

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE
28 JULY 2020

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY, 28 JULY 2020 AT 1400 HOURS - ONLINE MEETING

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Tilsley, Jenkins, Bridle and Akhtar

NOTICE OF RECORDING/WEBCAST

- 216 The Chairman advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and members of the press/public could record and take photographs except where there were confidential or exempt items.

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

DECLARATIONS OF INTEREST

- 217 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.

No interests were declared.

APOLOGIES

- 218 Apologies were submitted on behalf of Councillor Quinnen for her inability to attend the meeting.
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EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

219

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.

The Chair made the committee aware that if they decide to move into a private session, the web stream would be paused and a note indicating the committee was in a private session would be displayed. The Committee would then move back into a public session and continue with the web streaming live.

MINUTES – AUDIT COMMITTEE – 30 JUNE 2020

220

RESOLVED:-

That the Minutes of the last meeting be confirmed and signed.

AUDIT COMMITTEE – FUTURE WAYS OF WORKING

The following report of the Assistant Director, Audit & Risk Management was submitted:

(See document No. 1) – (Page 19 of the document pack)

Sarah Dunlavey, Assistant Director for Audit and Risk Management informed members the report was built upon conversations the committee were having around reviewing the format, frequency etc.

The self-assessment, aspirations for attendance by Cabinet Members and Chief Officers was outlined. In addition, the conversations around governance risks and controls could be assisted by various forms of assurances the committee had access to.

The 3 lines of defence model was summarised; Management assurance, other sources and internal/ external audit reports. Appendix A and B gave background information which consisted of constitution information, terms of reference and the corporate governance framework.

A few members of the committee contributed to the effectiveness review report compiled by Price Waterhouse Coopers (PWC).

The feedback and recommendations from PWC were shared. These were noted as:

- The Annual report from the committee - A decision to be made as to what time of the year this would be produced. Linking this to the accounts timetable and the auditor's findings report. A suggestion was made to consider this opposite end of the financial years.
- The appointment of an Independent Advisor - There were questions as to what the committee would want the advisor to do i.e. how they would add value? would they be a member of the committee or would they be outside of membership?
- Communication programme – Raising awareness of audit committee and its role.
- Rotation of Cabinet Member and officers attending audit committee. Members were reminded that in the chat of this online committee invite; some helpful documentation was attached which could drive the agenda items the committee would want to consider. The latest risk register, organisation chart and the audit reports issued first 3 months of the year, Annual Governance Statement (AGS) issues, reports from Grant Thornton, external inspections could be considered. The additional information circulated in the chat were additional sources that could drive what the committee would want to prioritise. It was noted most of the information shared was not sorted by Cabinet Member and Chief Officer however officers could assist shaping this. This would enable for a view/ assurance map at the point of attendance by Cabinet Members and Chief Officers.
- There had been previous conversations of increasing the number of audit committee to 9 per year to be able to fit in the rotation of Cabinet Members and Chief Officers to attend alongside the core business of the committee. Sarah suggested having an additional committee in October as in September, the accounts tend to dominate the agenda. It was highlighted that the September and November committees most likely would have huge agendas already set.
- Specific skills and qualities required for the Members of the Audit Committee. Consideration was required as to how gaps could be filled through training, the possible appointment of new members and/or external support. This would sit alongside the Independent Advisor route.
- Review the quantity and quality of reports received from officers to determine if these were adequate for the committee to carry out its role successfully and challenge Officers to deliver succinct reports and presentation. Officers had already taken into consideration the reports were very large, therefore some of the documentation had been shared via the files section of the meeting invite as supporting information.

The following comments and queries raised by Members' were noted:

- Councillor Tilsley referred to Appendix C - PWC report. He agreed Audit Committee should present an annual report to full Council as it would be an opportunity to raise the status of the committee. He questioned why Standards Committee should report to Council and not Audit Committee. The PWC report would reinforce the importance of the work of the committee.
- There were concerns around the Constitution which was raised with PWC. Questions around the independence of the committee and should the Members sit on Scrutiny Committees too? An example of a recruitment process was shared i.e. skills and knowledge used to ensure the candidate matched the criteria for a role. However, candidates standing for Council were members of the public willing to carry out responsibilities and functions to populate Scrutiny and Committee spaces. Therefore, Members having the skills to undertake complex area of the Council's activity (e.g. Resources, Audit Committee) was essential. Members felt specialist areas require a specific skillset. The political groups nominate who they wish to populate the Committees. It was noted, Members being able to sit on both Scrutiny and Audit Committee should be changed.
- Cross party Chair (pg. 38) – The Committee Members were not in favour of this suggestion as it was felt the Chair should come from the ruling party e.g. Labour Chair. However, it was essential for the Chair to remain consistent. It was raised that the Audit Committee was on its 7th Chair in 5 years and in order to understand the complexity of the Committees work the Chair would need to be in place for a while.
- Councillor Jenkins added extra allowance should be given to the Chairman of Audit and was one of the most demanding appointment to make by the Leader. It was felt the allowance should be the same if not more than Scrutiny Chairman.
- The document referred to Liberal Party which was incorrect. Reference to this to be changed to Liberal Democrat Party. PWC to reflect this across their documents.
- Councillor Bridle queried around training and if that was still scheduled to take place? Officers responded later to the Committee.
- Independent Advisor – A question was raised around value for money of advisors and do other Audit Committees have them. A suggestion was made that the Independent Advisor should be someone who was called upon by the Committee if required and not having a vote at the meeting (In attendance only). This could be a retired, very experienced auditor or someone who hasn't got many career considerations and was more ready to say their opinion.
- Queries were raised if PWC had looked at best practice across Local Authorities Audit Committees. Councillor Bridle requested if PWC could share some information of where Audit Committee had made impact and useful for the Council.

- One of Audit Committees responsibilities was to ensure value for money was delivered. Staff need to be followed the right processes and to see value for money for citizens was being achieved.
- Looking across Directorates of the Council, the processes and procedures differ. The complaints process was an example shared. A damning report was produced, and it highlighted the way complaints were dealt with across the Council. The processes differed across the Directorates and all the Directorates had a different way of dealing with them. There had to be a robust system in place to deal with the complaints across the Council in order to achieve a better result for the citizens. It was queried how cross Directorate issues would be addressed and systemic failure should be identified.
- Councillor Jenkins questioned why PWC was selected to write the effectiveness of the committee report rather than the External Auditors (Grant Thornton) and the cost associated to this.
- Members felt the Audit Committee should report to full Council to report on the findings and work of the year (especially for value for money).
- Reports to the Committee should be concise and possibly include all the relevant documents even though the documents packs would be large. However, when presented to the Committee the documents should be readily understandable by a reasonably competent and able person. Issues that the Committee need to be made aware of should be raised through officers and not embedded within documents. Officers need to draw matters to the Committees attention.
- Increasing the number of meetings from 7 to 9 – Councillor Jenkins was not in favour of this as many of the Members were part time representatives with demanding full-time jobs.

The Chair gave his view on some of the comments made by Members. He reminded the Committee this was his second year of being the Chair of the Audit Committee and he was determined to serve this committee until the end of the Council term 2022.

The Chair supported comments made around the Independent Chair and that this should be someone who acts as an advisor to Members as required. A report from the Audit Committee to full Council would be good practice as the committee would be moving to a new way of working by gaining engagement from Cabinet Members and Chief Officers. This would allow the full Council to be well informed of the work of the Committee.

In reference to the increase of number of meetings, it was felt in comparison to other Committees, these were less frequent. Considering the amount of work that was covered by the Committee more meetings were required. Therefore, the Chair supported the move to 9 meetings per municipal year. Cabinet Members' and Chief Officers would be invited on a rotation basis to share how they were managing risk, audit and value for money requirements set by the External Auditor.

In terms of the link between Scrutiny Committee and Audit Committee members, this would possibly need to be discussed outside of the Committee look at the Constitution. The Chair supported comments made by Members around training and development in order to obtain skills and experience to understand the information placed in front of Members. Initial training had been given; however, it was hoped this would be revisited coupled with service the Independent Advisor would provide. A rigorous training and development aspect would be required given the seriousness of responsibilities.

Jon Roberts, Grant Thornton added the External Auditors dealt with a number Audit Committees in the public sector therefore could give a view as to what worked and what to avoid. Jon observed discussions around the report and found them very constructive. He was very impressed with the commitment given by the committee and supported comments around Independent Advisors role which do work effectively. However, it was important to get the correct person who understands the local agenda. The other main observations he shared was around the effectiveness and the role of Audit Committee. He highlighted Audit Committee was not Executive or Scrutiny but had a role with particular focus and expertise around governance. Therefore, the agenda should be anchored back to the Council's governance agenda set out in the Annual Governance Statement with the support of various plans. It was noted the issues can be cross-cutting across services, themes and it was important for the Committee to drive that agenda. Jon concluded by commenting the Committee needs its own energy and drive for its agenda to lead to best practise.

