



Annual Governance Statement 2020/21

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### 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 2020/21 and it also identifies significant changes that have arisen as a result of the Covid 19 pandemic.
- 1.5. The Covid 19 pandemic has meant that the Council has made significant changes to governance arrangements since activating its emergency plan on 18 March 2020. As a result of this, emergency Covid 19 decisions have been made in accordance with the Emergency Plan and in line with the Council's Constitution, therefore, normal reporting and decision-making rules have changed and do not apply. The Council's Emergency Plan and the Constitution adopts the Strategic / Tactical / Operational Command and Control structure, which is a nationally adopted framework by all emergency response organisations. The command and control structure ensures a joined-up approach to emergencies at various scales and provides Officers with wide delegations to make decisions at pace as the Council responds to the developing situation. The Council has been dealing with the need to continually respond to the crisis as it develops, 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. The Council has now published a log of the decisions taken during the emergency response and a Covid 19 decision log will be published as required, to reflect new decisions and information throughout the pandemic and beyond.
- 1.6. The Strategic / Tactical/ Operational Command and Control structure used as part of the emergency response to Covid, was stood down on 2 August 2021.

## 2 **The purpose of the governance framework**

- 2.1. The Council is committed to good governance and to improving governance on a continuous basis through a process of evaluation and review.
- 2.2. 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.
- 2.3. 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.
- 2.4. 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.
- 2.5. The governance framework has been in place at the Council for the year ended 31 March 2021 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 key elements of the systems and processes that comprise the Council's governance arrangements include the following:

### The Council's vision and priorities for Birmingham

- 3.2. The Council has a clear vision for Birmingham, to create 'a city of growth where every child, citizen and place matters' and a set of outcomes and priorities to underpin this vision. The Council's aim is to transform and modernise services in response to changing demand from a growing population and to support this, the Council will focus resources on six clear 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 sets out the work programme for full delivery by May 2022 with a continued focus on the six priority outcomes identified above. The Council will focus on understanding where the city should be over the next 10-20 years. Working in partnership with others, the Council will develop comprehensive proposals for change to maximise the opportunities to tackle inequality and address both longstanding and new challenges facing the city.
- 3.5. The Plan will also focus on specific deliverables and commitments the Council needs to achieve over the next 18 months by Portfolio Holder such as ensuring the city is ready for and benefits from the Birmingham 2022 Commonwealth Games and supporting the city to respond and then recover from the Covid 19 pandemic.
- 3.6. Longer term, three priority areas have been identified in the Plan which the Council believes are fundamental to tackling the critical challenges of creating a more equal and inclusive city whilst managing demand on Council services to a more affordable level. 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**
- 3.7. 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.
- 3.8. Alongside the Delivery Plan, the corporate priorities are supported by more detailed Directorate and Service Plans which are also regularly monitored and reviewed with a golden thread through to appraisals.
- 3.9. In response to the Covid 19 pandemic, the Council developed a 12 point plan to meet the needs of the city, residents and communities. Based within the framework of the Council's vision and priorities the 12 points are:
  - 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.
- 3.10. 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.
- 3.11. The Council set a Financial Plan for 2020-2024 that was driven by the Delivery Plan and invested in services and set out savings plans that would deliver a balanced budget over this period. By March 2020 the impact of the Covid 19 pandemic was felt in the UK and across the world. As a result, Government and public sector financial plans have been significantly changed and the outlook remains uncertain.
- 3.12. In responding to the Covid 19 pandemic in 2020, the Council promptly put in place weekly monitoring and reporting of financial impacts and quantified financial risks, a process that the Local Government Association held up as an example to others. The Council lobbied and engaged with Government directly over the need for sufficient funding for the impact of Covid 19. Through rigorous and diligent financial management coupled with additional funding provided by the Government, the Council has achieved spend within its budget for 2020/21.
- 3.13. The Council undertook a mid-year update to its Medium Term Financial Plan at the end of September and reported findings in November to both Cabinet and Overview & Scrutiny Resources, alongside its Delivery Plan proposals. An updated Medium Term Financial Plan was incorporate into the Financial Plan 2021 – 2025 approved

by Council in February 2021 alongside the presentation of the balanced budget proposals for 2021/22. To improve financial resilience the Financial Plan 2021 -2025 increased the Financial Resilience Reserve and increased General Balances to represent 4.5% of the net budget requirement.

