

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 26 JULY 2021

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
MONDAY, 26 JULY 2021 AT 1400 HOURS IN THE MAIN HALL,
BIRMINGHAM & MIDLANDS INSTITUTE, 9 MARGARET STREET,
BIRMINGHAM, B3 3BS**

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Akhtar, Bore, Bridle, Jenkins, Morrall, Quinnen and Tilsley

NOTICE OF RECORDING/WEBCAST

- 344 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) 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.

DECLARATIONS OF INTEREST

- 345 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.
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APOLOGIES

- 346 Apologies were submitted on behalf of Andrew Hardingham, Independent Advisor to the Audit Committee for his inability to attend the meeting. Item 6 – Appointment of the Independent Advisor to Audit Committee would be deferred to the next meeting.

Councillor Safia Akhtar would be joining the meeting late.

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At this juncture, for the purposes of the web-streaming, members of the committee introduced themselves.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

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

347 **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 – 29 JUNE 2021

348 **RESOLVED:-**

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

APPOINTMENT OF THE INDEPENDENT ADVISOR TO AUDIT COMMITTEE

349 **RESOLVED:-**

That the appointment of the Independent Advisor to the Audit Committee be deferred to the next meeting.

ASSURANCE SESSION – CABINET MEMBER EDUCATION, SKILLS & CULTURE PORTFOLIO

The Chair welcomed the Cabinet Member for Education, Skills and Culture to the Assurance Session.

Kevin Crompton, the Interim Director for Education and Skills was introduced to by the Cabinet Member for Education, Skills and Culture.

The following presentation from the Cabinet Member for Education, Skills and Culture was shared with the Committee: -

(See document No.1)

The presentation gave an overview of the key areas covered within the portfolio i.e. School financial deficits; school places (Primary and Secondary); IT

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Infrastructure Limitations; Birmingham Adult Education Services; School condition and compliance; Academy conversions; Exclusions; Children missing from Education and Equalities & Relationships Teaching.

In addition, Interim Director of Education and Skills highlighted following discussions with his Assistant Directors, it had been identified certain service areas within the directorate had capacity concerns e.g. areas such as IT, Safeguarding & Licensing Team. He informed the Committee, these concerns would be raised with the Interim Chief Executive and suggest necessary recommendations.

Members response

The Committee then asked questions of the Cabinet Member Education, Skills and Culture. These were around; safeguarding concerns raised in the Children's Wellbeing portfolio and the lack of understanding around safeguarding across the board; further clarity was required on the inadequate IT infrastructure to support children missing in education service; concerns around tracking and monitoring of children missing from education and children missing – in particular, child brides.

Additional questions were raised around the 'Interim' posts for the Director for Education and Skills and reflective agency rates; concerns around SEND – Ofsted Inspection indicated failings in 12/13 areas – this which was an 18 month Improvement plan which had been going on for 30 months; questions were raised if the Cabinet Member and Interim Director were able to make improvements to the SEND service; concerns upon the impact on children's education as a result of Covid-19 (as exams had been cancelled) and what was being done to mitigate the impact of this; Importance of local library services and the if progress had been made with providing public access to wider services (community hub) i.e. those who need support for employment and queried what the Council's governance responsibilities was with elective home education.

Councillor Morrall raised several queries around; how much additional funding was given by the West Midlands Combined Authority 2021-22; replacing boilers in schools and maintaining buildings – costs associated with Acivico; reduction in BAES fees and non-public programmes as income streams had decreased—who were the competitors; IT Infrastructure – what was happening with Adult learning and were laptops being provided; increase in home-schooling – figures pre-Covid and through Covid period; school exclusions and the demographics (i.e. gender, race etc) and what was happening to re-engage children as there was a lot of gang issues and child sexual exploitation when children were excluded from schools.

As there were several queries raised by Councillor Morrall, the Chair agreed for a written response to be provided to these questions.

Further questions from members were raised around the increasing number academy conversions and if there was an opportunity for the local authority to regain control of schools; concerns around children who were away abroad or out of education - if there would be enough school places for when they return to the UK and subsequent queries raised if the school waiting lists would be longer this year.

