Birmingham City Council
COMMISSIONERS

12 June 2026

Dear Secretary of State,

We write to update you on progress at Birmingham since our last letter.

The past six months have been characterised by a high level of instability and some politically driven dysfunction in the run up to the election of 7 May, followed by a period of uncertainty resulting from the outcome of that election. This tested Commissioners' established way of working with the Council in partnership, and whilst progress has continued to be made, the fragility of the improvement and the tendency of the Council to slip back into the previous ways of decision-making which have served it so poorly in the past have been concerning. Additionally, the high-profile issues of continued management of the waste dispute and of setting a Council budget for 2026/27 proved to be matters of significant distraction to the outgoing Administration, with poor communications exacerbating the Council's sometimes erratic behaviours. These diversions have meant that the Council has not made the progress we had expected it should make in this period. This cannot continue in the coming period. Commissioners will support the new Administration to more strongly grip the Council's long-term recovery.

We did, nonetheless, develop and publish our Assurance Plan in January. The Plan sets out the evidence the Council must demonstrate before the Commissioners can assess that the Council is meeting its duty of Best Value and then recommend to you that the intervention should come to an end. The Plan is closely aligned with the Council's existing Improvement and Recovery Plan, but with additional checks in place to ensure that progress is fully embedded and supported by fundamental corporate change. Regrettably, progress on the assessment and pursuit of this has been constrained because the dispute and the election have required a significant diversion of Commissioner and senior officer time and energy.

With the election now behind us, and the outcome known, Commissioners have reviewed and are resetting the intervention for the second half of its duration. We will, of course, seek to assist and advise the new Administration in the same manner that we did the previous one – this has been successful, at least prior to the pre-election dislocations, but we are prepared to take a more assertive stance in doing so should the decision-making arithmetic, or any emerging functionally fractious relationships or impediments to decision-making in the Council chamber make that necessary. We will

not, however, create circumstances in which Commissioner decisions might become an easy escape route that enables the Council to sidestep the difficult decisions still required to set itself back on course. This will also involve reformatting the relationships and engagement with senior Council officers. Our engagement will have a strong focus on supporting the Council to deliver against the Assurance Plan, monitoring progress against its 10 priority outcomes. Should we find ourselves needing to use our powers more often we would develop a framework for that, which we will set out for Members and for the City's residents.

Newly elected Members (65 of the Council's 101) may have little or no prior experience in local government, but understandably will have a wide range of aspirations for their role and for the City. In endeavouring to help them shape and achieve these, it will be necessary for Members to understand and acknowledge the scale of the remaining challenge, to embrace the restraints that this will place upon them, and work with us in the best interests of returning the Council to a place where it fulfils its statutory duties and in doing so restores to Members the autonomous platform for decision-making that other Councils operate from.

In respect of the Council's officers, we recognise that they are working hard and making quiet progress despite some of the specious political comments and unreasonable criticisms that have at times been directed at them. There have been notable positive results in Adults and Children's Services, where the Council became the first in the country to receive a second consecutive 'Good' rating from the CQC and DfE's intervention in SEND services was stepped down a tier. There is no room for complacency, however, and as the Assurance Plan sets out there is much left to do. For the second half of the intervention, to be successful officers must acknowledge that the intervention is a long way from being over and the best way to get to where we all want to get to is to embrace the Assurance Plan, work with us to deliver it, and redouble efforts to restore the Council's autonomy as a consequence.

The political situation post-election is challenging. There is political change, but the change is significant in its degree of fragmentation. Historically, Birmingham has had majority-led political leadership drawn from the more established parties. This is no longer the case. The Council's Administration is now constituted of 40 Members: 12 Liberal Democrat; 19 Green; 7 Better Birmingham Independents and 2 Birmingham Independents. The opposition parties total 61 Members: 23 Reform UK; 16 Labour; 16 Conservative; 5 Birmingham Independent Workers Group and 1 Independent. The Leader of the Liberal Democrats is leading the Council in the first two years of the Administration, with the Leader of the Greens taking over in the final two. With the Administration holding just under 40% of the voting power within the Council, this model of government is by its nature potentially fragile.

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There are, nevertheless, opportunities for change and Commissioners have been encouraged that Members so far seem to be highly engaged in wanting to improve services and take up opportunities for their local communities.

We intend to increase engagement with all group leaders to ensure all groups are supported to fully partake in the scrutiny, challenge, and decision-making functions that are an essential element of well-functioning local democracy.