- 3.14. Given the significant impact the Covid 19 pandemic has had on the Council, a fundamental review of the savings programme took place during the year, supported by the monthly Star Chamber process and Directorate Management Team budget challenge sessions. The review identified that some savings had to be rephased due to changing circumstances, some had to be replaced with an alternative saving and others had to be removed from the programme since they were no longer considered to be deliverable. Through this rigorous challenge the Council has ensured deliverability of a savings programme for the future.
- 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 enterprise partnerships in conjunction with the WMCA) and the Birmingham and Solihull Sustainability and Transformation Plan (to deliver 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 has a strong public, third sector, and business engagement role. Through City Board, the Council has embarked on a city vision plan for Birmingham (2020-2035) which will bring about a change in partnership activity and the relationship with citizens, provide sector leaders with shared objectives based on the UN Sustainable Development Goals and represent a strong statement of collective leadership. The Council has a Community Cohesion Strategy and there is an established partnership toolkit setting out the governance and internal control arrangements which must be in place when the Council enters into partnership working. This includes arrangements for the roles of Members and Officers, and the implementation and monitoring of objectives and key targets.
- 3.18. From 1 September 2019 the Local Enterprise Partnership (LEP) transferred its revenue operations and full executive team to 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 Greater Birmingham and Solihull Local Enterprise Partnership (LEP) and where applicable, jointly and in consultation with the West Midlands Combined Authority (WMCA). As Accountable Body and partner to the LEP, 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. LEP projects are delivered within the LEP 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.
- 3.19. 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 that it either wholly owns, or in which it has an interest or a relationship through nominees through for example, holding entity boards to account for their performance and reviewing business plans and strategies of the entities where applicable.

3.20. 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. Any in-year changes are agreed by Cabinet and/or the Council Business Management Committee (CBMC).

3.21. The Council facilitates policy and decision-making via an Executive Structure. There were ten members of Cabinet for the 2020/21 financial year:

- The Leader with responsibilities for Strategic Policies, Structure and Governance of the Council, Financial Strategy, Communications, Policy and Partnerships, Major Projects, Commonwealth Games, Sports and Events Development, Economic Growth and Jobs and Commissioning
- Deputy Leader with responsibilities for Business Change, Efficiency and Improvement, Revenues and Benefits, Customer Services, Emergency Planning, ICT and Legal.

Eight other Cabinet Members have the following portfolios:

- Cabinet Member – Children's Wellbeing (changed to Cabinet Member – Vulnerable Children and Families, August 2021);
- 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.

3.22. 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.

3.23. 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.

3.24. 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.

3.25. 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.

- 3.26. The purpose of the Audit Committee is to support the Council's Corporate Governance responsibilities and to provide independent assurance to the Council in relation to internal control, risk management and governance. The role of the Audit Committee includes active involvement in the review of financial systems and procedures, close liaison with external audit and responsibility for the approval of the Annual Accounts and to review and make recommendations to the executive regarding the effectiveness of internal audit on the Council's arrangements for deterring, preventing, detecting and investigating fraud .

