

Meeting of the Audit and Standards Committee

**Monday, 26th September, 2022 at 7.00pm (or upon
conclusion of the Extraordinary Meeting of the Council)
in Committee Room 3, Council House,
Priory Road, Dudley**

Agenda - Public Session (Meeting open to the public and press)

1. Apologies for absence.
2. To report the appointment of any substitute members serving for this meeting of the Committee.
3. To receive any declarations of interest under the Members' Code of Conduct.
4. To confirm and sign the minutes of the meeting held on 30th June, 2022 as a correct record (Pages 5-22)
5. Treasury Management (Pages 23-33)
6. Review of the Code of Corporate Governance (Pages 34-61)
7. To consider any questions from Members to the Chair where two clear days notice has been given to the Monitoring Officer (Council Procedure Rule 11.8).



Chief Executive

Dated: 15th September, 2022

Distribution:

Members of the Audit and Standards Committee:

Councillor A Lees (Chair)

Councillor D Borley (Vice-Chair)

Councillors S Ali, P Atkins, J Cowell, M Evans, E Lawrence, J Martin and A Taylor

Please note the following concerning meetings at Dudley Council House:

To continue to protect vulnerable people, you are asked to note the following information when attending meetings:-

- Do not attend if you feel unwell; if you have tested positive for Covid-19; if you are self-isolating or if you suspect that you are symptomatic.
- Windows/doors will be opened to provide adequate ventilation.
- Sanitise your hands when arriving and leaving the building and wash your hands regularly.
- Hand sanitiser and antibacterial wipes are available at various locations.
- People suffering from long term conditions or living with vulnerable people are encouraged to wear face masks in meeting rooms, communal areas and when moving around the building. Surgical masks are available at reception.
- All people are encouraged to be vaccinated to limit any potential ill-health effects.
- Be respectful of everyone's personal space and preferences when you attend meetings.

- If you cannot maintain distancing or in a crowded environment, please wear a mask

Toilets

- Toilet facilities are available on site and are subject to the Covid-19 secure measures that are in place. All the toilets have hand washing facilities.

No smoking

- There is no smoking on the Council House premises in line with national legislation. It is an offence to smoke in or on the premises. You cannot use e-cigarettes and/or similar vaping devices.

In Case of Emergency

- In the event of the alarms sounding, please leave the building by the nearest exit. There are Officers who will assist you in the event of this happening, please follow their instructions.

Submitting Apologies for Absence

- Elected Members can submit apologies by contacting Democratic Services (see our contact details below). Members wishing to appoint a substitute should notify Democratic Services as soon as possible in advance of the meeting. Any substitute Members must be eligible to serve on the meeting in question (for example, he/she must have received the training required by the Council).

Private and Confidential Information

- Any agendas containing reports with 'exempt' information should be treated as private and confidential. It is your responsibility to ensure that information containing private and personal data is kept safe and secure at all times. Confidential papers should be handed to Democratic Services for secure disposal. If you choose to retain the documents you should ensure that the information is securely stored and destroyed within six months.

General

- Public Wi-Fi is available in the Council House.
- The use of mobile devices or electronic facilities is permitted for the purposes of recording/reporting during the public session of the

meeting. The use of any such devices must not disrupt the meeting – Please turn off any ringtones or set your devices to silent.

- Information about the Council and our meetings can be viewed on the website www.dudley.gov.uk

If you need advice or assistance

- If you (or anyone you know) requires assistance to access the venue, or if you have any other queries, please contact Democratic Services - Telephone 01384 815238 or E-mail Democratic.Services@dudley.gov.uk

If you are reading these documents on an electronic device, you have saved the Council £7.00 (on average) per printed agenda and helped reduce the Council's carbon footprint

**Minutes of the Audit and Standards Committee
Thursday 30th June, 2022 at 6.00pm
in Committee Room 3, the Council House, Dudley**

Present:

Councillor A Lees (Chair)
Councillor D Borley (Vice- Chair)
Councillors S Ali, P Atkins, J Cowell, M Evans, E Lawrence, J Martin, and A Taylor

Officers:

I Newman (Director of Finance and Legal), M Farooq (Lead for Law and Governance), G Harrison (Head of Audit Services), and S Griffiths (Democratic Services Manager).

Also in attendance on MS Teams:

M Stocks and T Tobbin – External Auditors (Grant Thornton) for agenda item no. 3 only.

B Heran – Deputy Chief Executive

M Landy - Principal Auditor

L Jury – Democratic Services Officer.

5 Minutes

Resolved

That the minutes of the meeting held on, 14th April, 2022, be approved as a correct record.

6 **Declarations of Interest**

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

7 **Grant Thornton Auditor's Annual Report**

The Committee received a report of the Director of Finance and Legal on the Grant Thornton (External Auditors) draft annual report.

The Director of Finance and Legal in introducing the report advised Members that M Stocks and T Tobin from Grant Thornton were in attendance at the meeting via MS Teams to answer any questions that the Committee may wish to raise.

