

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE

WEDNESDAY, 28 SEPTEMBER 2022 AT 14:00 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting 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.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

4 EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

a) To consider whether any matter on the agenda contains exempt information within the meaning of Section 100I of the Local Government Act 1972, and where it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.

b) If so, to formally pass the following resolution:-

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.

5 - 22

5 **MINUTES – AUDIT COMMITTEE 26 APRIL, 30 MAY & 30 JUNE 2022**

To confirm and sign the minutes of the last meeting of the Committee held 26 April, 30 May and 30 June 2022.

6 **BIRMINGHAM CITY COUNCIL'S COMPLAINTS FOLLOW-UP**

(30 minutes allocated) (1405 – 1435)

Verbal update from the Chief Executive, BCC

7 **ASSURANCE SESSION – CABINET MEMBER CHILDREN, YOUNG PEOPLE & FAMILIES PORTFOLIO**

(50 minutes allocated) (1435 – 1525)

Verbal discussion

The Cabinet Member Children, Young People & Families with the Director of Education & Skills and Head of Finance - Service Innovation

23 - 30

8 **RISK MANAGEMENT UPDATE**

(15 minutes allocated) (1525 – 1540)

Report of the Assistant Director Audit and Risk Management

31 - 36

9 **PROGRESS ON NON-COMPLIANCE WITH THE CONSTITUTION**

(10 minutes allocated) (1540 – 1550)

Report of the City Solicitor & Monitoring Officer

37 - 64

10 **CIPFA FINANCIAL MANAGEMENT CODE SELF ASSESSMENT**

(15 minutes allocated) (1550 – 1605)

Report of the Director of Council Management

65 - 90

11 **ANNUAL GOVERNANCE STATEMENT**

(10 minutes allocated) (1605 – 1615)

Report of the Director of Council Management

91 - 96

12 **DRAFT STATEMENT OF ACCOUNTS**

(15 minutes allocated) (1615 – 1630)

Report of the Director of Council Management

97 - 128

13 **EXTERNAL AUDITORS UPDATE**

(15 minutes allocated) (1630 – 1645)

Report of the External Auditors

129 - 132

14 **SCHEDULE OF OUTSTANDING MINUTES**

Information for noting

15 **DATE OF NEXT MEETING**

The next meeting is scheduled to take place on Tuesday, 18 October 2022 at 1400 hours in Committee Room 6, Council House.

16 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

17 **AUTHORITY TO CHAIR AND OFFICERS**

Chair to move:-

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

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 26 APRIL 2022
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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY, 26 APRIL 2022 AT 1400 HOURS IN THE CHARLES DICKENS
ROOM, BMI, MARGARET STREET, BIRMINGHAM**

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Bore, Bridle, Morrall, Quinnen and Tilsley

NOTICE OF RECORDING/WEBCAST

- 452 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.

APOLOGIES

- 453 Apologies for absence were submitted on behalf of Councillors Akhtar and Jenkins.
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DECLARATIONS OF INTEREST

- 454 There were no declarations of interest.
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MINUTES – AUDIT COMMITTEE – 15 FEBRUARY 2022 AND 29 MARCH 2022

- 455 The Committee agreed that an extraordinary meeting should be held in advance of the Annual City Council meeting so that the Value for Money Statement could be considered.

Committee Services would liaise with the Chair, Members and Officers to identify a suitable slot to facilitate the extraordinary meeting.

The Committee agreed that the minutes of the meetings held on 15 February 2022 and 29 March 2022 were true and accurate records. The minutes were signed by the Chair.

RISK MANAGEMENT UPDATE

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

(See document No.1)

Officers spoke to the report and responded to questions from Members of the Committee.

The Committee noted that there were currently no additional identified risks to the Council in relation to the ongoing conflict in Ukraine.

Members noted the newly added risk in relation to air pollution.

The Committee noted that all identified risks were monitored on a regular basis. Any identified 'red' risks were of significant concern.

The Committee further noted that action plans were assigned to all identified risks to assist in the ongoing mitigation of these.

457 **RESOLVED:-**

That the Audit Committee:

- a) Noted the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- b) Reviewed the strategic risks and assessed whether further explanation / information was required from risk owners in order to satisfy itself that the Risk Management Framework had been consistently applied.

BIRMINGHAM CITY COUNCIL – PROCUREMENT GOVERNANCE ARRANGEMENTS

458 The following report of the Assistant Director, Procurement was submitted: -

(See document No.2)

The Committee noted that elected Members from all Groups had been involved in the review of the procurement governance arrangements.

The Committee further noted that the internal audit team had undertaken a significant number of spot-checks to ensure that officers were following Council protocol in relation to procurement governance.

Members agreed that the correct structuring of the processes and procedures associated with procurement assisted in ensuring compliance.

The Committee noted the importance of benchmarking to ensure that performance in this area was regularly reviewed and analysed.

The Committee further noted that the scrutiny of the Council's group companies should be facilitated via reporting to the Committee at set intervals.

459 **RESOLVED:-**

That the Audit Committee:

a) Noted the work of Overview and Scrutiny Committee and the recommendations as agreed and set out in Appendix 1.

SCHEDULE OF OUTSTANDING MINUTES

460 The following Schedule of Outstanding Minutes was submitted:-

(See document No.3)

461 The Committee noted that Outstanding Minute 433 was complete and would be discharged. The outstanding actions related to Minutes 377, 412 and 414 would be highlighted further so that responses could be provided to the Committee at a future date.

DATE OF THE NEXT MEETING

462 An extraordinary meeting would be scheduled to take place in advance of the 26 May Annual Council meeting so that the Committee could consider the 2020/21 Auditor's Annual Report.

OTHER URGENT BUSINESS

463 None.

AUTHORITY TO CHAIRMAN AND OFFICERS

464

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 1502 hours.

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CHAIR

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 20 MAY 2022
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MINUTES OF AN EXTRAORDINARY MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY, 20 MAY 2022 AT 1300 HOURS IN COMMITTEE ROOM C, COUNCIL HOUSE EXTENSION, MARGARET STREET, BIRMINGHAM

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Bore, Bridle, Jenkins (Via MS Teams), Morrall, Quinnen and Tilsley

NOTICE OF RECORDING/WEBCAST

465 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.

APOLOGIES

466 There were no apologies for absence.

DECLARATIONS OF INTEREST

467 There were no declarations of interest.

MINUTES – AUDIT COMMITTEE – 26 APRIL 2022

468 The Committee noted that the minutes from the 26 April meeting were to follow and would be submitted for Committee consideration and signing by the Chair at a future meeting.

2020/21 AUDITORS ANNUAL REPORT

469 The following report of the Director of Council Management was submitted: -

(See document No.1)

Officers spoke to the report and responded to questions from Members of the Committee.

The Committee noted that the report outlined that the number of technical staff working at the Council had been increased and financial management was improving.

Members noted that the document was technically still in a draft format due to the accounts audit having not yet been finalised. However, the Committee noted that all of the work relating to the audit had been completed.

The report had been presented in a revised format this year which sought to provide more detail and an improved narrative.

The audit process had been a collaborative exercise between the Council and the external auditors.

The Committee noted that no significant weaknesses had been identified in the report. Some improvements were suggested by the external auditors.

Members noted that the Council was working towards improvements around home to school transport and some of the Councils IT systems.

The Committee noted that no concerns had been raised in relation to the financial sustainability of the Council.

Members noted that the Council's key performance indicators were regularly reviewed.

The Committee agreed that it would remain important to invite Cabinet Members to attend future meetings (where appropriate) so that Members could be provided with assurances around any ongoing performance issues and the mitigative steps being taken to address these.

The Committee were provided with assurances that although this report covered the year 2020/21, steps had been taken to manage the issues highlighted. The progress made against each issue could be tracked via future external audit annual reports.

The Committee expressed a view that it was important to benchmark the performance of Council group companies to ensure they were operating effectively.

It was also important to benchmark performance across all Council directorates with comparable authorities.

The Committee noted the importance of ensuring that the security of the Council's IT network was robust and effective to mitigate against any potential cyber-attacks and/or data breaches.

The Committee further noted the importance of regular updates being provided by senior Officers in relation to any potential areas of concern around service area performance.

The Committee noted that wherever possible, it was important to retain officers in senior positions within the business and to retain as much corporate memory and knowledge as possible where long-serving members of senior staff left the organisation.

470 **RESOLVED:-**

That the Audit Committee:

- a.) Noted the Value for Money findings in the attached Draft Auditors Annual Report at appendix 1 to this report.
- b.) Noted the Council's action plan, at appendix 2 to this report.
- c.) Agreed that the action plan and progress on implementing the recommendations made by the Auditor is presented back to Audit Committee on a quarterly basis.

SCHEDULE OF OUTSTANDING MINUTES

471 The following Schedule of Outstanding Minutes was submitted:-
(See document No.3)

472 The Committee noted the Schedule of Outstanding Minutes.

DATE OF THE NEXT MEETING

473 The next meeting is scheduled to take place on Tuesday 28 June 2022.

OTHER URGENT BUSINESS

474 None.

AUTHORITY TO CHAIRMAN AND OFFICERS

475

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 1425 hours.

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CHAIR

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 30 JUNE 2022

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) 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:-

775

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.
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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.

2022	2023
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.

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CHAIR

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Audit Committee
Report of:	Assistant Director, Audit & Risk Management
Date of Meeting:	28th September 2022
Subject:	Risk Management Update
Wards Affected:	All

1. Purpose of Report

- 1.1 To update Members on the management of strategic risks and implementation of the Risk Management Framework.

2. Recommendation

Audit Committee Members:

- 2.1 Note the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- 2.2 Review the strategic risks and assess whether further explanation / information is required from risk owners in order to satisfy itself that the Risk Management Framework has been consistently applied.

3. Risk Management Framework

- 3.1 The Risk Management Framework sets out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all organisational levels.
- 3.2 The framework is 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.
- 3.3 Strategic risks are reviewed and challenged through the Corporate Leadership Team.

4. Strategic Risk Register

4.1 A deep dive risk workshop was held with the Corporate Leadership Team in August 2021 to review, challenge, and reset the strategic risks register. The number of strategic risks recorded on the register reduced from 32 to 20. Since then there have been proposals to add and remove risks which have resulted in a refreshed register of 23 risks.

4.2 Supply Chain Disruption was added in November 2021 to reflect global issues and their impact on local services. The Health and Well-Being risk was removed as it was considered to have become business as usual activity.

A single risk around Climate Change has been re-written as 4 separate risks to reflect the different challenges and ambitions. These are:

SR6.1 – Birmingham City Council to become net zero carbon by 2030

SR6.2 - Council aspiration for the city to be net zero carbon by 2030

SR6.3 - A climate resilient and adapted Council and city

SR6.4 – Ability to address air quality

The likelihood risk rating for Future Financial Resilience (SR2.6) has been reduced to Medium.

4.3 The revised strategic risks have been plotted on a heat map within Appendix A and are summarised within Appendix B. The profile of the strategic risks, against each 'PESTLE' category is given below:

Residual Risk Exposure	Severe	Material	Tolerable	Total
SR1 - Political				
SR2 - Economical	1	1		2
SR3 - Social	1	3		4
SR4 - Technological	1	1		2
SR5 – Legal	4		1	5
SR6 - Environmental	3	1		4
SR7 - Cross Cutting	1	5		6
Total	11	11	1	23

4.4 Three risks remain with a High / High residual likelihood and impact score:

SR3.4 Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism

SR4.3 Risk of Cyber Attacks

SR5.1 Inadequate Property Portfolio (including Health & Safety and Working conditions)

4.5 Assurance on the management of these risks has been provided, or is scheduled on the Committee's work programme, via the Cabinet Member Assurance Sessions.

4.6 Risks are assigned weightings according to the definitions set out in the Strategic Risk Management Framework as follows:

Measures of likelihood:

Description	Example Detail Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

Measures of impact:

Description	Example Detail Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long-term recovery period.
Significant	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low	Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

4.7 The strategic risk register is reviewed on a monthly basis by CLT to ensure robust oversight and that appropriate action is being taken.

5. Directorate Risks

5.1 Each Directorate maintains their own risk registers. These Directorate risk registers contain the operational risks facing the Council and are managed at a local level.

5.2 The top operational risks are being captured as part of the ongoing corporate business planning process and will be subject to a similar level of scrutiny as Strategic Risks. This will include reporting all significant operational risks to the Audit Committee.

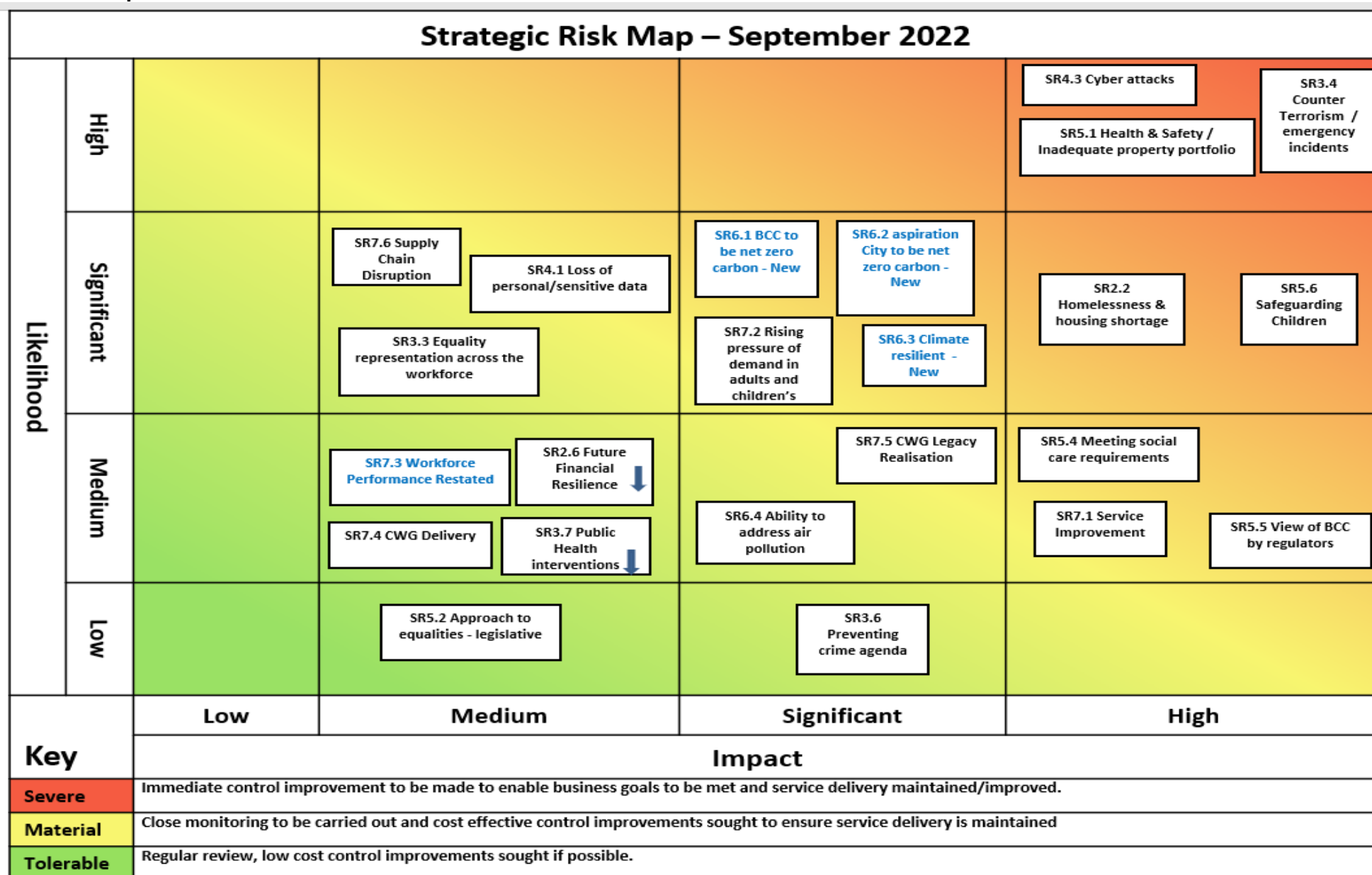
6. Role of the Audit Committee

6.1 Members have a key role within the risk management and internal control processes.

6.2	<p>The Audit Committee terms of reference, sets out its responsibilities and in relation to risk management these are:</p> <ul style="list-style-type: none"> • providing independent assurance to the Council on the effectiveness of the risk management framework and the associated control environment; • whether there is an appropriate culture of risk management and related control throughout the Council; • to review and advise the Executive on the embedding and maintenance of an effective system of corporate governance including internal control and risk management; and • to give an assurance to the Council that there is a sufficient and systematic review of the corporate governance, internal control and risk management arrangements within the Council.
7.	Legal and Resource Implications
7.1	The work carried out is within approved budgets.
8.	Equality Impact Assessment Issues
8.1	Risk management forms an important part of the internal control framework within the Council.
8.2	The Council's risk management framework has been Equality Impact Assessed and was found to have no adverse impacts.
9.	Compliance Issues
9.1	Decisions are consistent with relevant Council Policies, Plans and Strategies.