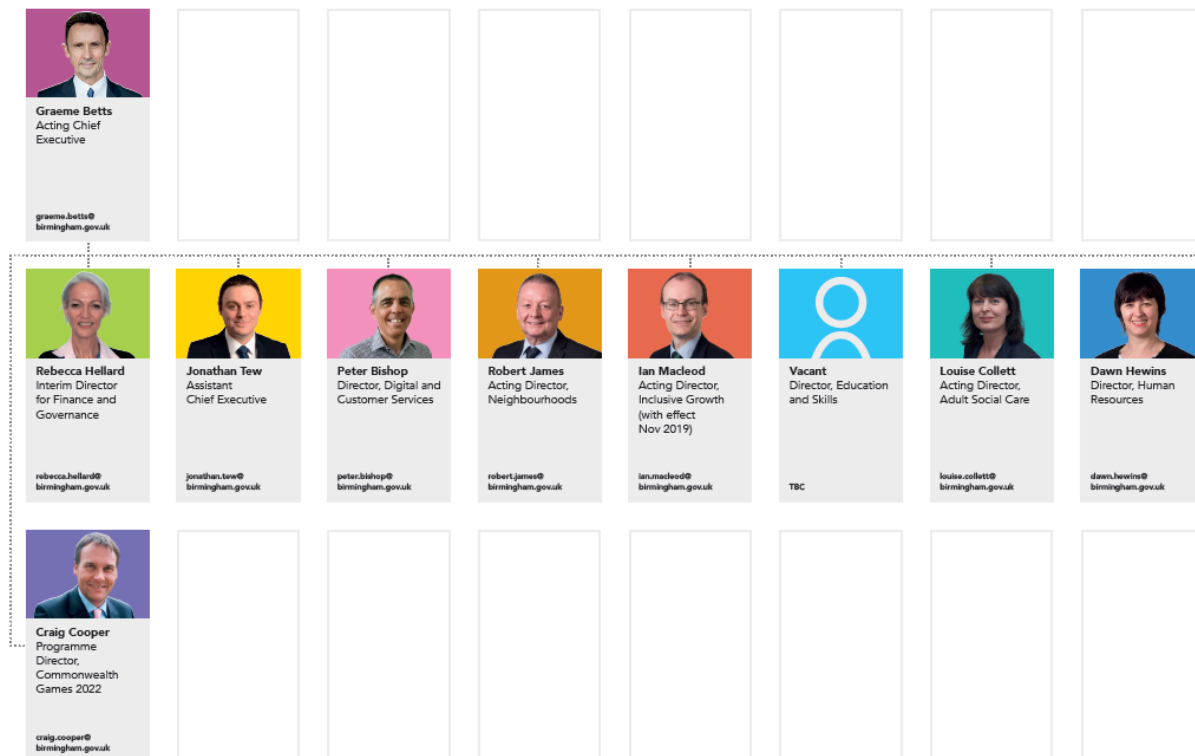
#### Roles, Values and Standards of Conduct and Behaviour of Members and Officers

- 3.27. The Constitution sets out the respective roles and responsibilities of the Cabinet and other Members and Officers and how these are put into practice.
- 3.28. The Constitution also includes a Scheme of Delegation to Officers which sets out the powers of Corporate Directors.
- 3.29. 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.

#### Management Structure

- 3.30. During 2020/21, the Council operated through eight Directorates, Adult Social Care and Health, Education and Skills, Inclusive Growth, Finance and Governance, Neighbourhoods, Digital and Customer Services, Partnerships, Insight and Prevention, and Human Resources.
- 3.31. The Council's management structure as at 31 March 2021 was as per the diagram below:





3.32. In addition, the following key changes occurred:

- Chris Naylor became Interim Chief Executive 18 May 2020 to 6 March 2021.
- Graeme Betts took up the role of Acting Chief Executive prior to and after, Chris Naylor's secondment from London Borough Council of Barking & Dagenham.
- Louise Collett became Acting Director of Adult Social Care during the period Graeme Betts took up the role of Acting Chief Executive
- Jacqui Kennedy, Director of Neighbourhoods, announced her early retirement on 3 June 2020
- Craig Cooper was appointed Programme Director Commonwealth Games on 11 May 2020.
- Tim O'Neill, Director Education and Skills left the Council on 31 January 2021.
- Deborah Cadman was appointed as Interim Chief Executive from 14 June 2021.
- Jonathan Tew, Assistant Chief Executive left the Council on 31 August 2021.
- In line with the structure outlined in the 'Investing in our Future' Report, Rob James was appointed Managing Director City Operations and Julie Griffin appointed Managing Director of City Housing in April 2021.
- Rebecca Hellard was appointed Director of Council Management on a permanent basis from 1<sup>st</sup> November 2021.
- Darren Hockaday was appointed as Interim HR Director from 4 October 2021.