In presenting a summary of the draft report, M Stocks advised that this was the first version of the Auditor's Annual Report for Dudley to be presented to the Committee in line with changes to the way Local Authorities were audited which now stated that Auditors were no longer required to give a binary qualified/unqualified Value For Money (VFM) conclusion. Instead, Auditors were required to consider whether there were any risks of significant weaknesses in the Authority's financial sustainability, governance, and arrangements for securing the economy, efficiency, and effectiveness in its use of resources. It was reported that, although the Auditors had undertaken further work in relation to the financial sustainability of the Council, the Auditors had not identified any significant weaknesses in relation to these arrangements, however, improvement recommendations had been made in some areas of concern.



Specific reference was made to the Executive summary on page 6 of the report in relation to financial sustainability which had been the area of main focus for the Auditors. It was noted that the outturn position for the Authority for 2020/2021 had been positive mainly due to the significant Covid funding. However, the Auditor's wished to raise with the Committee, the position of the Council in terms of its general fund reserves going forward, and its plan to use the general fund reserves, which would see it fall from £28.9m to £17.1m, as the Authority planned to use the general fund reserves to fund services in 2023/2024 and 2024/2025 (by £8.9m and £2.5m respectively).

The Auditors raised concern that the use of reserves to fund services was not a sustainable position and the Authority would have to make savings to balance out the expenditure, and as a low council tax and low spending Council, concern had been raised as to how the Authority would achieve this.

In relation to governance, it was noted that all core areas were now in place, for example risk management, budgeting control, however, there were a few areas of concern around management of the Very Light Railway project, the role of the Monitoring Officer and particularly, Member/Officer relationships.

In relation to improving economy, efficiency, and effectiveness, it was reported that no areas of significant weakness had been identified, however, areas for improvement had been recognised, including, Children's Services, and Adult Social Care. Specific reference was made to the Dedicated Schools Grant deficit in 2021 and the Auditors raised concern in relation to how the Authority would address this, particularly as the service planned to overspend further in 2021/2022. It was noted that although this did not represent a significant financial risk presently, if allowed to continue, this would become a problem for the Authority and this issue needed to be closely reviewed by Members.

The Auditor's concerns in relation to the Authority's savings plans were then presented and it was noted that the Authority's response to the Auditor's recommendations had been to introduce a Project Management Officer. The Auditors believed that this had been the right response but emphasised the importance for Dudley to also ensure that strategic programmes and transformation programmes were put in place and monitored to ensure that they delivered the expected benefits. In relation to financial sustainability, it was noted that the Council's reserves and its Medium-Term Financial Plan (MTFP) would be areas that the Auditors would continue to focus on as it was stressed that it was essential that Dudley had a sustainable level of reserves as the Auditors did not anticipate that the financial settlements from Government would suffice.

In relation to governance, as set out in the report submitted, M Stocks advised that as the Authority had a Risk Management Framework, a thorough budgetary setting process and good budgetary control in place, overall the Auditors were satisfied with the Authority's governance. However, the Committee's attention was drawn to page 23 of the report, in relation to Member/Officer relationships which included a misunderstanding of the Member/Officer roles, and the Auditors advised the Committee that if relationships between Members and Officers were not satisfactory, this could have an impact on the ability of the Authority to provide services. The Auditors recommended that this situation be monitored and reviewed.

Reference was made to the Auditor's recommendation, as set out on page 25 of the report, that the position of Monitoring Officer in Dudley was not at a level normally expected and it was recommended that the Authority consider upgrading the post to a Director appointment.

Referring to Value for Money (VFM) as set out on pages 30 and 31 of the report submitted, the Auditors acknowledged the Council Plan and satisfactory Key Performance Indicators in place, however, benchmarking for Dudley had indicated that the Council had very low percentage of reserves compared to net service revenue expenditure when compared with similar councils, placing it 33 out of 36 metropolitan councils, and low total expenditure per head compared to other Councils. The Auditors advised that this was an area that needed to be considered in terms of the Council's future position and the impact that this might have on the delivery of services.



In relation to children's social care, reference was made to the last focus visit by Ofsted which had been more positive, however, several areas of concern were noted and acknowledging that more work needed to be undertaken to resolve issues such as workforce capacity, caseload issues, and pay review due to the competitive market force.

Other areas highlighted included: the need to strengthen procurement going forward in relation to the catering function, ensuring that preparations were made to secure waste disposal arrangements at the end of the of the existing PFI contract (2023), and monitoring of the use of single tender waivers and reporting this regularly to the Committee.

In concluding, M Stocks advised that overall the Auditors had been satisfied that there were no significant risks to the Council but acknowledging the opportunities identified for improvement going forward.

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

- Arising from a concern raised by Councillor J Cowell with regard to the insufficient preparation that had been made for the end of the contract in 2023 of the Waste from Energy PFI scheme, the Deputy Chief Executive gave a progress report on the situation and in doing so, confirmed that presently they were in the competitive dialogue process with providers who could provide both the management and the technical side of the delivery from 2023 or simply provide the technical delivery. A decision was to be made to review the delivery options which included the option to bring the service back in-house and run on a joint-hybrid basis, but this was still to be determined.
- Referring to the Auditor's recommendation on the use of single tender waivers and that these be regularly reported to the Committee, Councillor P Atkins requested that this issue be considered at a future meeting of the Committee when a risk was considered for further scrutiny. In response, the Chair agreed to consider this issue when reviewing the Committee's Work Programme later in the agenda.