The Chair thanked Jon for his comments and added he would like to see the contributions of the Audit Committee noted in the External Auditors Annual report at some point.

Sarah Dunlavey gave final comments on the item.

- The recommendation around Scrutiny and Audit Committee dual membership was deliberately not included in the report as it was not for this Committee to review. There would be an opportunity to review this in November when the Constitution would be updated.
- Training – This was being offered again as an online course over 2 half days (as the training was cancelled last October). Members were able to take up the opportunity as this was now available.
- Independent Advisors – Information currently being compiled, and this would be shared with Members. Having an Independent Advisor for a Audit Committee was common.
- PWC were selected for the effectiveness report as they were doing another piece of work for the Internal Audit team which would be shared with the Members at a later meeting. Sarah was not sure what the split was in terms of the Internal Audit work versus Audit Committee work

however, she may have a quote and would contact Councillor Jenkins directly.

- Value for money and cross cutting areas would be explained via mapping and assurance documents.

Councillor Jenkins questioned if we knew how much the report from PWC cost. The Chair responded the report was part of a wider report for Internal Audit in which Audit Committee work was covered. Sarah confirmed this and stated the report produced by PWC for Audit Committee was a smaller part of the piece of work they have undertaken.

Councillor Jenkins added it was important be clear of how much cost was assigned to all areas of work.

Upon consideration, it was:

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RESOLVED:-

That the Committee;

- i) Approved to produce an annual report to Full Council as appropriate on assurance activities undertaken with the assistance of Birmingham Audit. **(Note: the recommendation was slightly changed by the Chair by removing “Council Business Management Committee”).**
 - ii) Approved to develop proposals for an independent advisor(s) to supplement existing skills and abilities.
 - iii) Approved to undertake a communications programme on the role of the Audit Committee with the assistance of Birmingham Audit.
 - iv) Approved to seek assurance from managers and Cabinet Members on the management of risks, effectiveness of governance arrangements, and compliance with internal controls.
 - v) Approved to revisit the Committee’s Forward Plan and introduce greater capacity by increasing the number of meetings from 7 to 9 per year. **(Note: 2 votes in favour, 1 vote in opposing, with other Councillors abstaining. Therefore, the recommendation was agreed).**
 - vi) Approved to co-ordinate activity by mapping sources of assurance, based on the 3 lines of defence model, with the assistance of Birmingham Audit.
 - vii) Approved to develop and participate in a training programme to further enhance skills and knowledge.
 - viii) Approved to review the format of officer reports with the assistance of Birmingham Audit.
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RISK MANAGEMENT

The following report of the Assistant Director, Audit & Risk Management was submitted:

(See document No. 2) – (Page 47 of the document pack)

Sarah Dunlavey, Assistant Director for Audit and Risk Management informed the Committee, late last year (2019), the Strategic Risk Register was developed to replace the Corporate Risk Register which was half strategic and half operational. Strategic priorities and risks now listed that would prevent the Council's strategic objectives being met. This was based on PESTLE analysis undertaken by Corporate Leadership Team (CLT). On page 48, the table summarised the different types of risks and levels.

There were 3 risks which were identified as having a high residual impact. These were;

- Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, Including acts of terrorism.
- Risk of Cyber Attacks.
- Inadequate Property Portfolio (including Health & Safety and Working condition.

A network of directorate risk representative was in place. These representatives facilitate the review of strategic risks and supported each directorate in developing and maintaining appropriate directorate risk registers. Directorate risk registers contained operational risks, managed at a local level. If they are not dealt with correctly, they were escalated to CLT.

Sarah gave a summary of areas covered within the report and then referred to internal target risk which included February 2020 details. In addition, this included the consequences of children returning to educational settings which was a new risk escalated for this Committee.

The Members were informed the updates were not as recent and as would be expected as the operational risks have had to come to the forefront. Some of the operational risks have new detail around Covid-19 whereas some have re-expressed their existing risks in the context of Covid. The Operational risks have had the hardest impact due to the current situation.

