
**Minutes of the Audit and Standards Committee
Wednesday 6th December, 2023 at 6.00pm
In Committee Room 3, The Council House, Dudley**

Present:

Councillor A Lees (Chair)

Councillor D Borley (Vice-Chair)

Councillors S Ali, T Creed, J Cowell, M Evans, J Foster, D Stanley and W Little.

Dudley MBC Officers:

B Heran (Deputy Chief Executive), I Newman (Director of Finance and Legal Services), G Harrison (Head of Audit and Risk Management Services) and K Taylor (Senior Democratic Services Officer).

Officers in Attendance via Microsoft Teams:

M Farooq (Monitoring Officer and Lead for Law and Governance), E Newman (Principal Auditor) and A Taylor (Senior Principal Auditor)

Also in Attendance:

H Martin (Director of Regeneration and Enterprise) – for Agenda Item No. 6 – Risk Management;

J Martin (HR Delivery Manager – Employee Relations) – for Agenda Item No. 9 – Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure or relevant Schools Disciplinary Procedure;

M Bowsher (Director of Adult Social Care – via Microsoft Teams), C Driscoll (Director of Children's Services), M Abuaffan (Director of Public Health and Wellbeing), C Blunn (Corporate Performance and Programme Manager) and J Whyley (Strategic Partnership Manager) – for Agenda Item No. 10 – Annual Audit Report for the Chief Executive.

23. Apology for Absence

An apology for absence from the meeting was submitted on behalf of Councillor S Henley.

24. **Appointment of Substitute Member**

It was noted that Councillor D Stanley had been appointed as a substitute Member for Councillor S Henley for this meeting of the Committee only.

25. **Declarations of Interest**

No Member made a declaration of interest in accordance with the Member's Code of Conduct.

26. **Minutes**

In referring to Minute No. 15 – Minutes, paragraph 1, Councillor J Foster referred to the significant discussion undertaken during the meeting and considered that this should have been reflected in the minutes. In responding to a request, the Chair agreed to circulate a copy of the e-mail he had sent outlining concerns and comments raised by the Committee in relation to the External Audit Grant Thornton Annual Audit Plan 2022-23 and Annual Risk Assessment 2022-23 and response to Members for information.

Councillor S Ali sought clarification as to whether any feedback had been received following discussions held by the Strategic Executive Board into a proposed restructure, following the Committee's recommendation to the Chief Executive to give further detailed consideration to the External Auditor's recommendation concerning the position of the Monitoring Officer.

(At this juncture, the Director of Finance and Legal Services withdrew from the meeting)

The Deputy Chief Executive advised that an organisational redesign was being considered as part of Phase 2 of the Improvement and Sustainability Plan, and although there had been some initial discussions held by the Strategic Executive Board, there was still some further work to undertake. The Deputy Chief Executive agreed to provide an update at a future meeting of the Committee once proposals had been confirmed, which was expected to be within the next quarter.

(The Director of Finance and Legal Services then returned to the meeting)

Resolved

That the minutes of the meeting held on 25th September, 2023 be approved as a correct record and signed.

27. **Change in Order of Business**

Pursuant to Council Procedure Rule 13(c) it was:-

Resolved

That the order of business be varied and the agenda items be considered in the order set out in the minutes below.

28. **Exclusion of the Public and Press**

Resolved

That the public and press be excluded from the meeting for the following item of business, on the grounds of the likely disclosure of exempt information relating to any individual(s) and to the financial or business affairs of any particular person (including the authority holding that information) as defined under Part I of Schedule 12A to the Local Government Act 1972, as amended.

29. **Annual Audit Report of the Chief Executive**

A report of the Director of Finance and Legal Services was submitted summarising the audit work undertaken in relation to the Directors and Heads of Service who reported directly to the Chief Executive for the financial year 2022/2023.

In presenting the report submitted, the Head of Audit and Risk Management Services advised that eleven assurance audits had been undertaken, of which nine had received minimal or limited assurance ratings. It was noted that these ratings had been given due to either a critical finding being raised or a number of high findings. Further information in relation to the critical and high priority findings were outlined in Appendices 2 and 3, respectively, attached to the report submitted.

