

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 22 FEBRUARY 2021

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON MONDAY, 22 FEBRUARY 2021 AT 1400 HOURS - ONLINE MEETING

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Bridle, Jenkins and Tilsley

NOTICE OF RECORDING/WEBCAST

- 282 The Chair advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and members of the press/public could record and take photographs except where there were confidential or exempt items.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

DECLARATIONS OF INTEREST

- 283 Members were reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting. If a pecuniary interest was declared a Member must not speak or take part in that agenda item. Any declarations would be recorded in the minutes of the meeting.

There were no declarations of interests made by Members of the Committee.

APOLOGIES

No apologies had been submitted in advance of the meeting.

Concerns were raised around the lack of attendance of Members in recent months and the impact this could have on the quoracy of the meeting. It was agreed for the Chair to write to Councillors reminding them the importance of the Audit Committee. If Members were unable to attend a meeting, then apologies should be submitted to the Chair and the Audit Committee Manager.

284 **RESOLVED:-**

The Chair to write to Members of the Audit Committee regarding attendance at meetings.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

Members agreed there were no items on the agenda that contained exempt information.

285 **RESOLVED:-**

That, in accordance with Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation order) 2006, the public be excluded from the meeting during consideration of those parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

MINUTES – AUDIT COMMITTEE – 26 JANUARY 2021

286 **RESOLVED:-**

That the public minutes of the last meeting having been circulated, were agreed by the Committee.

The Chair apologised the following point was not mentioned at the previous Committee. Since the January Committee, Martin Stevens, the former Head of City Finance had retired from the Council. He had provided extensive support, guidance and expertise to the Members and was an exceptional servant to the Audit Committee. On behalf of the Audit Committee, the Chair thanked Martin and wished him well for his next endeavour. Members were in support of this comment.

ASSURANCE SESSION – CABINET MEMBER FOR HOMES AND NEIGHBOURHOODS PORTFOLIO

The Chair welcomed the Cabinet Member for Homes and Neighbourhoods to the Assurance Session of the Committee.

The Cabinet Member for Homes and Neighbourhoods notified Members this was a large portfolio consisting of Housing; Homelessness; Bereavement Services; Registrations and Localism agenda. She thanked all the Officers across the Directorate for the work undertaken in the portfolio during the Covid-19 pandemic.

Part 1: Housing

The Cabinet Member for Homes and Neighbourhoods noted the service across housing repairs and maintenance had continued to be delivered during the pandemic albeit with safeguarding around staff and contractors.

She highlighted the Capital Investment Programme continued to be delivered. This included the provision of the sprinkler systems into 213 tower blocks. The Director of Neighbourhoods added, this was a 3-year programme installing sprinklers across the tower blocks. He noted a tremendous amount of capital work had taken place over the period. He commended the staff and contractors for their diligence whilst undertaking the work. Furthermore, this work was complemented by additional work to replace fire doors and balcony infills.

The Cabinet Member for Homes and Neighbourhoods and the Director of Neighbourhoods gave a summary of key areas within the portfolio. These were;

- Homelessness – There had been some good outcomes within this area. Birmingham had been recognised as an exemplar by the Ministry of Housing, Communities and Local Government (MHCLG). In addition, Birmingham had been selected as one of five Local Authorities to pilot supported housing 'Exempt Accommodation'.

The Director for Neighbourhoods noted the past 11 months had been very challenging due to Covid-19. He commended the staff for the tremendous effort across the service. Birmingham had been recognised nationally for the work on Homelessness and responding the rough sleeping initiative 'Everyone in'. This had reduced the number of rough sleepers significantly across the City.

- Help to Rent - In October, the 'Help to Rent' scheme was launched to support people find affordable housing as well as support landlords in the Private Rented Sector. This scheme provided support by sharing best practice on becoming landlords. The scheme was an incentive to bring properties back into use by offering a 12 months fixed tenancy to those on the Council's Homelessness List and Housing registration.

The Director for Neighbourhoods referred to the reduction of bed and breakfast accommodation where investment was made to ensure the early help and prevention work around homelessness was increased. This had stemmed from the Homelessness Reduction Act introduced in 2018 which saw an 15% increase in the amount of people that approach the City with a homelessness need. He recognised this was a key priority for service therefore, a review would be taking place by working with families in order to break the cycle of homelessness.

