitable setbacks along the way, and it is too soon to have confidence in the outcome. What is clear is that the leadership is willing to try, and we will support, guide, and challenge them over what will be a very painful process extending for some years. If necessary, the Commissioners will exercise Council functions, as per the Directions issued on 5 October, although our preferred mechanism remains to help the Council get it right itself.

You will receive a separate, financially based letter to support the Council's applications for Council Tax increases above the cap level and extraordinary financial support and a full letter at the end of our first six months.

Commissioners are always happy to provide more information and explanation to you and your officials as required.

Yours sincerely,

Max Caller CBE, on behalf of the Commissioner team.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal flourish.

The Commissioners:

Max Caller CBE, John Coughlan CBE, Chris Tambini, Pam Parkes FCIPD, Jackie Belton, Myron Hrycyk, Lord John Hutton, John Biggs.



Department for Levelling Up, Housing & Communities

Rt Hon Michael Gove MP
*Secretary of State for Levelling up
Housing & Communities
Minister for Intergovernmental
Relations*
2 Marsham Street
London SW1P 4DF

Max Caller CBE

By email only

22nd February 2024

Dear Max,

Thank you for your letter of 9 January, setting out the initial findings and progress of the Commissioner team in Birmingham City Council.

I would first like to thank you and the Commissioner team for the important work that you have done so far. I recognise that the position of the Council is worse than you initially feared but am encouraged by the early progress made by Commissioners.

I note that a credible savings plan has been presented, but also that this will not be sufficient to meet the gap for 2024/25. I expect Commissioners to oversee the Council to deliver these savings plans through 2024/25 and into 2025/26. I am concerned that the Council does not have a strong track record of delivering savings or introducing innovation. It is essential that the Council approaches the next year with a robust plan, led at both political and officer level, and a strong grip on the delivery milestones. Failure to do so will create an unsustainable budgetary situation. It is vital that the Council continue to listen to, and work with, Commissioners to ensure these plans are delivered to achieve a balanced budget, without which the financial security of the Council remains in doubt.

The governance arrangements in Birmingham City Council need to improve, particularly around the roles and responsibilities of officers and members. It is imperative for residents in Birmingham that these relationships are functional and support effective and efficient ways of working within the Council and I expect to see the Council make speedy progress in this area.

I remain concerned about the financial implications of the failed implementation of the Oracle system and the potential Equal Pay liability and expect to see demonstrable progress from the Council in your next update report in the Spring.

I am pleased to note that children's and adult social care services have each been rated as good and that SEND services are showing signs of improvement; I expect to see this performance maintained throughout the Council's wider improvement efforts.

You have my full support in taking whatever steps are necessary to drive the required improvements and I trust that Council officers and members will continue to engage positively with you. I look forward to your next report. In the meantime, please do not hesitate to contact my officials should there be anything further that you require.

With every good wish,

RT HON MICHAEL GOVE MP

Secretary of State for Levelling Up, Housing and Communities
Minister for Intergovernmental Relations

