Birmingham City Council
COMMISSIONERS

29 October 2026

Dear Secretary of State,

We write to update you on progress at Birmingham since our last report in June 2026.

Given the proximity to the all-out elections in May, that update was necessarily brief and we committed to a more fulsome report in the autumn. This report also represents the final update from the team as currently comprised and before proposed changes take effect. We welcome these team changes as representing a reset of the intervention to ensure it is optimally structured to meet the specific improvement challenges facing the Council in the next two years, which will be less focused upon the symptoms of Birmingham's failure - largely now addressed - and more upon its root causes. The aim remains unchanged - to set Birmingham up as a fully functioning Council capable of serving its residents in the decades ahead and which does not regress to its tendency to decline when an intervention ends.

When this intervention was initiated in October 2023, a series of critical failings were clearly and individually identified at that point. The Directions issued to Commissioners focused on establishing continuous improvement generally, but specified *'a particular focus on housing, waste, finance, HR, governance and corporate services…including HR, legal, internal audit, risk management, IT and systems, procurement and the PMO.'* This report sets out significant improvements made within those areas, incorporating a number of endeavours that are now either complete or are nearing completion.

The considerable breadth of that *'particular focus'* can be explained by the fact that Birmingham had been the subject of a variety of critical reviews, inspections, and interventions over the preceding decade and beyond. The most pertinent of these was a Review carried out by Sir Bob Kerslake in December 2014 in which he concluded that '*the council cannot carry on any longer as it is'* and identified *'what needs to change'* across 15 areas of concern. Few of those changes had been implemented to any depth, if at all, when the point of crisis was reached in 2023.

The relevance of this historic context is that what Commissioners subsequently discovered (there having not been a Best Value inspection in advance of the intervention) was that many of the presenting symptoms of failure had arisen from inappropriate and ineffective ways of working that had become ingrained, culturally embedded and instinctively applied over many years. They were not the product of any single political administration or team of managers. They had, quite simply, become the way things were done. While fixing those (very significant) symptoms of failure were set as important objectives in themselves (and in which there has been solid and heartening achievement) resetting the operating culture

which brought them about and sustaining that through successive political and managerial changes continues to be necessary in order to avert the potential for Birmingham to ultimately return to its familiar passage of decline.

We referred in our last letter to the Council being distracted in making the progress we expected in the preceding period as a result of the dysfunction experienced in the run up to the May election. We looked forward to progress being regained following the election.

As noted in June, the outcome of the election resulted in the formation of an administration composed of four separate political groups, operating without a majority. The dynamics of this are naturally challenging, but the new administration has established a working agreement and set of arrangements which has given stability to the organisation and some coherence to its policies. Importantly, also, progress has been made against the requirements set by Commissioners in our Assurance plan. This Plan, issued in January 2026, summarises the measures that the Council needs to take in order to give us the confidence that it is delivering on the requirements of the intervention and will continue to deliver thereafter. This success means that some elements of the Plan can be 'signed off' as completed. While there remains much to do, we continue to believe that the Plan is capable of being delivered, in full, by the time of our scheduled departure.

We previously referred to the constraint upon the progress of change that the diversion created by the waste dispute had brought about. That dispute continues, and a great deal of time and energy has been, and continues to be, put into its resolution. It therefore remains a constraint.

We set out below the specifics of recovery activity undertaken, or in hand, against each of the Directions given to the Council, and of the work which remains to be done to fully deliver on each of these:

a. To address systemic weaknesses in the Authority's governance function, to secure improvements in transparency and formal decision making.

Governance

A strengthened framework for good governance and behaviours has made firm progress but needs to be further embedded as it will doubtless be challenged by events, and by the deep-seated culture referred to earlier. Since our last report, a substantially revised formal Constitution has been adopted which is formulated upon best practice found within the sector. There has been some Member unhappiness with this, focused mostly on the rules for meetings and these can be addressed if so needed through further minor revision. Regulatory changes in the Constitution – for example in respect of contracts, procurement, companies and financial controls - have formed the greater part of the new version and will facilitate improved corporate governance of the Council.

Political leadership

The new administration has shown cohesion and enthusiasm to meet the continuing challenges the Council faces, but there remain risks. Assumptions that with a 'new broom'

the waste dispute could be quickly settled have been confronted with the prevailing legal, financial, political, and operational challenges. There are also early signs of frustration with the expectations of a largely new and inexperienced leadership – and membership - facing the underlying historic challenges of effecting delivery which had some part in precipitating the intervention. The Council must focus on modernising its working practices and delivering more effectively by moving away from clunky, linear processes that mean even the simplest changes can take months.