- In responding to a question from Councillor D Borley, M Stocks advised that the main concern for the Auditors was the Council's use of reserves for current service expenditure. It was noted that some transformation programmes in place had not delivered in terms of the savings needed along with the Council's decision not to undertake income generating schemes such as green waste collection, and the Authority needed to review its spending and savings plans and take the action it needed to maintain its reserves.
- In response to a further question from Councillor D Borley with regard to possible savings within procurement and income generation from extra Council Tax linked to the building programme within the Borough and the review underway to dispose of some Council buildings, the Director of Finance and Legal confirmed that the Medium-Term Financial Strategy had already built-in assumptions on growth from such issues.
- In response to Member's questions in relation to the reasons for the high turn- over of senior posts within the Authority and how this compared with neighbouring Authorities and whether this situation would be kept under review, M Stocks advised that the Auditors where unsure why there had been such a high turn-over of staff as exit interviews had not been conducted. However, the benchmarking that had been undertaken had demonstrated that Dudley were not as higher payers as other authorities for Senior Officers and it was advised that this area be reviewed to understand the reasoning and monitored.

- In responding to questions raised by Members in relation to what the Auditors would perceive as a satisfactory level of reserves, M Stocks advised that there was not a set figure but for a large authority such as Dudley, Auditors would prefer to see a sustainable level of reserves within the £20ms bracket to help with the impact of costs associated with pay inflation, energy increases, edge inflation and pressures from social care, and £17m or reserves below £20m were viewed as inadequate. The Council needed to make some difficult policy decisions relating to income generation, such as raising Council Tax, and services it provided, i.e. statutory versus non-statutory services, acknowledging the future demand from social care, particularly relating to the Government changes in terms of private care, and the uncertainty of future Government grants.
- In responding to a question raised by Councillor M Evans, M Stocks advised that as a result of a number of interviews that had been undertaken with senior staff, and given the turn-over of Senior Officers, there were early indications that some of the interactions/relations between some Members and Officers were not as they should be, and this issue needed to be monitored as this could seriously impact on the delivery of services. Although not identified as a significant risk, the Auditors deemed it necessary to bring this issue to the attention of Members.
- In responding to questions raised by Members in relation to the External Auditor's concerns with regard to the Very Light Railway project, M Stocks advised that a number of concerns had been identified in relation to the governance and operation of the project and particularly the absence of an overarching agreement between the Council and the Black Country Innovative Manufacturing Organisation (BCIMO). The Director of Finance and Legal outlined the current situation with regard to the operation and funding of the project and the financial and reputational risks associated with the project to the Council.



- In responding to a question raised by Councillor M Evans in relation to the Auditors recommendation to consider making the post of Monitoring Officer a Director appointment, M Stocks advised that the Monitoring Officer was one of three statutory posts and a key position within the Council and needed to be a position of authority as it upheld the standards of the Council and, and the Auditors advised that in their experience, it was unusual that the position was not part of the senior leadership team.

In response, the Director of Finance and Legal confirmed that the Monitoring Officer was a member of the Strategic Executive Board (SEB) but structurally the Monitoring Officer reported to the Director of Finance and Legal.

Councillor S Ali and Councillor J Cowell proposed that the External Auditor's recommendation be forwarded to the Chief Executive for consideration, and in response, the Chair proposed that the Committee consider this item in detail before a recommendation be made.

At this juncture, the Director of Finance and Legal and the Monitoring Officer declared an interest in the item and left the meeting during the ensuing discussion.

Following the discussion, the Committee resolved that the Chief Executive, as the Head of the Paid Service, be requested to give further detailed consideration to the External Auditor's recommendation concerning the position of Monitoring Officer and that the Committee note that any future decision making concerning this matter be reserved for Full Council taking account of recommendations from the Chief Executive.

The Director of Finance and Legal and the Monitoring Officer re-joined the meeting.

The Deputy Chief Executive assured Members that all actions and recommendations made by the External Auditors would be included in an Action Plan which the Senior Management Team would take forward.



Resolved

- (1) That the information contained in the report and Appendices to the report submitted on the Auditor's Annual Report 2020/2021, and comments made by Members, as stated above, be noted.
- (2) That management actions as detailed in the draft Annual Audit Report, attached as Appendix 1, be approved.
- (3) That the Chief Executive, as the Head of the Paid Service, be requested to give further detailed consideration to the External Auditor's recommendation concerning the position of Monitoring Officer, and the Committee note that any future decision making concerning this matter be reserved for Full Council taking account of recommendations from the Chief Executive.

8 **Whistleblowing Policy**

The Committee received a report of the Monitoring Officer on the operation of the Council's Whistleblowing Policy.

In presenting the report, the Monitoring Officer commented that this Committee was responsible for advising the Council on its Whistleblowing reporting and monitoring its operation, and it was noted that the Policy had first been introduced in July 1999. The Policy had been reviewed by the Monitoring Officer and approved by the Committee in June 2021 and a further review had taken place during the year.

