

# BIRMINGHAM CITY COUNCIL

<b>AUDIT COMMITTEE</b> <b>14 FEBRUARY 2023</b>
---

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
TUESDAY, 14 FEBRUARY 2023 AT 1400 HOURS IN COMMITTEE  
ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1 1BB**

**PRESENT:-**

Councillor Fred Grindrod in the Chair;

Councillors Shabrana Hussain, Meirion Jenkins, Amar Khan, Miranda Perks, Shafique Shah and Paul Tilsley

\*\*\*\*\*

**NOTICE OF RECORDING/WEBCAST**

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

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

---

**APOLOGIES**

- 555 Apologies were submitted on behalf of Councillor Bruce Lines for his inability to attend the meeting.

At this juncture, Councillor Jenkins raised concerns on the time allocated to the Ombudsman report. The Ombudsman report was a risk management concern for the Council therefore, he felt this should have more time allocated.

The Chair agreed with the request and slightly reduced the Leader's Assurance Session to 45 minutes to allow more time for discussions on the Local Government and Social Care Ombudsman and the Housing Ombudsman Annual Review 2021/22.

---

**DECLARATIONS OF INTEREST**

- 556 At this juncture, Councillor Tilsley declared a non-pecuniary interest as the non-executive director for Birmingham Airport.

---

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

The Chair informed he had not been informed of any items under this section.

Upon consideration, it was:

557

**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 – 31 JANUARY 2023 AND MATTERS ARISING**

558

The minutes would be shared at the next meeting as the Committee had only met recently in January 2023.

---

**ASSURANCE SESSION - THE LEADER'S PORTFOLIO**

The Leader of the Council attended the meeting accompanied by Deborah Cadman, the Chief Executive.

A verbal update was provided on the following:

The Leader highlighted two key Strategic Risks:-

- 1) **Supply of Affordable Housing** – A combination of sales of housing (through right to buy) combined by levels of demolition and poor-quality homes resulted in a constant loss of affordable housing. Much of the Council housing stock was 70 years old. At present the figure was moving in the wrong direction which was creating pressure on temporary accommodation.

Currently, there were 21,000 citizens on the waiting list therefore, this was a priority and some action on this area was needed. Actions were in place to manage this risk. Currently, this risk was rated 'red' within the Corporate Risk Register.

In December 2022, Cabinet adopted a new Housing Strategy which covered the period up to 2028. This provided the Council with a framework of how it

would deliver housing over the coming years. The various elements of the framework and various strands of delivery was shared with the members.

The Birmingham Development Plan was currently under review and it was envisaged that the requirement for affordable housing would increase.

Members of the Committee commented and asked questions, to which the Leader of the Council responded.

Councillor Khan referred to the points raised around the possible increase of housing and private sector. She queried if there was the possibility of having a contract agreement between West Midlands Combined Authority manufacturers to provide supplies within the area to build houses faster. This infrastructure within West Midlands would encourage growth within the economy.

Councillor Tilsley queried the following areas: i) he referred to the current waiting lists and Ukrainian and Afghanistan refugees and if the 21,000 people were included on the waiting list or on top of this figure ii) If there could be a cross border agreement with Black Country Authorities iii) Environmental issue – Providing decent standard of homes i.e. better standard of insulation etc.

Councillor Perks queried on how to increase the percentage of affordable housing schemes; BCC's housing stock and ensuring the repair works was being maintained and of standard. In addition, she queried what was currently being done to check the correct housing needs were being allocated i.e., single person living in a 2-bedroom flat, audit to move people around.

Councillor Jenkins questioned if the 'Right to buy' was a good scheme.

The Chair referred to point SR2.2 on the Risk Register, which was ranked 'red' on the risk map. He queried if the Leader felt confident the Council were mitigating well against the risk and if the rating would move out of 'red' or not.