There has been a positive induction programme for the many (66 out of 101) new members but with such a churn of membership, the arrival of new political groups and the inevitable tensions arising from the need for a minority coalition, both within and between groups, there is a need to reaffirm and embed good governance and broadly embraced approaches in leading the Council in its recovery. Overview and Scrutiny is being led by a single opposition group and is beginning to make a positive contribution as it constructively works within the new arrangements. As members develop their understanding and skills there is an opportunity for firm progress in addressing past failures, but this journey is not assured. 'Shifting the dial' on such assurance will remain a vital focus for the intervention.

Officer leadership

On the officer side of good governance, the Corporate Leadership Team is probably now at the most stable, competent position that Birmingham has experienced in many years (notwithstanding the continuing substantive vacancy for Director of Children's Services). However, Commissioners still see too much evidence of silo working within directorates and not enough evidence of a collective approach to transformation in how the Council works and is run. The embryonic corporate transformation programme will be a main focus for our refreshed team. Of particular concern is a perception of some within the Authority that the Council's governance problem had been a constitutional one and that the job is done. Commissioners view the governance problems of the Council as remaining deep and behavioural in nature across the organisation and its constituent parts. Sustainable governance transformation is not yet done and will not be until staff, stakeholders and residents start to consistently notice the effects of beneficial change.

CPMO (Corporate Programme Management Office)

A fully functioning CPMO is fundamental to sustaining the Council's on-going improvement. Since our last update, the CPMO has supported a series of programmes in transition through to business-as-usual activity. The unit is providing timely reporting into the Improvement and Recovery Programme and more recently is informing the newly constituted Transformation Board.

It is crucial that Council continues to drive a culture and mindset of continuous improvement and the execution and delivery of major change programmes. To achieve this, directorates must work closely and collaboratively with the CPMO.

Furthermore, Commissioners want the CPMO to develop the capability to measure the benefits and outcomes of programme delivery. An initial review of the CPMO's maturity is scheduled towards the end of 2026 with a full external review of maturity, capability, and output in 2027.

b. To deliver financial sustainability, including by closing any short or long-term budget gaps - which should include taking action to expediate the closure of the equal pay liability.

Finance

The Council's financial standing continues to improve, but recovery remains fragile. The Council is facing financial pressures from rising demand and inflation, though in many respects this reflects the norm for the majority of councils. Birmingham has the added pressures of risks and costs arising from a significant regeneration programme, which has challenging legacy issues. It also has the costs of financing the previous EFS, and high debt levels. In addition to these costs the council has the added burden of implementing a new pay and grading structure and job evaluation scheme. There is also the risk that settlement of the waste dispute will generate further discrimination claims against the Council which is something Commissioners have maintained focus on.

Asset sales of £750m are required to fund equal pay payments, historical budget deficit, and restructuring costs. In our last letter we commented that the asset disposal programme was stalling. This remains the case with the Council just over halfway to meeting the target with only £14m received in this financial year. This is having a significant negative impact on the revenue budget as the Council is borrowing to finance the shortfall in these receipts. The impact next year is an extra revenue cost of £16m, reducing the resources available for spending on Council priorities. The Council needs to improve performance by focusing on robust political decision making, slicker internal processes and in embedding the corporate landlord model that it has adopted. Commissioners will continue to focus on this to prevent the very real risk that the Council will fall significantly short of the asset sales target.

The Council is planning effectively for the next medium term financial plan, and Commissioners are confident it will show a balanced position for at least the first year. The Council needs to improve the delivery of budgeted savings and as commentated previously develop a transformation plan that provides a steady pipeline of efficiencies. Once the full benefit of Fair Funding has been reflected in the budget the Council is likely to need up to £100m of savings per year just to maintain services at their current level. The Transformation plan needs to have a hard edge, be owned by service managers and really drive service improvement and efficiency across the organisation. The approval of the next MTFP will also rely on deft political handling given the Council is governed by a minority coalition. It is encouraging that the new administration is starting to plan how this will be politically managed.

Regeneration

Given the size and scope of the Council's historic commitments on Regeneration, Commissioners will make the management, governance and resourcing of regeneration schemes a top priority in the period ahead. To better understand the risks, the Council has agreed to conduct an external baseline assessment of existing schemes. Commissioners

welcome this and as well as risk, wish it to explore how best the Council can plan, prepare and mitigate any impacts (including any impact on the business rate tax base) to ensure it does not repeat the mistakes of the past. It should cover all of the existing schemes (both large and small).

In addition, Commissioners will seek assurance from officers on the governance arrangements in place and would like to see a quickening of the pace in working through the legacy issues and improving the capacity and capability of the function when the review concludes.