The Monitoring Officer advised that there had been no significant changes to the Policy and that the minor changes made related to clearer reporting options and strengthening of the confidentiality provision if necessary. Although it was acknowledged that consultation with Union Representatives had always been referred to in the Policy, following feedback from the Unions, specific mention was now made of speaking to a trade union representative or fellow worker in the first instance with regards to any potential complaint.

Reference was made to the survey that had been undertaken by the Monitoring Officer with Directorates during April 2022, and it was noted that there had been five reports on the use of the policy, which included two anonymous complaints. Details and outcomes of the five disclosures were presented as set out in the report.

The Monitoring Officer advised that staff were historically reminded of the policy through a number of different methods, including emails, newsletters, management meetings, as well as posters displayed on noticeboards in all Council buildings. However, as a result of the pandemic and the number of staff still working from home, in consultation with colleagues it had been agreed that, once the Committee had approved the Policy, with the assistance of Communications and Public Affairs (CAPA), all Council staff would be emailed to remind them of the Policy and setting out the key points and contact details. New posters with updated information would be issued to all Directorates to display and the Policy would be included in the Chief Executive's blog.

Councillor M Evans welcomed the report and the specific reference to untrue allegations made and resulting action that maybe taken, as set out in 4.1 of the Policy.

In response to comments raised by Members, in relation to contacting whistleblowers after complaints had been investigated to ensure that whistleblowers had not been victimised or disadvantaged as a result of their complaint, the Monitoring Officer advised that complaints that were settled were not usually followed up. However, acknowledging the comment made by Members, advised that he intended to undertake a wider review of the Policy later this year and this issue would be considered together with a proposal to reduce the number of contacts.

Resolved

That, the information contained in the report submitted, in relation to the outcome of the recent monitoring of the Whistleblowing Policy, and comments made by Members as stated above, be noted.

9 Audit Services Annual Report



A report of the Director of Finance and Legal was submitted on the performance of Audit Services for the year ending 31st March 2022.

The Head of Audit Services presented the report, and in doing so, commented that

Audit Services had again been affected by the Covid 19 pandemic, particularly at the start of the financial year. It was noted that by the end of March, 93% of the Audit Plan had been completed, against the target of 90%. All outstanding work had now been completed except for one report that would be completed shortly.

Forty-four areas of activity had been reviewed, and in addition, it was reported that three honorary audits, forty-seven School Financial Value Standard assessment reviews and one multi-academy trust audit had also been completed. The audit work carried out had resulted in 571 actions and the priority classification of the actions as Critical, High, Medium, or Advisory were noted together with the number of actions unimplemented from the previous year.

The table set out in paragraph 9 of the report, detailed a summary of the assurance ratings, and it was noted that 45% of audits had received a 'minimal' or 'limited' rating during 2021/2022, which compared with 50% in 2020/2021, both negative assurance ratings.

Appendix A listed the audits completed and the assurance ratings given, with Appendix B detailing the audits that had been cancelled during the year and additional audits that had been added to the plan. It was noted that Appendix C provided a summary of actions by Directorates.

Audit Services have a target of nine weeks to produce and issue the draft audit report from the start date of the audit, and it was noted that during 2021/2022, Audit Services achieved 84%, being above last year's performance but below the target set of 90%. A number of reasons for this were then presented which included the impact of Covid during the start of the year which had delayed some Managers supplying the information requested and acknowledging that some large and complex audits had been undertaken during the year. Managers are required to provide their initial response within four-weeks of the date of the draft report, and it was noted that

94% of Managers had provided their initial response within the target. This had been a significant improvement on the previous year. Audit Services currently have a target of issuing the final report within six weeks of the date of the draft report, and it was noted that 67% of final reports had been issued within the six-week target, compared to 63% the previous year. It was acknowledged that the performance figures had been disappointing, and it was anticipated that as Covid concerns continued to reduce, performance would improve going forward.

Paragraph 19 detailed the 'minimal' assurance reports issued and the follow up reviews that had been undertaken, and it was noted that 'minimal' was the lowest negative assurance rating.

In addition to the follow up of 'minimal' audit reports, Audit Services also follow-up high priority actions approximately 6 months after the issue date of the final audit report, and the outcome of the follow-ups was noted, as set out in paragraph 20 of the report submitted. During the period up to 31st March 2022, Audit Services undertook thirty-seven separate reviews and followed up forty-five 'high' priority actions.

In relation to customer feedback, it was noted that fourteen surveys had been returned which stated that they had received a good or very good service. Fifteen compliments had also been received during the year and no complaints.

Paragraphs 24-28 listed the quality assurance and improvement programme, and reference was made to the last quality assurance assessment that had been undertaken in March 2020, and it was confirmed that the External Assessors had concluded that Audit Services had met the public sector internal audit standards. Appendix F provided an update on the external quality assessment of Audit Services. Areas still outstanding related to embedding the Risk Management Framework within the Council.

Appendix D outlined the Chartered Institute of Public Finance and Accountancy (CIPFA's) latest position statement on Audit Committees, and it was noted that revised guidance on Audit Committees would be published by CIPFA in June 2022, which the Head of Audit Services would undertake a self-assessment against, and this would be reported to a future meeting of the Committee.