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Risk Heat Map



Strategic Risk Register – Summary

<u>Risk No.</u>	<u>Risk</u>	<u>Risk Owner</u>	<u>Inherent Risk</u>	<u>Residual Risk</u>	<u>Target Risk</u>	<u>Direction of Travel</u>	<u>Action Status</u>				
							Red	Amber	Green	Not Rated	Total
SR2 Economic											
SR2.2	Homelessness and less affordable housing with rising housing requirements	Director – PPS & Director City Housing	Severe	Severe	Material	↔	0	6	1	0	7
SR2.6	Future Financial Resilience	Director Council Management	Severe	Material	Tolerable	↓	0	0	4	0	4
SR3 Social											
SR3.3	Equality representation	Director of People Services	Material	Material	Tolerable	↔	0	0	3	0	3
SR3.4	Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism	Director City Operations	Severe	Severe	Tolerable	↔	0	1	0	0	1
SR3.6	Inability to effectively influence the preventing crime agenda	Director City Operations	Severe	Material	Tolerable	↔	0	2	3	0	5
SR3.7	Public Health approach to early interventions ineffective	Director of Public Health	Severe	Material	Tolerable	↓	0	3	0	0	4
SR4 Technological											
SR4.1	Loss of personal and sensitive data	Assistant Director for IT&D & CIO	Severe	Material	Tolerable	↔	0	2	0	0	2
SR4.3	Risk of Cyber Attacks	Assistant Director for IT&D & CIO	Severe	Severe	Material	↔	0	0	4	0	4
SR5 Legal											
SR5.1	Inadequate Property Portfolio (including Health & Safety and Working conditions)	CLT / Directorate Leads / Managers / Employees	Severe	Severe	Material	↔	0	7	3	0	10

Appendix B

<u>Risk No.</u>	<u>Risk</u>	<u>Risk Owner</u>	<u>Inherent Risk</u>	<u>Residual Risk</u>	<u>Target Risk</u>	<u>Direction of Travel</u>	<u>Action Status</u>					Total
							Red	Amber	Green	Not Rated		
SR5.2	Ineffective approach to Equalities	Director Strategy, Equality and Partnerships	Severe	Tolerable	Tolerable	↔	0	1	2	0	3	
SR5.4	Inability to fully meet social care requirements	Director of Children and Families	Severe	Severe	Tolerable	↔	0	2	0	0	2	
SR5.5	View of BCC by Regulators	Directors of Children and Families and Education and Skills	Severe	Severe	Tolerable	↔	0	5	3	0	8	
SR5.6	Safeguarding Children	Directors of Children and Families	Severe	Severe	Tolerable	↔	0	1	3	0	4	
SR6 Environmental												
SR6.1	BCC to become net zero carbon	Director, PPS	Severe	Severe	Material	New	0	4	0	0	4	
SR6.2	Birmingham to become net zero	Director, PPS	Severe	Severe	Material	New	0	4	0	0	4	
SR6.3	Climate change resilience	Director, PPS	Severe	Severe	Material	New	0	5	2	0	7	
SR6.4	Ability to address air pollution	Director of Planning, Transport & Connectivity	Material	Material	Material	↔	0	0	3	0	3	
SR7 Cross Cutting												
SR7.1	Service Improvement	Director of Council Management	Severe	Material	Tolerable	↔	0	4	0	0	4	
SR7.2	Rising pressure of demand	Directors of Children and Families / Children & Families	Severe	Severe	Tolerable	↔	1	8	6	0	15	
SR7.3	Organisational culture /Workforce performance	Chief Executive re organisational culture	Material	Material	Tolerable	↔	0	0	8	0	8	
SR7.4	Birmingham 2022 Commonwealth Games Delivery of Core Services and Infrastructure	Chief Executive	Material	Material	Tolerable	↔	0	3	2	0	5	
SR7.5	Birmingham 2022 Commonwealth Games Legacy Realisation	Chief Executive	Material	Material	Tolerable	↔	0	4	2	0	6	

Appendix B

<u>Risk No.</u>	<u>Risk</u>	<u>Risk Owner</u>	<u>Inherent Risk</u>	<u>Residual Risk</u>	<u>Target Risk</u>	<u>Direction of Travel</u>	<u>Action Status</u>				Total
							Red	Amber	Green	Not Rated	
SR7.6	Supply Chain Disruption	Director of Council Management	Severe	Material	Tolerable	↔	0	4	1	0	5

Residual Risk Direction of Travel Index



Risk Unchanged



Risk Decreased



Risk Increased

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Audit Committee
Report of:	Strategic Director CMD/s.151 & Monitoring Officer
Date of Meeting:	28th September 2022
Subject:	Progress on non-compliance with the Constitution
<p>1. Purpose of Report</p> <p>1.1 To update Members of the Audit Committee on areas of procurement non-conformity with governance process and procedure as identified by Internal Audit and Statutory Officers. In addition, set out mitigations and/or future steps to prevent recurrence of non-conformity.</p> <p>2. Recommendation</p> <p>2.1 That the Audit Committee:</p> <p>i) note the content of this report.</p> <p>3. Background</p> <p>3.1 The Constitution governs how the Council operates, how decisions are made, and the procedures which are followed to ensure efficiency, transparency and accountability to citizens. This includes Part D – Financial Regulations, and Part E – Schedule of Delegations, rules on how decisions are delegated to officers.</p> <p>3.2 Each Directorate has a schedule of sub-delegations and approval limits relevant to the activities performed.</p> <p>3.3 Budget Holders must be aware of the Financial Regulations set out in section D1.1 of the Constitution. This includes the key rules for the management of Council finances that must be observed by all employees, members or anyone acting for the Council.</p> <p>3.4 The Financial Procedures set out key actions as part of the Financial Regulations and the Financial Accountability Framework. The Chief Finance Officer (Section 151) is responsible for establishing and regularly reviewing these procedures.</p>	

- 3.5 Lack of compliance with the Constitution can have consequences in terms of reputation, potential legal challenge and external audit challenge.
- 3.6 Despite the overwhelming majority of Council commissioning and procurement not representing any issues, some instances of non-conformity with process and procedure have been identified – for example; spend where no contract is place, extension of contracts due to insufficient time to re-procure, lack of auditable documentation to demonstrate robust decision making.

4. Summary highlights of process non-conformity

- 4.1 Insufficient data held locally by Day Centres (ASC) to corroborate appropriate financial controls;
- 4.2 Insufficient data corroborating IT Procurement & Commercial Management (CMD) with procurement requirements; and
- 4.3 Casual workers – insufficient data to corroborate appropriate checks on casual workers working within the Council.

Non-conformity	Approx. value	Mitigation(s)
Spending with no contract in place – 4 reports issued	£1m+ p.a.	Cease supplier use and/or initiate procurement. Follow-up audits done or in 22/23 plan. Additional resources identified within CPS
Not following Public Contract Regulations re allocating work off a framework	N/A	Follow Public Contract Regulations. Advice and guidance issued by CPS
Not following Public Contract Regulations re Modification Notices	N/A	Publication of Modification Notices. Planned training and category managements arrangements to be put in place.
Continuation of spend post contract expiry	£1m+	Initiate procurement with transparent reporting. Strengthened contract management training for contract managers.
Delegated Decision Reports incomplete/not done	£650k	Retrospective approvals requested.

Contracts varied out of process	£1.6m	<p>'Gateway' approvals as a 'check-and-balance' with AD's, Director and MO.</p> <p>System and process alerts to designated contract manager(s).</p> <p>Effective contract management training where required. Planned training and category management arrangements to be in place.</p>
Committed spend outside of Procurement Governance Arrangements	Not quantified	<ul style="list-style-type: none"> • Improved controls in Oracle • Incorporation of "breach" process within the Constitutions Procurement Governance Arrangements • Improved performance reporting • Strengthened guidance for the Procurement Governance Arrangements/training
Weakness in process around signing off/corporate clearance of reports	N/A	Ensure compliance with HR, Finance and Legal Business Partner and s.151 and MO/City Solicitor 'sign-off' process with clear and accountable controls in place. Formal Corporate Clearance meetings in place.
Lack of visibility or reporting in respect of off - contract spend	N/A	Introduction of breach process within Procurement Governance Arrangement and reporting processes to Cabinet where relevant. Increased Oracle reporting to be developed.
Spend outside of Scheme of Delegation	Not quantified	Clearly communicate Scheme of Delegation levels and review if appropriate. Build in Governance and Scheme of Delegations into on boarding process for

		senior managers and Chief and Deputy Chief Officers.
<p>5. Appendices</p> <p>5.1 Appendix 1 summarises the above identified non-conformity as highlighted by Internal Audit along with specific mitigations.</p>		

Name of report Author: Janie Berry

Title: Director – Legal & Governance & Monitoring Officer & City Solicitor

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APPENDIX 1

April 2022

Day 6 Provision

Education & Skills
RAG 

High

Level 4

An Audit confirmed management concerns that there are weaknesses in the current arrangements for commissioning day 6 provision for permanently excluded pupils from a regular supplier and in managing and paying that supplier. There is a lack of clarity around how the supplier were commissioned and no contract has been found to be in place. Given the level of spend (over £4.5m in the last three years) a tendering exercise should have been undertaken in line with Public Contracts Regulations 2015 (PCR 2015). **Mitigation: Management assurance received that supplier immediately ceased provision of the service with current ongoing audit and cross referencing of services provided and Invoices submitted. Consideration to be given to retrospective approval for spend following outcome of services supplied and Invoice submission cross-check.**

Day Centres

Adults Social Care
RAG 

High

Level 3

We were unable to provide assurance on the effectiveness of financial controls and operational processes at eight Council operated Day Centres reviewed. Although and based on available documentation, fraud or misappropriation has not been identified, most records were found to be insufficient calling into question the ability to detect any future fraud or misappropriation. **Mitigation: ongoing support and training provided to the Day Centres in relation to more effective financial and operational processes.**

IT Procurement and Commercial Management

Council Management
RAG 

High

Level 3

We were unable to obtain sufficient evidence to demonstrate full compliance with procurement governance arrangements and legislation as data/information was not easily available. **Mitigation: since the completion of the relevant Audit work, it has been agreed that IT Procurement would be aligned with the Corporate Procurement Service (CPS) with procurement activity over EU threshold undertaken by CPS. A follow-up review will be undertaken to assess the impact of this change and formalisation of processes where it is anticipated that this RAG rating will reduce.**

March 2022

Recruitment and Selection - Casual Workers

City Wide
RAG 

High

Level 4

Concerns over the lack of recruitment documentation held within employee Digital Personnel Files (DPFs). From a sample of 20 casual workers 65% had no or very few employment supporting documents. Whilst this does not mean that the appropriate checks were not completed by managers, we are unable to procure sufficient evidence to confirm that they were. **Mitigation: HR have put place arrangements in place to strengthen the casual workers onboarding process.**

BIRMINGHAM CITY COUNCIL

Report to:	AUDIT COMMITTEE
Report from:	Director of Council Management and S151 Officer
Date of Decision:	28 September 2022
Subject:	CIPFA Financial Management Code (FM Code)
1 Purpose	
1.1	To remind Elected Members of the requirements of the CIPFA Financial Management Code and provide the results of the Council's self-assessment and further action to be taken.
2 Recommendations	
	Members are asked to note:
2.1	The requirements of the CIPFA Financial Management Code.
2.2	The results of the self-assessment and action to be taken.
2.3	That this is the second self-assessment and that the self-assessment will continue to be refreshed annually and reported to Elected Members.

Contact Officers:

Rebecca Hellard

E-mail address: rebecca.hellard@birmingham.gov.uk

Lisa Taylor

E-mail address: lisa.c.taylor@birmingham.gov.uk

3 Compliance Issues:

3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?
Yes

3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.

3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
n/a.

3.4 Will decisions be carried out within existing finances and resources?
Yes

3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
n/a.

4 Background

4.1 The Chartered Institute of Public Finance and Accountability (CIPFA) have developed a Financial Management Code (FM Code) to support good practice in financial management and to help local authorities demonstrate financial sustainability. Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by regulation. The CIPFA FM Code sets out for the first time, the standards of financial management for local authorities.

4.2 2022/23 is the second full year Councils are required to undertake a self-assessment, the first full year of compliance was 2021/22. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the FM Code standards. Guidance notes have been issued by CIPFA to assist authorities to comply with the FM Code.

4.3 CIPFA advises that authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them. The financial management standards are minimum standards.

4.4 To help with the completion of this year's assessment Birmingham Audit undertook a review of the first assessment to provide assurance that the process we undertook was robust. Two recommendations were made:-

- Providing adequate detail to support the self-assessment RAG rating and
- Maintaining an evidence file to support the detail in the self-assessment.

4.5 Both of these recommendations have been addressed in this self-assessment.

4.6 While the FM code is a self-assessment tool, the we would like to be assured that we are assessing ourselves correctly and recognising our strengths and development opportunities in the correct manner so have asked CIPFA to undertake a peer review of our self-assessment over the summer. The finding of which will be reported to the Audit Committee later in the year.

5. The Financial Management Code

- 5.1 The FM Code is made up of, the CIPFA Statement of Principles of Good Financial Management and the Financial Management Standards.
- 5.2 The FM Code applies a principles-based approach. It does not prescribe the financial management arrangements that local authorities should adopt. There are six underlying principles that inform the FM Code which have been developed in consultation with senior practitioners from local authorities, local policing bodies and associated stakeholders. The principles have been designed to focus on robust financial management as a way of achieving both short-term financial resilience and long-term financial sustainability. The six principles are set out below:

CIPFA Statement of Principles of Good Financial Management	
•	Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
•	Accountability – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
•	Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making.
•	Adherence to professional standards is promoted by the leadership team and is evidenced.
•	Sources of assurance are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit and inspection.
•	The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

- 5.3 To test conformity with the six principles, the FM Code translates these principles into a series of financial management standards which set out the professional standards to be met if a local authority is to meet the minimum standards of financial management acceptable to meet fiduciary duties to taxpayers, customers and lenders.

The Financial Management Standards (17)

Responsibilities of the chief finance officer and leadership team	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016)

Governance and financial management style	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)
E	The financial management style of the authority supports financial sustainability
Medium to long-term financial management	
F	The authority has carried out a credible and transparent financial resilience assessment
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans
The annual budget	
J	The authority complies with its statutory obligations in respect of the budget setting process
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves
Stakeholder engagement and business cases	
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions
Monitoring financial performance	
N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability
External financial reporting	
P	The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions

6 Self- Assessment

- 6.1 The second annual self-assessment of the Council's current position against the Financial Management Standards in terms of being able to demonstrate that it meets the requirement of the FM Code and further steps which will be taken to ensure that this is the case, is attached at Appendix 1.

- 6.2 In overall terms the self-assessment presents a positive picture for financial management at the Council and is consistent with the results of the CIPFA Financial Management 3-star assessment. A small number of areas are identified for further improvement and actions to address these are already taking place. The following discusses each of the areas identified for further improvement rated Amber.

Standard B: The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government

- 6.3 The issue identified is the adequate resourcing of the Finance team and its over reliance on interims. This was identified last year and while progress has been made, the permanent appointment of the S151 Officer being a key example there is still further recruitment work being undertaken. The Target Operating Model for the Finance team continues as planned to be developed and implemented and adverts have recently closed for two permanent Assistant Director roles that will add strength and capacity to the finance leadership team.
- Recruitment has also taken place for finance apprentices and graduate trainees and a number of high-quality appointments have been made. These posts are key roles within the team both now and in the future as we 'grow our own' talent especially in the current recruitment market where attracting and securing high calibre staff can be challenging.

Standard E: The Financial Management Style of the authority supports financial sustainability

- 6.4 The self-assessment highlights that it is still difficult to fully evidence that managers across the council possess sufficient financial literacy to deliver services cost effectively and are held accountable for doing so. The Finance Improvement Programme has strengthened manager accountability with the introduction in 2020 of Accountability Letters issued to all Directors and Assistant Directors. The introduction of the new Oracle ERP system which went live in April 2022 and the associated budget manager training will further strengthen and enhance the financial literacy knowledge and skills of managers.

Standard I: The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans

- 6.5 The council is currently undertaking a corporate review of assets to ensure the portfolio best meets the needs of organisation as we transition out of the covid pandemic and operate in a different manner with a greater focus on hybrid working. This review will result in an enhanced asset management plan which will ensure we deploy the right assets in the best way to achieve strategic aims and deliver high quality best in class value for money services.

Standard M: The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions

- 6.6 The Council has significant strengths in this standard evidenced by its comprehensive Financial Plan 2022-2026. However, that plan while balancing the budget in the short term sets out the significant financial challenge facing the Council over the medium term that need to be addressed. Work is underway with the Corporate Leadership Team to close the future budget gap and deliver a balanced and sustainable budget.
- 6.7 Further improvement and enhancement opportunities associated with investment business cases and options appraisal have been enhanced in the last year and will be further enhanced to demonstrate value for money even more clearly.

7 Conclusions

- 7.1 Members should take comfort that the self-assessment indicates that financial management in the Council is in a strong place as also evidenced by the award of a 3-star CIPFA Financial management rating in the spring of 2021.
- 7.2 While this is a self-assessment tool it is always reassuring to seek external verification that assumptions made are realistic, so we have asked that CIPFA undertake a peer review for us. This review is expected to take place over the summer and report will be brought back to the audit committee later in the year.
- 7.3 While there are some specific improvements to address amber assessments there are improvements planned in other areas rated green demonstrating an appetite to go beyond the CIPFA standards. In summary the improvements identified are:
- Concluding the work on the finance target operating model and embedding this into the team as 'business as usual'
 - Further embed the business case requirements and process developed with the CPMO and ensure procurement procedures and processes are fully adopted
 - Further embed budget holder accountability with training sessions
 - Complete the roll out of ERP – Enterprise Resources Planning tool
 - Improving budget holder financial training and support alongside the ERP Implementation
 - Conclude the recruit of key staff in the finance team including 2 permanent Assistant Directors and Business Partners
 - Implementation of a single online members register of interests
 - Balance the budget gap in the medium-term financial plan
 - Complete the Corporate Landlord transformation programme
 - Enhance resident engagement in respect of corporate resourcing to encourage greater response rates

- Deliver improvement in asset management planning
- Continue the roll out of improvements to option appraisal processes
- Continue to improve balance sheet monitoring.

Rebecca Hellard, Director of Council Management, S151 Officer

Appendices

Appendix 1 – CIPFA Financial Management Code Self-Assessment

Introduction

CIPFA Statement on the Purpose of the Code

1.1. The FM Code is the first professional code for general financial management in local authorities. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

1.2. The code complies with other legislation and associated CIPFA codes and is evidence of compliance with statutory and professional frameworks.

1.3. The code is a principle-based approach. There are 6 principles:

- i) Leadership
- ii) Accountability
- iii) Transparency
- iv) Standards
- v) Assurance
- vi) Sustainability

1.4. The six principles are translated into seventeen Financial Management (FM) standards (denoted from A-Q), grouped into seven sections.

1.5. All local authorities are required to demonstrate full compliance with the Code by 31 March 2022.

Conclusion 1.6. This is the second review by Birmingham City Council against the CIPFA Financial Management Code (the first review was in June 2021) and it demonstrates compliance as detailed below. It is the opinion of the Chief Finance Officer that the Council is financially resilient and delivers value for money. However, in striving for financial management excellence, the Council has developed a set of actions for improvement which will contribute to the Council's longer-term vision and finance improvement journey.

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
Section 1 - The Responsibilities of the Chief Finance Officer and Leadership Team				

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money			
1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	<p>Yes - The Council operates under a Leader/Cabinet system. Corporate Leadership Team (CLT) is responsible for the overall leadership and management of the Council, for setting and monitoring overall strategic direction and for ensuring high performance and VFM in the delivery of council services. In addition, there are Scrutiny Committees which hold the Cabinet to account.</p> <p>There are mechanisms and process in place to ensure the organisation has a clear and consistent understanding of Value for Money. Work has taken place across the organisation in the last year to embed the new VFM audit code of practice. Presentations have been given to CLT, EMT and there has been a Finance Team Lunch and Learn session. We have also developed a VFM Framework which will be rolled out across the City Council for adoption in 2022/23. The 2020/21 VFM Audit has been completed and has identified no significant weaknesses. The findings have been presented to CLT, EMT and Audit Committee.</p> <p>Value for Money is a key element of Council Decision making and consideration is made in all Cabinet reports to the financial and procurement implications of the decision being sought to ensure VFM is embedded.</p>		<p>The improvements identified in the 2020/21 VFM audit are laid out in detail in the Auditors Annual Report. An action plan has been created and shared with CLT, EMT AND Audit Committee named responsible officers have been identified and quarterly progress reports detailing the implementation of the actions will be presented to CLT and Audit Committee. We will also continue to ensure that the organisation understands the importance of VFM through monthly finance meetings and other training events.</p> <p>(evidence – Auditors Annual Report (AAR) and action plan)</p>
2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	<p>Yes – as detailed above the Corporate Leadership team have received briefings and updates on VFM and the 2020/21 Annual Auditors Report. The Council has strong scrutiny arrangements in</p>		<p>Continue to embed the CPMO working practices across the organisation. Procurement Strategy to be</p>

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
		place for the development the Financial Plan and Financial monitoring. Procurement and Contract rules set out in the Constitution also ensure strong organisational governance. The Annual Governance Statement is CIPFA Code compliant and includes an internal audit assessment of the governance arrangements in place. 2021/22 has seen the Corporate Programme Management Office (CPMO) strengthened and the creation of the Invest to Deliver Group to review and scrutinise all requests for funding from the invest to deliver reserve or other funding sources outside of the annual financial plan process. Major investment decisions now have a green book based business case.		agreed by Cabinet in Summer 2022 to ensure VFM incorporated in all procurements. (evidence – Annual Governance Statement (AGS))
3	Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	Yes – the 2020/21 external audit VFM assessment was a much deeper review with the introduction of the new framework. The report shows that action has been taken to improve VFM, with no significant weaknesses / statutory recommendations identified in the AAR. The council budget for 2021/22 contained a significant number of budget savings and delivery at over 90% has been the highest for the council in the last 6 years. Regular transparent financial reporting to CLT, ECLT, Cabinet and Scrutiny Committees has also provided the organisation with evidence.		Budget setting process for 2023/24 will have an even greater focus on VFM. (evidence - 2021/22 Provisional Financial Outturn report – savings table, monitoring reports)
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government			
1	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	Yes – The s151 Officer is a permanent member of staff and a full member of the Corporate Leadership Team. The post holder reports directly to the chief executive.		

