

# BIRMINGHAM CITY COUNCIL

<b>AUDIT COMMITTEE 20 OCTOBER 2020</b>
--

## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY, 20 OCTOBER 2020 AT 1400 HOURS - ONLINE MEETING**

### **PRESENT:-**

Councillor Grindrod in the Chair;

Councillors Tilsley, Morrall, and Quinnen

\*\*\*\*\*

### **NOTICE OF RECORDING/WEBCAST**

241 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](http://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**

242 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.

It was noted the declarations of interest made by Councillor Tilsley at the 29 September Audit Committee were non-pecuniary interests.

---

### **APOLOGIES**

243 Apologies were submitted on behalf of Councillor Bridle and Councillor Jenkins for their inability to attend the meeting.

---

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

244

### **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.

It was noted there were no items to discuss on a private agenda.

---

At this juncture, the Chair had technical issues with the online meeting. Councillor Tilsley (Vice Chair) continued to cover the Committee until the Chair was able to re-join.

---

## **MINUTES – AUDIT COMMITTEE – 29 SEPTMEBER 2020**

245

### **RESOLVED:-**

That the minutes of the last meeting were agreed.

---

## **ASSURANCE SESSION – DEPUTY LEADER'S PORTFOLIO**

The Chair welcomed the Deputy Leader, Director of Digital and Customer Services, the Chief Executive and Interim Brexit Co-ordinator to the Assurance Session of the Committee.

### **Part 1: Issues related to the Corporate Risk Register**

The Deputy Leader informed Members that there were five key areas in her portfolio that were reflected on the Corporate Risk Register. These were;

- 1) Improvement journey and Governance
- 2) Brexit
- 3) Emergency Planning
- 4) Data
- 5) Cyber Security

A summary of issues relating to items 3-5 above were given by the Deputy Leader, with support from the Director for Digital and Customer Services. Presentations were given by the Interim Chief Executive on the improvement journey and governance and by the Interim Co-ordinator for Brexit on issues related to Brexit.

The Deputy Leader noted:

### Emergency Planning

Prior to Covid-19, the Deputy Leader had sought to undertake a peer assessment on emergency planning arrangements via the London Council's Framework, but the pandemic had caused this to be delayed. Within the last 2 years, external assurances had been received on the role of the Council which had also been noted by the Home Office.

### Data

The Director of Digital and Customer Services reports on information risks on a quarterly basis to the Interim Chief Executive. 78% of council staff had been trained on how to handle data and there has been a focus on improving governance in this area during the pandemic, given the introduction of remote working from home.

### Cyber Security

BCC has increased the number of officers working on cyber security from 1 ½ under the Capita contract to 7 given the increasing risk in this area and a Security Policy had been introduced. As Birmingham is hosting the Commonwealth Games the work around cyber security has increased. Internal testing is carried out routinely and advice and guidance on how to avoid becoming a victim of cyber-attacks.

## **Part 2: Issues related to the External Auditors Value for Money Indicators**

The Deputy Leader went through her portfolio and explained to Members how the 'value for money' indicators set by the External Auditors were applied to her portfolio.

### Council resilience and financial sustainability

The Deputy Leader reiterated that all cabinet members had a role to play to ensure spend within their portfolios is monitored effectively and saving targets are delivered on. The Deputy Leader attends a number of meetings on big ticket issues such as Paradise Circus, Commonwealth Games and Equal Pay which look to minimise risk to the Council, oversee the public spend and ensure correct governance is in place.

### Industrial relations

The Leader, Deputy Leader and the Cabinet Member for Finance & Resources meet with local representatives on a regular basis to hear concerns and ensure these are escalated appropriately.

### Contract management

All portfolio holders had to ensure any big-ticket items were managed properly, of which Service Birmingham had been the Deputy Leader's largest. The management of this was no longer an issue for the Council as this has been insourced from Capita.

### Members response

The Committee then asked questions of the Deputy Leader and the following points were noted:

- The Director for Digital and Customer Services informed Members that approximately £400k was placed aside to support the development of the policies, procedures, training related to data and cyber security issues. This was set aside to ensure the Council was compliant with the law as well as the funds for to bring in the expertise required to build the appropriate policies and procedures.
- Cllr Morrall asked if the committee could be provided with the total cost so far for the work to make the Council GDPR compliant. It was agreed that this would be investigated and shared with members of the committee.
- Members questioned how decisions had been made during the pandemic. The Deputy Leader replied explaining how during the initial months of the pandemic, the Gold Command and Senior Officers made decisions on the immediate emergencies. A session had taken place with Senior Officers and Councillors to look at how the arrangements had worked to date and how the Council would need to adapt processes long term. Ideas were being explored to look at a sustainable way of delivering this going forward. A log of decisions made by Gold Command is being published throughout the Covid-19 emergency.
- Members of the Committee expressed concern that GDPR had been used a number of times for non-disclosure of information. The Deputy Leader replied that GDPR should not be used to prevent members having legitimate access to information i.e. for Audit Committee purposes, however, it should protect individuals on their personal data and not misused.
- Members asked questions related to the Council's engagement with regulators. The Deputy Leader noted that a new Performance Framework would be introduced in November. This would collate each portfolio with the view of the external regulators listed against them. Previous and recent judgements of the regulator would be listed in the Performance Framework to ensure there was visibility across the organisation.
- Members asked about how the Council was working to improve customer service given ongoing concerns about how effective the council is at managing resident expectations. The Deputy Leader noted that a Customer Services review was being undertaken through the Co-ordinating Overview and Scrutiny Committee. It was proposed the recommendations would be shared with full Council in November/ December 2020. This review would identify several recommendations,

including developing a standard procedure of how complaints are treated across the organisation.

- Members noted that Birmingham's performance on complaints remains weak. The Director for Digital and Customer Services recognised that Birmingham had more complaints per head than other Core Cities and set out how the establishment of the Customer Service Programme would assist in reducing complaints and ensure there was a consistent approach across the organisation.

The Chair recommended that the Deputy Leader note the work that the Audit Committee is doing on assurance and asked that this be considered as part of the Performance Framework developments. He noted that the Deputy Leader and the Director for Digital and Customer Services would be invited on an annual basis to provide progress and updates on these areas. The Chair thanked the Director for Digital and Customer Services for the updates provided to the Committee.

### **Part 3: Improvement Journey and Governance**

The Deputy Leader introduced the section on Governance of the Delivery Plan. She highlighted that this section was due to be shared earlier in the year however this was delayed due to the pandemic. The plan follows on from work undertaken with the Improvement Panel. Though Birmingham is now no longer under the intervention of the Improvement Panel, the Deputy Leader noted that it was important to keep the momentum going.

The Interim Chief Executive gave a presentation to outline on how the Delivery Plan 2020 – 2022 would be governed. He explained that the Delivery Plan would be agreed by Cabinet in November. He noted:

- The Cabinet would be agreeing the Delivery Plan 2020 – 2022 and update on the medium-term financial plan would be shared with members. The Delivery Plan and Medium-Term Financial Plan build upon the Corporate Plan for the Council
- It was important to ensure the right mechanisms were in place to fulfil the Delivery Plan, including a clear escalation route. The escalation route must be robust and managed in the correct way. The correct governance arrangements had to be in place especially when areas were not on track.
- The financial risk that the Council faces around Covid-19 is a key challenge for the Council. This would have a circa of £100m impact on the Council's budget.
- The Corporate Leadership Team were working on ensuring the right arrangements were in place to manage and govern the major projects and programmes.

On a monthly basis tracking would take place on Financial and Delivery Assessments, Management of issues, risks and dependencies, Design

and Change Assessments and Senior Management Leadership Assessment areas.

### **Members response**

The Committee then asked questions of the Chief Executive and the following points were noted by members:

- Members need to feel confident and assured on the delivery of the services. The Interim Chief Executive set out how this should happen by ensuring that the plan was monitored and scrutinised through Cabinet, Overview & Scrutiny, Audit Committee and other such committees where any issues would be escalated and resolved. It was important to ensure the officer governance arrangements were fit for purpose.
- The Chair added any reports from Cabinet Members and officers would be welcomed by the Committee in order to provide further confidence and assurances. It was crucial to have good governance arrangements in place for the Council to deliver large programmes.
- Project and Programmes was a key area that required immediate attention. The Interim Chief Executive was confident that each department would have the right mechanisms in place as CLT had visibility across the organisation.
- Members questioned how long it would take to see an improvement to the culture throughout the organisation. The Interim Chief Executive suggested it would take at least 2 – 5 years to see a change in culture throughout the organisation. He emphasised the Council must change going forward as it costs more to rectify issues.
- The Interim Chief Executive added further work would be explored around capacity and resources throughout the organisation. Attention would be given to frontline Management and Supervision to ensure that performance management was carried out correctly.
- Members queried how changes would be communicated in a simple and effective way across frontline of the organisation. The Interim Chief Executive informed Members that large projects and programmes were distilled onto a 'programme on a page' set up to ensure the understanding around each area was clear. In addition, once a month, CLT have focussed meetings which entails discussions around an area such as performance, finances, etc. This would enable officers throughout the organisation to approach CLT and raise any issues or concerns around the focussed areas.