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In response to members questions, the following points were made by the Cabinet Member Education, Skills and Culture and the Interim Director for Education and Skills;

Safeguarding – There was great emphasis around safeguarding and the Cabinet Member was grateful for the commitment made by the schools; Headteachers, teachers and support staff. As a result of the pandemic, webinars, online training, toolkits had been introduced to staff to ensure staff were fully equipped and understood safeguarding i.e. making referrals to Birmingham Children's Trust (BCT) and spot early signs.

The Birmingham Safeguarding Board share an S175 report on an annual basis. However, greater co-ordination was required around safeguarding to ensure this was a Council wide responsibility. There were no immediate concerns in this area however, capacity had to be addressed.

IT Infrastructure – Children missing from Education - The IT infrastructure system required updating in order for better communication to take place between various systems. Information around children missing from education and children missing was shared with BCT. Exclusions was being monitored closely to identify where children were missing. A regular dialogue was taking place between BCC and BCT around interrelationships of systems. A business case for improvement in ICT would be completed in the near future.

The Interim Director for Education and Skills agreed to circulate a written response outlining the number of children missing in education, children missing and the work around the safeguarding.

It was highlighted, there was an increased number of families who preferred to educate their child/ children at home (which was a parent's legal entitlement). Resources had been put in place to ensure families understood what was required for home educating. This had been exacerbated by Covid-19 and many home visits had not been completed.

There were additional issues around how children were employed. The Child Licensing Officers had informed the Cabinet Member, Birmingham was inundated with film productions, programmes requests. Many requests for child, actors were being made and this required processing of numerous applications etc. Though this was positive for the city and for children to gain experience, it was crucial to ensure the correct support and chaperones were in place. It was highlighted, as a result of Covid 19, many children had been exposed to sexual exploitation, gangs etc, therefore, close work was taking place with BCT, police, social services to ensure targeted support was offered to those most in need.

'Spoons' project – It was concerning when children were being taken away to other countries for ulterior motives however, there had been an improvement on sharing intelligence. A memorandum of understanding had been signed with the airport which covered data exchange between the service, BCT to ensure a referral mechanism was in place between relevant parties. In addition, regional enquires took place to verify children were kept safe by sharing information between agencies.

Councillor Tilsley provided a summary as to what the 'Spoons' project involved.

Contractual details for the Interim Director for Education and Skills

At this juncture, the Chair reminded Councillor Jenkins contractual details were not appropriate to be discussed at the meeting however, suggested for a written response to be provided.

Councillor Jenkins informed the Committee there had been 7 Directors for Education & Skills and 6 deputy Directors in 9 years. Interim Directors costs were more than a direct employment.

The Chair sought advice from the Assistant Director – Legal Services & Deputy Monitoring Officer. He advised he would review the contract and provide this to Councillor Jenkins if appropriate.

The Cabinet Member for Education, Skills and Culture noted there had been a number of Directors within this area however, the interim Director was post until a permanent Director was appointed. She highlighted this post was one of the biggest education jobs in the country with the largest responsibility attached to it.

SEND - The Cabinet Member for Education, Skills and Culture emphasised there was a need for a permanent Director of Education and Skills as it was a statutory requirement. Work was taking place on this and envisaged the process to commence in September with the aim to fill the post by December at the latest. SEND was not a part of the Education, Skills and Culture portfolio however, close work was taking place with the Interim Director for Education and Skills. She noted a huge improvement had to be made.

Impact of Covid-19 – Education & exams – During Covid-19, mixed messages had been communicated by Government as to what schools had to deliver. However, work had been taking place with the schools to ensure they were equipped with the right tools. It was noted some children had been missing from education as parents were concerned about the covid-19 infections and health risks. The Cabinet Member was uncertain as to how things would evolve for September however, the service area would make sure the right support and tools were in place. It was noted schools had made great efforts to educate children at home. Extra resources had been placed for children's mental health and discussions were taking place with the Clinical Commissioning Groups ahead of the school's reopening.

Elective Home Education (EHE) – Parents had the right to home educate their children with strict guidelines. The Local Authorities duty was to provide support to the parents and to assess what education parents were providing. The Local Authority were able to serve a school attendance notice to those parents who were operating at low levels.

There was a rise in EHE during the pandemic however, felt that once parents were confident to send their children back to school this would decrease. The Cabinet Member added some parents found home educating easier than having to take children to school. There seemed to be a gradual culture shift whereby some families preferred to home educate.