Since we last wrote, the Council has continued to work through the liabilities associated with the Paradise joint venture, but progress has been slow. The two major housing schemes, Druids Heath and Ladywood, have also made slow progress as a result of various issues including planning and governance. The approval of the Smithfield full business case has been rescheduled, and slower than anticipated progress has been made with the revised joint venture agreement and temporary relocation of the indoor and outdoor markets.

Progress has been made on the Mayoral Development Corporation but, in the period ahead, we will seek assurance of the Council's clarity around the split of roles and responsibilities with the Combined Authority and importantly respective accountabilities and liabilities.

Equal Pay

The Equal Pay settlement workstream is nearing completion. As of this date, 6,863 of the 7,117 individual litigant settlement offers made have been accepted and it is expected that the remaining offers will be resolved by December 2026. Settlement of 3,916 mitigants (individuals identified to have potentially strong Equal Pay claims) have similarly progressed with a take-up rate of over 84% with both settlement schemes estimated to total under £350 million, less than 50% of the total weighted liability. However, by the end of this calendar year the Council will still have paid £1.75bn in payments to its predominantly female members of staff through four separate sets of equal pay claims over the past 20 years. At current values this represents over £2bn and additional liabilities will necessarily remain on the balance sheet for some time yet.

This entire episode represents a monumental failure, costing generations of Birmingham residents dearly. To put it in perspective, it exceeds the Council's estimated funding losses during austerity and is enough to build 70 secondary schools.

What remains in this programme of work is the critical workstream of compliance assurance and the continued vigilance on pay and grading modernisation. Commissioners will continue to monitor and support progress.

Further to our update in June, the Council is now in the last throes of the largest job evaluation exercise in its history (4500 job roles by 2027) with only those posts in schools yet to be completed. It is anticipated that these will be signed off by December 2026, leaving moderation of all job evaluated roles and appeals to be concluded by April 2027.

The Council must continue its reform of pay and grading practices; the rationalisation of job roles across the Council and in schools, transparent job role creation and approvals, annual pay and grading benchmarking and continual testing of data and system quality.

Commissioners will require that the Council continues the current governance arrangements of the Equal Pay programme until its conclusion, these arrangements consist of programme oversight that includes members, statutory officers and Commissioners, and thereafter will put in place appropriate assurance mechanisms to regularly audit the Council's pay and grading framework as these are yet to be embedded. These audits will assess the level of the Council's exposure to future Equal Pay claims and should become one of the critical tests of the overall assurance before the intervention concludes.

c. To ensure compliance with all relevant rules and guidelines relating to the financial management of the Authority.

Internal Control Environment

A significant contributing factor to the intervention was the Council's ineffective internal control environment. This has improved in the sense that there is now a risk management framework, improved internal audit and an Audit Committee that is starting to function more effectively. However, compliance across the Council needs to improve further. This includes responding to high importance audit recommendations where officers are often slow or do not respond, and risk management, where compliance quality with the new framework needs to be improved significantly. The Chief Internal Auditor continues to report that whilst a system of governance, risk and associated control frameworks have been deployed there is 'limited assurance' that risk management is sound or effective. Similar comments are made from the external auditors. Similar comments are made by the external auditors.

Commissioners acknowledge the progress that has been made, but there is more to do to deliver a culture of good internal control. This is dependent on all staff across the Council acknowledging weaknesses and taking steps to improve internal control in their area.

Council Procurement and Commercial Activity

A new procurement operating model is being implemented which will consolidate the function to ensure legal compliance, adherence to the Council's own controls and to enable efficiencies that deliver better value. Commissioners have greater confidence that the Council can more effectively manage its commercial activity with the best practice procurement techniques, governance and controls that are now in place. Fewer waivers and direct awards are evidence of these improved controls.

However more work is still required to complete the contracts register and pipeline – and to make further progress, the Council needs to adequately resource its procurement and commercial function (which is regrettably behind schedule) in line with its spend profile, most particularly around the skills needed for effective contract and supplier management. This will require further investment – crucial in driving efficiencies from the council's multi-billion pound addressable spend. Commissioners also recognise that improving the Council's procurement activities goes beyond systems and processes and will require directorate "buy in" and a realignment of working practices and accountabilities to the new model.

Trusts and Charities

The Council has made measurable progress in the governance, management and control of the numerous trusts and charities in which it has a controlling interest. Commissioners recognise the good professional work completed in this area. There is further work to do, including resolving the status of certain assets. Assuming the Council continues to resource this area of its business, Commissioners have confidence that it is now sustainable.

Traded Services

The Council is nearing completion of a structured review of its Traded Services which has significantly improved their governance and has introduced a best practice "playbook and toolkit" for establishing and operating them. Work in this area is nearing a point where informed decisions on the future of these Traded Services can be made by Cabinet. Commissioners welcome the progress made in this area, the Council now needs to act on the findings and recommendations of the reviews before work in this area can be considered complete.