Key points made in response:

- Two opportunities were outlined by the Leader to create businesses and industries in Birmingham and West Midlands;
  - a) Modular build
  - b) Retrofit builds

Birmingham was currently in partnership with Wolverhampton and Coventry (known as the Three Cities Retrofit Programme). A Business Case was currently being placed together.

The ambition across the Cities was for 165,000 Council and social housing homes to be retrofit. This would be the largest retro – fit in the Country. As a result, this would create an industry within the West Midlands which would create employment. Once up and running this would drive down the costs.

- Current waiting lists on Ukrainian and Afghanistan refugees - this figure was on top of the 21,000 people. It was highlighted Afghan refugees require large houses.
- Under the duty to cooperate, there was the requirement to accommodate several citizens from outside of the city boundary. This was currently being reviewed by Government. There were opportunities within the Black Country to provide housing on certain sites.
- Retrofit & decent homes standard – A Retrofit programme consisting of 300 homes was being piloted in the east of Birmingham.
- Percentage of increasing Affordable Housing Schemes – This would be undertaken through Planning application process. Process of planning included a viability assessment which was independent. BCC Planning Committee would be guided by the viability assessment. There was a risk of developers of not investing in the City therefore, this had to be balanced. Going forward there would be a different approach to affordable housing.
- Housing stock repair – A Housing, Revenue Account Business Plan had been produced which indicted the approach. The Budget report indicated housing rents would increase by 7%. Following consultation, Government had concluded 7% was the correct percentage increase.
- BCC Housing stock was very old and this was a challenge in itself.
- Housing Allocation – Housing Department offers an opportunity for citizens to downsize to release large properties for families. It was recognised there was a high level of overcrowding across the Council Houses. Many of the larger properties had been bought under the 'Right to Buy' scheme.
- In the past, many citizens had benefited from right to buy scheme as this was an aspiration people had. However, it was noted the scheme was currently not fair on the outcomes and there was a struggle to replace the number of units through new build. There was a requirement to explore different models.
- SR2.2 on the Risk Register – In December 2022, the Housing Strategy was adopted and this was referred to. The initiative was to approve affordable housing and the intention was to move the rating from 'red' to 'amber' and then into 'green' in due course i.e., BCC to be in a position to meet the need for affordable homes (supply for affordable housing) however the 'right to buys' scheme remained a risk to achieve this.

## **2) Delivery of the Commonwealth Games Legacy (Strategic Risk - SR7.5)**

Cabinet had agreed the Business Case for the Legacy Programme. An overview of the Cabinet Report was shared with members.

Details of the Commonwealth underspend was shared (25% was returned to the City). 75% had been given to the West Midlands Combined Authority with the view of some of the money remaining with Commonwealth Congregation. Further discussions took place on this area. Members were informed Capital works were taking place on Alexander Stadium to deliver the legacy.

A Director for the Commonwealth Games had been appointed. The legacy was the real prize for hosting this event i.e. infrastructure that could be gained and drive amongst the communities. Spent £184 million on CWG and now levered £800 million pounds in infrastructure investment in the City which would increase over the years.

The Chair recognised Birmingham delivered a successful CWG event. This was a huge success however, he queried what had been learnt from the process to apply to other areas of BCC.

Key points made:

- CWG was a huge success for Birmingham. It was delivered on time and within budget. Discussions had taken place with Manchester (2002), Glasgow (2014) and Gold Coast (2018) and the learnings had been reflected.
- One of the drivers for the underspend on the CWG was around recruitment i.e., the full complement of people was not recruited and led to savings.

### **Update on the JNC Panel**

The Chair gave a summary around the interest the Committee had around the interactions with the JNC Panel.

The Leader was content with providing regular updates on the work around the JNC Committee however, he highlighted that in some instances the time taken for certain employees to leave the organisation had been considerable. This process was currently under review with the view to speed the process in the future.

Members of the Committee commented and asked questions which the Leader of the Council responded to.

Councillor Jenkins queried if this related to the case where a purchasing framework was announced and made public before it was a decision had been taken by Cabinet.

