Birmingham City Council

Report to Audit Committee

10th December 2024

Title:	**UPDATE TO STATUTORY RECOMMENDATIONS FROM EXTERNAL AUDITORS GRANT THORNTON**
Lead Cabinet Portfolio:	Councillor Karen McCarthy, Cabinet Member for Finance
Relevant Overview and Scrutiny Committee:	Corporate & Finance Overview and Scrutiny Committee
Report Author:	Fiona Greenway, Director of Finance and Section 151 Officer Finance Fiona.Greenway@birmingham.gov.uk
Authorised by:	Fiona Greenway, Director of Finance and Section 151 Officer Finance
Is this a Key Decision?	No
If this is a Key Decision, is this decision listed on the Forward Plan?	Not Applicable
Reason(s) why not included on the Forward Plan:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late:	Not Applicable
Is this decision eligible for 'call in?'	Not Applicable
If not eligible, please provide reason(s):	Not Applicable
Wards:	All

Does this report contain exempt or confidential information?	No
Has this decision been included on the Notification of Intention to consider Matters in Private?	Not Applicable
Reasons why not included on the Notification:	Not Applicable

1 EXECUTIVE SUMMARY

1.1 On Friday 29th September 2023, the Council's External Auditors Grant Thornton issued Statutory Recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act 2014.

1.2 This report provides an update on progress against the action plan that was agreed at Cabinet in response to the twelve statutory recommendations contained within the External Auditors report, as of November 2024.

1.3 Delivery against these recommendations is crucial for financial sustainability and effective governance for Birmingham City Council. The issues raised within the External Auditor's report are significant enough to have caused them to use their statutory powers. Addressing these recommendations will re-affirm a basis for sound financial management and effective governance within the Council and provide a platform from which we can address the broader challenges facing the Council and City as a whole.

1.4 This aligns to the response presented to City Council on 12th October 2023, at which it was agreed that a regular update would be presented to Audit Committee and follows on from the updates provided on 31st January 2024 and 17th July 2024.

2 COMMISSIONERS' REVIEW

2.1 Commissioners have no observations on this report.

3 RECOMMENDATIONS

That the Committee:

3.1 Note current progress against the agreed action plan.

4 KEY INFORMATION

Context

4.1 Statutory Recommendations under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 refer to formal advice issued by the External Auditor. These recommendations require the Council to discuss and respond publicly to the report.

4.2 Please see Appendix 1 for an update on progress against the action plan.

5 RISK MANAGEMENT

5.1 Risks will be managed individually by the Officers responsible for actioning each individual Statutory Recommendation. Audit Committee will be provided with regular updates on progress against the Statutory Recommendations.

6 IMPACT AND IMPLICATIONS

Finance

6.1 The Council will allocate the necessary resources and budgets to execute the recommended actions effectively. The cost implications will be detailed in the updated budget for 2025/26, and future years within the Medium-Term Financial Plan (MTFP).

Legal

6.2 The Council will comply with all relevant legal requirements and obligations in implementing the recommendations, including conducting independent reviews and ensuring transparency in decision-making processes.

Equalities

The Council will ensure that all actions taken in response to these recommendations are in line with the Public Sector Equality Duty, promoting fairness and equality for all residents and employees.

Procurement

6.3 Not applicable.

People Services

6.4 There are no staffing implications arising from the recommendations in this report.

Corporate Parenting

6.5 There are no implications or opportunities in relation to the Corporate Parenting responsibility arising from the recommendations in this report.

Other

6.6 There are no other implications arising from the recommendations in this report.

7 APPENDICES

7.1 Appendix 1 - Updated Consolidated Action Plan

8 BACKGROUND PAPERS

8.1 Response to Statutory Recommendations from External Auditors Grant Thornton, City Council, 12th October 2023.

Update to Statutory Recommendations from External Auditors Grant Thornton, Audit Committee, 31st January 2024 & 17 July 2024