

Birmingham City Council

Report to Audit Committee

5 March 2025



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| Title: | GRANT THORNTON FINANCIAL SUSTAINABILITY REPORT |
| Lead Member: | Councillor Karen McCarthy, Cabinet Member for Finance |
| Relevant Overview and Scrutiny Committee: | Not Applicable Not Applicable |
| Has this report been shared with the relevant Overview and Scrutiny Committee Chair? | |
| Report Author: | Mark Stocks, Partner Grant Thornton |
| Authorised by: | Fiona Greenway, Director of Finance and Section 151 Officer |
| Is this a Key Decision? | No Forward Plan Reference: Not Applicable |
| Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered: | Not Applicable |
| Is this a Late Report? | No |
| Reason(s) why Late and confirm who has authorised it to be considered: | Not Applicable |
| Is this decision eligible for 'call in'? | Not Applicable |
| If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised: | Not Applicable |
| Wards: | Not Applicable |

Does this report contain exempt or confidential information? No

1 EXECUTIVE SUMMARY

- 1.1 The attached presentation is Grant Thornton's Financial Sustainability report into Birmingham City Council.

2 COMMISSIONERS' REVIEW

- 2.1 This report from Grant Thornton together with the other reports from the External Auditors deal with matters that affect the Council as a whole. The Committee may therefore want to report to Cabinet and/or Full Council with their conclusions and also take into account commissioners' observations on recent budget management and budget setting reports.

The Auditors note in this report that they have observed reluctance by some officers to participate or comply with the Council processes and disciplines. Commissioners have observed this also, particularly in supporting the S151 Officer from the issue of the S114 notice and beyond. This is both a cultural and a disciplinary issue and needs to be part of the governance strand of the Improvement and Recovery Plan.

The alarming financial position set out in this report is consistent with Commissioner's views. This report is by design a backward look and whilst there have been recent improvements in some aspects of financial management and budget setting there remains a huge amount of work to do. The Council needs to increase the pace improvements are made. It is also worth reflecting that the finance improvement journey depends on the whole council, and not only finance professionals, and covers both technical and cultural aspects.

3 RECOMMENDATIONS

That the Committee:

- 3.1 Note the contents of the report as set out by the External Auditors.

4 KEY INFORMATION

Context

- 4.1 This is contained within the presentation.

5 RISK MANAGEMENT

- 5.1 This is contained within the presentation.

6 MEMBER ENGAGEMENT

Ward Councillor(s)

- 6.1 Not Applicable

Overview and Scrutiny

6.2 Not Applicable

Other

6.3 Not Applicable

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 Where applicable these are included in the attached presentation.

Legal

7.2 Where applicable these are included in the attached presentation.

Equalities

7.3 Where applicable these are included in the attached presentation.

Procurement

7.4 Where applicable these are included in the attached presentation.

People Services

7.5 Where applicable these are included in the attached presentation.

Climate Change, Nature and Net Zero

7.6 Where applicable these are included in the attached presentation.

Corporate Parenting

7.7 Where applicable these are included in the attached presentation.

Other

7.8 Where applicable these are included in the attached presentation.

8 APPENDICES

8.1 BCC Auditor's Financial Sustainability Report January 2025