

# BIRMINGHAM CITY COUNCIL

<b>AUDIT COMMITTEE</b> <b>30 JUNE 2022</b>
---

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY, 30 JUNE 2022 AT 1000 HOURS IN COMMITTEE ROOM C, COUNCIL HOUSE EXTENSION, 6 MARGARET ST, BIRMINGHAM**

**PRESENT:-**

Councillor Grindrod in the Chair;

Councillors Hussain, Khan and Tilsley

\*\*\*\*\*

**NOTICE OF RECORDING/WEBCAST**

476

The Chair advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's You Tube site ([www.youtube.com/channel/UCT2kT7ZRPFCXq6\\_5dnVnYlw](http://www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw)) and that members of the press/public may record and take photographs except where there are 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.**

---

**APPOINTMENT OF THE AUDIT COMMITTEE, MEMBERS, CHAIR AND DEPUTY CHAIR**

The Chair introduced the new members appointed to the Audit Committee. Appointments were made at the 24 May 2022, City Council meeting.

**Election of the Deputy Chair**

The Chair nominated Councillor Paul Tilsley as Deputy Chair, and this was seconded by the Councillor Hussain. This was agreed by the Committee Members.

Upon consideration, it was:

477

**RESOLVED**

- (i) That the resolution of the 24 May 2022, City Council appointed the Audit Committee, Chair and Members to serve on the Committee for the period ending with the Annual Meeting of the City Council in 2023 be noted:-

**Labour Group (5):-** Councillors Fred Grindrod (Chair), Shabrana Hussain, Amar Khan, Miranda Perks and Shafique Shah.

**Conservative Group (2):-** Councillors Meirion Jenkins and Bruce Lines.

**Liberal Democrat Group (1):-** Councillor Paul Tilsley.

- (ii) That Councillor Paul Tilsley be elected Deputy Chair, for the purpose of substitution for the Chair if absent, for the period ending with the Annual Meeting of the Council in 2023.

---

### **AUDIT COMMITTEE - FUNCTIONS**

The following schedule was submitted:-

(See document No. 1)

The Chair informed the Committee that as part of the City Council's Constitution, the Audit Committee were required to appoint an Independent Technical Advisor to support and advise Members with the functions of the Committee.

Andrew Hardingham, Independent Technical Advisor to the Committee joined online and shared a brief presentation. He provided an overview to the purpose of the Audit Committee and the main areas of responsibility. Members were advised it was important to separate their political mandate to the role of being a member of the Audit Committee. The focus should remain on what the Committee were charged to do. The Chair encouraged Members to maximise the offer and support available.

Councillor Tilsley requested for the Independent Technical Advisor to be available to Members in person before the next meeting in order to have an informal private session and introduce themselves.

Upon consideration, it was:

478

### **RESOLVED**

- i) That the overview of the role of the Audit Committee provided by the Independent Technical Advisor and the schedule of functions were noted.
- ii) That the Independent Advisor to hold a private session with Members before the next Committee meeting.
-

**DECLARATIONS OF INTEREST**

- 479 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.

At this juncture, the Interim Director – Legal Services, Monitoring Officer & City Solicitor informed the new Committee details within the Constitution around the Committees membership and conflicts of interests.

During the meeting, at item 10 of the agenda, Councillor Tilsley declared a non-pecuniary interest on page 62. He was a Director of Birmingham Airport and Chairman of the Audit Committee.

---

**APOLOGIES**

- 480 Apologies were submitted on behalf of Councillors Meirion Jenkins and Miranda Perks for their inability to attend the meeting.

Councillor Miranda Perks would be joining online as an observer to the meeting.

---

**EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**

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

Upon consideration, it was:

- 481 **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 APRIL AND 30 MAY 2022 AND MATTERS ARISING**

- 482 The minutes of the last two meetings held on 26 April and 30 May, 2022 would be available for the next meeting.
- 

**ASSURANCE SESSION - CABINET MEMBER TRANSPORT PORTFOLIO**

The Cabinet Member Transport Portfolio attended the meeting accompanied by Kevin Hicks, Assistant Director City Operations and Phil Edwards, Assistant Director Inclusive Growth.

(See document No.2)

An in-depth presentation was given with the use of slides. The Committee were reminded that Highways had now moved into the City Operations Directorate.