Limited Companies

Starting from a very low base of oversight, the Council has reviewed its wholly owned trading entities and is dissolving or closing entities that are no longer required. It is on track to complete this work during 2027. Oversight has now transferred to the newly established core commercial unit. It now has a complete register of companies it wholly owns or has an interest in and has made measurable progress in regaining governance, control, and management of them and is working to further rationalise these entities.

We expect recommendations on the future of the largest companies to be taken to Cabinet for approval towards the end of 2026 or at the beginning of 2027.To further improve governance and strategic management, newly recruited executive and non-executive directors are being appointed. Work is also underway to develop a Company Creation and Governance Toolkit.
More work remains to be done to fully bring the companies the Council controls back into full governance and to have approved business plans that deliver value for money. This work will require focused resource, and Commissioners recognise the need to ensure the Council adequately addresses this activity.

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.

As noted in our previous letter, one of the most important aspects of the next period will be bringing together the positive transformation work in various areas of the Council into a coherent Council-wide transformation plan. Good progress is being made on this but there is much more to do to make the authority a learning organisation with continuous improvement at its core and guided by an effective performance management culture.

Core Services TOM (Target Operating Model) Implementation

The stability of the corporate leadership team is allowing for lower levels of the organisation to now be redesigned. A review of the Council's management spans and layers is in progress, and positions are being recruited into which align with the new Oracle Brindley system processes.

The finance function workforce structure is in place and the team are to be congratulated on their successes over the last six months, most notably the Oracle Brindley implementation. The function has performed really well under sustained work pressure, ensuring key financial processes operate effectively. Cash management, vendor management and accounts payable are now within the consolidated finance function. Recruitment of the remaining positions to fill vacancies and replace interims is in progress, however, this is taking longer than planned. Successful completion of this recruitment will deliver the capacity needed to effectively operate the finance function and reduce costs by replacing interims and by retaining knowledge. Finance service leadership expects the function to move towards a more efficient and benchmarkable model during 2027/28 as the operating model matures and Oracle Brindley benefits are realised.

The HR function has been re-designed and recruited to, however the volume of work, particularly following a pause in processing vacancies during the Oracle Brindley system cutover, is placing significant strain on the function. Commissioners remain concerned that the HR function needs further resource in the short term to process the volume of work and there is a risk that additional resource may be required for Business-as-usual activity. We have also required the Council to conduct a deep dive into recruitment processes to ensure that political priorities can be more quickly translated into on-the-ground delivery following concerns being raised by middle managers across the directorates.

The Council has developed and agreed a digital strategy and has commenced implementation. Early localised implementations of digital technology are delivering productivity gains. The need to improve citizen's digital experience/interaction with the Council is recognised. As a result, the Council's digital capabilities and customer services unit are working closely together and are in the early stages of creating a single "front door" for customers, balancing the need to increase digital and automated interaction with traditional access for those customers who require it.

The quality and completeness of the Council's data is a foundation for an effective operation and the successful implementation of digital technologies including AI. Further work is required to improve its data quality and data management. An audit of its data quality early in 2027 will provide it with a baseline from which it can further improve the quality.

Housing

Commissioners have previously noted the progress the Council has made in improving Housing Services and the work to sustain this progress is welcomed. There nonetheless remains a degree of fragility that will require sustained political leadership and effective operational management to lessen.

The next phase of work must focus on addressing those areas where delivery lags and ensuring that improvements become embedded. This will require sustained corporate grip and accountability for management performance and value for money. The Commissioner team will continue to monitor progress against the descriptors in our Assurance Plan. There are three specific risk areas on which Commissioners will continue to guide the officer and political leadership via the Housing Sub-Board:

Sustaining regulatory compliance and investment

Recent deterioration, albeit quickly identified, in gas safety compliance following the transition to new repairs contractors demonstrates how quickly hard-earned progress can be put at risk. We will monitor the Council's agreed revised trajectory to achieve normal performance levels by mid-November.

More broadly, the Council remains subject to a regulatory breach notice. Sustaining compliance with the consumer standards and preparing for the regulatory inspection expected before March 2028 must remain a corporate priority. This includes the HRA Business Plan continuing to prioritise the investment required to meet their 2030/31 Decent Homes target as currently only 47% of their stock meets decency standards. Any reduction or deferral of planned investment risks extending the period during which tenants continue to live in non-decent homes and could undermine the Council's regulatory recovery.

It is essential that the Council maintains an appropriately resourced Housing directorate. This directorate must continue to be supported by effective corporate performance, programme, and risk management, rather than relying solely on assurance provided by the service itself.