### Financial Management Arrangements

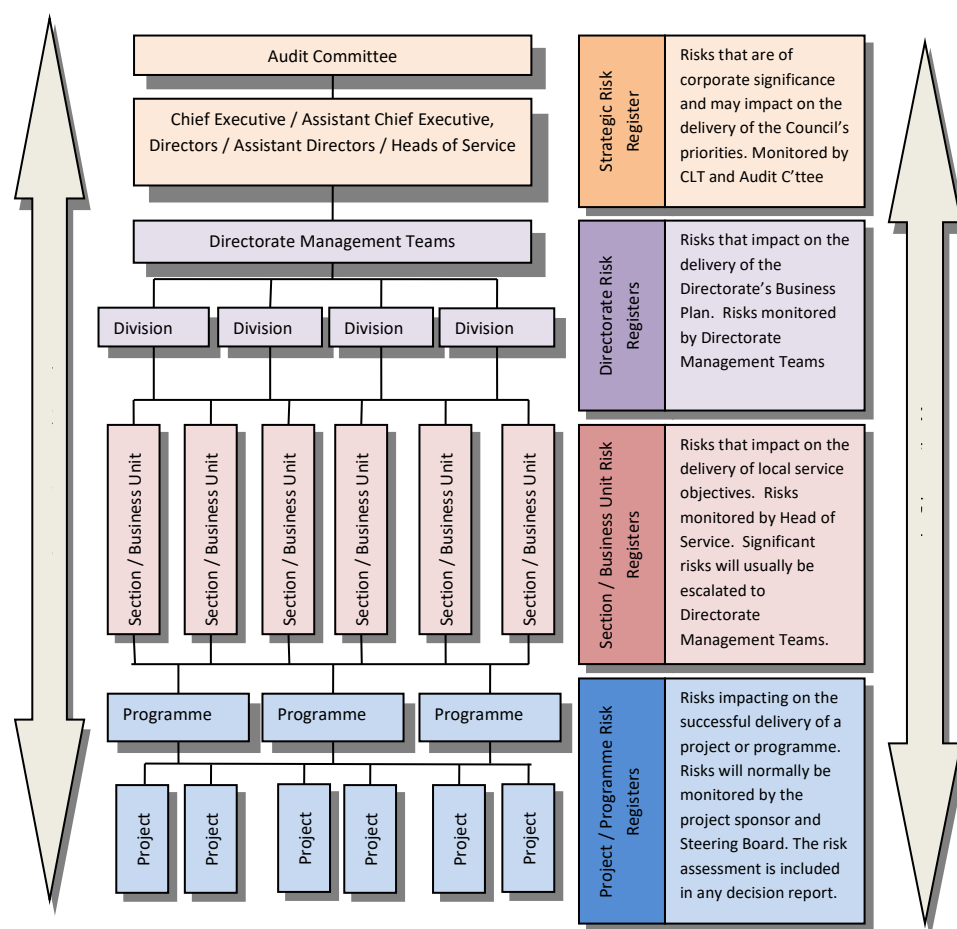
3.33. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The role of the Chief Finance Officer (CFO)/Section 151 Officer includes being:

- A key member of Council Management Team (CMT), 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.
- 3.34. In October 2019 the CIPFA Financial Management Code 2019 (FM Code) was introduced. The FM Code provides guidance for good and sustainable financial management and compliance will provide assurance that resources are being managed effectively. 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 member of the Council Management Team.
- 3.35. 2021/22 is the first year of compliance with the FM Code. As recommended by CIPFA, the Council has undertaken a self-assessment against the FM Code standards. The Council assessment is that its financial management, procedures and practices are generally in a good place. A position further endorsed by CIPFA's recent Financial Management Capability Review with CIPFA commenting that "Birmingham can now demonstrate strong compliance with the Code".