Jon Roberts, Grant Thornton, External Auditors welcomed the responses and comments made by the Cabinet Member and officers. He provided additional background and context to the audited work from the previous year in which a qualified conclusion was made to the value for money work. It was highlighted, this year, the progress on Highways PFI would be recognised as well as the difficulties associated within this area. The recommendations made within this area would be graded as 'improvement' recommendations and not as 'key' recommendations. From the External Auditors perspective, the 'improvement' recommendations were a lower level of priority.

A team of PFI specialist were used for the last audit. The External Auditors were awaiting feedback and clarification from officers on the scenario-based planning on the changes to road usage and modelling of different assumptions.

Following the discussion that ensued and in response to questions from Members the following points were made:-

In reply to a questions raised by the Chair around Department for Transport (DfT) risks; how the Council builds the relationship with DfT and how the Council ensure the right controls and resources were in place if there was further devolution of powers to the Council via DfT, Kevin Hicks explained the relationship between Birmingham City Council and the DfT had always remained strong even throughout periods of challenge. The DfT were extremely receptive to requests and provided input and support to BCC officers.

Rob James, Strategic Director of City Operations (BCC) and Bob Williams, Chair of Birmingham Highways Limited routinely attend the Investment Committee (DfT's decision making Committee) in which discussions and decisions around the PFI's take place. These were made in conjunction with Emma Ward, (Director General for Roads, Places and Environment Group – DfT). The understanding around PFI's procurement within the DfT has been

diminishing therefore this was an area that had to be strengthened. The Initial Public Offering (IPO's) and the Treasury had more of an insight to how PFI's operate, and the issues associated with these. Therefore, more time had to been spent with the Treasury to assist on this. The relationship with DfT had always been good but it was now important to strengthen this through to the Strategic level.

Emergency Active Travel Fund (EATF) – (funding to implement cycling and walking facilities during Covid-19 pandemic) - this had to be delivered within 8 weeks and there was a lot of pressure placed on local authorities to deliver this initiative. There were issues around consultation, as this was different to the standard consultation process of the Council however, this initiative was delivered successfully. Government was continuously encouraging walking, cycling and using public transport across cities.

In reply to questions raised by Councillor Tilsley on Clean Air Zone - building relationships with Birmingham City University; additional parking responsibilities – enforcement due to speeding; verge protections; loss of income via PFI credits and A38 tunnel closures and traffic, the following points were noted;

Every year, the Local Authority receive £51 million pounds of PFI Credits. A large investment programme of £148 million (over the large 3 years) was making progress. Every policy enacted within the Transport area was tailored to reduce the numbers of vehicles on the road and avoid congestion. There would be a significant difference in the PFI funding if there was no PFI contract therefore it was important to have a contract in place.

The A38 tunnel would be looked at strategically as part of a wider issue for the City Centre. There were ongoing concerns around grass verges and parking. This would be continuously monitored and parking enforcement would be delivered in accordance.

Members noted speed cameras and average speed issue was a priority. The Executive have made a 5-6 year programme on investments to the structure. Work will be taking place with the police around the enforcement as the Police have statutory responsibilities. Discussions would be taking place with the Police Crime Commissioner once they have been appointed later this year.

In reply to questions raised by Councillor Hussain on when the enforcement rules will be implemented as major areas such as red routes, bus lane, bicycle lane require enforcement; red routes and parking issues; how are Enforcement Officers going to be protected as at times they can be placed in dangerous situations – do they need cameras and extra support and Non Clean Air Zone – how can we ensure the sustainably across the board and promoting vacancies through the universities open days, the following points were noted;

Citizens should be offered other choices transport rather than automatically driving on the roads. It is important to promote the use of public transport and think about how they travel around the city. It was not clear when the new

enforcement rules would be implemented as only the year of 2023 had been shared by Government and the timescales of delivery have not been identified yet. The behaviours of car usage must change across the city and less reliance on Enforcement being available.

Upon consideration, it was:

483

**RESOLVED:-**

That the Audit Committee noted the presentation and updates received on the Cabinet Member for Transport Portfolio.

---

**BIRMINGHAM AUDIT ANNUAL REPORT 2021/22**

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

(See document No.3)

The Assistant Director Audit & Risk Management gave an outline to the report. Section 2 of the report gave the Assurance Opinion from the Assistant Director. Later in the year, the Corporate Fraud Team would be attending the Committee to provide members with an update. A summary of the significant findings and the work on the Main Financial Systems was shared with Committee Members.