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
2	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	<p>Yes - The CFO is actively involved in all material business decisions through being fully engaged with Lead Members, attending Committee and Council meetings, capital board and holding regular finance meetings with the relevant cabinet members.</p> <p>The CFO is responsible for the preparation of the annual financial statements and for being satisfied that they give a true and fair view. The CFO is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom.</p> <p>In preparing the financial statements, the CFO is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.</p> <p>The CFO encourages good financial management across the whole Council through implementing a business partnering approach, ensuring finance is prioritised throughout governance procedures and through regular financial reporting to CLT, members, Scrutiny and committees including Audit Committee. The CFO also networks externally and works closely with other local authority Chief Officers.</p>		(evidence - S25 report approved by full Council 22.2.22)
3	Is the CFO suitably qualified and experienced?	Yes – The CFO is a suitably qualified CCAB accountant with significant experience as a Local Government CFO.		
4	Is the finance team suitably resourced and fit for purpose?	Progress has been made to strengthen the finance team. There remains a strong reliance at interims at a senior level, many of these interims		Continue the implementation of the Finance Target Operating

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
		<p>are extremely experienced CFO's and have been in the authority for over 12 months enabling continuity and knowledge transfer whilst the permanent recruitment takes place.</p> <p>The Council also has an apprenticeship and graduate trainee programme to train a develop new staff with a view to them becoming the managers of the future.</p> <p>The finance team has recently launched the Finance Development Framework to help develop staff at all levels of the team.</p>		<p>Model – TOM and recruit to senior vacant posts on a permanent basis.</p> <p>(evidence -Finance Development Framework)</p>
Section 2 - Governance and Financial Management Style				
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control			
1	Does the leadership team espouse the Nolan principles?	<p>Yes – no evidence to dispute - Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership.</p> <p>CLT have been taking part in a development programme during the year to strengthen their leadership capabilities.</p> <p>Financial accountability has been strengthened by the annual universal signing of accountability letters by Directors and Assistant Directors.</p>		<p>Even greater responsibility and ownership of budgets and finance responsibilities to be embedded across the organisation with the introduction of the new 1B system in April 2022.</p>
2	Does the authority have in place a clear framework for governance and internal control?	<p>Yes – Constitution, Cabinet and Scrutiny structure with terms of reference, meetings webcast, formal scheme of delegation, partnership governance arrangements. Annual Accountability letters and Invest to Deliver Group.</p> <p>Regular financial monitoring reports presented to Divisional management teams and the Corporate Leadership Team.</p>		<p>(evidence - accountability letter and TOR for Invest to Deliver group)</p>
3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	<p>Yes – There is an inhouse internal audit function, the Head of Internal Audit role is compliant with the CIFPA Statement on the Role of the Head of Internal Audit (2019), risk management framework, Audit Committee. The Audit</p>		

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
		Committee has recently been strengthened with the appointment of an independent member who is a highly experienced CFO. The May 2022 Audit Committee received the 2020/11 AAR and received a presentation from both the External Auditor and Director of Finance, enabling the committee to have a deep dive in to the report and ask questions.		
4	Does the leadership team espouse high standards of governance and internal control?	Yes – formal member code of conduct, up-to-date register of member interests and officer declaration of interest process are all in place		There is a recommendation from the 2020/21 VFM audit regarding recording of members interests in a single online register which will be implemented. Evidence - AAR
5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	Yes – the City Council undertakes regular reviews of its keep governance and internal control processes to ensure they remain up to date and in line with new codes of practice, Annual Governance Statement.		Evidence - AGS
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)			
1	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements?	Yes - The Council's Code of Governance is regularly reviewed and updated and sets the standards for the conduct of Officers and Members at the City Council. It is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework. The CIPFA/SOLACE Framework introduced the requirement to produce an annual governance statement from 2007/08. The Annual Governance Statement (AGS) is also available on the Council's website.		

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
		The Statement is updated following the end of each financial year. The AGS is reviewed and approved by audit committee and includes an Annual Internal Audit Opinion on the effectiveness of the internal control environment and the systems of internal control, highlights issues identified annually along with planned action.		
2	Does the authority have in place a suitable local code of governance?	Yes – Our Constitution and supporting governance documents		Evidence - constitution
3	Does the authority have a robust assurance process to support its AGS?	Yes – supported by directorate governance statements and Assurance Reports to the Council’s Leadership Team The Annual Governance Statement (AGS) is also available on the Council’s website. The Statement is updated following the end of each financial year. The AGS includes an Annual Internal Audit Opinion on the effectiveness of the internal control environment and the systems of internal control, highlights issues identified annually along with planned action.		Evidence – AGS process documented
E	The Financial Management Style of the authority supports financial sustainability			
1	Does the authority have in place an effective framework of financial accountability?	Yes – and strengthened by introduction of budget holder accountability letters in 2020/21. Directors are also required to provide regular financial updates to the Chief Executive as part of their monthly performance meeting and £ (pounds) forms one of the 5 lines of enquiry the are expected to report on.		Further embedding budget holder accountability as a culture change with the introduction of 1B and self-serve. (evidence – c exec / director 121 template)
2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	Yes - the Council is committed to continuous improvement and enhancing budget understanding and ownership across the organisation has been a key focus and will		The 2023/24 budget setting process will further enhance the 3 E’s as the City Council continues to strive to be ‘Best in Class’

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
		continue with the introduction of the new Oracle system. 2022/23 budget process engaged all departments and services were encouraged to enhance service quality for citizens.		
3	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	Yes – Directorates are supported by suitably qualified and experienced Finance Business Partners working with each Council Directorate and as a collective Finance Management Team, led by the Director of Finance. Finance Business Partners input into service operation plans and business cases.		Recruitment of permanent business partners to remaining vacant posts to further improve sustainability. Adoption of the BP framework which has been developed as part of our target operation model.
4	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	Further Development required - The introduction of Oracle will continue the ongoing development of the organisation's financial literacy skills. Budget managers are held to account through Accountability letters and regular financial exception reporting.		Ongoing planned ERP implementation and Finance Improvement Programme with Budget Holder training and support.
5	Has the authority sought an external view on its financial style, for example through a process of peer review?	Yes - CIPFA financial management assessment in 2019 with reassessment in 2021 where the Council was awarded a 3-star rating (improved from the 1-star rating previously awarded).		Work is now underway to further improve this rating to 4-star.
6	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	Yes – New financial regulations were introduced in late 2020, delegations are set out in Constitution. The introduction of Oracle has further enhanced approval roles and responsibilities.		Further budget manager training being developed. Evidence – training docs
Section 3 - Long to Medium Term Financial Management				
F	The authority has carried out a credible and transparent Financial Resilience Assessment			
1	Has the authority undertaken a Financial Resilience Assessment?	Yes , a financial resilience assessment is undertaken each year in the financial plan as part of the budget setting process. The Medium-Term Financial Plan is updated and reflects the impact of known risks on next four years. (Financial Plan		Evidence – Appendix E of the financial plan

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
		2022 -2026). Risk assessment updated in Appendix E of Financial Plan.		
2	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	Yes - a comprehensive financial risk assessment was included in the Financial Plan 2022- 2026 (Appendix E)		
3	Has the authority taken appropriate action to address any risks identified as part of the assessment	Yes – specifically increasing the level of its Financial Resilience Reserve and creation of a reserve to deal with the ongoing impact of the Covid 19 pandemic. (Financial Plan 2022 -2026)		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members			
1	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	Yes , comprehensive financial risk assessment set out in financial plan (see F 1 and 2 above)		
2	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	Yes - Full Council in February 2022 received and approved the MTFP, which focused on the next 4 years but also included a 10 year longer term financial plan		
3	Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?	Yes - a comprehensive financial risk assessment was included in the Financial Plan 2022- 2026 (Appendix E)		
4	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making?	Yes - The Corporate Leadership Team and extended leadership team received regular Financial Plan updates in 2021/22 – July and Nov 2021, and further update is due to be presented to Cabinet in July 2022.		(evidence – Cabinet reports)
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities			
1	Has the authority prepared a suitable capital strategy?	Yes – this is set out in the Financial Plan 2022-2026- Chapter 6 and appendix J		(evidence – financial plan cabinet report February 2022)
2	Has the authority set prudential indicators in line with the Prudential Code?	Yes – The Financial Plan 2022-2026 – Appendix Q		(evidence – appendix q February 2022 Cabinet report)
3	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	Yes – set out in Financial Plan 2022-2026 – Appendices M and N, quarterly reporting to Cabinet.		We have in place a monthly Treasury Management Panel

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
				which for 2022/23 will receive monthly reports. Evidence - TM Panel documents
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans			
1	Does the authority have in place an agreed medium-term financial plan?	Yes – The Medium-Term Financial Plan for the period 2022-26 was approved by Full Council on the 22.2.2022.		Evidence – MTFP Feb 2022
2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	Yes – Business plan process for services in 2022/23 ensures consistency with corporate plans including the Financial Plan 2022-2026.		
3	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes – the Financial Plan 2022-2026 is built based on known and forecast pressures and growth and will be kept under regular review.		
4	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	Yes - a comprehensive financial risk assessment was included in the Financial Plan 2022- 2026 and the findings were built into our budget setting.		
5	Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	The Council's Asset portfolio is currently being reviewed to ensure it meets the needs of the City Council and its future aspirations.		Will be improved through the work being undertaken on the Delivery Plan and the Corporate Landlord Model in Inclusive Growth
Section 4 - The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process			
1	Is the authority aware of its statutory obligations in respect of the budget-setting process?	Yes – annual City Council budget report and Financial Plan 2022-2026		
2	Has the authority set a balanced budget for the current year?	Yes – City Council approved the budget on the 22 February 2022, a copy of the documents can be found on the Council's website.		
3	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes – The CFO fully understands the process and requirements around the issuing of a s114 notice.		
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves			

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
1	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes – Chapter 7 of the Financial Plan 2022-2026 approved by Full Council on the 22.2.22 contains the Section 25 report of the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.		
2	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	Yes – Chapter 7 in the Financial Plan 2022- 2026 is the CFO's Section 25 report. The budget clearly states where estimates have been used.		
3	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes – Chapter 7 in the Financial Plan 2022- 2026. When setting the budget for 2022/23 we undertook a risk assessment to review the financial impact of potential risks compared the General Fund Reserves and our Finance Resilience Reserve.		(Evidence appendix e 2022/23 MTFP)
4	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	Yes – Chapter 7 in the Financial Plan 2022- 2026		
Section 5 - Stakeholder Engagement and Business Plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget			
1	How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	Yes – the Council has engaged with key stakeholders including citizens via an online budget app and businesses via an online budget meeting. The council has also engaged with some very specific and key stakeholders e.g. Birmingham Children's Trust, Health partners, Schools Forum.		
2	How effective has this engagement been?	The effect has been varied with the different stakeholders.		Resident engagement could be improved and work is underway with the partnership team to develop

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
				a process to reach more citizens.
3	What action does the authority plan to take to improve its engagement with key stakeholders?	The Council undertook engagement with residents via an online App and held an online meeting with Businesses within the City.		Citizen engagement to be enhanced and redesigned to encourage a greater level of participation.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions			
1	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?	Yes - Existing business case framework with templates, options analysis templates. Quality of some business cases lacking and needs improvement. A new strong Programme Management Office has enhanced project appraisal consistency.		Strengthening of corporate processes and documentation continues.
2	Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	Yes – capital programme 'Green Book' documentation provides templates and guidance on option appraisal.		Awareness was increased in 2021/22 and needs to continue in 2022/23 as new staff join the organisation.
3	Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	Yes – follow the 'Green Book' approach.		Improved by rolling out a suitable prioritisation methodology.
4	Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	Yes – Risk assessment and scoring and guidance on optimism bias was included in the 2022/23 budget.		
5	Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	Yes – business case documentation and clearly summarised in relevant decision-making reports		
Section 6 -Monitoring Financial Performance				
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability			
1	Does the authority provide the leadership team with an appropriate suite of reports that allows it to identify and to correct emerging risks to its budget strategy and financial sustainability?	Yes – monthly and quarterly detailed financial reports plus midyear MTFP refresh		

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes - mainly finance focused but pick up performance indicators that are key drivers of finance. Separate Cabinet and CLT reporting of Council wide performance against targets in 2021/22		Opportunity to further join up performance and finance reporting.
3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data?	Yes - service directorates are responsible for managing the contracts examples include Birmingham Children's Trust, Highways PFI, Company Governance, Leisure Centres. Reporting is undertaken through various boards.		
4	Are the reports provided to the leadership team in a timely manner and in a suitable format?	Yes – prompt reporting following month end		
5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes – confirmed in CIPFA assessment		
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability			
1	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	Yes - reflected in the annual Financial Plan		
2	Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?	Yes - Quarterly monitoring has picked up a focus on debt in 21/22 and treasury management but this not a systematic monitoring of relevant key balance elements.		
3	Is the authority taking action to mitigate any risks identified?	Yes – Financial Plan 2022 – 2026 – increased financial resilience reserve and underspend at end of 2021/22 transferred to FRR.		
4	Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	Yes - underpinned by a strong reserves policy approved by Cabinet.		
5	Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	Yes - Quarterly monitoring includes key balance sheet items, including debt and Treasury Management.		
Section 7 - External Financial Reporting				

	Question / Requirement	Answer / Self-Assessment	RAG	Areas for improvement
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom			
1	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	Yes - the Statement of Accounts are produced in accordance with the code and approved by the CFO prior to submission in draft format to the Audit Committee and the External Auditor.		
2	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Yes – the CFO and directors and budget managers all have financial performance targets		
3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes - as reported each year by the external auditor.		
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions			
1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Yes - a full and detailed Revenue and Capital outturn report is produced each year for CLT, Cabinet and Scrutiny committee. This includes details of the variances against budget allowing for scrutiny and information on the Council's Reserves position.		
2	Is the information in these reports presented effectively?	Yes – the information is provided in a narrative format, tables and graphs.		
3	Are these reports focused on information that is of interest and relevance to the leadership team?	Yes - the reports focus on the key service areas and significant variances to budget while covering the breadth of Birmingham's complex responsibilities		
4	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes - the leadership team have used the previous financial position to help focus on service areas in need of budget growth and performance scrutiny.		



Birmingham City Council

A review of the approach to self-assessment of compliance with the CIPFA FM Code

A Report by:
The Chartered Institute of Public Finance and Accountancy

September 2022

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at www.cipfa.org

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1. Introduction

- 1.1 Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable. The CIPFA Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 1.2 The FM Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. There is much good practice across the sector, but the failures of a small number threatens stakeholders' confidence in local government as a whole. Most importantly, the financial failure of just one local authority is one too many because it brings with it a risk to the services on which local people rely.
- 1.3 Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team. It is for all the senior management team to work with elected members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority. In doing this the statutory role of the section 151 officer will not just be recognised but also supported to achieve the combination of leadership roles essential for good financial management.

2. Structure of the FM Code

- 2.1 The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt.
- 2.2 The underlying principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
 - Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
 - Adherence to professional standards is promoted by the leadership team and is evidenced.
 - Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
 - The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 2.3 Under each of these six principles are a series of standards against which an authority should test itself to gauge the degree of compliance and identify actions that should be

put in place ensure development of compliance where required. Annex 1 contains the principles and standard that relate to each.

3. Assessment of compliance

- 3.1 The FM Code and its accompanying guidance goes into detail outlining practices that local authorities can adopt to ensure compliance with the FM Code and each of the standards. These practices are not prescribed by the FM Code, but rather offered as a starting point for local authorities needing to raise their approach to financial management to the minimum standard set out in the FM Code.
- 3.2 CIPFA would recommend that an organisation reviews each of the standards, the accompanying guidance and then makes an assessment of the degree of compliance.
- 3.3 It is important to note that compliance with the code is a collective responsibility and as such so should the assessment. The assessment should be as inclusive as possible taking views and supporting evidence from a wide range of individuals across the organisation.
- 3.4 The assessment of compliance should be undertaken on an annual cycle and the findings reported to an appropriate committee, such as audit or audit and governance and included within the annual governance statement.
- 3.5 The nature of reporting compliance is not prescribed but we would advise organisations conclude the assessment with a rating (such as a RAG) against each statement and a commentary that explains the current position and an action list of activities designed to improve compliance or rectify any weaknesses.
- 3.6 The action list can therefore be used as part of a wider change or improvement programme to help ensure integration of the principles and desired outcomes.
- 3.7 As part of the assessment process Birmingham have asked CIPFA to review the approach adopted and the conclusions drawn. Having an independent assessment of the process is a positive indication of the priority the FM Code has within the Authority.

4. Approach adopted

- 4.1 As indicated above the FM Code has a series of principles and standards. The Authority has reviewed each of the standards in depth, which would be our suggested route to assessing compliance. It ensures completeness and removes bias.
- 4.2 As part of the process the Authority has tested each of the standards against a set of key questions or lines of enquiry. These challenge the state of compliance and those questions CIPFA has advocated are used to test findings. Each is then allocated a RAG rating to reflect the findings. The FM Code compliance report produced indicates a challenge and provides a commentary of the current degree of compliance. It is a thorough report and sets the direction for future reviews.
- 4.3 In addition to the commentary and the RAG rating, the self-assessment has also provided an indication of areas for improvement. A positive step has been the inclusion of opportunities to improve irrespective of the rating which indicates a maturity of thinking.
- 4.4 It is important to note that the review has not been undertaken in isolation. It is clear that where improvements have been made or are in train, as in the case of amber ratings,

these areas have been included in the Finance Improvement programme which can be evidenced from the Operating Model work plan and activities underway.

- 4.5 Aligned to the self-assessment against the FM Code is the work the Authority has undertaken using the CIPFA Financial Management Model. The review undertaken in 2019 indicated a 1* Rating and then the subsequent review in 2021 indicated a positive progression to 3*. The foundations of both the Code and Model are the same, that is best practice in financial management and financial governance. The activity undertaken and also that planned to respond to the Model has supported the assessment of the code and importantly ensured a collective direction and goals.
- 4.6 In conclusion the approach adopted is thorough, aligns with the suggested route and draws conclusions which can be evidenced based. In our view this is a balanced assessment. There are identified actions which will be brought into the improvement programme and as such will be monitored and managed to ensure delivery.