Homelessness and Temporary Accommodation

We remain concerned about the risk that the Council will not achieve its commitment to eliminate the use of bed and breakfast accommodation for families for longer than six weeks by July 2027. Failure to do so would expose the Council to additional financial, operational, reputational, and potentially legal risks. The Council must establish a realistic assessment of the likelihood of achieving the target, the financial implications of any delay, and the further actions required to improve delivery.

The future of the Oscott Gardens scheme presents further significant risks, requiring coordinated consideration by Housing and other officers to ensure that the operational, financial, and other implications of the available options are fully understood, with clear accountability in place for managing the associated risks.

Homelessness prevention, reducing reliance on expensive temporary accommodation and in improving outcomes for households also need to remain important corporate priorities, supported by effective programme management.

Supported Exempt Accommodation

We remain concerned about the exceptional scale and continued growth of supported exempt accommodation in Birmingham and its consequences for vulnerable residents, local

communities, public services, and the Council's finances. The sector has tripled in size since 2018, with approximately 34,000 units across 12,000 properties. Provision now substantially exceeds identified local need, with significant numbers of individuals being accommodated in Birmingham who have no previous connection to the City.

This is a priority for all groups on the Council and Commissioners support their call for greater regulation to address the consequences of its growth. To date, however, the Council has sought to use the powers available to it to manage growth, maintain standards and challenge poor practice which Commissioners welcome.

These concerns are reinforced by evidence of poor practice within parts of the sector. The Regulator has found five of the six largest supported housing providers operating in Birmingham to be non-compliant, but regrettably this has not prevented their continued operation and growth. The DWP has also confirmed the robustness of the Council's Housing Benefit administration while recognising that existing benefit rules do not permit claims to be refused simply because the Council considers that there is already excessive provision.

The Council must continue its positive engagement in coordinated arrangements, with partners, to monitor growth, identify poor quality provision, protect vulnerable residents and take appropriate enforcement action. It should also work closely with relevant regulators, enforcement agencies, and government departments to inform, influence and maintain pressure for the implementation of an effective licensing and regulatory framework.

Waste Services

Following the election, the Council tasked officers with re-entering discussions with Unite with the aim of exploring any new opportunities that might be found for an agreed resolution of the dispute. Discussions took place during which a range of new and innovative possibilities were examined in an endeavour to address some of the key aspirations of the union while meeting the Council's concerns to constrain the costs involved in any such settlement. A position was reached whereby a potentially viable deal has been identified. Commissioners support this potential deal being presented to the Cabinet (together with all other options open to the Council) subject to verification that it meets the requirements of being lawful, affordable, and representing value for money. Given the careful and innovative construction of the proposal, this requires detailed due diligence involving expert external legal and tax advice. The Council's external auditor, who has separate but parallel responsibilities for ensuring that the proposal complies with these principles is subjecting the proposal to such tests, and we will draw our information from this analysis. We await the outcome of this work and meanwhile have continued to push the officer leadership to further explore all options and to make as much progress on return-to-work preparations as possible.

As we noted in June, we recognise the improvements in waste service performance achieved during the prolonged period of industrial action. Since then, we have seen further improvements in recycling performance (albeit not city-wide) and the introduction of a new food waste service

as the transformation pilots have rolled out. This is positive but these improvements do not of themselves mean that a sustainable, high-performing future service has yet been secured. The current operating arrangements differ materially from those that will be required following any settlement of the dispute, and the transition to any resolved operation presents substantial risks to the service residents are experiencing currently.

The Council must learn from the operational consequences of previous industrial disputes and the difficulties experienced in sustaining improvements. There is a material risk that, without effective industry standard management and continued political and corporate oversight, historic working practices and service performance could quickly become re-established. The real test following resolution will be whether the Council can deliver and sustain a reliable, efficient, value for money and high-quality waste service in the long term.

Commissioners consider that the following matters are critical to safeguarding future service delivery and will therefore be the focus of our attention should an agreement be reached: - a clear and controlled return to work and workforce reintegration plan, clear operational management and sustained cultural change, a robust 'three lines of defence' framework for assuring progress across operational management, corporate oversight and challenge and independent assurance (from both internal audit and a targeted independent external review). The purpose of all of this is not to introduce unnecessary bureaucracy, but to provide confidence that risks are being managed, any deterioration is identified early, and corrective action is taken before deficient performance or working practices become embedded.

Commissioners will also require the Council to establish explicit arrangements for reporting and assurance to the political leadership (including escalation routes for the first 12 months) and to embed reliable performance information to allow early-warning indicators of slippage.