In addition to the eleven assurance audits, eight other reviews were undertaken and in total 158 actions were raised. A full list of the audits, including the number of actions raised and assurance ratings, were detailed in Appendix 1 to the report. Mention was also made of the number of unimplemented actions from the previous reviews. It was further noted that the information included in Appendices 2, 3 and 4 had previously been agreed with Directorate Management and that due to the size of the report, it was agreed that a summary of the main points raised would be included rather than the audit findings. The format of the report would be reviewed in advance of the next municipal year.

It was noted that the comment recorded under Implementation Update was the current status of the actions that had been raised, and Critical and High priority actions would be followed up by Audit and Risk Management Services accordingly.

The Head of Audit and Risk Management Services further commented on the 12 areas of audit activity undertaken relating to Schools, the findings of which would be considered by the appropriate School Governing Body/Committee.

The implementation status of the Critical, High and Unimplemented findings for each audit was outlined in paragraph 9 of the report submitted.

Members were informed of the performance in relation to the issuing of final reports and management responses to the audit, and it was noted that 70% of management responses were provided within the 4 week target and 40% of final reports issued within 6 weeks of the draft report.

Reference was made to post-audit questionnaires issued on completion of an audit, in that nine of the ten returned stated they had received a very good or good service and one satisfactory service.

In concluding, the Head of Audit and Risk Management Services advised that the Deputy Chief Executive and a number of Directors and Officers from within the Directorates were present at the meeting, either in person or virtually on Teams to answer any questions that Member's may wish to raise.

Arising from the presentation of the report, Members made comments and raised questions on individual audits, which were responded to at the meeting. The Committee would be provided with written responses to the following questions:

- a) Further details in relation to the current number of Foster Carers within Dudley and the numbers needed to deliver the required level of Foster Carers.
- b) A briefing note updating Members on progress made on the development of the Air Quality Action Plan.

Further to comments made in relation to employees working remotely and concerns surrounding performance, the Deputy Chief Executive agreed to submit a report to the Committee in February, 2024 outlining future plans for employees returning to the workplace where possible, how performance was managed for agile workers together with the pressures that the Local Authority was facing as a workforce.

In responding to a question raised by Councillor T Creed, the Deputy Chief Executive explained that the Directors and Officers had been in attendance today to provide mitigation to audit findings detailed in Appendix 3 of the report submitted, which had evidenced that several actions were progressing. The importance of ensuring the best service to residents was emphasised however whilst acknowledging the limited resources, priorities and challenges that were faced, the Local Authority continually strived for improvement.

Resolved

- (1) That the information contained in the report and Appendices to the report submitted on audit work undertaken for those Directors and Heads of Service who reported directly to the Chief Executive for the financial year 2022/23, be received and noted.
- (2) That Officers provide Members with detailed responses to questions raised at the meeting.
- (3) That the Deputy Chief Executive be requested to submit a further report to the Audit and Standards Committee in February, 2024 in relation to hybrid working and future plans.

(At this juncture the meeting returned to public session)

30. Annual Report of the Committee on Standards in Public Life

A report of the Monitoring Officer was submitted on the annual report of the Committee on Standards in Public Life for the period July, 2022 to June, 2023 and was attached as an Appendix to the report submitted.

In presenting a summary of the report, the Monitoring Officer advised that the remit of the Committee on Standards in Public Life was wide-ranging but broadly covered the standards of conduct of all holders of public office whether elected or appointed, including West Midlands Police, the NHS and Parliament.

Reference was made to the Local Government Ethical Standards review undertaken in 2019 where the government in their response, rejected the majority of the recommendations made. It was noted that the Audit and Standards Committee had previously written to the Government Minister reinforcing the frustration felt by Members in relation to the limitations on sanctions that could be enforced by Standards Sub-Committee. The response to the letter stated that the sanctions regime implemented was pursuant to the Localism Act, and that the Government had not agreed to update or enhance the locally based standards regime in Local Government.

