# Birmingham City Council faces backlash over public inquiry reversal



Birmingham City Council is facing significant scrutiny following the recent decision by council leader John Cotton to abandon plans for a public inquiry into the council’s financial collapse. The Labour party leader's reversal on the commitment to a judge-led inquiry has garnered sharp criticism from local Conservatives, who have labelled the move as 'cowardice'.

The council declared a de facto bankruptcy in 2023, a situation attributed to various failings within its operations, including long-standing issues related to equal pay discrimination against female employees, the ill-fated implementation of an Oracle IT system that overshot its budget by £90 million, and widespread mismanagement of public funds, notably in connection with the struggling Perry Barr housing scheme. The internal scandal has been characterised as creating a 'toxic' atmosphere within the council, contributing to strained relationships among council members and staff.

Both Cotton and former Conservative Secretary of State Michael Gove had initially backed the necessity of a public inquiry to thoroughly investigate the circumstances surrounding the council's financial distress. However, this stance has shifted, with Angela Rayner, Gove's successor, ruling out such an inquiry. As a result, local and national calls for transparency regarding the council's mismanagement appear to be fading.

In a statement reflecting on the council's position, Coun Cotton highlighted the numerous reports already produced since he took leadership in May 2023, suggesting that the available information and findings from independent auditors may suffice. "Consequently, given how much information is now in the public domain, and the reports of the auditor, it is questionable whether the significant costs associated with a public inquiry would represent a good use of resources," he stated. He emphasised his current priorities as resolving existing waste disputes while progressing on the council's recovery initiatives, which have received acknowledgment from both government officials and commissioners.

The local Tory party remains unconvinced by Cotton's rationale, advocating for accountability amongst those implicated in the council’s failings. Cllr Ewan Mackey articulated discontent over the decision, regarding it as a missed opportunity for crucial transparency.

As Birmingham City Council grapples with the repercussions of its financial collapse, which has necessitated severe budget cuts exceeding £350 million, asset sales worth up to £1 billion, and significant council tax increases, the lack of a thorough inquiry raises questions about future governance and the establishment of accountability. The council's auditors, Grant Thornton, have faced scrutiny themselves regarding their role in the unfolding drama, with their reports coming under critical examination. The auditor has conducted inquiries focused on financial sustainability, the Oracle system, and equal pay claims, but it is unclear if these efforts will entirely satisfy public demands for accountability.

The Department for Housing, Local Government, and Communities has yet to respond to inquiries about the situation, leaving the future of oversight regarding the council's actions in a state of uncertainty.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://itassetmanagement.net/2023/09/06/did-birmingham-city-councils-disastrous-oracle-migration-contribute-to-its-bankruptcy/> - Corroborates the financial challenges faced by Birmingham City Council, especially the significant issues with the Oracle IT system's budget overrun and the role of equal pay disputes in its financial woes.
* <https://trusaic.com/blog/birmingham-city-council-faces-bankruptcy-in-equal-pay-dispute/> - Supports the substantial financial impact of equal pay claims on the council and highlights measures proposed by the council and unions to address pay discrimination.
* <https://auditreformlab.group.shef.ac.uk/value-for-money-and-accountability/> - Discusses the financial situation at Birmingham City Council following its section 114 notice, including factors like service level pressures and the Oracle IT system's implementation.
* <https://www.birminghammail.co.uk/news/midlands-news/birmingham-city-council-mismanagement-public-25753177> - This link could provide additional details on the council's internal mismanagement and financial issues, but the exact content isn't available in the search results.
* <https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government> - Could potentially provide information about the Department for Housing, Local Government, and Communities' role in overseeing and responding to local council issues.