5. Reporting

- 5.1 The Audit Committee report, originally dated 19th of July (meeting of the committee was postponed until 28th September 2022), provides a focussed update and commentary of the self-assessment review. The same report is being presented to this committee. As we would expect it concentrates on the areas of improvement, for relevant standards but in addition adds areas that are also seen as key for improvement.
- 5.2 We would suggest that periodic updates are provided to the Audit Committee on progress against these areas to provide assurance of action and allow debate on continued compliance with the FM Code.

6. Internal Audit review

- 6.1 The review undertaken by Internal Audit on the 2020/21 FM Code self-assessment is also a positive step to understanding areas of strength and areas for improvement. As indicated in the report to the Audit Committee the Internal Audit review highlighted three areas for improvement. These were around the detailed evidence; actions plans and the monitoring of these.
- 6.2 As indicated in the Audit Committee report and the self-assessment commentary, along with the identification of actions Internal Audit findings have been taken on board.

7. Conclusions

- 7.1 Our review of the self-assessment indicates a robust and through process has been followed.
- 7.2 The findings of the self-assessment are balanced and indicate areas for improvement irrespective of the RAG rating provided indicating an aim of continuous improvement.
- 7.3 Areas that require attention are clearly indicated along with ownership for delivery.
- 7.4 The findings and actions from the FM Code self-assessment are integrated with the Finance Improvement Programme which will support future assessments against the CIPFA FM Model.

Annex 1 – FM Code Principles and Standards



BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Director of Council Management
Date of Meeting:	28 September 2022
Subject:	2021/22 ANNUAL GOVERNANCE STATEMENT
Wards Affected: All	
1. Purpose of Report <p>1.1. The Annual Governance Statement (AGS) forms part of the Statement of Accounts for 2021/22 and reports on the Council's internal control regime.</p> <p>1.2. Section 6 of the AGS includes 7 key issues for the Council which may impact on the organisation's governance arrangements.</p>	
2. Recommendations <p>2.1. To approve the Annual Governance Statement that will be included in the 2021/22 Statement of Accounts.</p> <p>2.2. To agree that the arrangements for the management of the items included in Section 6 will be reported to the Audit Committee during the year.</p>	

3. Background

- 3.1 One of the requirements for the Annual Governance Statement (AGS) is that it should reflect the governance arrangements for the financial year to which it relates, up to the date of approval of the Statement of Accounts.
- 3.2 The AGS forms part of the Council's annual Statement of Accounts.
- 3.3 The significant issues raised in the Assurance Statement and audit processes are summarised in Section 6 of the AGS. This section comments very broadly on the Council's achievement of its central objectives and external assessments, it raises issues arising from joint working with partners and refers to significant matters highlighted by the annual review of internal control.

4. Legal and Resource Implications

- 4.1 The AGS is a requirement of The Accounts and Audit Regulations 2015, Regulation 6(1)(a), which requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts and, Regulation 6(1)(b), which requires all relevant bodies to prepare an AGS. The AGS also meets the corporate governance best practice recommendations.
- 4.2 The Accounts and Audit (Amendment) Regulations 2022 came into force on 22 July 2022. The regulations amend the 2021/22 Statement of Accounts publication dates to no later than 31 July 2022 for the draft accounts, as public inspection must commence no later than 1 August 2022 and no later than 30 November 2022 for the audited accounts.
- 4.3 There are no direct resource implications arising from this report.

5. Risk Management & Equality Impact Assessment Issues

- 5.1 The Statement forms part of the Council's risk management approach and the relevant issues are those considered in the attached schedule.

6. Compliance Issues

- 6.1 The AGS forms part of the statutory requirements for the Council's Annual Statement of Accounts.
- 6.2 The Council's continued improvement in responding to the issues referred to in the Statement will complement the development and delivery of the Council's vision, priorities and objectives.

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Annual Governance Statement 2021/22

Annual Governance Statement 2021/22

1 Scope of Responsibility

- 1.1. Birmingham City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.
- 1.3. The Council has approved and adopted a code of corporate governance which is consistent with the principles of the *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace 2016). This statement explains how the Council has complied with the framework and also meets the requirements of *The Accounts and Audit Regulations 2015*, Regulation 6(1)(a), which requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts and, Regulation 6(1)(b), which requires all relevant bodies to prepare an Annual Governance Statement (AGS).
- 1.4. This governance statement provides assurance over the governance arrangements that have been in place for 2021/22 and also identifies significant changes to those governance arrangements that were put in place as a result of the Covid 19 pandemic.

2 The Purpose of the Governance Framework

- 2.1. The Council is accountable to its communities for the money it spends. It is required under law to ensure it provides value for money and to achieve this it has a governance framework which supports a culture of transparent decision making.
- 2.2. For a governance framework to work, arrangements should be in place to ensure that the Council can achieve its strategically agreed objectives and remain financial sustainable as these two elements are interdependent.
- 2.3. The Council is committed to good governance and to improving governance on a continuous basis through a process of evaluation and review.
- 2.4. Good governance for the Council is ensuring it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner and the Council seeks to achieve its objectives while acting in the public interest, at all times.
- 2.5. The governance framework comprises the systems, processes, culture and values by which the Council directs and controls its activities and through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to

consider whether those objectives have led to the delivery of high quality services and value for money.

- 2.6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.7. The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the Statement of Accounts, subject to changes highlighted relating to the Covid 19 pandemic.

3 **The Governance Framework**

- 3.1. The governance framework comprises of the systems, processes, culture and values by which the Council directs and controls its activities and through which it accounts to, engages with and leads its communities. The Council has adopted a Corporate Assurance Framework and this Annual Governance Statement provides supplementary information by identifying the Council's vision, strategies and plans, both internally and working with partners: the culture and framework within which councillors and officers operate; financial management and compliance with the CIPFA Financial Management Code 2019 and outlines the challenge process by Scrutiny and Audit Committee.

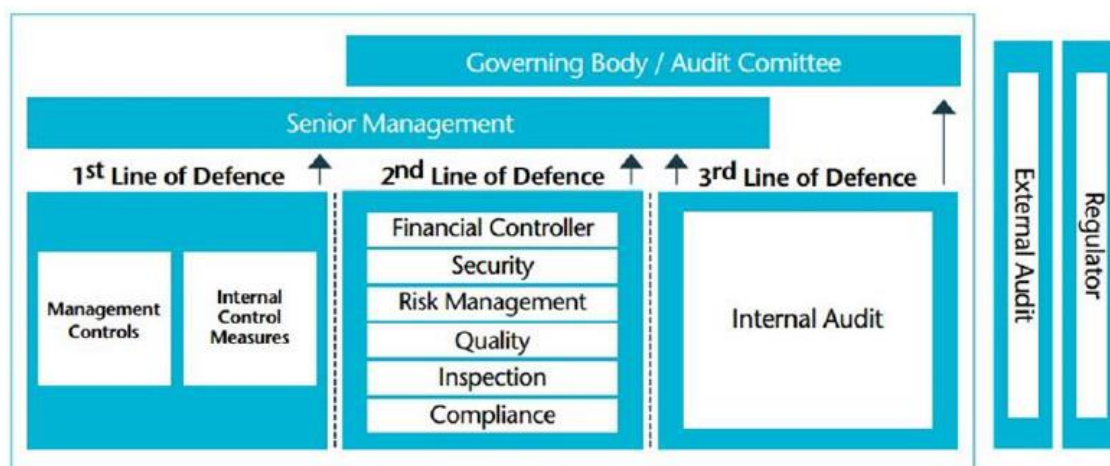
The Council's vision and priorities for Birmingham

- 3.2. During the 2021/22 financial year, the Council's vision for Birmingham was to create 'a city of growth where every child, citizen and place matters', with a set of outcomes and priorities to underpin this vision. The Council's aim was to transform and modernise services in response to changing demand from a growing population and to support this, the Council focused resources on six priorities:
- **An entrepreneurial city to learn, work and invest in.**
 - **An aspirational city to grow up in**
 - **A fulfilling city to age well in**
 - **A great city to live in.**
 - **A city whose residents gain the maximum benefit from hosting the 2022 Commonwealth Games.**
 - **A city that takes a leading role in tackling climate change.**
- 3.3. The Council's vision and priorities in terms of the contribution to strategic outcomes are set out in the Council Delivery Plan 2020-2022 (the Plan). The Plan is available on the Council's website.

- 3.4. The Plan identifies three longer term goals which are fundamental to tackling the critical challenges facing the city whilst managing demand on Council services to a more affordable level. These continue to guide the transformation of the Council and will develop beyond 2022. The three areas are:
- **Shifting focus from crisis to prevention**
 - **Increasing the pace and scale of growth, for those that need it most, while delivering the Council's climate change objectives and**
 - **Delivering new ways of working**
- 3.5. Following the Council's all out elections in May 2022, the Council developed a new Corporate Plan 2022 – 2026. This Plan updates the Council's priorities in the light of the Covid 19 recovery, tackling inequalities and the 'levelling up' of the city. It will guide the Council's work for the next four years, providing the context for more detailed delivery strategies and plans which address the most important challenges facing the city.
- 3.6. Many of the Council's existing priorities were introduced as long term goals and remain relevant as the Council develops new proposals to build a city which is:
- **A Bold Prosperous Birmingham:** through continued economic growth, tackling unemployment, attracting inward investment and infrastructure and maximising the benefits of the commonwealth games.
 - **A Bold Inclusive Birmingham:** through empowered citizens, looking after vulnerable children, supporting young people to fulfil potential and promoting diversity, civic pride and culture.
 - **A Bold Safe Birmingham:** through tackling antisocial behaviour and hate crime, housing provision and addressing homelessness and improving living environments.
 - **A Bold Healthy Birmingham:** through tackling health inequalities, encouraging and enabling physical activity and healthy living, quality of care and helping to support mental health
 - **A Bold Green Birmingham:** by improving the cleanliness of our city and streets, improving the environment and air quality, carbon reduction and being a city of nature.
- 3.7. A new Council Delivery Plan will set out key delivery activity, milestones and key performance indicators that help monitor and demonstrate delivery against the new Corporate Plan priorities. Corporate priorities are supported by more detailed Directorate Business Plans which are also regularly monitored and reviewed with a golden thread through to appraisals.
- 3.8. Regular monitoring and reporting through a robust governance structure against these measures ensure that weaknesses in performance are identified at an early stage and effective action to bring performance in line with targets is undertaken.
- 3.9. A Corporate Assurance Framework was reported to Audit Committee on 29 November 2021. The framework has been developed to improve oversight and prepare an evidence base for the key sources of assurance that are relied upon to

manage risks and as a result support in the achievement of organisational strategic objectives

- 3.10. The Assurance Framework adopts the Three Lines of Defence Model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive. The Three Lines of Defence model is illustrated below:



The Impact of the Covid 19 Pandemic on Governance

- 3.11. In response to the Covid 19 pandemic, the Council developed a 12 point plan to meet the needs of the city, residents and communities. Based within the framework of the Council's vision and priorities the 12 points were:
- To preserve life and protect vulnerable groups and maintain the viability of the city is our fundamental purpose during the coming days, weeks and months.
 - Ensure the response is scalable, proportionate and flexible, working closely with our NHS, education, business and community providers.
 - Contribute to effective containment measures as appropriate to limit the spread of infection, and work with citizens and communities to help them to take the appropriate actions.
 - Ensure continued delivery of the council's critical services, focusing most on those services which support and protect the most vulnerable in society.
 - Maintain council services to an appropriate level and prioritise services to maintain those which are critical to life and the protection of vulnerable groups.
 - Engage with and support NHS and Public Health response systems/campaigns including media and communications, working across all the networks of the city to ensure information reaches all our communities.
 - Provision and sharing of advice; warning and information internally and to public and local businesses to support the immediate and long-term resilience of the city.

- Maintain good working relationships with partners to ensure supply chain continuity, especially for those resources that underpin the safety and security of Birmingham and its citizens.
 - Ensure that all roles and areas of responsibility are predetermined and formally agreed so there is clarity internally and with partners during these uncertain times.
 - Monitor the impact of the outbreak on the community and our services to respond in a timely manner and plan recovery to ensure that Birmingham remains looking forward.
 - Work with partners across our voluntary, community and faith communities to mobilise the spirit of Birmingham to respond to the challenges facing us.
 - Work across political parties to collaborate in the best interests of the city; we recognise that the challenges ahead require us all to work together to support citizens and the city to weather the coming challenges and emerge as a city moving forward.
- 3.12. The 12 point plan was followed until the Council deactivated its Covid 19 governance arrangements.
- 3.13. The Covid 19 pandemic meant that the Council made significant changes to governance arrangements upon activating its Emergency Plan from 18 March 2020 to 2 August 2021. As a result, emergency Covid 19 decisions were made in accordance with the Emergency Plan and therefore, in line with the Council's Constitution, normal reporting and decision-making rules changed and did not apply.
- 3.14. The Council's Emergency Plan and the Constitution adopted the Strategic / Tactical / Operational Command and Control structure, which is a nationally adopted framework by all emergency response organisations. The command and control structure ensured a joined-up approach to emergencies at various scales and provided officers with wide delegations to make decisions at pace, as the Council responded to the developing situation. The Council was dealing with the need to continually respond to the crisis as it developed, and although there was an intention to publish key decisions taken during the emergency response, it was not reasonably practicable to publish all decisions taken at the time. Subsequently, the Council published a log of the decisions taken during the emergency response.

Governance Arrangements in the Wider Context

- 3.15. The Council's planning framework is set in the context of the wider city leadership and governance, such as the West Midlands Combined Authority's (WMCA) Strategic Economic Plan (developed by the local authorities, local enterprise partnerships and universities in conjunction with the WMCA) and the Birmingham and Solihull Inception Framework (to deliver a simplified way of working between health and care organisations for better health and care for local people).
- 3.16. The Mayor heads the WMCA. The WMCA uses devolved powers from central government to allow the Council, along with its regional counterparts, to drive economic growth, investment and the reform of public services. There will be continued innovative ways of delivering local services and for people to engage in their local community, such as through the local council for Sutton Coldfield.

- 3.17. The Council is a key member of statutory and non-statutory partnerships. The overarching non-statutory City Partnership consists of key stakeholders and partners across the public, business, educational, voluntary and community sectors. It has established a collective purpose, mission and vision for itself with a set of six goals that align with the Council's Levelling Up Strategy and is now developing a work programme to engage partners in shaping and enacting insight-led collective approaches to the opportunities and challenges facing Birmingham. The Council utilises existing and established routes to community engagement that look to promote involvement of communities of interest, stakeholders and the wider public across the city.
- 3.18. The Council has an established partnership toolkit setting out the governance and internal control arrangements which must be in place when the Council enters partnership working. This includes arrangements for the roles of Members and Officers, and the implementation and monitoring of objectives and key targets.
- 3.19. The Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) operates a full executive team within a separate company, GBSLEP Limited. The Council remains the accountable body for capital funds and some revenue funding awards and retains its place on the LEP Board in respect to its s151 role over public funds. Working with partners, the Council plays a strategic role for the Greater Birmingham area, working with the GBSLEP and where applicable, jointly and in consultation with the WMCA. As Accountable Body and partner to the GBSLEP, the Council develops collaborative solutions to common problems, and facilitates coherent programmes with regional and national partners to deliver an economic strategy for the city and region. GBSLEP projects are delivered within the GBSLEP Assurance Framework, approved by the Council's governance processes as Accountable Body, managed and monitored through Programme Delivery Board and thematic "Pillar Boards", with regular reporting to the LEP Board.
- 3.20. In February 2022, the Government published its Levelling Up White Paper which has far-reaching implications for the future structure of LEPs across the country. Within the paper the direction for the GBSLEP is set out as integration with the WMCA. The Council is working with GBSLEP and WMCA to shape and support these changes
- 3.21. The Cabinet Committee - Group Company Governance's role is to ensure that the Council's strategic objectives are met across the group of companies which either the Council owns or has an interest in, and to support the development of the group in line with the Council's regulations and ambitions. The Committee works to improve the level of Council oversight of the activities of those companies and to ensure that sound governance arrangements are in place to support council interests, appointments and nominees. The Committee will meet with companies, review performance, business plans and strategies and ensure that the relationship continues to contribute to council priorities.

Financial Management Arrangements

- 3.22. The Council continues to face financial challenges. The ongoing financial impact of Covid 19 after a decade of austerity, inflationary pressures and increased demand for the Council's services pose a threat to the financial sustainability of both Birmingham as a city and the Council.
- 3.23. The Council ensures the economical, effective and efficient use of resources and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency and effectiveness as required

by the Best Value duty. Achievement of value for money is a key part of the Council's long term financial strategy.

- 3.24. The Council set a Financial Plan for 2021-2025 that was driven by the 2020-2022 Delivery Plan, supporting effective allocation and prioritisation of resources to critical work and projects over a longer period. The introduction of the rolling budget process, a key part of the Council's financial management improvements, saw the planning assumptions in the 2021 Medium Term Financial Plan, refreshed twice in the year, reported to Cabinet and Overview and Scrutiny Committee in July and October.
- 3.25. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The role of the Chief Finance Officer (CFO)/Section 151 Officer includes being:
- A key member of Corporate Leadership Team (CLT), helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest.
 - Actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council's financial strategy.
 - Leading the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
 - To deliver these responsibilities, the CFO leads and directs a finance function that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.
- 3.26. 2021/22 represents the first year of formal adoption by the Council of the CIPFA Financial Management Code 2019 (FM Code). The FM Code provides guidance for good practice in financial management and helps local authorities demonstrate financial sustainability. Compliance with the FM Code helps to strengthen the framework that surrounds financial decision making. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and members of CLT.

The Executive Structure

- 3.27. The Council facilitates policy and decision-making via an Executive Structure. There were ten members of Cabinet for the 2021/22 financial year:
- The Leader with responsibilities for strategic policies; structure and governance of the Council; Lord Mayor's Office; communications; financial strategy; Council wide efficiency and improvement; policy and partnerships; WMCA; major projects; promotion of the City and inward investment; Commonwealth Games, sports and events development; Council land use and property assets including appropriation; economic growth and jobs; business improvement districts; land use planning; housing development; enforcement
 - Deputy Leader with responsibilities for business change; efficiency and improvement for the Council; oversight of good governance in relation to Council representation on outside bodies; risk management; revenues and benefits service; customer services; external scrutiny and local government

ombudsman; open data and information systems; whistleblowing and corporate complaints procedure; emergency planning; impact and Implications of Brexit; to lead on information law and data protection matters; to challenge any lack of transparency in all work carried out by the Council; ICT and legal.

Eight other Cabinet Members have the following portfolios:

- Cabinet Member – Vulnerable Children and Families
- Cabinet Member – Street Scene and Parks
- Cabinet Member – Health and Social Care
- Cabinet Member – Homes and Neighbourhoods
- Cabinet Member – Finance and Resources
- Cabinet Member – Social Inclusion, Community Safety and Equalities
- Cabinet Member – Transportation and Environment
- Cabinet Member – Education, Skills and Culture.