Furthermore, it is essential to maintain the momentum of transformation activity and ensure that the settlement of the dispute marks the beginning of the next stage of service improvement and transformation, not the end of the Council's recovery efforts. Commissioners believe that the political ambition and commitment to improve services to residents, coupled with a robust oversight and delivery infrastructure, the talented and determined operational management team, and a committed workforce, will mean that the Council can achieve this.

Street Cleansing and Grounds Maintenance

We welcome the Council's commitment to improve the quality, consistency and visibility of the service and the proposed move away from a reactive approach towards one that is planned, preventative and joined up.

Progress in agreeing a clearly defined, funded and deliverable model has, however, been slower than expected, with decisions previously expected in September now deferred until January or February. This delay risks slowing service improvement and creating uncertainty about investment, workforce arrangements, management capacity, and future delivery expectations.

In dealing with this, the Council will need to address some tricky longstanding operational challenges, including limited resilience to cover sickness and annual leave, workforce grading issues, the need for replacement vehicles and clarity about the funding needed to support service improvement.

We expect the Council to establish investment priorities, productivity expectations, and measurable service outcomes with clear delivery milestones, all supported by effective corporate oversight. It will be particularly important to demonstrate that additional investment is securing sustained improvements in productivity, service quality, and value for money.

We will continue to monitor and support progress as without this being firmly driven, there is a risk that political ambition and additional resources will not translate into the visible and lasting improvements that residents and businesses expect.

Children and Families

Performance across children's services remains generally strong or is improving satisfactorily. However, there are a number of identifiable risk issues ahead which arise at a time when leadership capacity is now stretched.

Birmingham Children's Trust (BCT) continues to perform well overall and enjoys leadership strength and stability (a new chair of the Trust is being sought, but this is not a critical change). A social care ILACS by Ofsted is imminent but there is no overt reason to suggest a deterioration from the existing good judgement. A recent fostering inspection has gone well. Commissioners have spent some time examining social care performance in more detail and the data illustrates generally consistent performance. There have inevitably been some individual cases which have qualified for review, but those processes have been well run and constructively through the safeguarding partnership. A youth justice inspection is also pending, although this is an area where the Trust is expecting a less positive outcome which will require focused attention. In this wider context BCT is also confident in its implementation of DfE's Families First programme.

With Commissioners' support, the Council and BCT are closely involved in the delivery of a DfE Safe Centre for the West Midlands region. The project will require tight controls. Further, Birmingham has been selected as an area for investigation by the statutory grooming inquiry. Commissioners do not intend to become unnecessarily involved but stand ready to support the review team wherever needed.

SEND services are also progressing following the strong inspection outcome in 2025 which began the process of lifting the DfE intervention in that area. The Council recently submitted its SEND improvement plan with a positive response received from DfE which suggests that the full lifting of the Improvement Notice is imminent. The Council is addressing the national SEND reforms with determination but is experiencing similar increases in demand that are affecting other areas. These will have a financial impact on the Dedicated Schools Grant (DSG) with some consequences also for General Fund expenditure.

A continuing area of strength is the progress of school attendance work in the light of generally improving relations between the City's schools and the Council. However, the Authority is still struggling to attract the necessary capacity in its education leadership, a problem likely to be compounded by the elevation of the Director of SEND to the Interim DCS role. The latter is nonetheless a positive short-term step following the failure to appoint a permanent DCS over the summer. A further attempt at recruitment will begin shortly but there is no question that in the meantime the City needs additional interim capacity for SEND and schools leadership.

Finally, there is currently financial stability across children's services following a tough period at the start of the intervention in achieving hard savings targets. However, the Council faces the same two burgeoning areas of demand as authorities elsewhere – SEND and children's placements. Reports suggest the financial year 26/27 should be reasonably secure but the following financial year is likely to be much more challenging.

Adults' health and care (including public health)

Following the CQC 'Good' Rating we reported in our last letter, the Director of Adult Social Services is now firmly established in role and has completed filling his management team with the appointment of a new Director of Commissioning. The DASS has also fulfilled an invaluable "twin-hatted" role during the recent DCS recruitment process and he will continue to support the new interim DCS. The key focus of the service and the team going forward will be to deliver a service-wide transformation plan which aligns with NHS changes and with the Council's move towards stronger neighbourhood working. There is good cause for confidence in the delivery of that plan.

As with the wider department, public health in Birmingham is progressing well, the new DPH having also established herself in role successfully. The service is especially focused on supporting neighbourhood activities including for family hubs in line with the DfE Families First programme. "Marmot principles" are being introduced as a framework for addressing inequalities in the City, and Professor Marmot has agreed to chair the health equity partnership as part of the Health and Wellbeing Board.