- EHE figures reported to Ofsted – 2066 in February 2020 which had increased during the pandemic to 2449 February 2021.

Libraries – The Cabinet Member informed there was further work to be done in this area. Recently, a report around employment skills had been launched which would address better connections and local issues.

Academy Conversions – This was the individual school's choice if they wanted to convert to an academy. Work was taking place with maintained schools to ensure children were successful in all schools across the city. In addition, Academies would be challenged if there were signs of any failings. The Cabinet Member highlighted School Improvement policies were in place.

School allocations & waiting lists – There was an effective team in place to manage school places and a high percentage of children had been allocated their first choice. In some instances, there were issues around poor communication between the family and provider of the place. Dependant on where the schools were, the waiting lists varied.

At this juncture, the Chair referred to advice received from the Assistant Director – Legal Services & Deputy Monitoring Officer around Councillor Jenkins' query on contractual information for the Interim Director. He advised in response to a written question at the last full council, details of all Interim Director and Assistant Directors costs were shared with members therefore, this was accessible to all.

The Chair thanked the Cabinet Member for Education, Skills and Culture and the Interim Director for Education & Skills for their attendance.

Upon consideration, it was:

350

RESOLVED:-

That the Audit Committee;

- (i) Noted the updates received on the Education, Skills and Culture Portfolio.
- (ii) Agreed for a written response outlining the number of children missing in education, children missing and the work around the safeguarding to be provided.
- (iii) Noted the Assistant Director – Legal Services & Deputy Monitoring Officer to review the contract for the interim Director for Education and Skills and provide this to Councillor Jenkins if appropriate.
- (iv) Agreed for a written response to be provided to Councillor Morrall around;
 - additional funding West Midlands Combined Authority 2021-22;
 - costs associated with Acivico - replacing boilers in schools and maintaining buildings;
 - who were the competitors as there was reduction in BAES fees and non-public programmes decreased income streams;
 - IT Infrastructure – what was happening with Adult learning, laptops being provided;

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- increasing home-schooling – figures pre-Covid and through Covid period;
- school exclusions – the demographics (i.e. gender, race etc) and what was happening to re-engage children as there was a lot of gang culture and CSE's when children drop out of schools.

OMBUDSMAN REPORT CONCERNING A COMPLAINT ABOUT HOME TO SCHOOL TRANSPORT DEPARTMENT

The following report and presentation of the Assistant Director of Inclusion and Special Educational Needs and Disability was submitted: -

(See document No.2 & 3)

The Interim Director of Education and Skills was present for this item. The Head of Service, Home to school Transport Manager referred to the presentation and provided members with a summary of LGSCO Report. The report consisted of complaints from the two families which were similar in nature therefore, the LGSCO's report covered both complaints including the Council's handling and consideration of both applications and subsequent appeals for home to school transport. The LGSCO had made a list of recommendations for Birmingham City Council to action.

In addition, the Ombudsman had advised the Council to make several service improvements. The Council agreed to all the Ombudsman's service improvement recommendations and in addition the Council agreed to additional actions outlined within the presentation.

The Council had undertaken a number of actions, such as the Appointment of an Interim Eligibility Review Manager; Recruitment of interim additional capacity in relation to Eligibility Officers; Legal services to review all revised processes and procedures for compliance; arrange further training etc. Details of these were contained within the presentation.

Members response

Councillor Bore highlighted there would have been a point when the complaint would have been registered with the Council and this would have been an opportunity for the Council to review the complaint and make a response rather than escalate to the Ombudsman. He questioned if the Council investigated these cases at the point and if officers were made aware the Ombudsman would be looking at them to determine any immediate action. He questioned, if this did not happen why did the Council not action this.

The Interim Director Education and Skills indicated he would check whether the complaints were considered at the stages outlined by Councillor Bore and if not ensure this was avoided in future.

Councillor Bore added there had been several years of maladministration in this service area. He requested for a formal response to be provided to the Audit Committee on queries he raised. Once a response to the questions was received, he suggested the Interim Chief Executive and Interim Director to

respond to the process which would be in place to deal with these matters. In addition, the Interim Director for Education and Skills agreed to share the procedure the service currently operated.