At this juncture, the Director of Council Management highlighted this query was referenced in Cabinet on 14 February (Home to School Transport). She confirmed, a prior interest notice was the only item which was shared and was not dependant on any decision being made.

In addition, the City Solicitor and Monitoring Officer confirmed this was standard practice to place a prior notice for procurement.

Key points made in response:

- There was confidence that the risk management was improving however, more had to be factored in this area in the future.
- It was positive to seek assurances from portfolio holders via the Assurance Sessions that took place at Audit Committee.
- External Independent advice should be given.
- The partnership arrangement suggested all portfolio holders should report to City Council and queried if this should be reinstated.
- West Midlands Combined Authority relationship with the Three Cities Retrofit had worked well. This was moving in the right direction.

Upon consideration, it was:

559 **RESOLVED:-**

That the Audit Committee noted the updates received on the Leaders Portfolio.

---

**THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN AND THE HOUSING OMBUDSMAN ANNUAL REVIEW 2021/22**

The following report of the City Solicitor and Monitoring Officer was submitted: -

(See document No.1)

Introductory comments were made by the City Solicitor and Monitoring Officer. It was noted, the report compared Birmingham's performance against the performance of Councils across England on the Local Government and Social Care Ombudsman's (LGSCO) and Housing Ombudsman's (HO) findings.

It was suggested that in future years, the reports for each of the Ombudsman reports should be split as they were published at different times in the year.

The Chief Executive noted it was unacceptable for the Council to have Ombudsman reports. Birmingham City Council were now taking this seriously and improvements had to be made. Ombudsman reports had ramifications to the Councils reputation, confidence in the organisation with residents and Central Government. The Corporate Leadership Team recognised the importance of this area.

A presentation was tabled and shared at the meeting by Dawanna Campbell, the Acting Assistant Practice Manager.

(See document No.2)

The presentation gave an overview to both Ombudsman Reports. These were around;

- i) **The Ombudsman Annual Review 2021/22**; LGSCO Annual Review – Areas of Concern; Remedy Compliance; Volumes of complaints; Subject of Complaints Nationally; Subject of Complaints about Birmingham City Council and Outcomes of reports including settlements.
- ii) **The Housing Ombudsman Performance report for the Council** – including Order compliance; The total amount of compensation ordered in determinations made between 1 April 2021 to 31 March 2022 was £10,756.00; Learning from Complaints as a route to Service Improvement and Engagement with the Ombudsman and Engagement with the Ombudsman.

The LGSCO report was published in July and the HO report in September/October each year. Due to the time lapse between receipt of the reports and presentation to the Committee, it was proposed to present the reports separately in future years. This would allow for our reports to be more succinct, highlighting concerns and attaching reports as appendices, which would be more digestible.

Members of the Committee commented and asked questions which the Chief Executive and the City Solicitor & Monitoring Officer responded to.

Councillor Perks referred to the 2022/23, and if there was a tracking system of the complaints made. This would assist the learning process and managing the complaints to avoid future Ombudsman reports. She queried if there was an increase in number of complaints for 2022/23.

Councillor Tilsley highlighted he would want to see the financial settlement and apologies to be stopped in the future. It was important to get the system right first time to ensure that all the systems in place met the needs of the citizens.

The Chair reflected on the conclusion of the report and read this out. It was recognised this was systemic failures which had happened over time. Reference was made to the issues within Housing Department and sought assurances to solve the issues.

The Committee to understand the role of the Ombudsman and invite a representative from both Ombudsman's to give a briefing to Audit Committee.

Councillor Jenkins recognised the Council had to fulfil a reasonable expectation from the citizens. As a large organisation, it is difficult to achieve customer satisfaction because it was harder to empower staff due to procedures and controls. Examples of incidents were shared with the Committee and why complaints and Ombudsman reports were issued.