In relation to paragraph 30 of the report, the Head of Audit Services advised that CIPFA also suggested that Members should evaluate their skills and knowledge on a regular basis and a questionnaire had been attached at Appendix E for this purpose. Members were advised that there may be a benefit to all Members updating the assessment which would then be used to identify any training needs.

In concluding, the Head of Audit Services then presented his annual opinion, as set out in paragraphs 32 to 34 of the report. Based on the work undertaken, the Head of Audit Services could provide reasonable assurance on the Council's framework of governance, risk management and internal control. The main concern to be reported to the Committee related to Ofsted and the Care Quality Commission (CQC) who revisited Dudley in February 2022 to assess progress made against the areas of significant weakness previously raised. It was noted that although sufficient progress had been made in addressing some significant weaknesses, there were still areas where sufficient progress had not been made. Further information on this was provided in Section 6 of the Annual Governance Statement.

Arising from the presentation, Councillor M Evans welcomed the report which demonstrated the significant amount of work that Audit Services had undertaken and highlighted the effect that Covid 19 had taken on the Council. He raised a concern, however, that he believed that the Council's performance had been less efficient due to staff working out of the office, and many Members had complained that when they telephoned the Council to speak to an officer, answer machines were being used.

In response, the Deputy Chief Executive advised on the current position with regards to staff returning to their offices and the work style categories. It was noted that employees who predominately worked outside the office, such as Social Workers, Housing Managers, Surveyors, Planners, Engineers, etc, would be expected to be working out in their patches, meeting clients, carrying out enforcement, etc. Finance/Legal/Democratic Services who were more office based, would be working from their offices, when necessary, with the facility to also work from home. Reference was made to a piece of work that the new Director of Housing had been undertaking to ensure that Housing staff had a better presence out in the neighbourhoods and visiting tenants in their own homes.

The Deputy Chief Executive commented on a piece of work that she had been undertaking that would be presented to Informal Cabinet at the end of July, which would clarify the Estates strategy. Reference was made to a number of large buildings, some of which were leased by the Council, which could be used for town centre living, providing a significant saving for the Council, in terms of rental paid, which could be reinvested back into the Housing Revenue Account and tenancies. The work would identify buildings that were no longer needed, possibly using smaller buildings, such as Libraries, which could be used as staff bases where residents could visit officers closer to their homes. This would also help to reduce the Authority's carbon footprint.

The work would also identify how many staff were physically desk based and identify which work groups were currently experiencing difficulty recruiting staff. An example given were Surveyors, as it was noted that the Council were currently competing against organisations such as HS2, MHLG and the Combined Authority for staff, noting that all three organisations identified paid considerably higher wages than the Council. Other organisations such as Councils based in the South- East, were offering positions with London wages but without the need to be based in London. It was acknowledged that the cost of living in the West Midlands was considerably lower than London and as the Authority would be unable to compete with London wages, it must therefore, improve on the employees offer, such as offering a good work/life balance.

It was acknowledged that this would involve a different way of working for the Council, although agile working styles had been in place in the Council prior to the pandemic. The Deputy Chief Executive commented that a clear performance management process would need to be in place, which would need to reflect the changes in the workplace and acknowledge the competitive market- place. Staff would be managed by the outcomes they delivered regardless of where they worked from. It was acknowledged that technology would be integral in any future work pattern changes and the Council needed to embrace this change in order to deliver some efficiencies to the Council.

The Deputy Chief Executive, respectful of Members concerns with regard to performance, acknowledged that telephone performance was not as efficient as it should be, and performance would be reviewed post pandemic to pre-pandemic. It was stated that this was one of the reasons why reviews were being undertaken as officers should be held to account on their performance, and reference was made to a piece of work that had been produced referred to as 'Getting the Basics Right', which had questioned whether staff were answering telephone calls efficiently and were responsive to emails, and would be encouraging staff to make more direct telephone calls to residents and improving responsive times on the telephones. It was noted that the Chief Executive had set a challenge to Performance Management with regard to good customer services, where five areas would be piloted and Management would be held accountable for delivering.

It was stated that this Committee would monitor performance management figures and benchmark where the Authority currently sat and where it wanted to be going forward in terms of improvements.

In response, Councillor D Borley gave his full support to the work that was being undertaken, acknowledging that as a result of HS2, London wages would become a significant issue due to access to London being considerable quicker.

In respect of the anticipated shift to a hybrid approach to working for staff, Councillor J Martin raised concern that this could result in officers having little connection/understanding of Dudley, and in response, the Deputy Chief Executive clarified the four work styles currently established within the Authority, ensuring that the needs of the business were a priority at all times and confirming that Managers would continue to hold regular face-to-face meetings with staff where possible. It was also acknowledged that some agile workers may choose to be office based for a variety of reasons. The hybrid approach would mean that team meetings would be held in the office, when necessary, particularly to participate in cross-team meetings, and it was noted that recently, cross-teams communications had improved. Reference was made to a piece of work that was currently being undertaken on business process re-design which would be co-designed by staff who delivered the services within the Authority.

In response to the question raised by Councillor S Ali in relation to the outstanding areas of weakness as raised by Ofsted and the CQC, the Head of Audit Services agreed to provide a copy of the report to Members.