Commissioners also experience efforts being made to undermine us when we take necessary but unpopular actions. We are confident in our application of measures to support our Directions and deliver the remit we have been given and will continue to pursue our consistent approach of:

- engaging pre-decision to enable the Council to make as many decisions in the usual way as possible,
- setting clear parameters about what is and is not up for debate and discussion to ensure any decision making/ application of the coalition agreement is done in the best interests of the City and the recovery journey,
- continuing to formally provide advice on all cabinet/ committee/ council decision reports,
- not hesitating to step in and use powers where needed.

We will continue to engage with and support the leadership of the coalition forming the Administration whilst building the wider political maturity of the organisation. To support this and to best set us up for the priorities for the second half of the intervention we acknowledge MHCLG reviewing the team, which we will engage with officials on.

Whilst the distractions referred to mean that we cannot provide a full appraisal of the Assurance Plan, we identify here the main areas which we plan to focus on over the summer. The attached short report also provides you, and residents, with updates on the areas of greatest progress or concern since our last report, and we will provide a more fulsome update in the autumn.

Yours sincerely,



Tony McArdle OBE
Lead Commissioner

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Short Report on Priority Areas

This report covers the immediate priorities for the intervention in this transitional political phase. It is not a comprehensive list of issues or Commissioner activity in this period, and a more fulsome report will be provided once the new Administration is embedded. For now, this report covers the areas we believe you and by extension the City's residents and Parliament should be appraised of:

- Corporate grip, governance and decision making
- Transformation
- Stable long-term finances
- Oracle reimplementation
- Equal pay and job evaluation
- Regeneration
- Waste transformation and the dispute
- Children's Services leadership
- Housing, homelessness and temporary accommodation

Corporate grip, governance and decision making

As referred to in our last letter, the Council is still not driven from the centre with the comprehensive and collective energy that forward planning or creative thinking about shared directorate priorities requires. The grip which exists is vested predominantly in the Managing Director, which is neither healthy nor sustainable. We have advised the Council to invest to ensure this vital area is properly resourced so the Council can properly future-plan and reduce the need for crisis management. Commissioners continue to have to intervene and support officers to produce adequate briefing for Members on important issues (including most notably the waste dispute) and the period has seen a continuation of incomplete or late briefings to Commissioners.

The advice given to Members via reports is improving, but governance and decision making remain poor compared to normal councils. There is a need for an overhaul of scrutiny, provision of a new constitution and improvement in the overall conduct of meetings. Better planning and advice on upcoming issues and use of a 'forward look' will be essential if the coalition is to succeed. Officer and Member engagement needs reinvigoration to reflect the new Members and new circumstances and to give the new Administration/ Members a chance to reset with much greater transparency on key issues, and a better shared understanding of the roles of Members and officers, how they differ and how they complement each other in normal councils.

Transformation

The need to define the Council's transformation requirements and for these to be driven from a single plan is essential to its longer-term success. The Council has an embryonic vision for the City but needs to be much clearer on its place in achieving that, and how it

will work with partners to do so - many of whom remain wary of the Council. The Council also needs to take all of the pockets of service transformation to create something greater than the sum of their parts and present to its residents the future council they want and deserve. Though transformation of the 'back office' of the Council, which underpins wider transformation, is progressing well, greater pace is required.

The Council needs to be clearer on how it can best leverage the value of the City's MPs, who are very keen to work with it but report significant frustrations in their efforts to do so.

Stable long-term finances

The Council set a balanced budget for 2026/27, for the first time in three years. This is a significant milestone and demonstrates positive progress. The requirement for Exceptional Financial Support has also reduced but remains significant at £1bn. The financial position of the Council is much improved, in large reflecting a significant increase in resources as a result of the Fair Funding review.

Significant challenges do remain. The savings requirement is £95m for 2026/27, and risks of non-delivery are material. The Council must learn the lessons from this year, where savings delivery has been poor in some areas, and ensure the appropriate discipline and pace is in place. A comprehensive approach to transformation of services needs to be developed and this should underpin the next Medium Term Financial Plan, driving savings delivery and service improvement over the next four years.

The budget approval process at a political level requires improvement. This year, despite a much-improved budget position, an Opposition-amended budget was approved following a week's adjournment of the budget meeting. This has a clear negative impact on the City's reputation and lessons should be learnt from this given the political fragility of the new Council.

The Council continues to face significant financial risks including equal pay, Oracle implementation, regeneration and the waste dispute which are all referenced elsewhere in this report. Any of these has the potential to have a major impact on the financial standing of the Council and could generate a requirement for further capital receipts.

The Council has made steady progress with the asset disposals, but it now seems likely the programme will not be fully delivered until at least the end of 2028. In the absence of any risks materialising asset sales disposal of c£750m will be required to fund historical budget deficits and equal pay. The Council has to date achieved sales of £380m. The Council must remain focused on meeting this target as the alternative of borrowing will impact on its financial prospects. This will require officer focus as well as a disciplined approach from Members.