The Cabinet Member for Homes and Neighbourhoods added several complexities arose as a result of Covid-19 pandemic therefore, a lot of work in the prevention space had been taken. She highlighted in terms of rough sleepers, over 1,700 singles were supported who were either homeless or at risk of being homeless. Since March 2020, 10,000 representations had been made by families.

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- **Localisation** – A delivery plan for Localisation covered the key actions within the 'Working together in Neighbourhoods' policy document. This had since been revisited by working with the locality areas to ensure this was fit for purpose.
- **Ward Plans** – 45 out of 65 Ward plans have been completed. Those that had not been completed, Councillors would need to ensure these were finished with their communities. Online Ward Forum meetings were taking place across the City where Councillors had been offered this provision. Wards had spend allocated as part of the Commonwealth Games Funding for Celebrating Communities and Local Community.

Part 2: Bereavement Services

The Cabinet Member for Homes and Neighbourhoods noted there had been huge difficulties within this service throughout Covid-19 and she thanked all the staff who had been working across the service. She reminded Members, during April 2020, there was an increase of deaths across the City. As a result, a temporary mortuary facility was erected on Sutton Cemetery site which had since been take down, as there was no further requirement for this.

The Director for Neighbourhood referred to the fees and charges associated with the Bereavement Service which was highlighted as an issue in the Directorate Assurance Statements. He assured the Committee the fees and charges associated with the cemeteries and crematoriums had been reviewed.

Part 3: Digital Autopsy

The digital autopsy was a pilot for 250 bodies, however to date this had been used for over 350 bodies. It was noted the pilot had provided mixed diagnosis. In some cases, the cause of death had been identified however, in other cases a diagnosis had not been provided. The pilot was due to end, however due to Covid-19 this had been extended. The new contract was for 500 deceased people in the year ending June 2021 and had been very useful to identify the Covid-19 infection.

Part 4: Centre of Excellence

The Cabinet Member for Homes and Neighbourhoods was passionate to have a Centre of Excellence across the region to cover Birmingham, Solihull and Black Country. She recognised it was important to have a service that was fit for purpose with facilities such as pathology and training area.

Members response

The Committee then asked questions of the Cabinet Member for Homes and Neighbourhoods and the following points were noted:

The Chair noted there was an issue around cladding which was highlighted as a risk in the Annual Governance Statement. The quality of Customer Service from the Housing Department required improvement as Councillors were often drawn into following up queries on behalf of the residents.

Councillor Tilsley was concerned about homelessness within the City which was raised at City Council in January. He noted there were 3500 individuals and families that require either a bed and breakfast, temporary accommodation or hostels facility. Following the impact of Covid-19, there would be a further effect within the Housing area. He added there were approximately 350 individuals and families outside the City in temporary accommodation and suggested the Cabinet Member to explore vacant units of accommodation across the City e.g. vacant units of accommodation above shops.

Reference was made to the Community Infrastructure Levy (CIL) and suggested arrangements should be made for the spend to go to the wider community. He recognised the local community would have had to deal with a lot of inconvenience during constructions within their areas therefore, they should direct beneficiaries from this. He referred to complaints, and these should be resolved correctly first time. In terms of the cladding, he noted there were several high-rise blocks within the city which were for sale therefore, support would need to be provided.

Councillor Bridle referred to risk and governance issues related to policy outlined in the 'Working in Neighbourhoods' paper presented to Cabinet approximately 2 years ago. The policy was set out to improve the relationship between the Council and the public within the city by sharing a new vision. She noted this was fundamental policy, yet it had a low profile. Questions were raised around the governance of the localisation and who was delivering the policy commitment.

Councillor Jenkins commented on Members contacting Directors and Senior Officers to resolve issues raised by residents. It was vital the City had an effective system to respond to the public. It was noted, he would get involved in issues where there was a systemic failure, or the result was unjust / unfair to the resident.

He found the housing situation across the City unsatisfactory and suggested 'Zoning' (planning permissions) similar to USA to be adopted where parts of the City were given rules to build against and providing this was followed, planning permission was not required therefore the build could continue.