Councillor J Foster, in her role as Shadow Deputy Leader and Champion for Standards of Public Life, stated that as this was an annual report, the Committee were reviewing the work that had already been undertaken and suggested that it would be beneficial to receive an overview of future work programmes. This may enable the Audit and Standards Committee to have the opportunity to contribute and offer views for the Committee on Standards in Public Life to consider as part of their work programme. An indication of the work may also help inform the Audit and Standards Committee work programme moving forward.

Councillor J Foster also commented on the composition of the Committee on Standards in Public Life in particular that the membership was very light on Local Authority experience and diversity given that a number of complaints that were handled within the local government sector were related to race and other protective characteristics. It was therefore proposed that the Audit and Standards Committee send a letter to the Chair of the Committee on Standards in Public Life outlining the suggestions and comments made.

In responding to comments made, the Monitoring Officer confirmed that the Committee on Standards in Public Life had undertaken wider consultation on public service ethics and to improvements to the standards system, including the Ethical Standards review in 2019. It was also noted that the Independent Chair and members of the Committee were appointed by Central Government.

Following further discussion, the Chair, on behalf of the Committee and in consultation with the Monitoring Officer, agreed to write a letter to the Chair of the Committee on Standards in Public Life in relation to the lack of local government experience and diversity within the membership of the Board, re-emphasising the frustration of the limitations on sanctions that could be enforced by Standards Sub-Committees and an indication of upcoming work within the next 12 months.

Resolved

- (1) That the Annual Report of the Committee on Standards in Public Life, be noted.
 - (2) That the Chair, in consultation with the Monitoring Officer, write a letter to the Chair of the Committee on Standards in Public Life outlining the comments made by Members above.
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31. Risk Management Report

A report of the Director of Finance and Legal Services was submitted on the risks reported to Strategic Executive Board (SEB) and the status allocated by the Risk Owner. Appendix A to the report, outlined full details of risks reported to SEB, and in addition to risks tabled in Appendix A, the Committee were requested to identify any additional risks that it considered should be included on the SEB risk report and identify any particular risk for detailed scrutiny at the April, 2024 meeting of the Committee.

In presenting the report, the Head of Audit and Risk Management Services stated that there were seventeen risks rated very high at the gross level and five rated very high at net level which related to budget, regeneration benefits, programme management, funding for the proposed METRO route and breach of the Homes Standard regarding building safety and compliance.

It was noted that following a review of the SEB Risks by the Strategic Executive Board on 15th November, 2023, it was agreed that an additional SEB Risk was to be identified which was defined, and ratings agreed in relation to the Council's failure to deliver the actions raised within the Corporate Peer Review Action Plan, failing to address actions raised to improve the budget position, governance arrangements and management controls across the organisation.

Further details in relation to the five directorate Net risks that were rated Very High was outlined in Appendix C of the report submitted. All risks that were rated Very High are above the Council's risks appetite, are generally unacceptable and where possible to manage the risk down to acceptable levels, immediate action should be taken.

At this juncture, the Director of Regeneration and Enterprise gave a detailed presentation on Risk R.408 relating to the failure to seize the opportunities and exploit the benefits that are envisaged from the huge regeneration programme investment that impacts on the council's vision for 2030. It was stated that this was a broad risk encompassing several elements which could involve the failure to take opportunity to bid for funds when available and bring forward development as well as failure to realise the benefits that could come from those investments if the Local Authority were able to capitalise upon them. Additional factors including project timescales made the risk difficult to measure.

An audit of Regeneration was undertaken in 2023 which included consideration of this risk and related Directorate risk on recruitment and retention in key skill areas. The findings highlighted issues in relation to recruitment, retention, capability, and capacity, together with the resources required to deliver programs. Although there was not a dedicated Regeneration Team within the Local Authority, there were a number of Officers within the directorate to assist in developing and delivering bids.

Members were advised that there were currently 50 projects that were in the pipeline in various different stages of development and range of complexities and scales. The main mitigations related to ensuring resources to accommodate the ambitious program either through growth or realigning resources and strategically prioritising activity.

