

Public Report

Birmingham City Council
Report to Audit Committee

18 October 2023



Subject: Response to Statutory Recommendations from External Auditors Grant Thornton

Report of: Fiona Greenway, Interim Director of Finance and Section 151 Officer

Relevant Cabinet Member: Councillor John Cotton

Relevant O &S Chair(s): Councillor Sir Albert Bore – Co-ordinating

Report author: Mohammed Sajid, Head of Financial Strategy

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 On Friday 29th September 2023, the Council's External Auditors Grant Thornton issued Statutory Recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act 2014. These recommendations are contained with the report titled 'Birmingham City Council External Audit 2020-21 to 2023-24' and can be found within Appendix 1.
- 1.2 The report presented for discussion at Full Council on 12th October 2023 is attached as Appendix 2

- 1.3 That report addresses the twelve statutory recommendations contained within the External Auditors report. Within this paper the Council outlines the steps that will be taken against each of the recommendations, identifies accountable owners for delivery of these steps both from an Officer and Member perspective, and then provides an overarching recommendation to accept and acknowledge the recommendations issued by the External Auditors.
- 1.4 Delivery against these recommendations is crucial for financial sustainability and effective governance for Birmingham City Council. The issues raised within the External Auditor's report are significant enough to have caused them to use their statutory powers. Addressing these recommendations will re-affirm a basis for sound financial management and effective governance within the Council and provide a platform from which we can address the broader challenges facing the Council and City as a whole.

2 Recommendations

- 2.1 Members are asked to note and consider the paper being presented for Full Council. The following recommendations are being considered at Full Council:
- 2.2 Full Council is recommended to:
- a) Note the contents of the report presented to Full Council on 12 October 2023
 - b) as agreed by Full Council, that that the Audit Committee receives updates on progress against the recommendations and actions within this report on a regular basis.

A. Background – Statutory Recommendations

- 3.1 Statutory Recommendations under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 refer to formal advice issued by the External Auditor. These recommendations require the Council to discuss and respond publicly to the report.
- 3.2 Appendix 2 is the report presented to Full Council on 12 October 2023.

4 Consultation

- 4.1 Relevant officers and Members across the Council have been consulted in preparation of the attached report.

5 Risk Management

- 5.1 Financial and legal risks are considered within this report, with all relevant considerations included within the content itself.

6 Compliance Issues:

6.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 6.1.1 Sound financial management, governance underpins all the Council's priorities, plans and strategies.

6.2 Legal Implications

- 6.2.1 The Council will comply with all relevant legal requirements and obligations in implementing the recommendations, including conducting independent reviews and ensuring transparency in decision-making processes.

6.3 Financial Implications

- 6.3.1 The Council will allocate the necessary resources and budgets to execute the recommended actions effectively. The cost implications will be detailed in the updated budget for 2023/24 and future years.

6.4 Procurement Implications

- 6.4.1 There are no procurement implications directly arising from this report or its recommendations.

6.5 Human Resources Implications

- 6.5.1 There are no human resources implications directly arising from this report or its recommendations.

6.6 Public Sector Equality Duty

6.6.1 The Council will ensure that all actions taken in response to these recommendations are in line with the Public Sector Equality Duty, promoting fairness and equality for all residents and employees.

7 Appendices –

Appendix 1: Birmingham City Council External Audit 2020-21 to 2023-24 – External Audit report dated Friday 29th September 2023.

Appendix 2: Report presented to Full Council 12 October 2023.