- 3.28. The Council's Constitution, which is reviewed annually by the Monitoring Officer with amendments agreed at the Annual General Meeting, is available on the Council's website. The Council has authorised Council Business Management Committee (CBMC) to take all necessary steps, through the year, to amend, add, substitute or delete any of the Council's non-Executive Constitutional amendments and refer all changes to Full Council for approval.
- 3.29. The Constitution sets out the terms of reference or function for each of the Committees and signposts to a schedule of matters reserved for decision by Full Council.
- 3.30. CBMC has responsibility for the planning and preparation of the agenda, papers and other arrangements for Council meetings and provides the forum for non-executive, non-scrutiny and non-regulatory matters.
- 3.31. CBMC oversees the Council's relationship with the Independent Remuneration Panel which is chaired by an independent person. CBMC submits recommendations to the Council on the operation and membership of the Panel and amendments to the Councillors' Allowances Scheme.
- 3.32. CBMC also discharges the Council's functions in relation to parishes and parish councils, considers terms and conditions of employment and any recommendations from Audit Committee relating to the discharge of the Council's duty under the Accounts and Audit Regulations 2015.

Roles, Values and Standards of Conduct and Behaviour of Members and Officers

- 3.33. Identifying the culture within which the Executive (Cabinet), councillors and officers operate is one of the principles of good governance.
- 3.34. The Constitution sets out the respective roles and responsibilities of the Cabinet and other Members and Officers and how these are put into practice.

- 3.35. The Constitution also includes a Scheme of Delegation to Officers which sets out the powers of Chief Officers/Directors.
- 3.36. The Council has Codes of Conduct for both Members and Officers which set out the standards of conduct and personal behaviour expected and the conduct of work between members and officers. In particular, the Council has clear arrangements for declaration of interests and registering of gifts and hospitality offered and received.

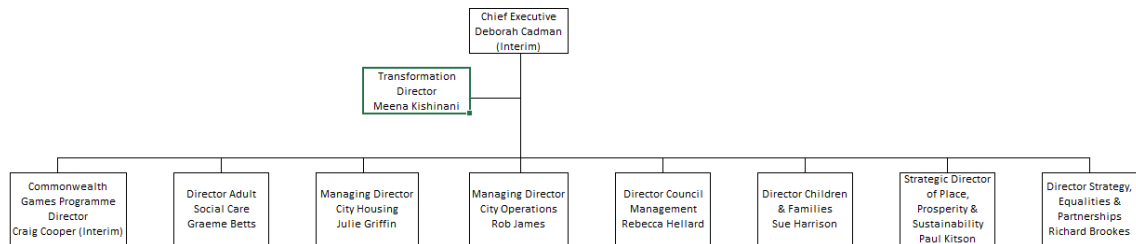
Member Development

- 3.37. The Members' Development Strategy 2018-2022 aims to provide a member development programme that ensures all councillors have the opportunity to gain the knowledge and skills to fulfil their role as 21st Century Councillors; make a positive difference every day to the people of Birmingham; provide strategic leadership and work together with officers in the transformation and delivery of Council services.
- 3.38. Councillors are at the heart of the Council and the organisation supports the member development strategy. It is overseen by CLT and the Member Development Steering Group; coordinated through the Members' Development Team, consisting of officers from Legal and Governance. This collaborative approach ensures ownership of the strategy by the Council as a whole.
- 3.39. In addition to the Members' Development Programme, all Councillors have access to e-learning through the City Council iLearn portal and are regularly kept up to date on training and development via the City Councillor bulletin circulated by email. This gives details of legislation, training opportunities and other issues of importance to Members.
- 3.40. During the Covid 19 pandemic and the increased requirement for more agile and online working, the main focus of the Members' Development Programme for 2021/22 has been to continue to provide briefing/training sessions through Microsoft Teams. There has been encouragement of online learning opportunities and assisting in learning the skills required in participating and managing meetings remotely. Information has been provided for both internal and Local Government Association training opportunities for:
- Role Specific Training, ensuring members have the knowledge and understanding of legal and governance requirements to carry out their role on regulatory and scrutiny committees
 - On-going Member Development, to provide on-going development opportunities for members related to current and potential future roles and responsibilities.

Management Structure

- 3.41. During 2021/22, the Council operated through seven Directorates, Adult Social Care, Children & Families, Council Management, City Housing, City Operations, Place, Prosperity and Sustainability, and Strategy, Equalities and Partnerships.

3.42. The Council's management structure on 31 March 2022 was as per the diagram below:



3.43. The following key changes occurred:

- Deborah Cadman was appointed as Interim Chief Executive from 14 June 2021 and on 6 July 2022 her permanent appointment was announced.
- Graeme Betts took up the role of Acting Chief Executive prior to Deborah Cadman's appointment with Louise Collett taking up the role of Acting Director of Adult Social Care during this time.
- Sue Harrison, Director Children and Families joined the Council in October 2021. Prior to this, the post was filled on an interim basis.
- Jonathan Tew, Assistant Chief Executive left the Council on 31 August 2021.
- Rebecca Hellard was appointed Director of Council Management on a permanent basis from 1st November 2021.
- Paul Kitson was appointed Strategic Director of Place, Prosperity and Sustainability in January 2022
- Richard Brookes was appointed Director Strategy, Equalities and Partnerships in November 2021

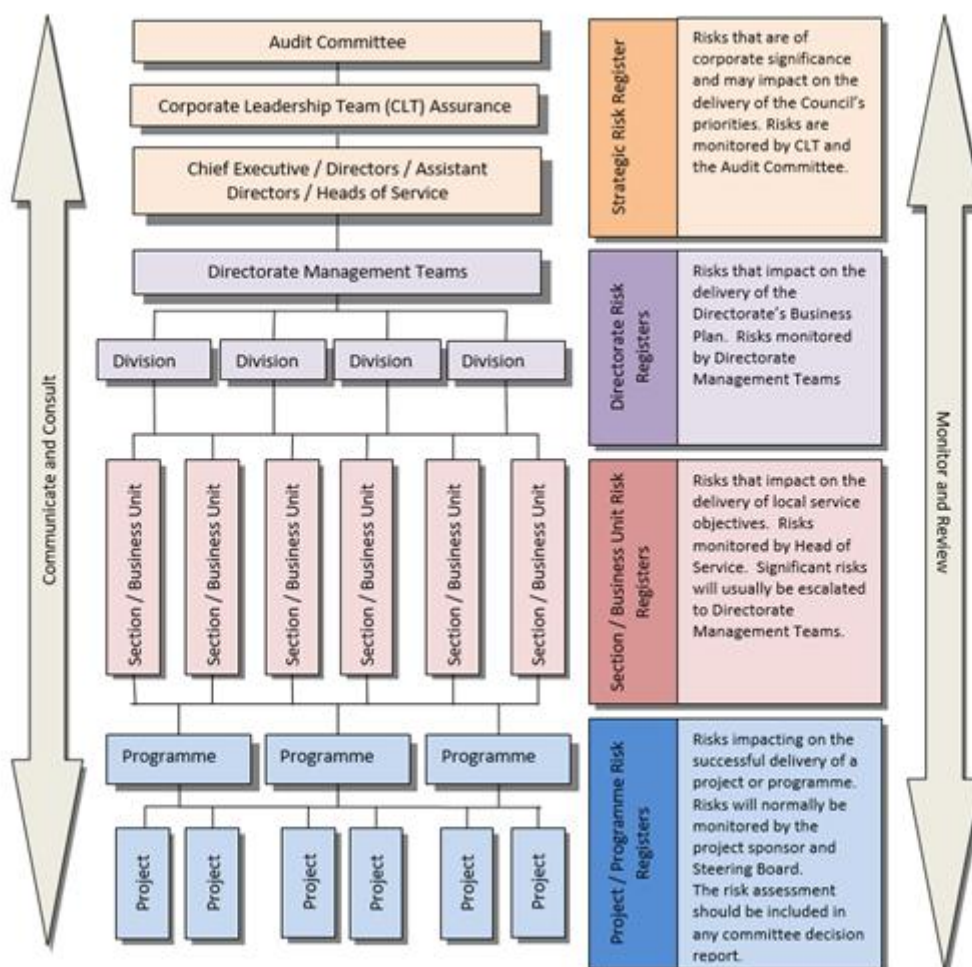
Workforce

- 3.44. The Council's workforce strategy 2018-2022 was agreed by Cabinet in 2018 and refreshed in February 2020. The Council's workforce vision is to have a workforce that reflects the lived experience of people and is representative of the communities it serves, to be an employer of choice, with a high performing, agile and diverse workforce, capable of delivering innovative services.
- 3.45. Having a flexible, skilled and mobile workforce is critical to the Council responding effectively to increasing demands placed on front line services and support functions and to the delivery of a long-term sustainable organisation. During the Covid 19 pandemic, the workforce adapted to working from home for all but essential front line services, and now the Council is reviewing new ways of working for the future.
- 3.46. During 2021/22, the 'My Appraisal' review process continued, enabling a consistent means of assessing and rewarding performance. 'My Appraisal' is specifically designed to ensure that employees are supported to implement the Council's core values:

- We put citizens first
- We are true to our word
- We act courageously
- We achieve excellence

Scrutiny, Accountability and Risk Management

- 3.47. For good governance to function well, the Council must encourage and facilitate a high level of robust internal challenge, which both contributes to the financial stability of the Council and provides the right cultural approach.
- 3.48. The purpose of the Audit Committee is to support the Council's Corporate Governance responsibilities, to provide independent assurance to the Council in relation to internal control, risk management and governance and help ensure robust arrangements are maintained. The role of the Audit Committee includes active involvement in the review of financial systems and procedures, close liaison with external audit, responsibility for the approval of the Annual Accounts and to review and make recommendations to the Executive regarding the effectiveness of internal audit and the Council's arrangements for deterring, preventing, detecting and investigating fraud.
- 3.49. Following an independent assessment of the effectiveness of Audit Committee in 2019/20, committee members expressed a wish to enhance their effectiveness by drawing upon wider sources of assurance; specifically, that of management and where appropriate, cabinet members. During the year, Audit Committee's ability to challenge was strengthened by the appointment of an independent advisor. Audit Committee has also received assurance reports from the Leader, Deputy Leader and Cabinet Members. An annual report is also presented to Full Council.
- 3.50. The Overview & Scrutiny Committees cover all Cabinet Member portfolios. All Executive (Cabinet) decisions can be called in for Scrutiny to ensure that they are soundly based and consistent with Council policy.
- 3.51. The Council has a procedure for handling complaints, compliments, and comments that monitors formal contact with members of the public. Such enquiries are actively tracked through the process and independently reviewed and where appropriate, actions taken to improve service delivery.
- 3.52. The Council ensures compliance with established policies, procedures, laws, and regulations - including risk management. For transparency, all reports to Cabinet and Cabinet Members are required to include governance information relating to: Council priorities, plans and strategies, risk management consultation, financial and legal implications and Public Sector Equalities Duty. All reports are required to be cleared by senior finance and legal officers.
- 3.53. The Council has a Risk Management Framework which sets out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all levels, formalising processes already in place.
- 3.54. The schematic diagram below illustrates how risk was managed during 2021/22:



3.55. The Council's Strategic Risk Register is reviewed and updated on a regular basis. The Strategic Risk Register is reported to CLT Assurance monthly, so that they can monitor and challenge progress against actions and identify any new risks to the Council. Additionally, the Strategic Risk Register is reported to the Audit Committee three times per year so that it can satisfy itself and gain assurance that the Risk Management Framework has been consistently applied and risks appropriately managed. Key operational risks are captured within business plans at directorate and divisional level and monitored by Directorate Management Teams.

3.56. CLT Assurance meet monthly to review assurance and governance issues. Directorate Management Teams also have in place forums to review assurance and issues are reported to CLT Assurance as required.

3.57. An independent assessment of the Total Impact of Internal Audit was undertaken independently by PWC LLP in 2020. Internal Audit's Total Impact review will be supplemented by a Peer Review in 2022 to enhance its overall contribution to the Council. The Council has well-established protocols for working with external audit. The Council's external auditors have responsibilities under the Code of Audit Practice to review compliance with policies, procedures, laws and regulations within their remit.

Progressive Assurance Model

- 3.58. The Council has been on an improvement journey adopting a model of “progressive assurance” during 2019/20. The model was regarded by, at the time, MHCLG and peers as a very significant step forward for the Council’s improvement agenda.
- 3.59. The ‘Investing in the Future’ Cabinet Report and Delivery Plan continues to guide the overall direction of the Council’s improvement journey. The Council is adopting a refreshed approach to improvement, accountability and performance with effectiveness monitored through regular reporting to Cabinet, Scrutiny and CLT Performance Group on the overall position of delivery plan indicators.

External Audit

- 3.60. The external auditor has issued two Audit Findings Reports (AFR) on the audit of the 2020/21 financial statements based on work completed. The Interim AFRs were reported to Audit Committee on 19 October 2021 and 25 January 2022 with further external audit progress reports reported to Audit Committee on 29 November 2021 and 15 February 2022. The Draft Auditor’s Annual Report (AAR) included no Statutory 24 recommendations, made four key recommendations in respect of governance, improving economy, efficiency and effectiveness, in three separate areas:
- Two recommendations relating to issues with the Homes to School Transport Service
 - The arrangements in relation to required improvements in Special Educational Needs and Disability (SEND) services
 - IT Audit findings and planned changes to the Council’s general ledger

and eight improvement recommendations.

Engagement with the community and other stakeholders

- 3.61. During the pandemic, the Council saw how effective a coordinated voluntary, community, faith and social enterprise response could be in supporting individuals and neighbourhoods cope with the challenges presented. The Council worked closely with the sector, strengthening relationships and developing an understanding of how the Council can effectively serve communities and create greater trust.
- 3.62. Resulting from the Covid 19 pandemic restrictions, the Council has adopted an on-line approach to consultation. The Council Financial Plan 2022 to 2026 was informed by the Brum Budget Challenge during December 2021, requesting citizens of Birmingham prioritise services within a limited budget via a digital tool, an on-line meeting led by the Council’s Leader with the business community and an on-line event hosted by Birmingham Updates attended by the Leader, Deputy Leader, Cabinet Member for Finance and Resources and the Director of Council Management.
- 3.63. The Council’s Scrutiny function engages with key partners and other interested groups and individuals in order to assess the impact and suitability of the Council’s activity. The Scrutiny Committees make an annual report to Full Council.
- 3.64. Clear channels of communication are in place with service users, citizens and stakeholders although during the Covid 19 pandemic this was online. Now pandemic restrictions have eased, the Council holds meetings in public, with many formal

meetings webcast. Directorates have extensive programmes of consultation and engagement activity for specific services.

4 **Review of Effectiveness**

- 4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the CLT which has responsibility for the development and maintenance of the governance environment, Birmingham Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.
- 4.2. The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular, the Council has adopted the 'Delivering Good Governance in Local Government: Framework' (2016 CIPFA/Solace) and continues to learn from experiences and makes necessary changes to improve its local code of governance. This includes developing a Corporate Assurance Framework to improve oversight and prepare an evidence base for the key sources of assurance that are relied upon to manage risks and as a result support in the achievement of organisational strategic objectives.
- 4.3. The Council has a well-developed methodology for annual governance review which is reviewed and updated each year. The process requires each Directorate and significant areas of service delivery / business units within a Directorate to produce an Assurance Statement highlighting significant governance issues, and details of what action(s) are being taken to mitigate any risks.
- 4.4. The Council's review of the effectiveness of the system of internal control is informed by:
 - Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports.
 - The work undertaken by Birmingham Audit during the year.
 - The work undertaken by the external auditor reported in their annual audit letter and statutory recommendations; and
 - Other work undertaken by independent inspection bodies.
- 4.5. The arrangements for the provision of internal audit are contained within the Council's Financial Regulations which are included within the Constitution. The Chief Finance Officer is responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting and other systems of internal control as required by the Accounts and Audit Regulations 2015. The internal audit provision operates in accordance with the Public Sector Internal Audit Standards.
- 4.6. The Birmingham Audit plan was compiled based on professional judgement and a risk model to 'score' all potential 'auditable' areas. To meet the standards required there was a need to ensure sufficient coverage of the adequacy and effectiveness of systems of internal control in relation to financial control, risk management, corporate governance and an element for proactive and reactive fraud work.
- 4.7. The resulting work-plan was discussed and agreed with the Directors and Audit Committee and shared with the Council's external auditor. Birmingham Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any identified weaknesses and include a risk rating for the Council and the

Service Area. These are submitted to Members, Corporate Directors and service managers as appropriate.

- 4.8. From the work undertaken by Birmingham Audit during 2021/22 and the outcomes from applying the model for formulating the end of year opinion the following assurance was able to be given: *“Based on the audit work undertaken and the wider assurance framework I am able to provide a reasonable assurance for the core systems of internal controls evaluated. As in any large organisation, our work did identify some significant issues that required action. All significant issues identified were reported to the appropriate Director during the year.”*
- 4.9. In response to the Covid 19 pandemic, the Council developed a 12 point plan to meet the needs of the city, residents and communities. Part of the national response to the Covid 19 pandemic included local authorities in the West Midlands area working collaboratively and the Council took the lead in the procurement of personal protective equipment for the region. Locally, the Council provided food deliveries to shielded residents, distribution of small business grants and the Retail, Hospitality and Leisure Fund, vouchers for families in receipt of free school meals, provision of accommodation to the homeless and distribution of personal protective equipment to care settings.
- 4.10. The funding and logistical consequences of delivering the Council’s response during the pandemic was closely monitored as it created a severe challenge for the Council’s own finances, with increased spending requirements alongside a loss of income. The crisis highlighted the chronic and structural inequalities in the city and the continued level of poverty and vulnerability in some groups and communities.
- 4.11. On 16 March 2021, the Council published its Covid 19 Economic Recovery Strategy with emphasis on the need for a more resilient economy and stronger communities, acknowledging a thriving economy depends on spreading opportunity and making families and communities more resilient. The strategy focused on four overall priorities for the city’s recovery from Covid 19:
- Creating a more inclusive economy and tackling the inequalities and injustices highlighted by the crisis
 - Taking more radical action to achieve zero carbon emissions and a green and sustainable city
 - Strengthening our public services and creating new services to address needs
 - Building the strength and resilience of our communities based on the positive response to the crisis.
- 4.12. In response to central government’s levelling up strategy, in November 2021 the Council launched its own levelling up strategy ‘Prosperity and Opportunity for All’, a framework of five levelling up accelerators, for which the Council is seeking central government support. The strategy links to the Council’s existing plans including the Economic Recovery Strategy, City Plan, Delivery Plan 2020-22 and Community Cohesion Strategy.
- 4.13. The Council has undertaken a self-assessment against the FM Code standards with a view to a CIPFA peer review for additional assurance. It is the opinion of the Chief Finance Officer that the Council is financially resilient and delivers value for money. However, in striving for financial management excellence, the Council has developed a set of actions for improvement which include further budget holder training and support on the new Human Resources and Finance system, continuing the implementation of the Finance Target Operating Model and strengthening corporate processes and

documentation for project and investment appraisals. The planned improvements will contribute to the Council's longer term vision and financial improvement journey.