The Chair thanked the Interim Chief Executive for the overview of the Governance on the Delivery Plan and welcomed future updates on progress. In addition, the Deputy Leader supported comments made by the Interim Chief Executive and reiterated it was important for officers to be open around performance and to seek assistance when issues arise. This would ensure matters were resolved promptly.

## **Part 4 - Implications of leaving the EU – BCC Brexit Readiness Programme**

The Deputy Leader introduced the section on the Implications of leaving the EU – BCC Brexit Readiness Programme. Members were reminded the presentation on the Brexit was a modified version that went to the Economy & Skills Overview and Scrutiny. The version for this Committee was focused on the risk management aspect of Brexit.

The Deputy Leader highlighted three areas of concern:

- *Employment* - Currently, 1 in 5 residents under 25 in Birmingham are unemployed, and 1 in 4 people in Ladywood are claiming unemployment benefit. In addition, furlough would be finishing at the end of October. There were already concerns around huge number of job losses due to the pandemic, but the Deputy Leader set out her concern that Brexit would create further job losses. The extra capacity that was set aside for Brexit by businesses and organisations has been used towards Covid-19. In turn, this would have an impact on City finances, council tax, and business tax amounts.
- *Citizens* - Roadshows had been planned for citizens from the EU claiming right to remain in UK however, due to Covid-19 this was delayed.
- *Council Operations* - For the last 18 months, preparations were being undertaken for a no deal Brexit. Though planning around this had been thought out, the planning of the end of EU funding was not in place. Over the last 5 years, the City Council had received over £100m from the EU funds which had been utilised on education and skills initiatives. However, these funds were now coming to an end with no indication from Government how this would be replaced. This was concerning and clarity from Government was required.

The Interim Brexit Co-Ordinator then gave a presentation:

(See document No. 1) – (page 21 of the document pack)

### **Members response**

The committee then asked questions of the Interim Brexit Co-ordinator and the following points were noted in response:

- The overall budget for the different EU Projects managed by the Council was referred to in the presentation. The ESIF budget for Birmingham was around £85m with an approximately and additional £10m from 2020.
- As a UK body, Birmingham could still apply for funding until the end of 2020 (transition period). This would enable extensions to most of the projects until 2023.
- The Council were awaiting information from the Government around the UK Shared Prosperity Fund.

- Funding received from Government around skills was likely to go West Midlands Combined Authority.
- 1 in 10 jobs were likely to be affected in a negative way by the consequences of a no deal Brexit. The economy in Birmingham heavily relies on manufacturing therefore any delays in borders would have a knock-on effect on supply chains. This information was taken from a detailed report on the impact of Brexit on the West Midlands which had been independently authored and researched by Universities in West Midlands. The information was presented to the Brexit Commission.

The Chair thanked the Deputy Leader and colleagues for their attendance.

Upon consideration, it was:

246

**RESOLVED:-**

- i) That the Committee noted the updates received on the Deputy Leader's Portfolio.
- ii) That the committee be provided with the total cost so far for the work to make the Council GDPR compliant.

At this juncture, the Chair proposed the remaining items on the agenda to be postponed to a later Committee.

Upon consideration, it was:

247

**RESOLVED: -**

That the Committee agreed the remaining items on the agenda; Retrospective Purchase Orders and Financial Statements – Senior Officers note to be placed on the November Committee's agenda.

**SCHEDULE OF OUTSTANDING MINUTES**

Information for noting.

- Minute 227 28/07/2020 – Other Urgent Business – Travel Assist –  
The Chair read a statement in response to Councillor Morrall's query around the avoidance of deed poll changes via DBS checks.  
  
"The Disclosure and Barring Service (DBS) ID Checking Guidelines provides guidance to help organisations validate the identity of a candidate as part of the countersignatory application process.  
If the candidate has changed their name (including via Deed Poll) and they cannot provide ID in the new name, then documents in the previous name can be accepted but only where a Deed Poll certificate is also provided.  
In those circumstances the organisation must return a continuation sheet (to the Disclosure and Barring Service), along with the application form clearly stating:



- current and previous names
- date of the change
- reason for the change
- the documents seen to support these changes

N.B. All information provided must include all 'previous names' and 'dates used' and these must be recorded on the submission".

---

**DATE AND TIME OF NEXT MEETING**

The next meeting is scheduled to take place on Wednesday, 25 November 2020 at 1400 hours via MS Teams (on-line).

---

**OTHER URGENT BUSINESS**

**RESOLVED: -**

248 No other urgent business was raised.

---

**AUTHORITY TO CHAIRMAN AND OFFICERS**

**RESOLVED:-**

249 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 1604 hours.

.....  
CHAIR