#### Scrutiny, Accountability and Risk Management

- 3.36. The Overview & Scrutiny Committees cover all Cabinet Member portfolios and the Districts collectively. All Executive decisions can be called in for Scrutiny to ensure that they are soundly based and consistent with Council policy.
- 3.37. 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.
- 3.38. 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 policy, internal and external consultation, financial and legal implications and Public Sector Equalities Duty. All reports are required to be cleared by senior finance and legal officers.
- 3.39. A Revised Risk Management Framework was reported to Audit Committee on 28 January 2020. The framework set out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all levels, formalising processes already in place.

3.40. The schematic diagram below illustrates how risk was managed during 2020/21:



3.41. The Council's Strategic Risk Register continues to be reviewed and updated on a regular basis. The Strategic Risk Register is reported to CLT on a monthly basis 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.

3.42. Independent assessments of the effectiveness of Audit Committee and of the Total Impact of Internal Audit were undertaken independently by PWC LLP in 2020. Audit Committee Members have expressed a wish to enhance their effectiveness by drawing upon wider sources of assurance; specifically, that of management and where appropriate, cabinet members and producing an annual report on the work it has undertaken. Internal Audit's Total Impact review will be supplemented by a Peer Review in 2021 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

- 3.43. In March 2019 Cabinet considered the stock-take report of the Council's improvement journey and endorsed an outline plan of improvement areas for 2019-20 whilst also agreeing to report, voluntarily, to the Secretary of State in autumn 2019 and spring 2020.
- 3.44. Cabinet endorsed the adoption of an innovative new model of "progressive assurance." This model entailed the formation of a quarterly Strategic Programme Board (SPB) and the engagement of specialist Non-Executive Advisors (NEAs) (aligned to specific risk and professional areas of focus) to support the Council Management Team for twelve months from July 2019 to July 2020. It built on analysis of assurance and improvement models across a range of different sectors and sought to embed an innovative and novel model with wider applicability and learning for Local Government.
- 3.45. Two reports to Cabinet during the 2019-20 financial year were a testament to the excellent and constructive analysis of the NEAs and the model was regarded by MHCLG and peers as a very significant step forward for the Council's improvement agenda. A final NEA report to Cabinet was considered in July 2020.
- 3.46. The 'Investing in the Future' Cabinet Report and delivery plan is guiding 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. Through the Corporate Delivery Oversight Group and the Corporate Delivery Board, there is specific oversight of major improvement and service transformation programmes.

### External Audit

- 3.47. At Audit Committee on 25 November 2020, the external auditor issued the Audit Findings Report (AFR) on the audit of the 2019/20 financial statements based on work completed at that date. Upon completion of the audit, a final AFR was reported to Audit Committee on 26 January 2021. The AFR included no Statutory 24 recommendations but qualified two value for money conclusions in respect of two separate singular incidents:
- the financial Implications of the Commonwealth Games and
  - the contractual arrangements relating to Highways PFI scheme.

### Member Development

- 3.48. 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 21<sup>st</sup> 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.
- 3.49. 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.

- 3.50. 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.
- 3.51. During the Covid 19 pandemic and the increased requirement for more agile and online working, the main focus of the Members' Development Programme for 2020/21 has been to provide briefing/training sessions through Microsoft Teams to facilitate this. There has been encouragement of online learning opportunities and assisting in learning the skills required in participating and managing meetings remotely. Provision of information 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 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.

#### Workforce

- 3.52. The Council's workforce has experienced many changes and challenges as the workforce is modernised. 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.
- 3.53. 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. The workforce adapted to working from home for all but essential front line services and the Council is now looking at new ways of working for the future.
- 3.54. During 2020/21, 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

#### Engagement with the community and other stakeholders

- 3.55. The Council has seen, during the pandemic, how effective a coordinated voluntary, community, faith and social enterprise response can be in supporting individuals and neighbourhoods cope with the challenges presented. The Council has worked

closely with the sector, strengthening relationships and developing an understanding of how the Council can effectively serve communities and create greater trust.

