

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRMINGHAM CITY COUNCIL (the "Council")

### Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2019 issued on 26 September 2019 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Council as at 31 March 2019 and of the group's expenditure and income and the Council's expenditure and income for the year then ended;
- had been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- had been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Issue of qualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

In our audit report for the year ended 31 March 2019 issued on 26 September 2019 we reported a qualified conclusion in the following terms:

#### Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, except for the effects of the matter described in the basis for the qualified conclusion section of our report we are satisfied that, in all significant respects, the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

#### Basis for qualified conclusion

In considering the Council's arrangements for securing efficiency, economy and effectiveness, we identified the following matter:

##### Governance and the Waste Service

In July 2018 and March 2019, we issued statutory recommendations to the Council, including recommendations relating to governance and the waste service following successive waste strikes and concerns over governance arrangements.

Our July 2018 statutory recommendations included ensuring that robust management and governance arrangements were put in place within the Place Directorate to ensure effective oversight of the waste service. We noted in our March 2019 recommendations that progress in relation to the refuse collection service, had been hampered by a new wave of industrial action and we made further statutory recommendations in relation to governance and the waste service, which included:

- examining potential options for the future delivery of the refuse collection service;
- building industrial relations capability within the Council to facilitate effective relationships with trade union partners; and
- commissioning a review of the new working practices within the refuse service.

In March 2019, Cabinet approved a proposal to commission a review of the waste service and the specification for the review. This review is in progress and the Council intend to wait for the first report from this review, which is due in September 2019, before making decisions about future options for the service.

This matter is evidence of weakness in informed decision making: acting in the public interest through demonstrating and applying principles and values of sound governance.

## Certificate

In our report dated 26 September 2019, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2019. We have now completed this work.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion or a significant impact on our conclusion on the Council's arrangements for securing value for money through economic, efficient and effective use of its resources.

We certify that we have completed the audit of the financial statements of Birmingham City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

*Paul Dossett*

Paul Dossett, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

London

October 8<sup>th</sup> 2019