- 4.14. All significant issues have also been brought to the attention of the Audit Committee, and where appropriate to CLT. The more significant of these are set out in the section entitled '**Significant governance issues 2021/22**' below.
- 4.15. The internal audit function is monitored and reviewed regularly by Audit Committee. The Committee reviews management progress in implementing recommendations made in significant, high risk audit reports, progress made against issues raised by the external auditor in the Audit Findings Report and against issues raised in the AGS through the Corporate Risk Register.
- 4.16. The Council's Overview and Scrutiny Committees received reports on key control issues throughout 2021/22 including the recovery from Covid 19, the impact of Brexit on the City, the Commonwealth Games, Safeguarding Adults and Children, the Clean Air Zone and Clean Air Strategy.
- 4.17. Directorate and Business Unit business plans contain a variety of performance indicators and targets, which are regularly reviewed.
- 4.18. The Monitoring Officer advises that there were 46 concerns raised and considered under the Council's Whistleblowing & Serious Misconduct policy in the 2021/22 financial year, an increase of 1 in comparison to 2020/21.

5 Review of 2020/21 Governance Issues

- 5.1. The significant 2020/21 governance issues were considered by Audit Committee in June 2020, agreed as part of the Draft Statement of Accounts in October 2021 and reviewed as part of the Corporate Risk Register updates in the 2021/22 financial year. In addition, Audit Committee received reports relating to Fraud, Treasury Risk Management Arrangements, Procurement Governance Arrangements, Audit Findings Report Updates, External Audit of the Accounts Updates and Cabinet Member Assurance Updates.
- 5.2. The recovery from the impact of the Covid 19 pandemic across services featured in Overview and Scrutiny schedules. Areas reviewed included Supporting the Economic Recovery from Covid 19 – Jobs and Skills supporting SMEs and Support to Businesses affected by Covid by the Economy and Skills Overview and Scrutiny Committee, Public Health updates, the Winter Vaccine Programme and an update on Re-opening Day Care Centres by the Health and Social Care Overview and Scrutiny Committee.
- 5.3. Education and Children's Social Care Overview and Scrutiny Committee received reports on the annual review of the Children's Trust, Birmingham Safeguarding Children's Partnership, Home to School Transport and particularly focused on Special Educational Needs and Disability (SEND).
- 5.4. Resources Overview and Scrutiny Committee received reports on the Commercial (Procurement) Governance Arrangements of the Task and Finish Group, a Commonwealth Games Funding Update, an Update to the Medium Term Financial Plan, updates on the implementation of the Council's new Finance and Human Resources System and New Ways of Working.
- 5.5. Housing and Neighbourhoods Overview and Scrutiny Committee received the annual report on Birmingham's Community Safety Partnership.

- 5.6. Cabinet received and considered interim refresh reports on the Medium Term Financial Strategy and reviewed quarterly reports on Performance and Progress against the Delivery Plan, Revenue Budget Monitoring and Capital Budget Monitoring. Cabinet also considered reports on the recovery from the Impact of the Covid 19 Pandemic, Fire Safety in High Rise Buildings, New Ways of Working and Homelessness.

6 Significant Governance Issues 2021/22

- 6.1. The matters shown in this section have either been identified as having a significant or high likelihood in the Strategic Risk Register or have been highlighted as corporate issues in the annual assurance process. The Council actively addresses these matters and identifies areas where further improvements need to be made. In particular:

Issue No	Governance Issue	Mitigation Action / Proposed Action
1	<p>Commissioning and Contract Management</p> <p>Ongoing assurance including audit reviews, general compliance checks and Member scrutiny, highlighted the need to ensure Procurement Governance Arrangements were fit for purpose, complied with, decisions were appropriately timed and there was adherence to regulations and internal governance controls.</p> <p>Combined with this, current Public Sector Procurement Regulations are under review prompting a call from Overview and Scrutiny Committee to examine and review the commercial governance processes to ensure that they are robust, fit for purpose, complied with and deliver value for money for both taxpayers and the Council's communities.</p>	<p>In response to the Overview and Scrutiny recommendation, in September 2021, a Councillor led Task and Finish Group was set up to review the Council's commercial governance arrangements, namely the Procurement Governance Arrangements. The Task Group also considered information in relation to the Government's Green Paper.</p> <p>From the work, recommendations were made by Overview and Scrutiny Committee which is now seeing the current Council's Procurement Governance Arrangements being overhauled and updated. The updated Procurement Governance Arrangements will be presented to Full Council in July 2022 for consideration. Once adopted they will form part of the Council's Constitution around Contract Standing Orders and there will then be the necessary training, engagement and awareness of the new arrangements with an emphasis on ensuring compliance.</p>
2	<p>Companies</p> <p>The Council has a complex group company structure and is seeking to improve the level of Council oversight of the activities of those companies that it either wholly owns or in which it has an interest.</p>	<p>A series of actions to improve and strengthen the Council's governance arrangements were agreed and reported at the Cabinet Committee - Group Company Governance (GCGC) informal meeting on 16 September 2021.</p>

Issue No	Governance Issue	Mitigation Action / Proposed Action
	<p>Group company governance is a vital tenet of sound group financial management.</p> <p>Improvements to the process and operation as a “best in class” authority in this regard will contribute to the overall reduction of financial risk for the Council</p>	<p>The improvement plan remains active. Actions delivered include a full register of director training for officers and members where new appointments are contacted to attend and monitored for completion; a nominated officer to support member appointments and a review of company/group guidance for officers ensuring company business plan reporting to GCGC includes financial performance.</p> <p>At each meeting there is a company risk and performance update from every significant company and annually, a group outturn report.</p> <p>Further work includes co-ordination of the nominated support officers into a formal group for reporting and updating of group company issues, the implementation of a company database IT solution and supporting the relationship with Audit Committee following Committee Chairs liaison during the year.</p>
3	<p>Major Projects and Transformation</p> <p>The Council is involved in an ambitious programme of delivery including a range of major projects which include partnership working arrangements and sometimes complex legal agreements.</p>	<p>Cabinet gave approval to the creation of a fit for purpose Corporate Programme Management Office (CPMO) so that the Council can be assured and have confidence that major change projects deliver as intended, to budget and on time.</p> <p>During Summer 2021, the CPMO designed and implemented a robust corporate monitoring mechanism for reporting major programmes and transformation initiatives that are underway across the Council.</p> <p>The stated design aim of the reporting was to “Provide CLT (Corporate Delivery Board) with a digestible and actionable, exception focussed, overview of programme status (delivery & money) that is produced collaboratively and independently assured by the CPMO and Finance.”</p> <p>This is a monthly mechanism designed to provide CLT and Members with assurance and visibility across a range of</p>

Issue No	Governance Issue	Mitigation Action / Proposed Action
		<p>significant programmes, increasing accountability through collaborative reporting that brings together key programme stakeholders, Finance Business Partners and the CPMO.</p> <p>The monthly process is underpinned by a programme dashboard that tracks the delivery of programmes, benefits and associated costs. This monitoring also incorporates the savings tracker, designed by the CPMO and updated monthly by Finance Business Partners.</p> <p>The programme dashboards are summarised into a monthly report, with recommendations and mitigating actions, that is presented to CLT before being presented by the CPMO at CDOG to the Deputy Leader and Cabinet Member for Finance & Resources with the Director Council Management, Chief Executive and Interim Director of Transformation. The report is then presented to the Leader before being presented to EMT / Informal Cabinet.</p> <p>This monitoring mechanism is continuing to improve and evolve to reflect emerging programmes and is now well embedded in programmes across the Council to support delivery of the Corporate Plan.</p>
4	<p>Housing</p> <p>The implementation of the Homelessness Reduction Act from 1 April 2018 has seen an increase in households approaching the homelessness service.</p> <p>The service was unable to assess applications to the housing register at the rate they were being received through the first part of 2021-22.</p> <p>An increase of 10% from 2020 to 2021 in approaches as homeless placed further pressure upon temporary accommodation provision.</p>	<p>Additional resources were identified, trained and mobilised to concentrate on the backlog of applications with a target to be inside the performance measure by March 2022.</p> <p>The backlog did reduce significantly but the target was not fully met due to the sustained increase in applications to the housing register. Work continues to reduce backlogs and meet the performance measure.</p> <p>Significant investment is underway in order to prevent homelessness and reduce pressure upon temporary</p>

Issue No	Governance Issue	Mitigation Action / Proposed Action
		accommodation and eliminate the use of Bed & Breakfast accommodation.
5	<p>Asset Condition and Sufficiency</p> <p>Many operational assets are in very poor condition following years of budget restrictions, lack of investment and dispersed management arrangements.</p> <p>There is an aging schools' estate with some assets that are beyond repair.</p> <p>The demand for secondary school places is beginning a period of sustained growth, requiring a large number of additional places to meet our statutory duty for sufficiency.</p>	<p>The Council approved a Property Strategy 2018/19 – 2023/24 to better join up decision making, realignment of assets and enable strategic development.</p> <p>There have been a considerable number of assessments and surveys associated to relevant pieces of legislation undertaken by specialist providers across the estates to ensure that the council discharges its Duty Holder responsibilities. Planned Preventative Maintenance cycles are in place to ensure that necessary works are undertaken and Service Contracts are in place for a number of statutory controls.</p> <p>Officer and stakeholder boards for major scheme management and reporting to Capital Board or Cabinet as appropriate are in place to provide assurance on individual programmes.</p>
6	<p>Recruitment and Retention</p> <p>A number of services across all directorates are reporting difficulties in attracting applicants for roles.</p> <p>Current market forces are impacting negatively on the ability to attract and retain the right calibre people to achieve the Council's ambitions.</p>	<p>The end to end recruitment process is currently being revised to align with the new Oracle Recruitment Cloud system implemented in May 2022, with a focus on a candidate-centred approach. High profile marketing campaigns for key services were launched in June to attract to key roles in services including finance and social care.</p> <p>A Council-wide vacancy marketing campaign and an associated vacancy marketing budget is also in development. The Council has also secured membership of Vercida jobs platform – which is a way of attracting new and diverse candidates.</p>

Issue No	Governance Issue	Mitigation Action / Proposed Action
7	<p>Birmingham SEND Inspection – Inadequate provision and Written Statement of Action required</p> <p>Joint CQC and Ofsted inspections of Birmingham SEND provision raised significant concerns requiring the Clinical Commissioning Group and Council to provide a joint response in the form of a Written Statement of Action.</p> <p>This, in conjunction with the implementation of the SEND two-year improvement programme is making the necessary and important improvements for the current local offer for children and young people addressing the issues raised in the Ofsted and CQC inspection.</p> <p>The Department for Education has appointed a Commissioner to hold the Local Area to account to deliver the required improvements. The Council will work closely with the Commissioner on the improvements that are required.</p>	<p>The Council will work closely with its Parent Carer Forum as the next steps are planned and intends to address the fundamental weaknesses in the system that have been identified whilst building upon those showing promise, including joint commissioning, the better quality of more recent Education Health and Care Plans and the work the Council is doing with mainstream and special schools.</p>

6.2. These matters are monitored through the Strategic Risk Register, CLT and Directorate Service and operational plans as required. During the year the Audit Committee monitors progress against the issues identified in this statement.

6.3. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed
Councillor Ian Ward
Leader of the Council

Signed
Deborah Cadman
Chief Executive

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Director of Council Management
Date of Decision:	28 September 2022
Subject:	STATEMENT OF ACCOUNTS 2021/22 PROCESS AND TIMINGS BRIEFING
Wards affected: All	
1	Purpose
1.1	To brief the Committee on the legislative requirements for the approval and publication of the draft and audited Statement of Accounts 2021/22 and the process that Birmingham City Council will follow to support the Committee in considering and subsequently approving the audited Statement of Accounts 2021/22.
1.2	The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234) or 'the 2015 Regulations'.
1.3	As a result of the Covid pandemic the Accounts and Audit (Amendment) Regulations 2021 (SI 2021 No 263) have amended the 2015 Regulations for the 2020/21 and 2021/22 financial year, deferring publication dates and making other consequential changes.
1.4	The regulations determine the format, content, and timings of the Statement of Accounts.
2	Decisions recommended:
	Members are recommended to:
2.1	Note the legislative requirements and proposed review, publication, and approvals timetable for both the draft and audited Statement of Accounts.
2.2	Note the proposed briefings offered to the Committee.

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Contact Officer: Mohammed Sajid
Telephone No: 0121 303 3313
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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?
The publication of the Statement of Accounts is a legislative and statutory requirement.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234, amended by SI 2021 No 263) or 'the 2015 Regulations'.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
None.

4 The format, contents, and accounting policies of the Statement of Accounts

- 4.1 Regulation 7(1) of the 2015 Regulations requires the statement of accounts to be prepared in accordance with "proper practices in relation to accounts". The relevant proper practices are defined in section 21 of the Local Government Act 2003, where their role is primarily to determine what gets charged to revenue accounts in any year. The practices are:
- those which an authority is required to follow by virtue of any enactment; and
 - those contained in a code of practice or other document identified for the purpose by regulations.
- Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) gives proper practice status to:
- the Code of Practice on Local Authority Accounting in the UK (Accounting Code); and
 - the Service Reporting Code of Practice for Local Authorities. (SeRCoP)
- 4.2 As a result it is mandatory to follow the Accounting Code for the preparation of the statement of accounts unless it is overridden by statute.

An example of this would be that the Accounting Code specifies that the Comprehensive Income and Expenditure Statement (CIES) is prepared using full accruals for estimated pensions liabilities under IAS19, but the 2003 Capital Finance Regulations require the charge against the General Fund to be based on contributions payable for the year to pension funds.

- 4.3 Consequently, the CIES will contain items such as depreciation and the full actuarial cost of pension liabilities. However, when determining the charge against Council tax or General fund these are replaced by actual debt repayments made in the year and the annual payments made to the pension fund respectively.
- 4.4 Accounting Statements Regulation 7(2) requires that the statement of accounts shall include (where relevant to the authority's functions):
- housing revenue account;
 - collection fund;
 - firefighters' pension fund;
 - any other statements relating to any other fund that the authority is required by statute to keep in a separate account.
- 4.6 The Accounting Code also mentions the disclosures of information required in support of the main statement and other additional information.
- 4.7 Note 1 to the accounts details the Council's accounting policies used in the preparation of the Accounts. Audit Committee approved these at its meeting in March 2022

To help Members better understand the statement of accounts, individual and group briefings are being offered during the Summer and early Autumn. The Audit Committee will have an opportunity to consider and discuss the Statement of Accounts at this meeting too and subsequent meetings whilst the external audit progresses.

5 Timings, confirmations, and approvals

- 5.1 The timing requirements for confirming and approving the Statement of Accounts and for publishing it are contained in regulations 9 and 10 of the 2015 Act (as amended).

Confirmation by the Responsible Financial Officer

- 5.2 Regulation 9(1) requires the Responsible Financial Officer (RFO), which at Birmingham is the Director of Council Management, to confirm the draft Statement of Accounts by signing and dating the Statement of Accounts and confirming that the Statement presents a true and fair view of the financial position of the Council at the end of the financial year and its income and expenditure for the financial year.

- 5.3 This confirmation has to be signed off before the draft Statement of Accounts is made available for public inspection – regulation 15(1) requires the latest date for which in 2021/22 to be 1 August for 2022.
- 5.4 This year Birmingham's draft Statement of Accounts were signed off by the RFO on 28 July 2022, In line with the statutory deadline. The Public inspection period and audit then started on 1 August 2022.

Public Inspection

- 5.5 Regulation 9(1)(b) requires the RFO, after signing, dating, and confirming the unaudited Statement of Accounts, to commence the period for the exercise of public rights.
- 5.6 Regulation 14(1) specifies that the inspection period must comprise a single period of 30 working days.
- 5.7 Regulation 15 requires the Council to publish the unaudited confirmed Statement of Accounts (which must at least include publication on the authority's website) (15(2)(a)).

The unaudited Statement must be accompanied by:

- a declaration (signed by the RFO) that the Statement of Accounts is unaudited and may be subject to change (15(2)(a)(i))
 - the Annual Governance Statement (15(2)(a)(ii))
 - the Narrative Statement (15(2)(a)(iii))
- 5.8 Regulation 9(1)(c) requires the RFO to notify the auditor when the public inspection period has commenced.

Audit

- 5.9 The Statement of Accounts was passed to the external auditors, Grant Thornton, after being confirmed by the RFO on the 29th of July 2022. However, the Council has already started providing some working papers to the auditors during July 2022 to help facilitate a swifter audit.
- 5.10 Once the audit is complete the audited Statement of Accounts will need to reconfirm by the RFO (regulation 9(3)), approved by Members and published.

Approval by Members

- 5.11 Regulation 9(2) requires Members to approve the audited Statement of Accounts that is to be published, either by meeting as a whole or through a committee. At Birmingham City Council this is the Audit Committee. Specifically, members have a duty to:

- consider the Statement of Accounts;
 - approve the Statement by a resolution; and
 - ensure that the Statement is signed and dated by a person presiding at the meeting
- 5.12 Audit Committee will have an opportunity to consider the Statement of Accounts over the Summer and Autumn through one to one or group briefings as well as formally consider at this meeting.
- 5.13 The Committee should be able to approve the Statement of Accounts at a subsequent meeting when the external audit is completed. The Committee will also be able to consider any changes that have been made to the draft Statement of Accounts.
- 5.14 The amended statutory target for the completion of the audited Statement of Accounts is 30 November 2022.
- 5.15 Regulation 6(4) requires that members approve the Annual Governance Statement at some time before they approve the Statement of Accounts.
- 5.16 Under regulation 9(3) the RFO must re-confirm their view that the Statement of Accounts presents a true and fair view before it is given member approval.

6 Post Audit

- 6.1 After Members have approved the Statement of Accounts, regulation 10 sets out the requirements for publication, which requires publication of the Statement of Accounts together with any certificate or opinion entered by the local auditor
- 6.2 Regulation 10(1) requires publication to take place by 30 September. If the audit opinion has not been given by the relevant date, regulation 10(2) requires that a notice be published as soon as reasonably practicable stating that the Statement of Accounts has not been issued, giving reasons why publication has not been possible. The Statement of Accounts must then be published as soon as reasonably practicable after the receipt of the report of the auditor's final findings (which can be a report issued before the conclusion of the audit)
- 6.3 Regulation 10(3) requires that Statement of Accounts, Annual Governance Statement and Narrative Statement remain available for public access for at least five years after the date of publication
- 6.4 Regulation 16(1) requires publishing a statement as soon as reasonably practicable after the conclusion of the audit to confirm matters such as the audit has concluded and the right of electors to inspect and make copies of the Statement of Accounts, auditor's certificate of completion and auditor's opinion.