In response to Members questions, the Cabinet Member for Homes and Neighbourhoods and the Director of Neighbourhoods made the following points;

Customer Care – The Cabinet Member for Homes and Neighbourhoods noted Customer Care across all service areas had been affected over the last 12 months due to Covid-19 and this placed pressure across all services throughout the Council. Work was taking place within the Directorate by having conversations with case workers and Cross-Party MPs. The Council's view was to explore a single-entry point for Customer Services for which the Deputy Leader and the Director of Digital and Customer Services were leading. The demand for housing had increased and over 3000 families were in temporary accommodation across the City. A wholesale review of the complaint's and inquiry system was taking place. Additional resources were being sourced to ensure the right level of response was in place as the quality of responses to queries had to be improved.

Cladding - The Cabinet Member for Homes and Neighbourhoods informed Members, for the past 2 years, Birmingham City Council had been lobbying the Government extensively around fire safety as it had 213 tower blocks. It was noted, none of the tower blocks owned by Birmingham had cladding that was apparent on Grenfell Tower therefore, the Government was not prepared to give funding towards this.

Birmingham City Council had invested over £50m into the tower blocks owned by the Council as well as supporting lease holders. It was important to learn lessons from Grenfell therefore; it was crucial to be inclusive of anyone who lived in tower blocks. The Cabinet Member of Homes and Neighbourhoods was very supportive of those lobbying this issue to Government to ensure everyone is supported around cladding issues.

A whole scale safety review for the high-rise and low-rise blocks was underway. Work had taken place with MHCLG, where Birmingham was a member of an early adopter programme. Birmingham had been heavily involved in the work, shaping Government Policy and legislation. Work had taken place with MHCLG to identify private blocks within the City that may have dangerous cladding. Returns were submitted on a regular basis to the MHCLG to ensure buildings with dangerous cladding were identified and the owners of those buildings are taking measures to either mitigate the problem or to remove and replace cladding. Government recently announced leaseholders and private blocks would not be subject for payment for removing and replacing dangerous cladding.

The Director of Neighbourhoods notified Members he had been in touch with the Secretary of State office to explore how Local Authorities could assist to ensure building owners undertake the work on the buildings as the relevant funds would go to the building owners. The Local Authority would administer and assist with the funding to ensure the dangerous cladding was removed and replaced in private blocks.

The Cabinet Member for Homes and Neighbourhoods was very supportive of the Leaseholders. Cross Party letters had been circulated during Covid-19, which was led by Shabana Mahmood (MP). She had written to the Government on this issue and met with groups that had been affected and support would be given to those affected. A petition had been shared at City Council for Councillors to support the leaseholders.

Temporary accommodation – The number of people in bed and breakfast had increased in the last year. Public Health had advised due to Covid-19 and many people in bubbles, the numbers of people placed in temporary accommodation had to be reduced therefore, this had an impact on capacity.

More houses would need to be built to meet the demand. Government would need to improve the financial modelling around building Council properties however, this was not the only solution.

Work was happening with the Empty Property Team in order to bring 365 houses back into use every year. This would increase the capacity to the need of the City.

During the pandemic, Cabinet approved Community Led Housing Policy to give more options of building houses. Issues such as people ‘flipping/ turning over’ properties into either HMO’s or exempt accommodations was a problem for Birmingham. She noted, Birmingham required more family housing. Work was being undertaken through a pilot to help address the exempt accommodation issue and for those who wish to enter the housing market. In reference to shops highlighted by Councillor Tilsley, she indicated this did not sit under the Homes and Neighbourhoods portfolio.

The Economic Development Team and Housing have been undertaking a lot of work over the last year analysing the need for the City and looking for innovative ways forward.

Use of Community Infrastructure Levy (CIL) - The Cabinet Member for Homes and Neighbourhoods shared communities were being encouraged to have more of a say in line with the localisation agenda.

The Director of Neighbourhoods added he would provide Members with a detailed briefing note on the funding proposals around CIL which had been presented to Cabinet.

Localisation – The Cabinet Member for Homes and Neighbourhoods indicated localisation was a cross portfolio responsibility. She informed Members there was two sides to this area of work. These were;

- i) Outward facing engagement with communities and elected members (ward forums) driven by Neighbourhood Development Unit.
- ii) Cutting across a number of Council Services and portfolios led by the Assistant Director of Neighbourhoods (Chris Jordan).

She noted during the Covid-19 pandemic, the relationship with communities had changed. There was a huge level of commitment from local communities at various levels and the Council had to respond to this by reshaping and remodelling strengths moving forward. A piece of work around locality has taken place. BVSC and several other partners have been involved.