In response to a question raised by the Chair with regard to training to be provided to Members of the Committee, the Head of Audit Services encouraged all Members to complete and return the questionnaire included at Appendix E and in response to requests received, training would be arranged.

Resolved

- (1) That the information contained in the report and Appendices to the report submitted, and comments made by Members as stated above, be noted.



- (2) That Members be requested to complete the questionnaire attached as Appendix E to the report submitted, and forward to the Head of Audit Services.
- (3) That the progress made on addressing the recommendations made in the External Quality Assessment on Audit Services, attached as Appendix F to the report submitted, be noted.
- (4) That the Head of Audit Services undertake to forward a copy of the report on the outstanding weaknesses as raised by Ofsted and the CQC to Members.

10 **Committee Work Programme 2022/2023**

A report of the Director of Finance and Legal was submitted on a schedule of proposed items to represent a work plan for the Committee for the 2022/2023 Municipal Year.

The Director of Finance and Legal, in presenting the report, referred to the draft schedule attached as Appendix A to the report.

Arising from the presentation of the report, Councillor P Atkins proposed that a report be submitted to a future Committee for information relating to Procurement and the use of single tender waivers. In response to a request from Councillor J Martin for a copy of the Audit Report that had been produced on the Jewson's stores contract, the Head of Audit Services undertook to provide the member with a copy of the report.

Resolved

- (1) That the information contained in the report and the schedule of agenda items to form the Work Programme of the Committee in the 2022/2023 Municipal Year, as detailed in Appendix A to the report, be noted and approved.
- (2) That the risk associated with the use of single tender waivers, as identified in the External Auditor's Annual Report discussed earlier in the meeting, be considered by the Committee at a future meeting when a risk was considered for further scrutiny.



The meeting ended at 7.50pm

CHAIR



Audit and Standards Committee – 26th September 2022

Report of the Director of Finance and Legal

Treasury Management

Purpose

1. To outline treasury activity during the financial year 2021/22 and in the current financial year up to the end of July 2022.

Recommendations

2. It is recommended that the Audit and Standards Committee:
 - comments and notes the treasury activities outlined in this report;
 - refers all of the above to full Council for noting at its meeting on 10th October.

Background

3. The Treasury Management strategy for 2022/23 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice (2021 edition). The Code recommends that members are informed of Treasury Management activities at least twice a year. This report ensures that the Council is embracing best practice in accordance with CIPFA's recommendations.
4. Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.

5. The Council undertakes treasury management activity on its own behalf and as administering authority for the West Midlands Debt Administration Fund (WMDAF). We are responsible for administering capital funding of approximately £740m on our own account and another £78m on behalf of other West Midlands councils in respect of the WMDAF. The treasury function is governed by the Council's Treasury Policy Statement and Treasury Management Practices.

Treasury activity in 2021/22 on the Dudley fund

6. Our treasury activities were undertaken in the context of the Treasury Strategy Statement 2021/22 approved by Audit and Standards Committee and Full Council in February 2021. The Strategy Statement stated:

“The primary factor in determining whether we undertake new long-term borrowing will be cash flow need. We will seek to minimise the time between borrowing and anticipated cash flow need, subject to the need to maintain day to day liquidity”

7. In 2021/22 our investments averaged £45.0 million (with significant day to day variation as a result of cash flow). The average return on these investments was 0.08%. All investments were placed with institutions that satisfied the criteria for creditworthiness set out in the Treasury Strategy Statement 2021/22. Our investment activity for 2021/22 is set out in more detail in Appendix 1.
8. The average value of long-term borrowings in 2021/22 was £620.0 million. The average rate of interest on these borrowings was 3.60%. The loans were due to mature on dates ranging from 2022 to 2061. In 2021/22 we did not need to take out any long-term loans (over 1 year duration).
9. Due to cash flow requirements in 2021/22, it was necessary to undertake short-term borrowing on 1 occasion. The value of this loan was £2.0m at a rate of 0.50% for a duration of 3 days.

Treasury activity in 2021/22 on the WMDAF



10. It was necessary to undertake short-term borrowing on 6 occasions for cashflow purposes for the WMDAF, at an average value of £2.92m at an average rate of 0.04% for an average duration of 148 days. No investments were made in 2021/22 for the WMDAF.

Performance comparisons 2021/22

11. Our treasury management advisors Link Asset Services have compared our treasury performance with their other clients using borrowing and investment data at financial year end. The results are summarised in the table below:

Performance Benchmarking

	Dudley	Client Average
Gross Borrowing (£M)	593.3	215.6
Investments (£M)	4.5	101.9
Net Borrowing (£M)	588.8	113.7
Gross average borrowing rate (the cost of borrowing, ignoring the return on investments)	3.69%	3.54%
Investment return rate (the return on investments, ignoring the cost of borrowing)	0.09%	0.49%
Net average borrowing rate (a combination of the above, representing the cost of borrowing net of the return on investments)	3.60%	3.76%

12. The data above is based on a snapshot of treasury portfolios as at 31 March 2022 and includes long and short term borrowing and investments.
13. It should be remembered that treasury performance measurement is not an exact science. These statistics represent the cumulative effect of decisions dating back over many years and the performance of other local authorities may have been achieved in circumstances different from our own.