The following comments and queries raised by Members' and responses were noted:

- Councillor Morrall referred to Climate Change and Air Pollution and Clean Air Zone and felt this posed as a risk to the Council's revenues moving forward. Discussions took place at Economy and Skills Overview and Scrutiny last November where the Cabinet Member was asked to undertake an Economic Impact Assessment with businesses in Birmingham. Only a small amount of

businesses had been contacted therefore from an Audit perspective he queried if any further work had been undertaken assessing the Clean Air Zone.

In response, Members were informed the Economic Impact Assessment had not been undertaken however, the Clean Air Zone teams were undertaking IT preparations.

- Councillor Tilsley was concerned about several areas; i) cyberattacks and should be given more priority as there were many international cyberattacks taking place due to the current crisis. ii) Page 54 – Education & Skills – Management of safe return of children to educational settings, there were 125 looked after children over and above the budgeted amount. Some children had very complex needs which was a financial risk as well. There were several out of city placements which was an issue that had to be highlighted. iii) Commonwealth Games – Government had placed a cap on the amount of money they will provide to the City. Eventually, the village would be sold to private owners. The current crisis would be additional risks on this area and was very concerning to off plan sales.

In response, Members were informed Peter Bishop was overseeing the cyberattacks issues. Commonwealth Games had its own extensive risk register which was looked at across the organisation. The children returning to educational settings opens several issues however the Directorate would be working on this.

The Chair supported comments made by Members and felt there was a need to feel confident these were being managed. It was noted this would be factored into the new ways of working and the appropriate Cabinet Members and Chief Officers would appear before the Committee to cover these issues and provide a response on these areas.

The Chair added where possible the risk owners, should link into the portfolio holders from Cabinet perspective. The risk owners should be Chief Officers as at present Assistant Directors were listed.

Upon consideration, it was:

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RESOLVED: -

That the Committee;

- i) Noted the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- ii) Agreed to review the strategic and top operational 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.

AUDIT FINDINGS REPORT RECOMMENDATIONS – PROGRESS REPORT

The following report of the Interim Chief Finance Officer was submitted:

(See document No. 3) – (Page 55 of the document pack)

Rebecca Hellard, Interim Chief Finance Officer informed the Members the report indicated recommendations from the external auditors showing progress of their audit to date. The report provided further progress update on the implementation of management actions.

Martins Stevens, Head of City Finance Accounts added this was the fifth update report on the progress made into implementing the actions to meet the external auditors' recommendations from last years audit. Individual items had been continually checked upon to minimise any issues for this year's financial statements. As part of the production for this year's financial statement, the activity of the financial ledger had been looked at thoroughly to ensure they were accurate. Property Services had undertaken external reviews to ensure they were reasonable and accurate as can be.

The report to the next Committee would be a part of the Financial Statement report where the draft statements would be presented.

Councillor Tilsley referred to page 62, the issue around Directorates not complying with purchase orders and retrospective purchase orders being raised. He was surprised this was still taking place and having services supplied without purchase orders which should not be happening. There should be no repeat offenders and must be tackled at once by instituting disciplinary produces as it goes against all the financial instruments and rules of the Council.

Officers agreed this shouldn't be happening and a list was fed back to Directorates. They were instructed what to do and as part of the new Oracle ERP system there would be a training given in order to ensure processes were being followed.

The Chair added he would like this issue discussed at a future committee agenda.

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RESOLVED: -

That the Committee;

- i) Noted the progress in implementing management actions, attached as Appendix 1, to address the recommendations set out by the External Auditor in his Audit Findings Report issued in September 2019
- ii) Agreed for updated reports to be provided to future meetings of this committee on the continued progress in implementing the management actions proposed.
- iii) A report to be provided to the Committee on retrospective purchase orders and Directorates not complying with procedures.

EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE

The following report of the External Auditor was submitted:

(See document No. 4) – (Page 69 of the document pack)

Jon Roberts, Grant Thornton informed Members since the last Committee (June), there wasn't enough time elapsed therefore, there wasn't enough progress to report upon. At the previous Committee, Members were informed the plan was revised and the reporting completion date would be November 2020. It was noted that due to the lockdown, it was taking longer to make progress. The extended timetable would be required for officers and auditors to complete the work however, the revised plan was on track and summarised on page 75.