Councillor Jenkins added one of the concerns highlighted by the Ombudsman were around the 'right to appeal' which was not respected and information around this should be also shared with the members too.

The Interim Director for Education and Skills explained he was appointed to prioritise the SEND service and to make an honest assessment. He highlighted there were a number of issues that had to be addressed and strengthened going forward. Cabinet would be receiving a report in the near future which would unpack the issues around capacity; EHCP's; SENDIASS etc.

At this juncture, the Chair added the Weightman's Review would be shared at a future meeting.

Councillor Tilsley commented many investigations and reviews had taken place however, better judgement was required.

The Interim Director for Education and Skills concluded it was important for the service to get to a better place.

Upon consideration, it was:

351

RESOLVED:-

That the Audit Committee,

- i) Noted the Assistant Director of Inclusion and Special Educational Needs and Disability response to the Local Government and Social Care Ombudsman's recommendations.
- ii) Agreed for the Interim Director for Education & Skills to provide a formal response to the Audit Committee on the following areas of the complaints;
 - 1) when was the department and the council advised of the complaints,
 - 2) which officers considered whether the matter should be taken up by the council,
 - 3) whether the Cabinet Member was advised of the action to be considered by the city council,
 - 4) what was the decision and if there was a decision not to investigate, whether the Cabinet Member was/was not informed of that decision
 - 5) concerns highlighted by the Ombudsman around the 'right to appeal',
 - 6) The procedure that the service currently operated to be shared with members
- iii) Agreed that once replies to the questions listed in part ii of this resolution were received, the Interim Chief Executive and Interim Director to provide a response to the process which would be in place to deal with the matters raised by the Committee.

RISK MANAGEMENT UPDATE

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

(See document No.4)

The Chair welcomed Simon Ball, the Chair of Audit Committee for Birmingham Commonwealth Games 2022, (Non-executive Director on the Organising Committee Board) and Annie Hairsine, Director of Programme Management and Integrated Planning for the Organising Committee, also the Chair of Cross Partner Programme Group to the meeting.

The Assistant Director, Audit & Risk Management reminded members during the April meeting, the risk register update was shared. Members challenged the level of risk associated with the Commonwealth Games which was then discussed with the Corporate Leadership Team (CLT). CLT assessed the Committee's challenge around the Delivery of the Commonwealth Games against the criteria and supported the continuation of the assignment being Medium / Medium. However, it was felt that the rating of other risks relative to this may need to be revisited. As a result, a series of workshops took place to challenge a further 19 risks on the register - in terms of deletion, adjusting risk levels, merger or reframing.

Simon Ball and Annie Hairsine provided an overview of the Organising Committee (OC) and how risks were managed.

Key points noted;

- The OC were responsible for the operating and delivery of the commonwealth games.
- There were approximately 400 employees working for the OC and an excess of 10,000 volunteers.
- Members were notified the risks associated with the CWG were managed via a 3 line of defence. These were noted as; Functional Area Heads (Primary responsibility); Independent programme planning review process and Exam Audit – internal audit and outsource to PWC.
- This year, Internal Audit was being embedded, as audits were taking place on a real time basis. There was more focus on value for money, legacy, substantiality, diversity, inclusion etc.
- The National Audit Office (External Auditors) and Government Internal Audit Authority (GIAA) overlook this work.
- An outline of the CWG Audit Committee was shared with members.
- Not all the risks were shared with the OC board. Some risks were shared with the two additional sub committees in place; Contracts Approval Committee and Operational Risk Committee.
- There were two additional external validations – i) Government Major Projects Review Group – Reviewed the work undertaken twice a year ii) Commonwealth Games Federation CoCom.
- Examples of cross partner groups was shared with members.

There were no questions raised by members.

The Chair thanked Simon Ball and Annie Hairsine for their attendance.

Upon consideration, it was:

352

RESOLVED:-

That the Audit Committee,

- i) Noted the Risk Management Framework which sets out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all organisational levels.
 - ii) Noted the framework was implemented through a network of Directorate Risk Representatives. Risk representatives assist directorate management teams in producing and maintaining up-to-date risk registers and supporting action plans.
 - iii) Noted the Strategic risks are reviewed and challenged through the Corporate Leadership Team.
 - iv) Noted the overview received by the Chair of the Commonwealth Games Audit Committee.
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EXTERNAL AUDITORS PROGRESS REPORT

The following report of the External Auditors was submitted: -

(See document No.5)

Upon consideration, it was:

353

RESOLVED:-

The Committee noted the content of the External Auditors Progress report.