Prudential indicators 2021/22

14. The 2021 Prudential Code for Capital Finance in Local Authorities sets out a framework for the consideration and approval of capital spending plans. In so doing, it requires the Council to set a number of prudential indicators, some of which concern matters of treasury management. Appendix 2 outlines those indicators for 2021/22.

Treasury activity 2022/23 to July

15. Treasury activities in the current year have been undertaken in the context of the Treasury Strategy Statement 2022/23 approved by Audit and Standards Committee and Council in February of this year. In that document we anticipated that long term borrowing would be required in the next 12 months due to cash flow need.
16. Our investments up to the end of July have averaged £24.9 million (with significant day to day variation as a result of cash flow). The average return on these investments was 0.22%. All investments were placed with institutions that satisfied the criteria for creditworthiness set out in the Treasury Strategy Statement 2022/23. Our investment activity for 2022/23 is set out in more detail in Appendix 3.
17. The Monetary Policy Committee has increased the Bank of England base rate five times since the last report to this Committee (the previously reported rate was 0.25% as voted for in December 2021 and the latest rate change was agreed in August 2022 which put the rate to 1.75%). This is in response to inflationary pressures. This rate is expected to rise further during the coming year.
18. The average value of long-term borrowings up to the end of July has been £589.8 million. The average rate of interest on Dudley's loans is 3.64%. The maturity dates for the loans range from the current year to 2061. To date no new loans have been taken out in 2022/23. Due to cash flow requirements, it has been necessary to undertake short-term borrowing on 1 occasion. The value of this loan was £8.0m at a rate of 1% for a duration of 1 day.
19. We are monitoring interest rates and cash flow closely and anticipate that some new long term borrowing may be required before the end of the current financial year. It is likely that this borrowing will be at higher rates than have been experienced in recent years and therefore our average rate of borrowing will increase and this will need to be reflected as a pressure in setting budgets.
20. On the WMDAF no loans have been taken in 2022-23 to date although there are plans to borrow short-term in September and November 2022. We have made 1 investment on the WMDAF to date in 2022/23 with a value of £1.1 million at a rate of 0.59% for a duration of 31 days.

Finance

21. Forecasts of performance against budget for treasury management activities are highly sensitive to movements in cash flow and interest rates.

Law

22. These matters are governed by Part IV of the Local Government and Housing Act 1989 and Section 111 of the Local Government Act 1972, which empowers the Council to do anything which is calculated to facilitate or is conducive or incidental to the discharge of its various statutory functions.

Risk Management

23. Treasury Management, by its nature entails the management of financial risks, specifically credit risk for investments which is mitigated by limiting acceptable counterparties to those of the highest credit quality and imposing counterparty limits for non-government institutions; and interest rate risk which is mitigated by prudential indicators detailed in Appendix 2.

Equality Impact

24. The treasury management activities considered in this report have no direct impact on issues of equality.

Human Resources/Organisational Development

25. There are no Human Resources/Organisational Development implications associated with this report.

Commercial/Procurement

26. The over-riding purpose of the Council's Investment Strategy is day to day cash management and not income generation. The strategy prioritises security and liquidity of cash investments over yield. Once those are met, we aim to secure the maximum yield from our investments

held with the small number of counterparties that meet the strict criteria laid out in our Annual Investment Strategy.

Council Priorities and Projects

27. Treasury Management supports the Council's capital investment priorities as set out in the approved Capital Strategy



Iain Newman
Chief Officer Finance and Legal

Contact Officer: Jennifer McGregor
Telephone: 01384 814202
Email: jennifer.mcgregor@dudley.gov.uk

List of Background Papers

Treasury Policy Statement, Treasury Management Practices and Schedules to the Treasury Management Practices.

Investment Activity 2021/22

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Debt Management Office	84	9.02	0.02	10
Other Local Authorities	5	3.12	0.31	29
Bank of Scotland	N/A	0.04	0.06	Call Account
HSBC Call Account	N/A	7.81	0.01	Call Account
HSBC 31 Day Notice	N/A	4.83	0.15	Deposit Account
Santander Call Account	N/A	6.40	0.06	Call Account
Santander 35 Day Notice	N/A	5.35	0.23	Deposit Account
Barclays Call Account	N/A	8.44	0.01	Call Account

Prudential indicators relating to treasury management 2021/22

External Borrowing

These indicators are intended to ensure that levels of external borrowing are affordable, prudent and sustainable. The authorised limit for external debt is a statutory limit (section 3 of the Local Government Act 2003) that should not be breached under any circumstances. The operational boundary is a lower threshold allowing for a prudent but not worst case scenario for cash flow.