Signature:



Rebecca Hellard, Director of Council Management

Birmingham City Council Value for Money

Year ending 31 March 2022

September 2022

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Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



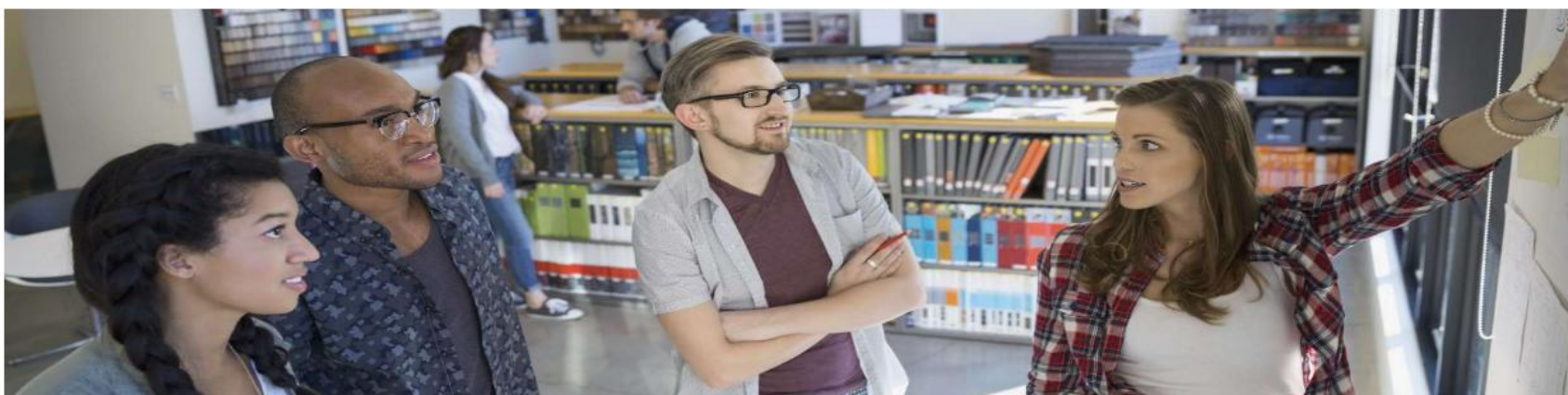
Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

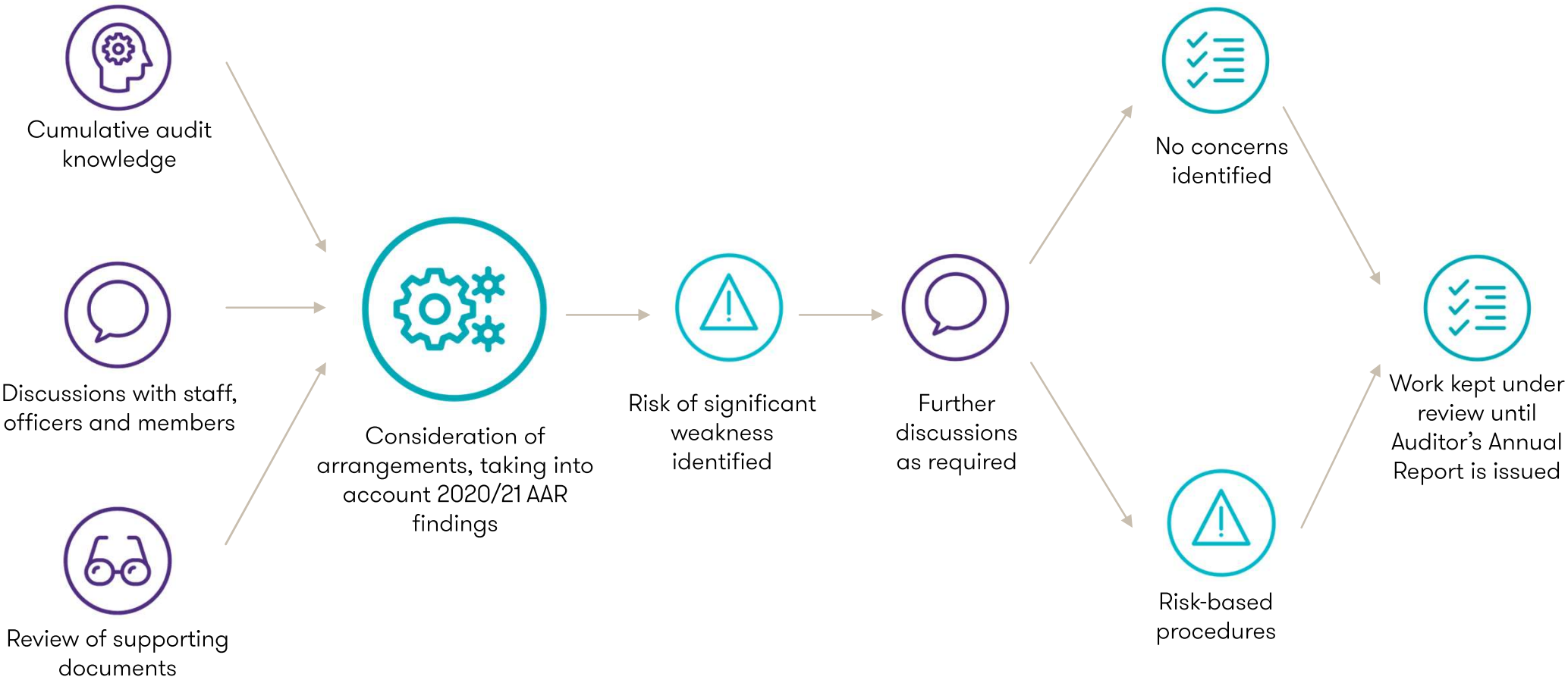


Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Approach



July

August

September onwards

Approach cont.

As set out on the previous page, we will need to hold discussions with key staff, officers and members as part of our work to consider the Council's overall arrangements. Our 2020-21 AAR was considered by Audit Committee in April 2022 and therefore some of the work to inform our 2021/22 assessment has already been undertaken as part of that process (as our AAR took into consideration progress made by the Council on the areas under review up until the time of reporting).

We anticipate needing to undertake meetings with the following individuals, in addition to regular meetings held throughout the year with Deborah Cadman, Rebecca Hellard, Sara Pitt, Lisa Taylor and Sarah Dunlavey.

Individual	Role
Professor Graeme Betts	Director Adult Social Care
Darren Hockaday	Director Human Resources (Interim)
Satinder Sahota	Acting City Solicitor and Monitoring Officer
Sue Harrison	Director Children and Families
Julie Griffin	Managing Director, City Housing
Craig Cooper	Programme Director Commonwealth Games
Rob James	Strategic Director, City Operations

Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on.

Risks of significant weakness are those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

The risks we have identified to date are detailed below.



Legacy of the Commonwealth Games

In previous years we have identified that the cost of hosting the Commonwealth Games (the Games) could impact on the Council's future financial sustainability.

In our 2020/21 Auditor's Annual Report we noted that we considered the Council had put in place an effective set of governance arrangements for the delivery of the Games and that the Games infrastructure projects remained on track for completion, supported by a detailed "delivery confidence" report produced by consultants. We found no evidence of any significant weaknesses in the Council's arrangements for planning and managing its resource to ensure it could continue to deliver its services in relation to the financial impact of the Games.

However, following completion of the Games, which we recognise were a resounding success for the City, the focus has now moved to ensuring the legacy of the significant investment made by the Council continues to benefit the city and its citizens and therefore we will review the arrangements to ensure that the ongoing revenue costs of the Games are fully funded and that plans are in place to realise benefits over the long term.



Contractual arrangements relating to the highways PFI scheme

The Council and Birmingham Highways Ltd are currently in the process of procuring a long-term subcontractor for the Council's highways PFI scheme. During this process there is the potential for significant change to the agreement between the Council and BHL, and for the level of service delivered by the future contract to be reduced.

Our VFM conclusion was qualified in this regard in 2019/20 and five improvement recommendations were raised in 2020/21.

Utilising Grant Thornton staff with specific PFI expertise, we will gain an understanding of the latest position relating to this contract, and the progress made in the retendering process. We are aware that relevant officers provided an update to the Audit Committee at its June meeting and that the tendering process is ongoing.

We will establish how the Council is identifying, managing and monitoring this risk.

Risks of significant VFM weaknesses cont.



Home to School Transport Service

An internal inquiry into the Home to School Transport service was undertaken by the Education and Children's Social Care Overview & Scrutiny (O&S) Committee in early 2020, the findings of which were presented to Council in September 2020.

Following the completion of our additional, risk-based procedures in 2020/21, we concluded that there was evidence of significant weaknesses in the Council's arrangements for delivery of its Home to School Transport service and the assurance mechanisms in place around the service. This was on the grounds that there were systemic issues identified in the independent inquiry and that recommendations made by the inquiry were still in the process of being actioned.

We will follow up the Council's progress in implementing the findings of the independent inquiry.



Housing demand

Homelessness and Housing shortage is identified as a risk on the Council's Strategic Risk Register with a significant likelihood of occurrence with a coupled with a high impact should the risk materialise.

To that end we consider it worthy of further consideration, particularly given the high-level rating* given to housing repairs by internal audit, due to a lack of clarity on spending priorities as well as weak governance arrangements as "monitoring reports were not produced and planning of work fragmented".

In considering the existence of a risk in this area, we have also taken account of the latest Annual Review letter from the Local Government & Social Care Ombudsman, in respect of the year ended 31 March 2022. Ombudsman Report into Housing complaints (dated July 2021).** It reports "systemic delay" in relation to processing applications to the housing register.

Through inquiry and a review of relevant documentation, we will gain an understanding of the processes undertaken by the Council to ensure that the city's housing needs are met.

- High-level ratings are reserved for those matters, which in the view of the Council's internal audit services, are of "high corporate importance, high financial materiality, significant reputation risk likelihood of generating adverse media attention or of potential of interest to Members".

** Available here [birmingham city council.pdf \(lgo.org.uk\)](https://www.birminghamcitycouncil.gov.uk/media/10000/10000.pdf)

Risks of significant VFM weaknesses cont.



SEND

In May 2021, the Office for Standards in Education (Ofsted) and the Care Quality Commission (CQC) revisited Birmingham to decide whether sufficient progress has been made in addressing the areas of significant weakness detailed in the Written Statement of Actions (WSOA) issued in September 2018 in relation to Special Educational Needs and Disability (SEND).

The formal findings from this revisit identified that the Council and its local NHS Clinical Commissioning Group had not made sufficient progress in addressing 12 of the 13 significant weaknesses identified at the initial inspection.

Following the completion of our additional, risk0baed procedures we concluded in 2020/21 AAR that there was evidence of a significant weakness in the Council's governance arrangements. This was on the grounds that as a result of the failure of the Council to address the significant weaknesses identified in the SEND service by Ofsted and the CQC in June 2018 a Commissioner was appointed by the Secretary of State in October 2021 and that the significant matters identified in the Commissioner's report are addressed.

Through inquiry and review of relevant supporting documentation we will assess the Council's progress in addressing the recommendations raised in the Commissioner's report.

We may need to make recommendations following the completion of our work. A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

We made key recommendations and improvement recommendations as part of our 2021/22 work. These are repeated here in the Appendices for information.

Logistics and team

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on the quality of our work or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete our work exceeds that agreed due to a body not meeting its obligations we will not be able to guarantee a consistent team to complete the work. Similarly, where additional resources are needed to complete work due to a body not meeting their obligations we are not able to guarantee delivery to the agreed timescales. In addition, delayed audits will incur additional fees.

Our requirements

We have included appendices to this report that set out the specified reporting criteria per the NAO's AGN03, along with the questions that we will be looking to answer through our work. We have also included sources of evidence that we have already requested to support our review.

To minimise the risk of delay, you need to ensure that you:

- consider the questions set out in this document in advance of our meetings, to enable valuable discussions to take place.
- provide copies of the supporting documents that we request in accordance with the timelines that we set, to enable us to complete our review of these in a timely manner.
- work with us to set up the meetings that we need to carry out.
- respond promptly and fully to the queries that we raise during the process.

Grant Thornton Team



Jon Roberts

Audit Partner



Guy Clifton

Director – Local Government VFM



Nicola Coombe
Senior Manager



Kirsty Lees
Assistant Manager



GT Specialists
(as required)



Appendices

General arrangements – to be refreshed annually

Financial sustainability

How the Council plans and manages its resource to ensure it can continue to deliver its services

Area of focus (FS-1)

How the Council ensures that it identifies all the significant financial pressures that are relevant to its short-term and medium-term plans and builds these into them.

Considerations

- What were the implications of the annual funding settlement for the Council, and how have they been addressed in the financial planning? Where applicable, are assumptions around council tax and business rate growth based on reasonable analysis (eg housebuilding plans or economic growth targets)?
- Where the Council is involved in commercial activities (eg Birmingham Airport), how has the potential for increased volatility in the commercial environment, in relation to income, expenditure, and asset values, been factored in to the Council's plans?
- How do the Council's financial plans reflect the impact of key expenditure drivers, such as population changes, demand for services, cost inflation and other uplifts?
- Has the Council undertaken cash flow forecasting? If so, what time period does this cover, eg at least 12 months? Has this identified any potential issues that require addressing?
- What arrangements were in place during 2021/22 financial year to keep the Council's financial plans under review (to reflect changes in priorities, inflation, funding, demand for services and legislative and policy changes, etc)?

Area of focus (FS-2)

How the Council plans to bridge its funding gaps and identifies achievable savings.

Considerations

- What is the Council's understanding of any short-term and medium-term financial gaps and how are these being addressed?
- What proportion of saving schemes for 2021/22 were delivered?
- How does the Council address the potential problem of having enough future savings schemes in place to meet the target even if there is slippage?
This could include having headroom in the plan (ie extra projects already identified and worked-up so that the total programme value exceeds the total target value), reducing the gross project value to expected values according to perceived risk that will identify any potential target shortfall or using reserves.
- Were stakeholders consulted during the development of savings plans? Depending on the nature of the savings plans, stakeholders could include staff, local residents, service users, the voluntary sector and local businesses.
- What were the Council's arrangements for approving savings schemes?
- Are arrangements in place to monitor the delivery of saving schemes? Is savings delivery monitored independently of basic budget monitoring at corporate level and are variances adequately challenged and mitigated? How is the quality impact of proposed savings assessed and monitored during and after implementation to assess whether any quality risks have occurred?

Financial sustainability continued

How the Council plans and manages its resource to ensure it can continue to deliver its services

Area of focus (FS-3)

How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.

Considerations

- How was the distinction between the cost of delivering core statutory services and discretionary areas of spend built into the Council's financial planning process during 2021/22?
- How are the corporate strategic priorities built into both the revenue and capital budgets?
- Are long term financial plans dependent on the reduction or removal of any services currently being provided?

Area of focus (FS-4)

How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.

Considerations

- How does the Council ensure that approved financial plans are aligned to the expectations set out in the workforce plan?
- How does the Council ensure that the ongoing revenue costs of major capital investments are properly reflected in the revenue budget (eg the running costs as well as the financing costs)?
- How does the Council ensure that treasury management finds an appropriate balance between mitigating risk and optimising the contribution to the financial plan?

Area of focus (FS-5)

How the Council identifies and manages risks to financial resilience, eg unplanned changes in demand, including challenge of the assumptions underlying its plans.

Considerations

- What arrangements does the Council have for incorporating risks into its financial plans and discussing them with the Cabinet (or equivalent)?
- How has the Council taken into account uncertainty, potential volatility and other financial risks, that could lead to worse than expected financial outcomes (eg through scenario analysis and/or potential mitigating strategies)?
- What other resources did the Council have to manage variances to the 2021/22 outturn, and to what extent were these methods relied upon? These could include: budgeted contingencies (can be overt or implicit within budgets); cost underspends - these can be incidental, or contrived (eg deliberately not filling vacant posts); income over budget - again these can be incidental, or contrived (eg not budgeting for business rate growth); one-off benefits; earmarked or other reserves set aside to manage financial risk; or earmarked or other reserves set aside for other purposes, but which can be re-purposed.

Governance

How the Council ensures that it makes informed decisions and properly manages its risks.

Area of focus (Gov-1)

How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.

Considerations

- What arrangements does the Council have in place to identify strategic risks, understand them, record them within the Council's risk management system and assess/score them?
- What arrangements are in place to report risks to the Council and its supporting committees? How are risks identified and reviewed to provide assurance that they are being appropriately managed?

Area of focus (Gov-2)

How the Council approaches and carries out its annual budget setting process.

Considerations

- How does the Council understand potential sensitivities and alternative scenarios as part of the budget setting process?
- How is the medium-term financial plan incorporated into the annual budget setting process?
- What arrangements are in place for internal and external engagement in the budget setting process?
- What are the Council's arrangements for the approval of its annual budget, at all levels involved?

Area of focus (Gov-3)

How the Council identifies and manages risks to financial resilience, eg unplanned changes in demand, including challenge of the assumptions underlying its plans.

Considerations

- What arrangements are in place for finance teams to engage with budget holders to review financial performance and identify actions to resolve adverse variances?
- Is financial performance a key objective for senior managers? Does it form part of the Council's performance management processes to ensure formal and effective accountability for the delivery of budgets?

Governance continued

How the Council ensures that it makes informed decisions and properly manages its risks.

Area of focus (Gov-4)

How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.

Considerations

- What arrangements are in place for the challenge of key strategic decisions before they are taken? How does the Council ensure that all relevant information is provided to decision makers before major decisions are made?
- How is service user feedback taken into account when significant changes to services are proposed?
- When developing partnership working across the local health economy, has the Council put appropriate governance arrangements in place to support system working? Is sufficient information and reports on systems working being made available to decision makers?

Area of focus (Gov-5)

How the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Considerations

- What arrangements does the Council have in place to monitor compliance with legislation and regulatory standards? How does the Council communicate to its staff what behaviours are expected/not expected of them?
- Have there been any instances of non-compliance with the Council's constitution? Have there been any breaches of legislation or regulatory standards during the year that has led to an investigation by any legal or regulatory body?
- Were there any data security breaches during 2021/22?
- Have any senior officers signed compromise agreements upon leaving the Council's employment?

Improving economy, efficiency & effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Area of focus (3Es-1)

How financial and performance information has been used to assess performance to identify areas for improvement.

Considerations

- Are key performance indicators provided to Cabinet to enable monitoring of the Council's performance and identify areas for improvement?
- How is assurance obtained over the accuracy of financial and performance data reported to the Council and its sub-committees?
- Are arrangements in place to benchmark costs and performance against similar bodies? If so, how is this information used?
- Does the Council have arrangements in place to learn from other local government organisations to improve its performance?

Area of focus (3Es-2)

How the Council evaluates the services it provides to assess performance and identify areas for improvement.

Considerations

- How does the Council review and challenge strategic priorities and cost-effectiveness of existing activities?
- How does the Council ensure that it is achieving progress on recommendations raised, either as a result of previous external audit recommendations, or those from another regulator or inspectorate?

Area of focus (3Es-3)

How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

Considerations

- What does the Council consider to be its most significant partnerships?
- How are any strategies developed at a partnership level translated into actions to be delivered by the Council?
- How is the work of partnerships fed back to and overseen by Cabinet in order to maintain overall decision-making responsibility for matters affecting the Council?
- How does the Council collaborate with significant partners about performance so that it can build up a shared understanding of common challenges and design improvements to address them?

Improving economy, efficiency & effectiveness continued

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Area of focus (3Es-4)

Where the Council commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

Considerations

- Has the Council entered any significant contracts during the year?
- Where the Council is involved in, or about to enter in to, complex or unusual activities, how does it ensure that it obtains appropriate expert advice or knowledge where necessary?
- What arrangements are in place to monitor the performance of key service providers or sub-contractors and resolve any issues arising?
- For major capital projects, what arrangements are in place to monitor, control and report on costs?

Appendices

Prior year recommendations



Summary of conclusions

The table below sets out the risks of significant weakness that we identified in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources from our 2020/21 work. Additional work was completed in relation to each of these risks, and our conclusions are summarised here. The recommendations raised are on the following pages along with the management response per the action plan taken to Audit Committee in April 2022. We have requested evidence from the Council that these actions have been undertaken and will report formally at a later Audit Committee once responses have been received.