Members attention was drawn to pages 77 and 78, to the in-depth insight into the impact of Covid-19 on financial reporting section, where technical areas of financial statement were listed. There had been continuous engagement with officers on these areas. The technical issues would have a significant bearing on this year's accounts alongside the disclosure the Council would be making around the impact of Covid-19. The Council were encouraged to be open and transparent on its disclosures. The affected areas were highlighted in this section of the report which was backed with overarching in-depth insight report by Grant Thornton (link to the report indicated in the documents were on page 78). This report was used for a training workshop through MS Teams with Local Authority delegates and the BCC officers were in attendance.

Councillor Morrall referred to the Value for Money section and read, "The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". At the last Council he raised issues around the procurement department and wanted clarity as to what the role of the External Auditors was into looking into the procurement department for the City Council. He gave an example of a Community Centre in his ward where a customer was charged more for a service than what a private company would charge. Questions were raised as to how many BCC resources have been shut down due to chronic failings of the procurement department.

In response Jon shared the value for money was a high-level assessment to comment on the Council's overall arrangements for securing economy, efficiencies and effectiveness therefore procurement would fall within the Council's overall arrangements. For this to be triggered as a specific risk it would have to be a significant risk and impact to the Council e.g. an example of this would be the financial sustainability of the Commonwealth Games.

There was currently one area related to procurement highlighted as a risk; examine how the Council delivers its significant contracts and this could fall

within this area however, the auditor would need to be satisfied this was a widespread issue within the Council. It would be Internal Audit who look at this in the first instance and if it was not progressing this would be escalated to the External Auditor.

Rebecca Hellard added this was more to do with local government terminology. The Corporate Procurement Unit deal with the process and routes to market. The Commissioners and front-line managers set which goods and services are to be commissioned. Procurement would offer support to relevant routes to market. The terminologies need to be clearly understood, as commissioning would look across the organisation to help with value for money and ensure the correct routes to market were applied.

The Chair concluded the new ways of working would provide an opportunity for more discussion on procurement and risks associated around value for money.

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RESOLVED: -

That the Committee noted the updates from the External Auditors.

PROCESS FOR THE EXIT OF SENIOR OFFICERS

The following report of the Interim City Solicitor & Monitoring Officer and the Director of Human Resources was submitted:

(See document No. 5) – (Page 85 of the document pack)

The following statement was made by the Chair:

“I would like to remind Members that the report now on the agenda for consideration is about the various processes and procedures that were followed in circumstances when senior officers leave the organisation.

As a Committee, our role is to seek assurances from both the Officers and the Deputy Leader as a representative of the Chief Officers and Deputy Chief Officers appointments, dismissals and service conditions sub-committee – internally referred to as ‘the JNC Panel’ - as to how these processes are applied and what the JNC Panel’s role is in the process especially when there are any disciplinary proceedings.

For the information of members of the public, the JNC Panel is the Council’s Sub- Committee which is responsible for the appointment and dismissal of senior officers and is made up of elected members from each of the three political parties.

Any questions posed should relate to the process. They must **not** make reference to any individual officer or a job title or directorate name by which an Officer could be identified.

No personal information or data relating to an individual can be shared because of restrictions imposed by GDPR (General Data Protection Regulations 2016).

If a question goes beyond those relating to the generic processes, the Deputy Leader and Officers will not be able to answer it.

As indicated at the start of the agenda, if there are any questions which are related to any specific cases these must not be referred to in the public session.

There will be an opportunity for more specific questions to be put in private session but again these must not refer to any person by name and no personal information will be able to be provided”.

The City Solicitor would give direction of when to go into a private session and subsequent comments would be made’.

The Deputy Leader, Councillor Brigid Jones informed the Committee that Catherine Parkinson, Interim City Solicitor & Monitoring Officer and Dawn Hewins, the Director of Human Resources were also in attendance for this item and she and they would answer any questions members might have.

The process for exit of senior officers for the Local Authority had been shared as part of the document pack. This included details of local BCC arrangements and what had been nationally negotiated through the JNC (Joint Negotiating Committee). It was noted most of the procedures were in line with regulations. In terms of Members oversight of this function, the JNC Panel consisted of 3 Labour Members, 1 Conservative and 1 Liberal Democrat Member in line with proportionality. The JNC Panel oversaw any such matters. The matters that are dealt with remain confidential to that Committee however, it does have cross-party oversight where Members had input to the process.

In addition, it was noted, that all three-party leaders were consulted in relation to any actions taken against senior officers therefore providing an extra layer of Member oversight. Information in relation to any exits which resulted in financial payments would be reported to the Chief Finance Officer and the External Auditor, for information.