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As a result of the Government's Fair Funding settlement for the next three years, the Council has headroom to invest in services. The Council must base capital and revenue investment decisions on robust performance information on service quality and cost as well as Council priorities and investment must drive measurable quality and efficiency improvement in services. The improved budget position is a great opportunity to improve services for Birmingham residents, and one that must not be missed.

The finance function continues to modernise, and senior leadership is setting a positive culture and new working practices. A revised structure has been agreed, and vacant posts need to be appointed to as soon as possible so the reliance on agency staff can be reduced, and real improvement in the finance function can be achieved. Wider pressures on the finance function coupled with bureaucratic processes continue to slow progress in this area.

Oracle reimplementation

Since our last report the Oracle Brindley programme (the implementation of a technology platform, introduction of best practice processes and re-training of people across finance, HR, procurement and commercial functions), has made significant measurable progress. Commissioners are pleased to report that the Council successfully implemented its new Income Management System in December 2025 - addressing one of the major system failures that contributed to the loss of financial control. The re-implementation must succeed and following reassessment since our last report, Commissioners are supporting an officer recommendation to delay go-live to allow for extended user acceptance testing and integration testing. The Oracle Brindley system go-live is now currently scheduled for early August, followed by a period of early life support as the new system beds in.

Commissioners have engaged closely with the Council through this period and unlike the previous failed implementation, the programme has executed a well governed and documented process of evaluation, discussion, and conclusion which included constructive Commissioner challenge and communication of the decision to move the implementation. These decisions rightly placed quality over an expedient adherence to a date. Commissioners and external auditors strongly supported these decisions.

Officers are to be commended for driving this complex programme forward in the context of significant change and other strategic challenges the Council is addressing and their commitment to avoiding the mistakes of the past. In addition to the extended testing the pre-go live period is being used to: improve the poor quality of the Council's data being loaded into the system, improve the Council's business readiness to engage in the new system, and operationalising the re-designed Target Operating Models for core functional areas e.g. finance.

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The next six months will be critical for the programme as it completes several key activities, passes through a series of planned decision gateways towards go live and enters early life support as it underpins the Council's core functions.

Equal pay and job evaluation
Litigant & mitigant payments under a collective agreement

The Council secured an out of court settlement agreement with GMB and UNISON and during the period since the last report significant progress has been made with the payment of over 6,000 claims to trade union litigants. There are a small number of complex litigant claims outstanding to provide offers of settlement, and these are being prioritised so that the Council can fulfil its commitment to the trade unions to provide offers and payment by the end of June 2026.

The Council's current plan is to settle the non-trade union members' "mitigants" claims have proved to be less straight-forward, as over 50% are school-based staff where access to their employment data is problematic to obtain and verify. Nevertheless, good progress has been made in reaching over 3,000 mitigants who do not work in schools, and thus far take-up of offers is high at 77%. The Council must maintain its focus on school-based staff and Commissioners' attention will now turn to review of the Council's plans and resources to resolve these remaining mitigant offers by September 2026.

In the next period, Commissioners' attention will remain on the Council's plans to resolve the remaining mitigant offers by September 2026 and in minimising any potential additional programme costs.

Job evaluation programme

The Council's programme of work to evaluate all job roles within the Council and schools has stalled during this period. The Council became aware in early January that the programme plans and resources were misaligned and unable to achieve the completion of all roles being job evaluated by April 2026. The programme is significantly delayed by five to six months.

Commissioners have worked alongside the Council's Human Resources team to review and reshape the programme, and Commissioners are better assured that the programme processes and workflow are now properly designed to execute the work needed to complete job evaluation of all roles.

In the coming months, Commissioners will maintain close oversight over this programme. There are early signs that the revised programme is having the desired effect in churning out the expected rate of job evaluations, but this programme is sensitive to poor data quality, inconsistent application and inadequate resourcing.

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Regeneration

Commissioners believe the Council's regeneration agenda and performance is now the biggest risk faced by the Council. Our previous reports have raised a range of significant issues with the Council's approach to regeneration, and these are echoed in recent reports from the external auditor. There have been major historic failings on large schemes that stem from having insufficient capacity and capability in commercial skills, poor business cases, and a culture of in-house delivery when better options were available. These failings have had a major impact on the Council's financial standing as well as in slowing the pace of development.

The Council has a number of live schemes that were established under previous management, many of which have major risks to address before progress can be made. The two largest in this category are the Smithfield and Paradise developments. This report is not the place to set out commercially sensitive information, but these schemes are significant and one of the historical issues could have a multi-million-pound impact on the Council.

