



Ministry of Housing,
Communities &
Local Government

Jim McMahon OBE MP
*Minister of State for Local
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2 Marsham Street
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Max Caller CBE
By email

22 October 2024

Dear Max,

I would like to thank you and your team for your ongoing work to support Birmingham City Council on its journey to financial recovery. Thank you also for your report of 26 April which sets out your initial findings and the progress of the Commissioner team in the Council.

Your comprehensive report clearly sets out the scale and severity of the challenges which led to intervention in Birmingham. I note that the Council set a budget for 2024/25 and continues to work on achieving better financial management, which are positive signs, and I am grateful for the significant oversight and direction from Commissioners that has been fundamental to this work. I also want to recognise the progress made by the Council to date under the leadership of Councillor Cotton and his clear and public commitment to resolving the challenges facing the city. Strong and determined leadership is essential in driving the change needed. There remains more that needs to be done, but I am keen that the intervention moves as quickly as possible to a model based around a more equal partnership with the Council, so that it is increasingly able to lead its own recovery.

Local councils must be fit, legal and decent. This Government is committed to achieving that, which will require resetting the relationship between local and central government and establishing partnerships built on mutual respect, genuine collaboration and meaningful engagement. This will ensure residents up and down the country have well-functioning local authorities with a set of statutory services they deserve.

From now on it is essential that Birmingham City Council continues to seek a resolution to its equal pay liabilities, delivers on the required savings, sets a balanced budget for 2025/26 and improves services, many of which are not currently fit for purpose.

I recognise that the Council will need to take difficult decisions in the coming months to find a resolution for the equal pay liability once and for all. I am supportive of the clear plan that you and the Council have produced to get this fixed so that workers who have been unfairly treated are finally appropriately compensated. Difficult decisions will also need to be taken in balancing the 2025/26 budget and achieving the required savings. You will know that I have now received high level proposals from

the Council for some changes to the detailed approach to returning to a balanced financial position. I will be considering these proposals and asking my officials to discuss them with the Council and Commissioners in assessing their deliverability. However, it is imperative the Council continues with making important and timely decisions at this critical stage.

Growth opportunities must also be maximised. To do this I encourage you to consider setting up new models to work in partnership with private and public partners in the region, including Mayor Parker of the West Midlands Combined Authority, to help drive forward skills, jobs and opportunities for Birmingham and be involved in shaping decisions around asset realisation and the growth strategy.

I know there are many diligent and hard-working members of staff at the Council who do their utmost to provide essential front-line services for residents. Many of these will also be local residents who rely on council services too. It is vital that they are supported through the transformation programme and that good levels of communication are maintained.

For Birmingham to move towards a sustainable financial footing the organisation must undergo extensive transformation and restructure to ensure it is fit for the future. I am committed to working with Birmingham City Council and the sector to understand what further supportive options central government can provide.

I am encouraged by the appointment of Joanne Roney CBE as Managing Director at Birmingham City Council who has recently taken up post. I trust she will work with Councillor Cotton, the Cabinet, officers at the Council and Commissioners to improve the culture and governance of the organisation and shift the focus to growth opportunities in the city. To allow Joanne to get to grips with the challenges facing Birmingham, I am requesting you submit your second Commissioner report in January, with an assessment of the Council's progress. This should include an appraisal of how the Council's growth strategy and decisions on assets can best support both the Council's recovery and the Government's ambitions for national renewal delivered in partnership with local government.

I have accepted Lord John Hutton's resignation as political advisor, I am grateful to him for his work to support both Birmingham City Council and the Commissioner team throughout the past year; his knowledge and expertise have added immense value.

I am grateful to you and your team for the diligent and constructive approach you are taking in supporting the Council.

Yours sincerely,

JIM MCMAHON OBE MP
Minister of State for Local Government and English Devolution