A number of controls had been implemented including the introduction of Corporate Performance Management Office forms that captured the potential benefits of each project at the beginning of the process. It was also noted that any bidding for external funding from the Government required the Local Authority to develop an economic business case that determined whether to approve the funds based on a Benefit Cost-Ratio assessment. This enabled the Local Authority to prioritise projects that would yield the greatest rate of return.

It was reported that bids were also subject to a theory of change model to identify the social, economic or environmental issues that an area faced and how the investment and project would address those issues moving forward.

The Director of Regeneration and Enterprise referred to the work undertaken on the draft Economic Regeneration Strategy and the emerging themes identified including investing in people and skills, reinventing town centres, creating vibrant, creative and cultural environments and unlocking enterprise and innovation. It was anticipated that the final Economic Regeneration Strategy would be submitted to the Cabinet for approval in March, 2024.

A Strategic Framework would be developed outlining which projects and bids should be prioritised and progressed which would require robust governance processes and procedures, therefore to support this, a Capital Programme Board had been established to review all major capital programmes.

It was noted that an Interim Regeneration Lead had been appointed to help drive forward the development of the Strategy together with an action plan and commercial plan outlining how sites could be brought forward individually. Regular engagement was also undertaken with key funding bodies including Homes England and the West Midlands Combined Authority to identify how funds could be accessed.

Further consideration was also being given to increase staffing resources through temporary staff that were funded through capital grants wherever permissible.

Reference was made to further controls that would be undertaken including implementing all actions identified from the Regeneration Audit, adopting the Economic Regeneration Strategy and strategically aligning the workplan in accordance with priorities and resources. The need to re-establish the Dudley and Brierley Hill Town Boards to ensure they reflected local communities was emphasised together with introducing additional Boards in areas that had emerging regeneration programs such as Lye and Halesowen.

Interim appointments within the Directorate would be capitalised to upskill existing officers to ensure sustainability and work would also continue with the West Midlands Combined Authority on a place-based approach to funding.

In concluding, the Director of Regeneration and Enterprise acknowledged that further work was needed but that she was reassured that a number of projects had been completed and a number that were in successful delivery. A number of significant funding bids that were successful was reported including £20m under the Longer-Term Deal for Towns, £20m for Brierley Hill and £20m for Halesowen as part of the Levelling Up Fund Round 3. Members were assured that the Local Authority would continue to work to ensure that there was a strategic and robust pipeline so that funding opportunities could be capitalised on as appropriate.

Arising from the presentation, Members asked questions, made comments and responses were provided where necessary as follows:-

- a) Councillor D Stanley referred to R.580 Withdrawal of the funding for the METRO route between Dudley Town Centre and Brierley Hill and the proposed extension to the Waterfront and requested a map outlining the proposed indicative route from Cottage Street, Brierley Hill to the Waterfront. He also sought assurance as to whether the funding of the METRO route had been secured.

In responding, the Director of Regeneration and Enterprise undertook to provide Councillor Stanley with the indicative route as requested. Although the West Midlands Combined Authority had confirmed that the route was fully funded, it was noted that some of the allocation was subject to business case approval by the Department of Transport.

In responding to comments made, Councillor S Ali considered that there was still some uncertainty as to whether the route between Dudley Town Centre and Brierley Hill was fully funded.

- b) Councillor S Ali referred to staffing capacity within the Directorate in particular that the right skills were missing in order to actively identify potential funding and developing high quality bid applications rather than resourcing externally and sought clarification as what the gaps and priorities were.

In responding, the Director of Regeneration and Enterprise although acknowledging that there were a number of strategic skill gaps internally, considered there was some benefit for external support and experience for funding bids on occasions. Reference was also made to the challenges faced with recruitment and retention and the difficulty in competing with the private sector in terms of salary and number of positions available. It was noted that specific bid writing qualifications was not held within the current staffing, however the recently appointed Head of Regeneration Projects did have that skill set which would be capitalised to upskill existing officers.

In responding to comments made, Councillor S Ali emphasised that successful awarding of funding was dependent on the quality of the bids submitted, and although there was some merit in external support, the knowledge of staff that were already embedded within the local authority was essential.