Key points made in response:

- The Chief Executive noted the significant findings from the public interest reports. These had been converted to action plans to mitigate and address issues. Furthermore, they had been incorporated into Directors Action plans and one-to-one's. There was regular monitoring and oversight to delivering the action plans on systemic failures across the whole organisation.
- The Social Housing Regulator would become more active.
- A record for every Directorate was managed Corporately. Details around the process of complaints management was shared with members. Corporate Leadership Team had oversight of the complaints
- Members requested for details of the number of complaints for 2022-23 across the organisation.
- Details around 'effective triage' was shared by the Chief Executive.
- An update was provided around complaints and how they were recorded and monitored for Directorates.
- The profile and statutory footing for the Ombudsman reports had been raised and the level of assurance and response rates of complaints had been improved. A review had taken place for each Directorate and Council Management had raised the profile around complaints and Ombudsman reports.
- The escalation factors around complaints had been improved.
- The Chief Executive referred to the requirement for a cultural shift and this would take time to change in order to be 'Best in Class'.
- Housing Awayday conference had taken place to emphasise the importance of the Ombudsman reports.
- Systemic failures would take longer time to deliver.
- It was the Council's duty to deliver the best to the residents of the City.

The Chair recognised these reports were important to keep sight of. Furthermore, it was important to understand the role of the Ombudsman.

It was agreed for the Chief Executive, together with the Leader and relevant Cabinet Member to attend the Audit Committee for Ombudsman reports in future.

Upon consideration, it was:

560

**RESOLVED:**

That the Audit Committee:



## Audit Committee – 14 February 2023

- (i) Received the report concerning the Local Government and Social Care Ombudsman's Annual Report and the Housing Ombudsman performance review for 2021/22.
  - (ii) Accepted the Professional Standards Team's proposal to separate the LGSCO/HO reports in future years.
  - (iii) Agreed for a representative from both the Local Government and Social Care Ombudsman's (LGSCO) and Housing Ombudsman's (HO) to provide a briefing session to Audit Committee Members to understand the role of the Ombudsman.
  - (iv) Details of the number of complaints for 2022-23 across the organisation to be shared with Committee Members.
- 

### ASSURANCE SESSION – CABINET MEMBER ENVIROMENT PORTFOLIO

The Cabinet member for Environment attended the meeting accompanied by Mark Wiltshire, Interim Director City Operations and Darren Share, the Assistant Director Street Scene.

Following introductions by the Chair and Cabinet Member, the Director for Council Management reminded the Committee, this session was looking at the risks associated with the portfolio and gaining assurances on how these were being managed.

A verbal update was provided on the following:

- (i) **Waste Collection** – There was now a full complement of staff which had allowed services to improve. The performance had improved; from 116 properties per hour on 9.1 hour per day (in 2017) to 180 properties per hour (in 2022). Waste Services had moved from the bottom quartile to the top quartile of safe working practice measured across all of the Core Cities.
- (ii) **Waste Management** – In 2016/17, the budget overspend was £11.9million which resulted in Service Improvements. The forecast for this year (2022/23) was to break even due to increase in electricity income from Tyseley Plant.
- (iii) **Wood report** – Identified improvements that were implemented immediately. In 2020, as a result of the pandemic, the measures were relaxed however, these were now back on track. A new ways of working were introduced when the Cabinet Member was appointed, and improvements had been made.

- (iv) **Missed Collections** – This was on a downward trend movement. The collection rates had improved dramatically. Further figures were shared with the Committee.
- (v) **Council Enquires** – These had reduced significantly since the appointment of the Cabinet Member. Council enquires went from 469 (June 2022) to 193 (November 2022) and were now on a downward spiral. Investment had taken place on technology and details around this was shared with the Committee. Further changes would be introduced to the 'InCap' system resulting in more positive data collection. Detailed work was taking place across the City on Assisted Collection. Depot visits were being arranged for elected members.
- (vi) **Recycling** – Further work was taking place around recycling as the levels expected were not being reached. Areas like Small Heath and Alum Rock required further work as they were working at only 22% of recycling levels. All residents were being offered the opportunity to dispose to the House Recycling Service.
- (vii) **Love your Environment** had been introduced.
- (viii) **Graffiti** – Work was taking place with the Chair of Licensing and Public Protection Committee and the Cabinet Member for Community Safety to have joined up work.
- (ix) **Fleet** – 74 collection vehicles had been purchased. Officers were in the process of identifying alternative fuel systems. It was noted, Perry Barr depot was going through a refurbishment.