Councillor Tilsley raised queries around fraud recovery to which officers would provide a response to outside of the meeting.

Members were informed a new Head of Corporate Fraud was now in post (John Preston) following the retirement of Neil Farquharson. There was a variance on the number of investigations mainly due to vacancies and sickness.

The Chair highlighted the risk register is shared on a quarterly basis to the Committee therefore there would be opportunities to explore these in detail when shared at the meetings. It was noted some areas of the risk register may need to be discussed in a private session.

Upon consideration, it was:

484

**RESOLVED:-**

- (i) That the Audit Committee accepted the Birmingham Audit Annual Report 2021/22 and the annual assurance opinion for 2021/22;
- (ii) Members approved the 2022/23 Internal Audit Charter; and
- (iii) Officers to provide an update to members around queries on fraud recovery.

**EXTERNAL AUDITORS AUDIT PLAN**

The following report of the External Auditors was submitted: -

(See document No.4)

Jon Roberts, Grant Thornton, External Auditors gave an overview to the External Auditors role and responsibilities. The value for money report was shared at the last Audit Committee meeting. Previous years accounts are on pause for every Council as there was a national issue around the valuation structure on assets – e.g., areas such as Highways. The code of practice of how this is reported was being reviewed. A final report from the External Auditors would be shared with Members in a future meeting.

At this juncture, Councillor Tilsley declared a non-pecuniary interest on page 62 of the report. He declared he was a Director of Birmingham Airport and Chairman of the Audit Committee.

Nicola Coombe, Grant Thornton gave a summary to the External Auditors Audit Plan year ending 31 March 2022 and accounting risks. The Audit fees are set by Public Sector Audit Appointments (PSAA) and are still to be confirmed. PSAA would be briefing the Committee members ahead of the next meeting. The Chair suggested a briefing to take place with the External Auditors (possibly in Grant Thornton's offices).

The Director of Finance (Deputy Section 151 Officer), Council Management Directorate added, CIPFA were undertaking some valuations on BCC assets. At present the decision had not been made therefore, the Committee had not seen the Statement of Accounts Opinion from the External Audit. This would be shared with Audit Committee in a future meeting.

485

**RESOLVED:-**

That the External Auditors Audit Plan was noted.

---

**LGSCO ADULTS SOCIAL CARE; DISABLED FACILITY GRANT COMPLAINT**

The following report of the Director of Adults and Social Care Directorate was submitted: -

(See document No. 5)

The Chair informed the Members that due to the introduction of Assurance Sessions and the increase business to the Committee, items such as the Local Government and Social Care Ombudsman's (LGSCO) reports would be

summarised verbally rather than a fuller presentation. Members would be allowed to raise any questions directly on the item. There was a Constitutional requirement for Ombudsman reports to be shared with Audit Committee however, some reports would be noted. The improvement actions would re-emerge and be monitored during Cabinet Members Assurance Sessions.

The Chair gave a verbal summary of the report and informed the Committee, the LGSCO issued a public interest report due to the significant fault in the way the Council is handling Disabled Facility Grants (DFG) and concerns this may be a more systemic issue. An outline of the complaint and the outcomes was shared. John Williams (AD) Adult Social Care joined the meeting remotely and gave an overview of the recommendations, actions taken outlined within the report.

486 **RESOLVED:-**

That the Audit Committee noted the Director of Adults and Social Care's response to the Local Government and Social Care Ombudsman's recommendations.

---

**SCHEDULE OF OUTSTANDING MINUTES**

The following Schedule of Outstanding Minutes was submitted:-

(See document No. 6)

The Chairman undertook to work with officers to update the Schedule of Outstanding Minutes for the next meeting.

487 **RESOLVED:-**

That the Schedule of Outstanding minutes be noted.

---

**DATES OF MEETINGS FOR 2022-2023**

488 The following schedule of Meetings was noted:-

Meetings will be taking place at 1400 hours.

<b>2022</b>	<b>2023</b>
Thursday 30 June at 1000 hours	Tuesday 31 January
Tuesday 19 July	Tuesday 14 February
Wednesday 28 September	Tuesday 28 March
Tuesday 18 October	Tuesday 25 April
Tuesday 22 November	



---

**OTHER URGENT BUSINESS**

489 The Chair undertook to follow up all the matters raised. There was no other urgent business.

---

**AUTHORITY TO CHAIRMAN AND OFFICERS**

490 **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 1205 hours.

.....  
CHAIR