The Director of Regeneration and Enterprise clarified that although external consultants had been engaged, internal Council Officers were still needed to support the process and consultants to provide them with local information and knowledge.

- c) Councillor M Evans referred specifically to regenerating town centres and the proposed infrastructure following the implementation of the METRO route and sought clarification as to what measures had been proposed to address the decline in quality shops and markets in Town Centres in particular in Dudley.

The Director of Regeneration and Enterprise acknowledged the comments made and confirmed that this area was referenced within the emerging Economic Regeneration Strategy and that there were a number of steps that were needed to be taken, including setting an overarching vision and strategic direction for Town Centres. With regard to Dudley Town Centre, the vision of the Local authority was to link with attractions and improve local facilities and housing in order to increase footfall within Town Centres by undertaking a multi-faceted approach to revitalise and rejuvenate areas. The challenges faced in accommodating individual operating models of potential businesses within Town Centres was also referred to.

- d) Councillor S Ali referred to the establishment of Town Fund Boards in particular that it had appeared to be impinged by Members of Parliament and emphasised the importance of Local Elected Members involvement once re-established.

In responding, the Director of Regeneration and Enterprise acknowledged the need for local Ward Councillor involvement in all existing and emerging boards. It was stated that with regard to the Brierley Hill Town Fund Board, the membership of a Member of Parliament was in accordance with national policy and funding criteria. It was essential that the Town Fund Boards reflected the communities that were being represented to ensure that the regeneration programmes were driven by the communities that reside and work there.

Councillor D Borley referred to the Town Fund Board in Lye in which he had been heavily involved with together with his ward colleagues and emphasised the need for regeneration in Lye and agreed that improvements to housing was necessary to increase footfall.

- e) In referring to recommendation 2 of the report submitted for the Committee to identify any additional risks that should be included on the SEB risk report, Councillor S Ali suggested that a Section 114 explicit risk should be included on the risk register and monitored in terms of the current position and direction and any actions that were being taken.
- f) In responding to a question raised by Councillor D Stanley as to whether a similar programme to the Halesowen BID initiative could be established within the other townships, the Director of Regeneration and Enterprise confirmed that some feasibility work had been commissioned to consider areas specifically Dudley and Stourbridge and would provide further feedback on progress made once available.
- g) Councillor J Cowell referred to the significant number of risks within the report with a target end date of 1st January, 2009 and requested that the Deputy Chief Executive encourage Directors and officers to consider a more realistic and meaningful date on all action points with that target date.

Further to the recommendation by Councillor S Ali in relation to an additional SEB risk relating to Section 114 of the Local Government Act 1988, the Committee recommended the following amendment to risk R. 392:

“The Council is unable to meet its commitment to deliver savings (including services funded from the HRA and other ring fenced funds) as they fall due because annual income is insufficient and reserves have been fully depleted, thus triggering a requirement to issue a report under Section 114 of the Local Government Finance Act 1988”

Councillor J Foster referred to recommendation 2 of the report submitted and the difficulties faced by Members in identifying any additional risks that it considered should be included on the SEB risk report, without receipt of quality data. The Director of Finance and Legal Services stated that it was hoped that officers had already identified significant risks however this was an opportunity for the Committee to suggest any other risks as appropriate. Further consideration would be given to rewriting the recommendation for future reports.

Resolved

- (1) That the information contained in the report and Appendix A to the report submitted detailing the SEB risks, be noted.
- (2) That the information contained in the presentation on risk R.408 relating to the failure to seize the opportunities and exploit the benefits that are envisaged from the huge regeneration programme investment that impacts on the council's vision for 2030, and comments made by Members as outlined above, be noted.
- (3) That the Director of Regeneration and Enterprise be requested to provide a map outlining the proposed indicative METRO route from Cottage Street, Brierley Hill to the Waterfront to Councillor D Stanley for information.
- (4) That risk R.392 be identified as the specific risk for in-depth scrutiny at the April, 2024 meeting of the Committee for consideration.
- (5) That risk R.392 be recommended to be amended to The Council is unable to meet its commitment to deliver savings (including services funded from the HRA and other ringfenced funds) as they fall due because annual income is insufficient and reserves have been fully depleted, thus triggering a requirement to issue a report under Section 114 of the Local Government Finance Act 1988.