Members of the Committee commented and asked questions which the Cabinet Member for Environment responded to.

Councillor Jenkins referred to the variations in the roads being serviced as some were well serviced than others. He questioned the consistency of the roads being serviced and have explore a system that works for all.

Councillor Perks referred to the LGSCO (Ombudsman Report) (2021/22), which raised concerns on waste collection. It highlighted ongoing systematic issues during 2021/22 and noted this did not capture 2022/23 data. However, she questioned i) how many complaints were in progress and was this reducing, ii) who else had access to the up to date data; iii) how confident was the Cabinet Member only 9 dropped rounds was the actual figure; were people reporting this correctly and iv) what were the route cause in the system for missed collections.

Councillor Tilsley highlighted the risk around zero carbon targets (recycling), and some of the inner-city ward's rates were low. He referred to recycling pods being placed into specific areas where it would work. It was suggested to consider recycling pods to be made available in such areas. However,

these would need to be monitored daily. Historically, this had assisted the recycling rates in areas where there was reluctance.

Councillor Hussain referred to recycling in inner city wards. Points she raised were around; i) trade waste should be factored into recycling; ii) mobile centre – works in most wards but not all wards, what were the options in the wards it did not work in?; iii) street cleaning – some area have never been cleaned; iv) missed collection data – is this shared with ward members? v) contaminated bins – more education required to citizens; vi) Incap technology – members to watch this being delivered in the city.

Councillor Khan shared details on missed collections within his ward that required addressing. The Chair requested for these matter to be resolved outside of the meeting.

Councillor Shah queried if there was any funding to clean private alleyways.

Key points made in response:

- Work had been taking place on consistent system failures. Reports had been developed around missed collections to identify common problems and long-term solutions in order to get to the root cause of the problem.
- Perry Barr Depot - due to the amount of recycling that had been produced, an additional crew had been put into place. Re-routes had taken place around Sutton and there had been one or two failures due to the crew not being familiar with the roads or due to readjustment to the rounds. The main roads which were being missed were roads with access issues.

At 1546 hours, Councillor Jenkins left the meeting.

- Ombudsman Report – The Cabinet Member reassured the Committee that the level of complaints had significantly reduced and there was a better working relationship with the crew. Service Improvement Board meetings were taking place once a month to work through improvements collectively.
- InCap technology had improved the services dramatically. Details around the technology was shared. It was noted, vehicles were being tracked.
- The New Ways of Working were allowing employees to access information. Assisted Collection Reports were being produced and forwarded to the depots.
- Every depot produced a daily report to Local Service Management who discuss this with the Principal Operations Managers on a weekly task meeting.
- Contaminated bins would not be collected and feedback would be given to residents as to the reason why.
- In 2024, a review would be taking place to look at organic materials and recycling. Birmingham would want to be the first Council to trial this out so that they can set an example.

- Conversations were taking place with Mosques to give advice on recycling.
- The Cabinet Member was confident with the direction of travel for the service area.
- Recycling pods were being reintroduced in large mosques by access their carparks. In addition, work was taking place with manufacturers around better recycling trucks.
- Work was taking place with disposable partners to bring in large containers for mobile house recycling sites. In addition, they had identified ways of recycling paint and mattresses.
- Aston University were undertaking work around recycling plastics.
- Deposit Schemes will also be placed into private areas and into large institutions.

At 1600 hours, Councillor Tilsley left the meeting.