The Chair asked whether the Officers wished to add anything further. They both confirmed that there was nothing to add to what the Deputy Leader had already shared.

The following comments and queries raised by Members and responses were noted:

- Councillor Jenkins felt that it should not be assumed the papers had been read and suggested that the imposition of an obligation for Members to read every document presented in the document pack was unrealistic. Officers should decide what was important in order to make the Committee aware and draw items to Members attention.
- Councillor Jenkins also noted the comments of the Chair however felt it completely obviated the purpose of the questions raised in the letter sent to the Chair on 12 June 2020.

At this juncture, the Chair reminded Members he was happy to move into a private session in order to ask more questions whilst maintaining the conditions stated at the start of this item. He suggested the report presented in the public domain but if Councillor Jenkins felt there were general principles and specific concerns that he would like to discuss with the Deputy Leader and officers related to the process and procedures with the JNC Panel and the way staff exit employment, that may be more appropriate in private session.

- Councillor Tilsley referred to page 89 paragraph 3.40 of the document pack and read “The City Solicitor is authorised to settle proceedings up to the value of £500,000. Decisions above that figure would need to be signed off by the Chief Finance Officer and/ or the Chief Executive in consultation with the City Solicitor, within the parameters previously agreed by the JNC Panel.”
- He commented that £500,000 was an enormous amount of money as a pay off and assumed this would include contributions to a pension plan however this was at least two and a half times more than what had been paid for a Chief Executive and above the delegation levels that should be given to one particular individual.
- In response, the Interim City Solicitor informed the Committee the £500,000 was the amount indicated in the Constitution and the City Solicitor was able to settle any proceedings up to that value. Anything above that amount would have to be signed off by the Chief Finance Officer. The amount was standard across most Local Authorities.
- The Chair queried how the Audit Committee would be assured and confident of the process when agreements are signed that are not shared with the Committee. He queried if there were any areas the process that could be improved in order to be assured rather than just observing these in the City Finance Accounts.
- In response the Interim City Solicitor indicated that thought was being given to whether in the future, in circumstances where a confidentiality agreement was entered into that the Tribunal be asked to include that Audit committee could also have sight of the agreement in addition to the JNC Panel. This would have to be discussed with external advisers at the time and be subject to agreement of the individual concerned. This could be a possible area to explore as the Audit Committee were responsible for signing off the accounts. The Chair added he would like this area to be explored further.

- Councillor Jenkins agreed with Councillor Tilsley's comments around the delegation levels and threshold of pay outs. He had noted Government guidance stated there should be no pay offs exceeding £100,000. Also, it should be considered how many years it takes for an average person to work in order to achieve £500,000. He reminded Members that Councillors passed a motion that all documents were accessible before the Audit Committee therefore agreements should not be signed off that preclude the Audit Committee from having sight of what had been agreed.

The Chair referred to the terms of the payoffs set by Government did not include the settlements within the employment tribunals that might exceed the limits. There are certain circumstances where Government limits do not apply.

Both the Interim City Solicitor and Director HR confirmed that Government had recently published a document which had been consulted on twice, where they are intending to set the maximum amount to be paid as an 'exit cap' at £95,000. As yet the implementation date had not been confirmed.

The Interim City Solicitor also advised Members the £500,000 was not just payments to individuals but for the City Solicitor to settle proceedings which could be any court case that the Council was involved in.

The Deputy Leader referred to comments made by Members and reiterated the paragraph referenced in the report was related to settlements BCC would make in a court action. Employment tribunals awards including any discrimination claims were uncapped. It was felt the Council should not be in a position to lose a claim during an employment tribunal due to discrimination. However, if ever they were this position this should be rectified immediately.

She also added in response to Councillor Jenkins that Members need to take responsibility as part of their roles to read documents provided as part of their role to the Committee especially as a serious Committee such as Audit.

At this juncture, 15.31pm, the Chair announced the Committee would be moving into a private session to consider questions from Members that could not be discussed in public.

At 15.52pm, the Committee returned to the public session.

Upon consideration, it was:

RESOLVED:-

That Audit Committee;

- i) Noted the process outlined in the public report.
- ii) Agreed that the Chair of the Audit Committee write to the Chair of the JNC Panel recommending a standing item to be placed onto the JNC Panel agenda around regular updates of senior officers' cases. An Annual

report on senior officers claims to be shared with both the JNC Panel and Audit Committee.