The Council has two major housing schemes, Druids Heath and Ladywood. Even though these schemes are at an early stage of development, delays to receipt of the Druids Heath planning application is having a financial and reputational impact on the Council.

The Council is also working with the West Midlands Mayor to establish a Mayoral Development Cooperation. There is sufficient time to develop a high-quality proposal that will ensure development proceeds faster and the interests of the Council are protected, especially its financial interests. In the next period, Commissioners' focus will be on ensuring the Council clearly defines the approach it will take to regeneration - including the role of the MDC - and ensuring it has the right capacity and capability to ensure this approach can be delivered effectively; improvement of joint working on regeneration schemes across the whole Council and with partners; and, ensuring there is effective management of risk.

Waste dispute and wider waste transformation

The ongoing waste dispute has continued to command significant amounts of Commissioner and officer time during this period. The former Leader's acceptance that his 'red line' on not incurring further equal pay liability would need to be compromised if the Council was to pursue a settlement represented an opportunity to change the Council's approach. In an attempt to bring political momentum, he sought private engagement with Unite with the informal assistance of third parties. A note recording Unite's proposals was produced following a meeting of such in late-March. This recorded no evident movement on the union's part since last summer. In April, during the pre-election period, Mr Cotton asserted that on this basis a deal was 'in sight'. Despite efforts of officers to obtain clarifications on this, Unite have refused to provide

any details. Although the Council is clear that the former Leader was not conducting negotiations on its behalf and there is therefore no 'deal', uninformed speculation to the contrary has not been helpful and has set back the course of proper resolution.

Commissioners' focus on the dispute remains on securing an outcome that has the backing of statutory officers, the external auditor, the Council's political leadership and that meets the duty of best value. To meet those tests any resolution must be legal, affordable and deliver the sustainable change to the service that residents deserve. The current stalemate cannot continue, and to ensure the new Administration is able to make an informed decision, we have directed officers to prepare a fully analysed options paper for the new Administration and deliver a comprehensive briefing to all Members.

Over the coming period we will support officers and Members to reach a decision on that paper and finally resolve a way forward. In order to move forward, Unite need to engage with the Council and be willing to negotiate and reach a reasonable outcome for both their members and the City's residents.

Any resolution must enable the longer-term transformation of the service to meet levels of productivity and customer satisfaction of comparable services and to meet the statutory duties expected of waste services. Commissioners recognise the efforts in reaching Cabinet agreement on the proposed transformation in December and in rolling out pilots accordingly. We acknowledge and welcome the need for the new Administration to familarise themselves with the opportunities and challenges and agree their proposed way forward, but it would be remiss for Commissioners to permit any adaptations or decisions that would return to the previous unacceptable service levels.

Children's Services leadership

Regrettably, the post of lead education officer continues to be very difficult to fill on a permanent basis and a further recruitment is proceeding. Also, the Director of Children's Services (DCS) has had to take an extended leave of absence. There are effective cover arrangements in place, but these are unavoidably complicated by the roles and relationships with the children's trust (BCT). The current arrangements are adequate but not sustainable, and a resolution will be a priority to prevent Children's services regressing to their previous grim status in Birmingham.

Housing, homelessness and temporary accommodation

Commissioners have also continued their ongoing oversight of the wider Housing service. We will report on it fully in our more detailed report in the autumn but positive progress against the agreed improvement plans continues. Nonetheless, 53% of their housing stock remains non-decent and full compliance is not expected to be achieved until 2030/31. Furthermore, 40% of properties still require a stock condition survey

which is programmed to be completed by March 2028. Progress in this area has been supported by c£500m investment in the stock. To continue to deliver in line with their agreed programme, the Council must ensure this remains a corporate focus, commitment and the resources necessary to improve tenant satisfaction and achieve full decency in its housing stock by 2030/31.

Homelessness and temporary accommodation remain areas of particular focus. Minister McGovern visited the City in March and met with officers from City Housing on the Government's priority to end the unlawful use of B&B accommodation for periods of more than six weeks. This remains an area of focus for Commissioners, and we can report good progress. Nonetheless significant numbers of families remain in B&Bs for longer than six weeks, and the Council are working hard to reduce this to zero by the July 2027 target date agreed with MHCLG. Both Commissioners and MHCLG are monitoring this closely to ensure all the supply and demand levers available to the Council are fully utilised and risks closely managed.

Commissioners share the cross-party concerns from Groups across the Council, raised with the Minister during her visit, around the level of exempt accommodation in the City and its impact on communities. We support the Council's call for the Government's planned regulations to be laid before Parliament as soon as possible.

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