There is reasonable financial stability across the services, following a period of successful savings delivery. However, rising demand alongside the pressures on the NHS remain severe challenges. The focus of the transformation plan is also to achieve more effective early intervention leading towards better outcomes but also to help stem those budget pressures.

Established staff can lead these areas, but Commissioners will monitor progress in line with the relevant outcomes in our Assurance Plan.

e. To achieve improvements in relation to the proper functioning of the Authority's IT

The Oracle Brindley system was phased in over a three-week period with its 'go live' taking place on August 18th, 2026. Commissioners congratulate the Council and the programme team on the successful reimplementation, including acknowledging the effort of many support teams across the Council.

Commissioners also acknowledge the deployment of best practice management, transparent governance and constructive challenge, and the adherence to quality and system adoption (not adapting the system) rather than driving for a date regardless has enabled the council to achieve this level of implementation.

The success of the technology implementation is measured by having no priority 1 issues and only priority 2 issues being raised in the first eight weeks of hyper-care. All Enterprise Resource Planning (ERP) implementations of this scale and workforce size will encounter requests by system users for additional functional access to enable them to complete their work - these were anticipated. Commissioners do however have a concern over the number of these access requests and the time taken by the hyper-care team to resolve these, whether by accepting or declining them. Learning from the previous failed implementation, Commissioners have challenged the Council to apply rigorous controls and governance, which it has deployed, over allowing additional functional access to ensure segregation of duty rules are not broken.

The new Income Management System (IMS) implemented in December 2025 and covered in our last letter has continued to be successful and has enabled the Council to make a step change in its approach to income management and associated bank reconciliation processes.
Commissioners consider that Oracle Brindley has addressed the principal technology, process, control, and governance weaknesses that necessitated the reimplementation and has established a sound platform from which the Council can operate. The Council now has the systems and processes in place to control its finances, manage budgets, actuals and forecast, and access management information to improve decision making. In addition, the Council's procurement function now has the foundation systems to support compliant processes that will improve procurement-driven efficiencies. The Council also now has a functioning and integrated HR system that can align establishment numbers with budgets and roles with system accesses that will deliver greater HR control and efficiencies once the system has bedded in and recruitment backlogs cleared.

Responsibility must now progressively move from programme-led remediation to Council-led ownership. The tests for success in the next period will be whether the Council consistently operates the processes and controls and maintains data quality and builds the required internal capability to realise the financial and operational benefits.

Commissioners have two concerns which will be monitored: the number of access requests and the time taken by hyper-care team to resolve them, the growing list of change requests that the emerging Centre of Excellence are starting to review, that if not correctly managed will risk the Council adapting the system to return to previous, sub-optimal ways of working.

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.

Sitting behind the work to address the presenting symptoms of failure has been the need to put a platform in place to sustain recovery for the longer term. In line with the requirements in the Assurance Plan, the Council has recently brought together its disparate transformational activity, fundamental as it is to continuous improvement, via a Corporate Transformation Board, charged with delivering its Transformation Plan. This has got off to an ambitious start, and many of the elements of the Assurance plan will be capable of being secured through the success of this Board. It will be a focus of Commissioner attention in the next two years as we support this vehicle in both introducing and sustaining change in the Authority's operating model. The focus in putting the Council's engagement with its residents and stakeholders at the heart of its operating model is entirely right, but it represents a sea-change in approach and will require political determination and management grip in delivery, given the established norms of assumed understanding, behaviour and process that it will challenge.

Across the areas we have focused on, Commissioners have identified a propensity for the Council to try and tackle issues reactively and in a task-sequential manner. That has not served the City well and is not credible in a busy modern Authority. Members, many managers, and the Council's stakeholders find progress on issues (simple and complex alike) very slow and that is the product of siloed working and cumbersome processes. The cultural changes that addressing this shortcoming will involve will probably be the most challenging for the Council to drive through. We have begun to explore with the Council what a cultural review, or audit, would look like as a foundation for this work. Within this we are clear on the need to establish the best possible structural arrangements for the Council's engagement with its workforce. As the waste dispute, which has been a tense and fraught time for industrial relations, concludes, so there is a logic for consideration as to how changes for the better might be introduced. We intend that best practice in industrial relations should form part of such a review.

The work to improve the timeliness and quality of information put before members continues to be an important part of our work. Report quality is generally much improved, but timeliness remains an issue, and the mature understanding of how critical it is for accurate, well researched and timely information to be put in front of Members at all times is not yet consistently understood or applied across the organisation.