- Depot demonstrations and visit would be available for Members however, Health & safety training may be required to access some of the machinery.
- Data sharing on missed roads was available for elected members however, this would have to be requested for.
- Education Programmes were being developed across Overview & Scrutiny as well as through schools via the relevant Cabinet Member.
- Street cleaning – Love your Environment was encouraged across the City. The example of Bordesley Green was shared with members.
- Flats and HMO's wastage was being reviewed.
- This year there was £830k specifically allocated for public alleyways to clean them. Private alleyways did not have funding therefore the, Cabinet Member was supportive to arrange assistance in cleaning these.

At 1605 hours, Councillor Tilsley returned to the meeting.

At 1615 hours, Councillor Khan left the meeting.

Upon consideration, it was:

561

**RESOLVED:-**

That the Audit Committee noted the updates received on the Cabinet Member for Environments Portfolio.

---

**RISK MANAGEMENT UPDATE**

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

(See document No.3)

The Assistant Director Audit and Risk Management explained that the report was the same as the one submitted at the January meeting. An overview of the report and the effectiveness of Risk Management was provided.

Changes to the Risk Register was shared with the Committee. These were noted as:

- SR3.4 – Counter Terrorism / emergency planning restated as two separate risks:
- SR3.4a - Business Continuity - Failure to maintain critical services;
- SR3.4b - Business Continuity - Failure to respond to emergency / terrorism.

Both risks were being allocated a residual likelihood and impact rating of medium / significant.

- SR4.1 – Loss of personal / sensitive data, residual risk reduced from a likelihood and impact rating of significant / medium to medium / medium.
- SR4.3 – Cyber attacks, residual risk reduced from a likelihood and impact rating of high / high to medium / significant.
- SR7.4 – Commonwealth Games delivery, closed and deleted.

Further details around the report was shared with the Committee.

Members of the Committee commented and asked questions which the Assistant Director Audit and Risk Management responded to.

Key points noted:

- SR5.6- Safeguarding Children – Internal Audits confidence and processes which are in place. Impact would probably always be high rating.

The City Solicitor and Monitoring Officer informed the Committee, all Councils have the ratings for Safeguarding Children, as 'high' – there are always children that were not known. There was a duty of care to that 'unknown' child too i.e. Did the child fall through the front door services; child in need; did they not get escalated correctly etc therefore the rating was always high and in place.

- The 'red' risks were inherent risks, and gradually these would move to 'residual' risks.
- Councillor Tilsley referred to media attention on a custodial sentence and requested for report on this for the next meeting.
- The Chair referred to risks which were outside of the BCC's control and external Ombudsman reports. He questioned if it was possible to have a different lens on the heat map to include risks which were in our

control. He questioned if the Operational risk register should be explored in order for the Committee to challenge the Cabinet Member on the risks.

- It was important for the Committee to stay focused on the risks and assurances rather than move to the Scrutiny area. More focussed discussion with the Cabinet Member and Director – move to a refocussed session.

Upon consideration, it was:

562 **RESOLVED:-**

That the Audit Committee;

- (i) Noted the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- (ii) Reviewed 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. In addition, have more of a focus on operational risks.
- (iii) A report to be discussed at the next meeting on an audit investigation in the media that resulted in a custodial sentence.

---

### **SCHEDULE OF OUTSTANDING MINUTES**

The following Schedule of Outstanding Minutes was submitted:-

(See document No.4)

563 **RESOLVED:-**

That the Schedule of Outstanding minutes be deferred to the next meeting.

---

### **DATE OF THE NEXT MEETING**

564 The next meeting is scheduled to take place on Tuesday, 28 March 2023 at 1400 hours in the Committee Room 6, Council House, Birmingham.

---

**OTHER URGENT BUSINESS**

- 565 The Chair noted that the Committee's Annual Report went to City Council on 7<sup>th</sup> February 2023. Following discussions, the Conservative Group Leader challenged how to expand on the report.
- 

**AUTHORITY TO CHAIRMAN AND OFFICERS**

- 566 **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 1631 hours.

.....

CHAIR