32. Questions Under Council Procedure Rule 11.8

There were no questions to the Chair pursuant to Council Procedure Rule 11.8.

33. Exclusion of the Public and Press

Resolved

That the public and press be excluded from the meeting for the following items of business, on the grounds of the likely disclosure of exempt information relating to any individual(s) and to the financial or business affairs of any particular person (including the authority holding that information) as defined under Part I of Schedule 12A to the Local Government Act 1972, as amended.

34. **Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure or relevant Schools Disciplinary Procedure**

The Committee considered a report of the Chief Executive on the number of employees who were suspended pending an investigation into allegation(s) of gross misconduct during the period 1st October, 2022 to 30th September, 2023, inclusive.

In presenting the report, the HR Delivery Manager – Employee Relations reported on the number of suspensions for Council Directorates and Schools, which had slightly increased compared to the previous year, together with the average length in working days of the suspensions and the subsequent outcomes. A conclusion of cases that were carried forward from the previous year were also outlined.

The HR Delivery Manager – Employee Relations advised that suspension would not be the first resort and temporary reassignment would be considered in the first instance whilst an investigation was undertaken. However, this would be dependent upon the nature of the allegation. It was also noted that costs of suspensions would vary significantly dependent upon the salary level and type of contract.

Arising from the presentation of the report and a suggestion made by Councillor J Foster, it was agreed that a breakdown of protected characteristics would be included in future reports.

Resolved

- (1) That the information contained in the report submitted on Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure or relevant Schools Disciplinary Procedure, be noted.
- (2) That a breakdown of protected characteristics be included in future reports.

35. **Audit and Risk Management Services Interim Performance Report**

The Committee considered a report of the Director of Finance and Legal Services on the performance of Audit and Risk Management Services.

In presenting a summary of the report submitted, the Head of Audit and Risk Management Services provided an overview of the work and performance achieved by the end of September, 2023. Further details of the 18 audits undertaken were outlined in Appendix A of the report submitted.

Members were also advised of the follow up work undertaken on audits that had previously been reported to the Committee as receiving a 'Minimal' assurance rating.

An update was provided on a prosecution case in particular that following the Council Proceeds of Crime Act Hearing, the perpetrator was ordered to repay criminal gains and court costs to the Local Authority. It was also noted that good progress had been made on the Fraud Action Plan.

Arising from the presentation of the report, the Committee commended the report submitted which demonstrated the excellent work undertaken by the Audit and Risk Management Services Team.

Members made further comments and raised questions which were responded to at the meeting.

Following a request by the Chair, the Head of Audit and Risk Management Services agreed to present a demonstration of the Spectrum Audit System at a future Committee meeting.

Following comments made in relation to the valuable service and lack of resources available, the Chair, on behalf of the Committee, agreed to write to the Leader requesting that the Audit and Risk Management Services staff were ringfenced in any future restructuring proposals.

Following a suggestion made by Councillor J Foster, further consideration would be given to a standard agenda item on future work programmes for the Committee to assist with forward planning and allow for any emerging threats or opportunities to be discussed by the Committee.

Resolved

- (1) That the information contained in the report submitted on the performance of Audit and Risk Management Services, be noted.

- (2) That a demonstration of the Spectrum Audit System be presented to a future Committee meeting.
- (3) That the Chair, on behalf of the Committee, write to the Leader requesting that the Audit and Risk Management Services staff be ringfenced in any future restructuring proposals.
- (4) Further consideration be given to a standard agenda item on future work programmes for the Committee.

At this juncture, the Deputy Chief Executive reflected on comments made during the agenda item on the Annual Audit Report for the Chief Executive and clarified that the report submitted were exception reports showing those items which were uncompleted, and that a significant number of audits had been undertaken and completed across the Directorates.

The meeting ended at 8.05pm

CHAIR