A further symptom of this shortcoming comes in the form of the handling of Member enquiries. The ability of residents and their representatives to report issues to the Council and see them resolved is a simple but essential part of a well-functioning authority. For too long in Birmingham that has not been the case and, despite efforts to address this, Commissioners have continued to receive far too many concerned appeals from Members and the City's Members of Parliament. The Council now has a comprehensive plan to address this but its success will be determined by the Council's Members and stakeholders reporting a noticeable difference and, in line with our Assurance Plan, Commissioners will keep a weather-eye on progress over the coming months.

Conclusions

There has been significant progress on many fronts. Some major issues have been tackled and either resolved or put upon firm foundations for their resolution. As the team prepares to enter a new phase and in looking back to the beginning of the intervention: -

The financial position of the Council and its work to achieve resilience in its financial management arrangements is resulting in financial stability and greater adherence to budget discipline but there are challenges ahead.

Securing an Equal Pay agreement and Job Evaluation scheme in agreement with the Council's trade unions has been critical to the Council's adherence to non-discriminatory practices as well as contributing to financial stability.

Notably, within the last six months, the Council has successfully 'gone live' on the implementation of the Oracle Brindley Programme which will deliver the core technology platform for the Council that it has been without since 2022. This will facilitate better financial and performance management.

All of these things, driven forward by appropriate political support and capable management should enable the Council to improve in fundamental areas of its operation. They should also support the further changes that need to take place.

Those changes are centred upon the operating culture and practices that had facilitated the above failures, and which had frustrated the ability of previous improvement schemes to make headway. Implementing and embedding these changes are essential for the Council to be able to turn its back on the decline that hall-marked it for so many years. Under firm leadership, some changes have already been pursued within some of the Council's core services. The effectiveness of Adult Services, of Public Health and of Children's Services, the latter most particularly in the light of the successful implementation of SEND reforms in the Council are notable in this regard. The Housing Directorate is effectively tackling the 'decent homes' backlog as well as driving forward on new developments. Structural changes under way in the Place, Planning and Regeneration Directorate are intended to deliver similar improvements.

City Operations has been through a particularly challenging time in dealing with the waste dispute and the withdrawal by the DfT from the established Highways PFI. Challenges remain in this area in respect of street cleansing, reconfiguration of highways operations and most particularly in reinvigorating enforcement across the full range of regulatory and licensing services, which has fallen far behind the required level of delivery against both statute and Council policy.

Individual service improvements can, however, only take the Council so far. The historic failures which culminated in 2023 resulted from critical weaknesses in governance and in the operating culture of the council, with attendant or consequent failures of process, internal control and in the quality of decision making. The Council has made some progress in addressing these core issues, and the establishment of a new Corporate Transformation Board holds promise for the effective coordination and drive for the significant further changes necessary. We have made clear to the Council the need for attention to turn to

building upon the largely professional and technical improvements so far with a similar degree of attention being given to behavioural change. To this end, Commissioners have proposed that the Council undertake an organisation-wide cultural audit to fully uncover which prevailing behaviours and activities either need reinforcement or shift to achieve the sustainability of the cultural change needed.

We also have to acknowledge, however, that while the waste dispute remains unresolved, the requirement for continued diversion of effort with resulting limitations on the pace of progress, both within City Operations, and corporately, remains an issue.

Nonetheless we are at a turning point for the intervention. The successful delivery of the matters related above gives scope for some change in the construction and working practices of the intervention. The focus can now be less on the critical functional remedies referred to above, but on the - no less critical, but quite different - challenges of inculcating and sustaining cultural and organisational change. We have therefore proposed that the Commissioner team's scale and makeup should change in order to reflect this change in focus. Undertaking transformational and modernising change in the Council's operations is now the predominant activity. To make that a reality we need to see a maturing of the Council's ability to reflect on its own progress and own its own improvement journey. A mature organisation, comfortable in owning its own continuous improvement, can go further than identifying improvement and can instead anticipate risk, recognise its weaknesses, and work collectively across officer and political leadership to put plans in place to address them. If we are to begin stepping back from driving improvement to guiding and supporting in the next two years, we need to see a renewed commitment to this from the Council's top team.

Finally, the Council's ambitious regeneration agenda, in part delivered in arrangements agreed with the West Midlands Combined Authority remains its biggest risk and we believe that oversight and assistance with this will greatly help in securing success in matters that are fundamental to the City's future infrastructure and community development.
A smaller Commissioner team, reshaped to meet these priorities, will serve to meet our Directions for the remainder of the intervention. We have discussed with your officials what we believe the skill set for such a team should look like.

Yours sincerely,



Tony McArdle OBE, Lead Commissioner

The Commissioners:
Tony McArdle OBE, John Coughlan CBE, Chris Tambini, Pam Parkes FCIPD, Jackie Belton, Myron Hrycyk, John Biggs