CIPFA FINANCIAL MANAGEMENT CAPABILITY REPORT (FMCR) – FIVE STAR ASSESSMENT UPDATE – FINAL ASSESSMENT JUNE 2021

The following presentation of the Principal Consultant, CIPFA was submitted: -

(See document No.6)

The Chair welcomed Stuart Fair, Principal Consultant, CIPFA to the to the meeting. It was noted Birmingham's overall Financial Resilience assessment was 'Moderate'. Birmingham was an exemplar in the transformation of financial management capability given the extent of improvement achieved over the last two years. The average statement scoring placed Birmingham in top quartile of fully assessed organisations therefore, leading to an overall 'Three Star' from 'One Star' (April 2019).

He provided an overview of the high-level matrix from April 2019 to the latest position in May 2021.

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The strengths identified by Birmingham were around; Financial Leadership, Financial Strategy – the Financial Plan 2021 – 2025, In-year Monitoring, Forecasting and recalibration agility, Treasury Management, Governance and Risk and Advanced Business Partnering. Birmingham had the potential to improve further – towards 'Four Star' within 18 months – September/October 2022 given current level of progression.

Members response

Members questioned around; who was responsible for the positive turnaround; there were concerns around slipping back to a lower rating - how to retain the high rating; comments made around Birmingham being the largest authority with a number of interims in post – therefore, expect to be 'Five' star; the need to have culture change with officers and members and establishing transparency within this; sustainability was crucial and ensuring the culture shift was maintained by the Interim Chief Executive and the Leader of the Council to avoid any slippage; queries around how much did Covid – 19 contribute to the shift as funds had been given to the Council and confirmation of how many other council's had 'five star' ratings.

In response to Members questions, the Principal Consultant made the following points;

- There were several factors which contributed to the positive turnaround from '1 star' rating to '3 star'. These included; the direction and monitoring of the S151 Officer; the use of specialists for financial management, treasury management etc and the members of the Audit Committee had been working differently by questioning those held to account.
- Officers were moving in the right direction and members were holding relevant people to account via Scrutiny, Audit and Star Chamber therefore, it was unlikely to slip back to a lower rating instead move forward.
- There was more confidence in tracking areas such as CWG, Highways PFI.
- Star Chamber – Performance reports were much more focussed.
- Corporate complacency had now been dealt with. There was still some structural deficit where efficiencies had to be generated however, Birmingham were currently in a good place.
- There was the challenge of retaining the financial team as there were a number of interims.
- Birmingham would be a centre of excellence if the positive work continued.
- No Councils had a '5 star' rating, a few local authorities had '4 star' rating.
- Covid -19 – Birmingham had had done well with a Covid-19 plan as this was being tracked well. During this period, some of the normal services were obscured which would have had an impact on how services managed the funds however, there was a framework in place for the management of the money. Much more work had to be done to strengthen areas however, services were now in a better place.

The Chair noted the significant improvement made by the Council. He highlighted the Audit Committee had been a contributing factor to the improvement by summoning those accountable to the meetings. There was a notable culture change which pushed the challenge. In addition, he requested for the Interim Director of Council Management, S151 Officer to provide any

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updates to the committee on any areas of challenge, improvement to ensure the positive work continued.

354 **RESOLVED:-**

That the Audit Committee noted the CIPFA Financial Management Capability Report.

SCHEDULE OF OUTSTANDING MINUTES

355 Members were provided with updates to the outstanding actions.

DATE OF THE NEXT MEETING

The next meeting is scheduled to take place on Thursday, 30 September 2021 at 1400 hours in the Birmingham & Midlands Institute, Main Hall.

(Note: this date replaced the 28th September Committee date).

356 **OTHER URGENT BUSINESS**

RESOLVED: -

No other urgent business was raised.

AUTHORITY TO CHAIRMAN AND OFFICERS

357 **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 1627 hours.

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CHAIR