- 3.56. The Council has started work with the sector and other partners on initiatives including the Birmingham Recovery Framework which focuses on six key recovery themes. It emphasises the need for an inclusive economic recovery built on collaborative public services, stronger community capacity and citizen resilience with a more significant focus on localised working in neighbourhoods.
- 3.57. In response to the Covid 19 pandemic, the Council adopted an on-line approach to consultation during the year. The Council Financial Plan 2021 to 2025 consultation process included an on-line meeting led by the Council's Leader with the business community.
- 3.58. The Council's Scrutiny function regularly 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.
- 3.59. Clear channels of communication are in place with service users, citizens and stakeholders although due to the Covid 19 pandemic this has been online throughout the 2020/21 financial year. The Council holds meetings in public wherever possible and safe to do so, although all meetings have been held virtually this year, 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.
- 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, although due to the Covid 19 pandemic there was a reprioritisation of the original plan to ensure our assurance resources were targeted at significant systems and risks.
- 4.7. The resulting work-plan, (reprioritised on a Must/Should/Could basis) 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 2020/21 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 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 2020/21 as identified in paragraph 3.9 above. New areas of activity as part of the national response to the Covid 19 pandemic included 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 has been and will continue to be, closely monitored.
- 4.11. 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 2020/21**' below.
- 4.12. 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 and against issues raised in the AGS through the Corporate Risk Register.

- 4.13. The Council's Overview and Scrutiny Committees received reports on key control issues throughout 2020/21 including the impact of Covid 19, the impact of Brexit on the City, the Commonwealth Games and Action Plans on Air Quality and Climate Emergency.
- 4.14. The Vision and Priorities Council Plan and organisational health targets were monitored through the Council Plan Measures by CLT, the Deputy Leader and Cabinet. Directorate and Business Unit business plans contain a variety of performance indicators and targets, which are regularly reviewed.
- 4.15. The Monitoring Officer advises that there were 45 concerns raised and considered under the Council's Whistleblowing & Serious Misconduct policy in the 2020/21 financial year, a reduction of 28 in comparison to 2019/20.

## **5 Review of 2019/20 governance issues**

- 5.1. The significant 2019/20 governance issues were considered by Audit Committee in June 2020, agreed as part of the Statement of Accounts in November 2020 and reviewed as part of the Corporate Risk Register updates in the 2020/21 financial year. In addition, this Committee received reports relating to Final Accounts, Fraud, Treasury Risk Management Arrangements, Retrospective Purchase Orders and Audit Findings Report Updates.
- 5.2. The review of the impact of the Covid 19 pandemic across services featured heavily in Overview and Scrutiny schedules. Areas reviewed included the Covid 19 Governance Arrangements by Co-Ordinating Overview and Scrutiny Committee, the Covid 19 impact on Public Health by the Health and Social Care Overview and Scrutiny Committee and the impact of Covid 19 on the City's Economy and Supporting the Economic Recovery of the City by the Economy and Skills 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 and Special Educational Needs and Disability (SEND) Written Statement of Action. This O&S Committee also considered Covid 19 pandemic issues such as SEND's response to Covid 19 and the Covid 19 Impact on Schools and Preparations to Return to Schools.
- 5.4. Housing and Neighbourhoods Overview and Scrutiny Committee reviewed progress of Fire Safety in High Rise Buildings and received the annual report on Birmingham's Community Safety Partnership. The impact of the Covid 19 pandemic was reported on areas such as Homelessness, Parks, Bereavement Services and the Commonwealth Games Village.
- 5.5. The impact of the Covid 19 pandemic on the City was regularly considered by Cabinet. Cabinet also received and reviewed Revenue Budget Monitoring reports and quarterly Capital Budget Monitoring reports throughout the year.