The Council had not been good at sharing the good practice under the localisation agenda. However, great work had taken place in Economic Development Team with several communities. In addition, they had looked at the framework, development sites and reservoirs etc. Work had taken place under the Climate Change agenda which linked in with the localisation. The Cabinet Member highlighted, the Council had not been forth coming and badging things under localisation. Cabinet Member Briefings took place across the portfolios, where localisation was on the agenda.

At this juncture, the Chair thanked the Cabinet Member for Homes and Neighbourhoods and the Director for Neighbourhoods for their attendance.

Upon consideration, it was:

RESOLVED:-

i) That the Committee noted the updates received on the Cabinet Member for Homes and Neighbourhoods Portfolio.

AUDIT PROGRESS REPORT AND SECTOR UPDATE

The following report of the External Auditors was submitted: -

(See document No.1)

The Key Auditor Partner, Grant Thornton provided two key updates as part of the Sector update. These were;

Accounting estimates and related disclosures - Page 29 of the document pack

A new International Standard of Auditing (ISA 540) would be applicable from this year's audit onwards. This highlights the importance of accounting estimates e.g. for the Council this would be property evaluations (schools, housing); Commercial ventures; pension disclosures – provisions and accruals.

Under the new standard, the Audit Committee would have more of a role which was summarised within the report. Members would need to understand the approach to estimation, understand uncertainties and evaluate this. This was an important change to the Audit Committees responsibilities going forward.

He highlighted local authorities have started to deliver presentations, trainings on estimates to Audit Committees for experts to explain the process followed by indicating the models used and risks associated with the estimates.

Value for Money Arrangements – (Development of the Audit work) - Page 31 & 32 of the document pack

The previous value for money work was based on a binary conclusion (i.e. pass or fail) which was a risk-based approach. From 2021, under the new value for money work, the National Audit Office had revised the Code of Order Practice and the guidance that supported this to create a holistic approach to value for money. He noted, going forward, the External Auditors would not give the binary conclusion but a narrative report around those areas by providing comparisons, best practise analysis and challenge.

Members commented upon the report.

In response, to Members questions, the Key Auditor Partner, Grant Thornton made the following points;

- Commitment was required from both Members and Officers. Officers should provide Members with clear information as this could be a challenge.
- Members were urged to get familiar with the guidance which was available on the National Audit website.
- Training sessions could be delivered to Members on the new changes.

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- Value for money work comment in a narrative report over 3 areas; Improving Economy, Efficiency and Effectiveness; Financial Sustainability and Governance areas of the code that the External Auditors form a view on. If there are areas that have specific risks, these are commented upon and a deep dive undertaken.
- A deep dive around the Covid related risk should take place and how the Council responded to them.
- The Council should explain its own arrangements by evaluating and reflecting the arrangements into the Annual Governance statement.

The Chair noted the External Auditors offer to deliver training around the new arrangements and he would be interested to see how to take this forward.

Councillor Jenkins was not in support of a separate training course on this area due to requiring further time away for Members.

The Chair emphasised any training would be voluntary and suggested a proposal to be shared with Members.

Upon consideration, it was:

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RESOLVED:-

That the Audit Committee Members noted the content of the report.

THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN AND THE HOUSING OMBUDSMAN ANNUAL REVIEW 2019/20

The following report of the Interim Chief Executive was submitted: -

(See document No.2)

The Acting Assistant Practice Manager, Legal Services gave a comprehensive overview of the reports.

It was noted following last year's Audit Committee, a comparison of the Core Cities had taken place in relation to the upheld rates in complaints. In 2019-20, the figures indicated that Birmingham's upheld rate was less than Sheffield City Council and Liverpool City Council however not with Leeds City Council whom the Audit Committee originally suggested to compare against. The LGSCO did not consider Nottingham or Bristol City Council's as being "similar authorities".

Members commented upon the report.

In response, to Members questions, the Acting Assistant Practice Manager, Legal Services made the following points;

- The Ombudsman reports were received in July and September and the Chair supported receiving the reports in a timely manner (Audit Committee in November/ December).

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- The Professional Standard Team consisted of the Whistleblowing Team, Ombudsman Team and Members Standards Complaints which was formed last year. Detailed reports were provided to the Directorates and would be incorporated into the quarterly reports to the Chief Executive.
- The Interim City Solicitor clarified the Professional Standards Team was several teams paired together as one and badged as the Professional Standards Team. As advised by the Acting Assistant Practice Manager, Legal Services this consisted of the Whistleblowing Team, Ombudsman Team and Members Standards Complaints.