SCHEDULE OF OUTSTANDING MINUTES

Information for noting.

Minute number 193 remains on the schedule. All the actions were delivered at discharged at this Committee. New actions following this Committee would be added to the next schedule.

DATE AND TIME OF NEXT MEETING

The next meeting is scheduled to take place on Tuesday, 29 September 2020 at 1400 hours via MS Teams (on-line).

OTHER URGENT BUSINESS

The Chairman made the Committee aware that a meeting of the Education & Children's Social Care Overview & Scrutiny Committee took place in July where the issue related to Audit Committee intervention on the Travel Assist, Home to school transport concerns around the risk management around the programme was raised by that Committee. The report of the Education & Children's Social Care O&S Committee made it into the Birmingham Mail on the online site indicating a couple of statements that were potentially concerning to the Members of this Committee.

In response to this, the Chair requested the Cabinet Member and Director of Children Services to attend the Committee to share a statement in relation to what was presented to the O&S Committee and subsequent media coverage to update Members and question.

The following statement was made by Councillor Kate Booth, Cabinet Member Children's Wellbeing:

"In February at Full Council in response to an oral question, I stated that no drivers with a positive DBS were employed. I have no reason to suspect that this information was incorrect or misleading. The Committee will be aware we have been on a significant journey of improvement with our SEND services and robust procedures for checking positive DBS disclosure are in place.

At the Overview and Scrutiny committee meeting on 17th July, officers advised that there were 19 outstanding cases awaiting consideration through the HR panel. This related to current cases going through the process which was introduced in January 2020. A great deal of work has been undertaken to review over 800 drivers across 17 providers operating home to school

transport in the city. An article was removed by Birmingham Live after it was published due to inaccuracies. The article referred to 'employees' however none of the 19 in question are employed by the council.

Any drivers applying to drive on home to school transport routes in Birmingham must have a DBS check in place. Any DBS checks with positive disclosures are reviewed by BCC's HR panel, working closely with Travel Assist managers, to ensure the council is satisfied as to the suitability of drivers. Drivers with positive disclosures are not able to work on home to school transport routes until they have been approved by the panel. Where the Panel concludes a driver is not suitable, they will be rejected and unable to start driving on home to school transport.

Given the scale of Birmingham's home to school transport operation, applications are received on a regular basis and the strengthened HR panel takes place weekly. I would not be aware of the new cases being considered - new applications for drivers and guides come in on a daily basis.

As regards the history of the 19 cases currently outstanding, officers will be able to answer general questions about the process".

Councillor Morrall referred to Sky News where there was a report on paedophiles using deed polls to change their name so that they do not get detected by DBS checks. He felt this was important to raise as both the Cabinet Member and Director were in attendance to see if the Council was aware of this. He queried what processes were put into place to ensure to protect young and vulnerable people in the City from predators. The Chair reminded the Committee a fuller update on this area would be provided at the January meeting.

Tim O'Neill, Director of Education & Skills informed Members a fuller description of the processes would be shared. These were robust and the details would be made available. It was noted there were always people who would try to bypass the system and assured Members they would do everything to ensure this was avoided. The system had been set up to avoid any situations and it was a preventive measure to avoid situations such as this.

A brief summary of the process of how it stands and where it would want to be at the end point was shared by Nichola Jones, Assistant Director SEND.

She referred to the DBS process, a dynamic purchasing system was in place in February and prohibits drivers with a positive DBS until their case had been received by BCC DBS Panel. When the new framework was introduced in February it clearly set out the contractors were responsible for ensuring DBS checks. Since February, it was stipulated to contractors that the information on this was to be provided on a monthly basis. From September, the Government's self service portal would be used to check and monitor the

applications. This was a small extra cost which would provide immediate notification to any changes to the DBS and that would be the most the Local Authority could put in place.

The Chair requested officers to provide a written response to the Committee on the issue around what the Council had in place to ensure deed poll name changes were circumvented.

Tim added some of the limits in relation to this were not within BCC domain however a response would be shared.

RESOLVED: -

- 227 A written response to be provided by Officers to the Committee related to the avoidance of deed poll changes via DBS checks.
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AUTHORITY TO CHAIRMAN AND OFFICERS

RESOLVED:-

- 228 That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee.
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The meeting ended at 16.05 hours.

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CHAIR