## 6 Significant governance issues 2020/21

- 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><b>Covid 19 Pandemic impact on services</b></p> <p>The Covid 19 pandemic had a massive impact on Council services, both in terms of day to day running and long-term planning.</p> <p>The impact and response were also complex - some services operated remotely, others were closed and new responsibilities such as testing and food parcels were introduced as a response to community needs.</p>	<p>Strategic Cell (Gold Command) is supported by Tactical Cell and a number of thematic cells to manage the Council's emergency response.</p> <p>New legislation enabled democratic decision-making to resume remotely, with meetings web cast on a priority basis.</p> <p>City Council received reports in June and September 2020 and February 2021, detailing the Council's response to the pandemic</p>
2	<p><b>Covid 19 Pandemic impact on Financial Resilience</b></p> <p>The pandemic created financial uncertainty throughout 2020/21 and many income streams were impacted.</p> <p>Uncertainty will extend into 2021/22.</p>	<p>Government has provided some direct funding and other supportive financial measures to lessen the impact on local government. This includes providing Birmingham with £128.5m unringfenced grant funding in 2020/21 to offset costs incurred in that year and a further £43.8m for 2021/22 which has been fully applied in setting the 2021/22 budget, approved by Council in February 2021. The, government's income compensation scheme, which compensates councils for lost fees, charges and sales, introduced in 2020/21 continues to June 2021, using the 2020/21 income budgets as the baseline for the compensation.</p> <p>Any balance of un-ringfenced funding from 2020/21 will be transferred to reserves to manage 2021/22 Covid spend and risks.</p> <p>Weekly monitoring of the financial impact of Covid has continued in the new financial year.</p>

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3	<p><b>Major Projects and Delivery Plan</b></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>Several services have highlighted issues of attracting and retaining high quality staff.</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. The purpose of the CPMO is to support the establishment, resourcing, delivery, assurance, monitoring and reporting of programmes that will deliver the Council's Corporate Delivery Plan and wider priority programmes.</p>
4	<p><b>Homelessness</b></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 Council has refurbished and opened two buildings for the use of temporary accommodation. Reduced B&amp;B from a peak of 690 in May 2018 to 573 in B&amp;B on 28th January 2021.</p>	<p>Temporary accommodation and dispersed (TADs). To alleviate the pressures in B&amp;B expansion of TADs has led to delivery of 1817 units as at January 2021.</p> <p>A procurement exercise will commence throughout the summer of 2021, to ensure we have an adequate supply of temporary accommodation over the coming years, this will also give us flexibility to hand back/lease more properties as demand dictates.</p>
5	<p><b>Asset Condition and Sufficiency</b></p> <p>Many operational assets are in very poor condition following years of budget restrictions and lack of investment.</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>Condition surveys of the maintained estate have been commissioned. The outcome will be to produce a priority list of schools where buildings and blocks need to be replaced completely.</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>

Issue No	Governance Issue	Mitigation Action / Proposed Action
6	<p><b>Commonwealth Games</b></p> <p>Hosting the Commonwealth Games in 2022 brings with it significant delivery expectations (in terms of capital project management and delivery of legacy benefits) for the Council as well as significant financial commitments.</p>	<p>The Council is alive to the delivery, financial and reputational risks associated with the Games and has active risk management and programme management arrangements in place to ensure prompt and timely resolution of issues. The Council is working closely with strategic and regional partners.</p>
7	<p><b>Commissioning and Contract Management</b></p> <p>Intelligent Client Functions are not robust enough, leading to a number of contracts underperforming or developing risks to service provision.</p> <p>The pandemic has impacted on the Council's suppliers' capacity and the market's appetite for bidding in uncertain outlook.</p>	<p>Early identification of issues or problems, ensuring the contracts and output specifications are delivered to required standards and deliver continuous improvement – tailored to each contract as necessary.</p> <p>On-going identification of mitigating actions to reduce the level of risk.</p>
8	<p><b>Birmingham SEND Inspection –</b> Inadequate provision and Written Statement of Action required</p> <p>Joint CQC and Ofsted inspection of Birmingham SEND provision raised significant concerns requiring the CCG 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 results of the May review identified that of the 13 significant weaknesses identified at the initial inspection, insufficient progress had been made on 12.</p>	<p>Monthly board meetings for inclusion take place with the CCG, Trust and the education and skills directorate, alongside quarterly review meetings with the DfE is closely monitoring progress and ensuring the authority is on track to make the expected progress and deliver the important improvement agenda.</p> <p>A revisit was announced by Ofsted in May 2021. As a result of the revisit, the Department for Education (DfE) 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>

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		<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  
Interim Chief Executive