Risk identified	Linked to reporting criteria	Conclusion & recommendations
Independent reports into issues related to the Home to School Transport Service	Financial sustainability Governance Improving economy, efficiency & effectiveness	Two significant weaknesses have been identified in relation to service delivery and assurance mechanisms. We have made two key recommendations and no improvement recommendations.
Arrangements in relation to required improvements in SEND services	Financial sustainability Governance Improving economy, efficiency & effectiveness	A significant weakness has been identified in relation to the delivery and governance of SEND services. We have made one key recommendation and no improvement recommendations.
IT Audit findings and planned changes to the Council's general ledger	Financial sustainability Governance Improving economy, efficiency & effectiveness	A significant weakness has been identified in relation to system access. We have made one key recommendation, and a further four improvement recommendations, of which three have already been actioned. Only those not actioned are repeated here.
Contractual arrangements relating to the highways PFI scheme	Financial sustainability Governance Improving economy, efficiency & effectiveness	No significant weaknesses in arrangements identified. Five improvement recommendations made.
Potential impact of a lack of stable leadership due to significant level of turnover of key staff and officers	Financial sustainability Governance Improving economy, efficiency & effectiveness	No significant weaknesses in arrangements identified. Two improvement recommendations made.
Waste service continuity and industrial relations	Financial sustainability Governance Improving economy, efficiency & effectiveness	No significant weaknesses in arrangements identified. One improvement recommendation made.
Financial impact of the Commonwealth Games	Financial sustainability Governance Improving economy, efficiency & effectiveness	No significant weaknesses in arrangements identified. No recommendations made.
Financial impact of equal pay claims	Financial sustainability Governance Improving economy, efficiency & effectiveness	No significant weaknesses in arrangements identified. No recommendations made.

Home to School Transport Service

Significant weakness

Key recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
The independent inquiry that the Council commissioned into the Home to School Transport Service made a series of recommendations that amounted to a significant level of change within the Council's service provision. We recommend that the Council continues to prioritise implementation of the agreed recommendations to address the systemic issues identified.	The service recognizes the requirements to implement the recommendations contained with the report, a number of these have been commenced and new senior interim management appointed to deliver the change and improvement. (SUE HARRISON)	TBC
The independent report that the Council commissioned into the assurances given to Council and its Committees in early 2020 in relation to the Home to School Transport Service identified significant issues within the service, and made a series of recommendations to address these. We recommend that the Council continues to prioritise implementation of the recommendations to address the underlying issues identified	Agreed, the service will continue to prioritise implementation of the recommendations to address the underlying issues identified as those affecting the service. They are being incorporated into a service improvement plan which will be signed off and monitored by the DCS and her leadership team and reported to members as part of the usual reporting processes - Cabinet, Overview and Scrutiny Committee and Audit Committee. (SUE HARRISON)	TBC

SEND

Significant weakness		
Key recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>As a result of the failure of the Council to address the significant weaknesses identified in the SEND service by Ofsted and the CQC in June 2018 a Commissioner was appointed by the Secretary of State in October 2021.</p> <p>We recommend that the Council works with the Commissioner to deliver the recommendations in the Commissioner's report, to be published in Spring 2022, in addition to delivering the actions in the SEND Improvement Accelerated Progress Plan which are the responsibility of the Council to address these significant weaknesses to ensure that an adequate SEND service is provided to Birmingham's children, young people and their families/carers.</p>	<p>Recommendation agreed and we will be working with the appointed commissioner to deliver the recommendations. (SUE HARRISON)</p>	<p>TBC</p>



Significant weakness

Key recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
In August 2021, following our IT Audit team's review of the Council's IT general control environment, we recommended that the Council should undertake an immediate review of roles and users within SAP and that it should take action as appropriate in line with the detailed recommendations of our IT Audit report. The Council should ensure that it has the capability to manage user roles and identify segregation of duty breaches and should utilise the lessons learned from the findings relating to the current SAP environment in defining roles for the new general ledger system. These roles should be appropriately defined with sufficient time before "Go Live" for these to be appropriately reviewed	<p>The Council acknowledges the key recommendation made in this report and has taken it on board for inclusion in the new Oracle system which is being implemented now and due to go live in April 2022. A review of roles and responsibilities has been commissioned.</p> <p>(REBECCA HELLARD)</p>	TBC. This recommendation is being followed up by our IT Audit Team colleagues as part of their annual review of the Council's IT general controls.

Improvement recommendation

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
We recommend that the Council ensures that appropriate training is given so that managers understand the access rights that they are approving each month.	<p>Access can only be requested by managers and there are checks and balances in place in line with the Council's Scheme of Delegation before approval is granted. There is also an automatic lock out of the system for users who haven't used the system for more than 100 days.</p> <p>Managers are reminded on Yammer and via the Managers Bulletin of the importance of notifying the systems team of user changes in a timely manner.</p> <p>With only a few weeks before SAP is frozen for new transactions due to the implement of the new Oracle System, this is seen as a low risk.</p> <p>(PETER BISHOP)</p>	TBC as above.

Financial sustainability

Improvement Recommendation		
Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
Consideration should be given to making a clear distinction between statutory and discretionary spending in the budgetary information provided to members and published on the web.	As we now commence the work to set a balanced budget for 2023/24 we will consider how best we can make a clearer distinction between statutory and discretionary spend in information provided to members and citizens. (REBECCA HELLARD)	TBC

Governance

Improvement Recommendations

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>All COVID-19 grant payments to business should be reviewed, and Members should check and confirm whether payments were made to any personally related parties and if so, whether any additional declarations of interest are required to be made by them.</p> <p>The Legal Services Department should develop and implement a framework to ensure that the Council captures any significant non-compliance with its constitution.</p>	<p>In the first instance we will check COVID grant payments against any declared interests (excluding those which are Council appointments). At the start of the new Municipal year, as a one-off, we will advise Members alongside the annual Declaration of Interests process that COVID related payments from the Council to personally related parties should be declared (SATINDER SAHOTA)</p> <p>Council Management has implemented steps in order to firstly avoid and secondly address identification of any significant non-compliance with the Council's Constitution in the form of the following:</p> <p>All Council Directors to receive sign posting containing their respective delegations and sub-delegations and also include the following from the Council's Constitution:</p> <ul style="list-style-type: none"> • Key accountability documents • An Accountability Framework for each Director • Financial Regulations • Financial Accountability Arrangements to deliver sound financial management • Procurement framework • HR Framework • Explanation of the role of Elected Members • Explanation of the role of the S.151 Finance Officer; and • Explanation of the role of Directors. <p>In addition:</p> <ul style="list-style-type: none"> • each Directorate will hold and complete on an ongoing basis, a delegated Officer decision log • Every Chief Executive Urgent Decision report, Cabinet Member decision report and Cabinet report is subject to an approvals process comprising Legal/Governance; HR (if applicable), Finance and Procurement technical clearance by Officers. • In relation to capturing non-compliance (in addition to the above 'decision log') with the Constitution, Legal Services works closely with Finance and Internal Audit colleagues to investigate incidents of non-compliance, remedial action and lessons learned with assurance reporting through to the Corporate Leadership Team (CLT). <p>(SATINDER SAHOTA)</p>	TBC

Governance continued

Improvement Recommendations

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>The Council should consider the creation of a central, online register of members' interests. This would enable a review of the interests of the Cabinet or of a specific Committee as a whole.</p>	<p>A central register already exists but is not currently published online.</p> <p>From the start of the new municipal year (2022/23) this will also be published on the Council's website alongside the Members individual registers. It is also proposed that the central register will have links to each of the Members pages, so that it becomes a more useful reference tool.</p> <p>(SATINDER SAHOTA)</p>	TBC
<p>The Council should consider providing training to its employees to reduce the risk of significant data breaches occurring</p>	<p>The Council requires staff to complete a number of mandatory training modules on an annual basis, currently including two that cover information governance obligations. Currently, these focus on 'Understanding GDPR' and 'Cyber Security'. The content of the modules is reviewed each year to ensure that material remains relevant to the risks and issues the Council faces. In addition, each Assistant Director is required to undertake mandatory training on their role as an Information Asset Owner, which includes dealing with data breaches within their services and their role in ensuring staff within the service are appropriately trained.</p> <p>Data breaches are reported to the Council's Data Protection Officer (DPO) and reviewed against data breach criteria to determine whether the Information Commissioner's Office (ICO) notification is required. Quarterly and annual reports are prepared and discussed at the Council's Information Assurance Board (IAB), chaired by the Senior Information Risk Owner (SIRO). The IAB includes senior representation from Legal Services, HR, IT, Corporate Procurement as well as the Caldicott Guardian and the DPO.</p> <p>Each data breach reported to the ICO and any subsequent response with ICO recommendations is reviewed at the IAB and any improvements to the data breach processes, training or changes are implemented.</p> <p>We encourage staff to be open about any data breaches to ensure we learn and improve as a Council.</p> <p>(PETER BISHOP)</p>	TBC

Highways PFI

Improvement Recommendations

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>The Council needs to ensure that any necessary extensions to the ISC are approved on a timely basis to avoid risks to service delivery</p>	<p>While this recommendation is accepted, it should be noted that the Interim Service Contract (ISC) is BHL's contract, not the Council's. The Council approved an extension to the ISC by BHL to August 2023 on 16 March 2021. In line with this decision, the ISC was extended by BHL on 31 March 2021 and 9 December 2021, in line with Cabinet's decision.</p> <p>(KEVIN HICKS)</p>	<p>We are aware that an update has been provided to a recent audit committee and have requested copies of the slides in addition to narrative and supporting evidence below.</p>
<p>The Council should strengthen its arrangements to ensure that appropriate formal approval is provided for key decisions before any necessary submission to significant third-parties, including Government</p>	<p>This recommendation is accepted and the Council has already resolved this. It put in place a revised project governance structure from August 2021, which introduced:</p> <ul style="list-style-type: none"> • A Programme Board, chaired by the Senior Responsible Officer (SRO – the Assistant Director, Highways and Infrastructure) and comprising senior officers from the Council leading the five thematic workstreams (contract management, procurement, asset management, legal and finance and commercial). • A Sponsoring Board, to whom the SRO reports, and comprising the Cabinet Members for Transport and Environment and Finance and Resources, together with the Managing Director, City Operations, Director of City Management and City Solicitor. 	<p>TBC</p>
<p>We recommend that the Council implements a more formal process to ensure that its understanding is consistent with Government Departments, when dealing with such matters in future, to reduce the risk of setbacks caused by a difference in expectations</p>	<p>Project submissions are developed by the workstreams, agreed by the Programme Board and recommended to the Sponsoring Board for formal approval.</p> <p>(KEVIN HICKS)</p> <p>We accept that the Council could have set out its understanding of expectations regarding the Updated Business Case (UBC) more formally to DfT and have subsequently sought to do so on all DfT's requirements. It is implicitly acknowledged within the recommendation that this in itself can only reduce the risk and does not ensure that expectations are clearly shared with the Council.</p> <p>(KEVIN HICKS)</p>	

Highways PFI continued

Improvement Recommendations

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>The Council should develop its business case training to key officers to enhance the Council's ability to strengthen its arrangements for preparing effective business cases</p>	<p>The Council has significantly enhanced its approach to the development of business cases and the Corporate Programme Office (CPMO) has been working with the finance team and procurement colleagues to enhance business case templates and provides training for officers completing templates. To date the focus of training has been for those officers as they need to complete templates, we accept that there needs to be more training to strengthen and develop staff on the delivery of business cases and this training has continued to take place this year.</p> <p>As per government requirements, the Highway Maintenance and Management PFI project is supported with external advisors with extensive experience of developing business cases with government.</p> <p>While this recommendation is accepted, it should be noted that this action would not have changed the position regarding the Updated Business Case submission. The content of this submission was agreed with DfT as being outside the Better Business Case structure.</p> <p>(KEVIN HICKS)</p>	<p>TBC</p>
<p>The Council should consider including some scenario planning on changes in road use when preparing the OBC to future proof the re-procurement process.</p>	<p>Changes in road use are part of the condition risks on roads that the council is seeking to transfer to its Highway Maintenance and Management PFI Service Provider. This means that the Service Provider is required to maintain the condition requirements of roads even if their use changes during the contract. As an example, where a significant development such as the HS2 terminal changes the road use, with a greater volume of heavier vehicles damaging the road, the Service Provider is still required to achieve the same condition requirements, despite the increased damage.</p> <p>We consider that this is an appropriate way to manage this risk. It is the Service Provider, not the Council, that then needs to take into account potential scenarios for road use change in planning and submitting its bid. The Council and BHL will review the robustness of this as part of the re-procurement process to validate that bidders can reasonably be expected to deliver their bid and have provided sufficient capacity to take into account changing circumstances.</p> <p>The condition requirements to which roads are maintained need to be set out within the contract and will not change during the contract. In that respect, the Council cannot "future-proof" reprocurement; such changes will need to be taken into account in the re-procurement of the succeeding contract(s).</p> <p>(KEVIN HICKS)</p>	<p>TBC</p>

Key staff

Improvement Recommendations

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>We recommend that the Council puts in place formal arrangements to ensure that the Chief Executive and other CLT officers have a clear framework to support the development of positive relationships with the political leadership</p>	<p>The Chief Executive is working with the Senior Leadership team – both Officers and Members to strengthen positive relationships with regular briefing meetings and a monthly ECLT meeting, attended by both Cabinet members and the Corporate Leadership team.</p> <p>The Chief Executive is in the process of developing a monthly exception based report based on 5 P's – People, Pounds (£), Performance, Programmes and Partnerships. This report will be used to aid conversations.</p> <p>(DARREN HOCKADAY)</p>	<p>TBC</p>
<p>We recommend that the Council needs to identify key individuals, such as the former Head of City Finance, and ensure that appropriate succession planning is put in place to avoid future issues caused by the loss of corporate memory. Such arrangements should include the maintenance of a library of file notes, explaining the key technical areas where an individual's understanding would be lost to the organisation should they leave</p>	<p>Each department and team is responsible for ensuring that they have appropriate succession planning in place and management teams will be making succession plans as part of their business continuity plans and workforce planning.</p> <p>As the Auditors have specifically mentioned a post – the Former Head of City Finance – we have detailed the work taking place in the finance team. The management team has been strengthened and a number of key posts have been recruited to on a permanent basis building security and continuity for the teams. Where interim workers continue to fill roles, they are required to develop their teams and put in place a lasting legacy.</p> <p>(DARREN HOCKADAY)</p>	<p>TBC</p>

Waste Services

Improvement Recommendations

Recommendation	Management Responses to auditor for 2020/21 audit	Update on actions taken with supporting evidence
<p>We recommend that the Council works effectively with Wood to develop new Waste Service delivery models as soon as the Government's requirements for future collection programmes have been finalised and ensures that it can maintain effective and consistent relations with its trade union partners regardless of any future changes to the Waste Service delivery mode.</p>	<p>The Council accepts this recommendation and will work to implement it when Government's requirements for future collection programmes have been finalized.</p> <p>[ROB JAMES]</p>	<p>TBC</p>



Chair of Audit Committee
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13 September 2022

Dear Cllr Grindrod

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The original expectation under the approach to value for money (VFM) arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the ongoing challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than the end of February 2023.




For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Jon Roberts
Partner

BIRMINGHAM CITY COUNCIL**AUDIT COMMITTEE****28 September 2022****SCHEDULE OF OUTSTANDING MINUTES**

Note: As of 30 September 2021 – Responses to outstanding actions to be made within a 2 month period unless there is an exceptional reason.

-  Completed & discharged
 Approaching 2 months
 2 months +

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
377 19/10/2021	<u>ASSURANCE SESSION – THE DEPUTY LEADER’S PORTFOLIO</u> <u>Additional Recommendations:</u> That the Audit Committee; (ii) Agreed for a briefing to be offered to all Members of the Council on Cyber Security, GDPR and roles related to data processing. (iii) Agreed for a briefing note to be provided to Audit Committee on the shared learnings of the Complaints area from both from Audit Committee and Coordinating O&S Committee.	Peter Bishop – Director, Digital & Customer Services to lead on responses. (ii) Briefing will be arranged to be delivered to an early meeting of the 2022-23 Audit Committee. (iii) Briefing note will be provided to the Committee in the early stage of the 2022-23 municipal year. Response will be provided at the 28 September meeting
412 25/01/2022	<u>EXTERNAL AUDITOR'S FINDINGS REPORT 2020/21</u> <u>Additional Recommendation</u> (ii) That the Managing Director Housing report on the valuation of Tower blocks in the City Housing stock.	Verbal update from Mohammed Sajid on 28 September 2022. Following verbal update, this action can be discharged.

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
413 25/01/2022	<p><u>OMBUDSMAN REPORT CONCERNING A COMPLAINT ABOUT THE REFUSE AND RECYCLING SERVICE</u></p> <p><u>Additional Recommendation</u></p> <p>(ii) That the Chief Executive review how departments work in a joined-up way and how complaints from residents and Councilor's on poor service are dealt with.</p>	<p>A letter from Councillor Grindrod inviting the Chief Executive to attend a future Audit Committee meeting was sent on 13 April 2022. Committee Services to ensure a date is agreed for the CEO to attend a meeting.</p> <p>Response will be provided at the 28 September meeting</p>
414 25/01/2022	<p><u>RISK MANAGEMENT UPDATE</u></p> <p>(iii) That the SR5.6 Safeguarding Children risk position on the strategic risk map be raised with the Cabinet Member and officers at a future meeting.</p>	<p>Sarah Dunlavey/ Sue Harrison</p> <p>This will be covered at the 28 September 2022 Committee meeting.</p>
442 29/03/2022	<p><u>ADOPTION OF ACCOUNTING POLICES FOR 2021/22</u></p> <p>(i) Members requested that Officers facilitate a future training session in relation to the valuation process associated with the Council's plant and property.</p>	<p>This training session will be arranged during the early stages of the 2022-23 municipal year.</p> <p>Mohammed Sajid to confirm</p>
443 20/04/2022	<p><u>2020/21 AUDITORS ANNUAL REPORT</u></p> <p>(i) Members requested that a future training session should be provided in relation to Member's interests</p>	<p>Satinder Sahota/ Rochelle Tapping to action</p>
444 20/04/2022	<p><u>2020/21 AUDITORS ANNUAL REPORT</u></p> <p>(i) Members requested that the relevant Service Director and Cabinet Member responsible for the Home to School Transport Service attend a future meeting to outline how the concerns outlined in the External Auditors report are being addressed.</p>	<p>Sue Harrison/ Mike Fagan</p> <p>This will be covered at the 28 September 2022 Committee meeting.</p>

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
3 30/06/2022	<u>AUDIT COMMITTEE – FUNCTIONS</u> <u>Additional Recommendation</u> ii) That the Independent Advisor to hold a private session with Members before the next Committee meeting.	Andrew Hardingham This will be taking place ahead of the 28 September 2022 Committee meeting.
9 30/06/2022	<u>BIRMINGHAM AUDIT ANNUAL REPORT 2021/22</u> iii) Officers to provide an update to members around queries on fraud recovery.	Craig Price circulated a response to Committee Members on 18/07/2022.