Upon consideration, it was:

289

RESOLVED:-

That the Audit Committee received the report concerning the Local Government and Social Care Ombudsman and Housing Ombudsman Annual Report for 2019/20.

PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The following report of the Assistant Director Audit and Risk Management was submitted: -

(See document No.3)

The Assistant Director Audit and Risk Management notified Members information contained within the report was shared at the January Committee as part of the Birmingham Audit Half Year update report. The purpose of the assessment was to help improve the delivery the Internal Audit Service. An external assessment was required once every five years, where 2021 was Birmingham's next assessment date.

At the 26 January Audit Committee, Members agreed to proceed to develop the approach with the Core Cities Peer Review and to share further details. She informed the Committee; Manchester City Council had agreed to review Birmingham City Council. Birmingham City Council would cover the review of Sheffield City Council. A further report would be shared with the Audit Committee later. Any actions from the Peer Review would be monitored by the Audit Committee.

The Chair noted Councillor Tilsley raised an important point on this issue at the January Committee. Following the proposals shared, Councillor Tilsley was content with the way forward and thanked the Assistant Director Audit and Risk Management to review this promptly.

Upon consideration, it was:

290

RESOLVED:-

Members approved the proposed approach for Manchester City Council to undertake the Public Sector Internal Audit Standards compliance review, i.e. a Core Cities peer review, together with the attached Terms of Reference.

SCHEDULE OF OUTSTANDING MINUTES

291 Members were provided with updates to the outstanding actions.

**Minute 260 25/11/2020 – Independent Advisor to Audit Committee
Additional Recommendation**

- iii) Agreed to receive further updates on the progress of the work on the Independent Advisor role. This would be provided at a future Committee.

To be shared at a future committee.

**Minute 274 26/01/2021 - Birmingham Audit – Half Year Update Report
2020/21**

**Additional Recommendation: Public Sector Internal Audit Standard
Compliance review**

- iv) Members agreed the overall approach to a Public Sector Internal Audit Standard Compliance review. However, Members agreed to seek further assurances to the Council undertaking the Peer Review. A further update to be provided to the Committee to reconsider options.

Presented at this Committee. Completed & discharged.

**Minute 279 26/01/2021 - Assurance Session – Cabinet Member for
Children's Wellbeing Portfolio
Additional Recommendations:**

- ii) To provide the Committee with any outstanding reports, supporting tools related to Travel Assist at a future Committee.
- iii) To provide Members with the cost for Consultancy support, assistance to stabilise the service and the cost to build the framework for ongoing improvement within the Travel Assist Service since September.
- iv) The Council's Transformation Programme to be shared at a future Committee.

To be shared at a future committee.

**SCHEDULE OF MEETINGS FOR THE MUNICIPAL YEAR
2021/22**

- Tuesday 29 June 2021 1400 – 1600hours
- Monday 26 July 2021 1400 – 1600 hours
- Tuesday 28 September 2021 1400 – 1600 hours
- Tuesday 19 October 2021 1400 – 1600 hours
- Monday 29 November 2021 1400 – 1600 hours
- Tuesday 25 January 2022 1400 – 1600 hours
- Tuesday 15 February 2022 1400 – 1600 hours

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- Tuesday 29 March 2022 1400 – 1600 hours
- Tuesday 26 April 2022 1400 – 1600 hours

Upon consideration, it was:

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RESOLVED:-

Members agreed the dates for the Audit Committee 2021/22.

DATE AND TIME OF NEXT MEETING

The next meeting is scheduled to take place Tuesday, 30 March 2021 at 1400 hours via MS Teams (on-line).

OTHER URGENT BUSINESS

The Chair notified the Committee, the Annual Report of the Audit Committee was delivered to the 02 Feb 2021 City Council. He thanked Members and Officers of their contributions. A regular report would be shared to full Council.

293

RESOLVED: -

That the Committee noted the Annual Report of the Audit Committee was delivered at the 02 February City Council.

AUTHORITY TO CHAIRMAN AND OFFICERS

294

RESOLVED:-

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee

The meeting ended at 1541 hours.

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CHAIR