	£m
Authorised limit for external borrowing	876
Operational boundary for external borrowing	805
Outturn - actual external borrowing	767

Interest rate exposures and maturity structure of borrowing and investments

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

Dudley MBC

	Indicator	Outturn
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	10%	0%
Upper limit of principal maturing in any one year for sums invested for over 364 days	£10m	Nil
Maturity structure of fixed rate borrowing:-		
under 12 months	0-15%	8.6%
12 months and within 24 months	0-15%	5.7%
24 months and within 5 years	0-20%	5.3%
5 years and within 10 years	0-25%	6.6%
10 years and above	50-100%	73.8%

West Midlands Debt Administration Fund

	Indicator	Outturn
Maturity structure of fixed rate borrowing:-		
under 12 months	0-26%	23.3%
12 months and within 24 months	0-20%	21.0%
24 months and within 5 years	0-54%	55.6%

Appendix 3

Investment Activity 2022/23 to July

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Debt Management Office	56	14.34	0.34	11
Other Local Authorities *	0	N/A	N/A	N/A
Bank of Scotland	N/A	0.04	0.00	Call Account
HSBC Call Account	N/A	4.51	0.00	Call Account
HSBC 31 Day Notice	N/A	0.02	0.24	Deposit Account
Santander Call Account	N/A	5.33	0.11	Call Account
Santander 35 Day Notice	N/A	0.02	0.21	Deposit Account
Barclays Call Account	N/A	0.65	0.07	Call Account

Audit and Standards Committee - 26th September 2022

Report of the Director of Finance and Legal

Review of the Code of Corporate Governance

Purpose of the Report

1. To inform Members of the results of a review of the Code of Corporate Governance.
2. To ask Members to approve a revised Code of Corporate Governance.

Recommendations

3. That Members note the content of this report and approve the revised Code of Corporate Governance.
4. That Members authorise the Director of Finance and Legal to undertake the necessary action to incorporate the revised Code into the Constitution.

Background

5. The Audit and Standards Committee has responsibility for corporate governance and the review of the local code of corporate governance.
6. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) produce the framework and guidance for reviewing governance: "Delivering Good Governance in Local Government 2016". The framework and guidance is broken down into seven principles:

- Behaving with integrity, demonstrating strong commitment to ethical values,
- Ensuring openness and comprehensive stakeholder engagement,
- Defining outcomes in terms of sustainable economic, social and environmental benefits,
- Determining the interventions necessary to optimise the achievement of the intended outcomes,
- Developing the entity's capacity, including the capability of its leadership and the individuals within it,
- Managing the risks and performance through robust internal controls and strong public financial management,
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

7. The overall aim of the Framework is to ensure:

- Resources are directed in accordance with agreed policy and according to priorities,
- There is a sound and inclusive decision making,
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

8. Local authorities are encouraged to review their existing governance arrangements against the principles and sub-principles for good governance detailed within the Framework and accompanying guidance. The Framework is not intended to be prescriptive and authorities are requested to consider the contents of the Framework in a way that reflects their structure, type, functions and size.

9. A change has been made to the format of the Code of Corporate Governance, instead of detailing the council's governance arrangements by the key principles listed above it has been broken down by governance area. By breaking down the council's governance arrangements by governance area, it makes it easier to read and understand and quicker to update. Each governance area has been reviewed and updated by the designated responsible Senior Manager.

10. The draft Code of Corporate Governance was discussed and agreed with Strategic Executive Board.

11. There are issues to be addressed with the council's governance framework, but most of these are recognised or have previously been raised in internal audit reports.

Finance

12. There are no direct financial implications arising from this report.

Law

13. There is no statutory requirement for the council to produce a Code of Corporate Governance but it is considered best practice.

Risk Management

14. The proposals contained in this report do not create any "material" risks.

Equality Impact

15. The adoption of a Code of Corporate Governance is one part of the council's commitment to fair treatment for all including children and young people. There are no equality impacts.
16. Children and young people were not consulted on or involved with the preparation of this report.

Human Resources/Organisational Development

17. There are no human resources/organisational development implications arising from this report.

Commercial/Procurement

18. There are no commercial/procurement considerations relating to this report.

Council Priorities and Projects

19. An effective framework of governance, risk management and internal control will greatly assist the council in achieving its priorities.



Iain Newman

Director of Finance and Legal

Contact Officer: Graham Harrison

Email: Graham.Harrison@dudley.gov.uk

List of Background Papers

Appendix A: Code of Corporate Governance

CIPFA/SOLACE Delivering Good Governance in Local Government
Framework and Guidance Notes

Code of Corporate Governance

September 2022

Introduction

The latest framework for good governance was produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in 2016. Dudley issues its own Code of Corporate Governance based around the CIPFA/SOLACE model.

Corporate Governance is defined by CIPFA/SOLACE as comprising the arrangements (including political, economic, social, environmental, administrative, legal and other administrative arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The framework aims to help local government take responsibility for developing and shaping an informed approach to governance; to achieve the highest standards in a measured and proportionate way. The overall aim is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities,
- There is sound and inclusive decision making,
- There is clear accountability for the use of those resources in order to achieve desired outcomes for services users and communities.

The Code of Corporate Governance is based on the seven principles detailed in the CIPFA/SOLACE guidance “Delivering good governance in Local Government” but broken down into key governance areas. The seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values,
- Ensuring openness and comprehensive stakeholder engagement,
- Defining outcomes in terms of sustainable economic, social and environmental benefits,
- Determining the interventions necessary to optimise the achievement of the intended outcomes,
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it,

- Managing the risks and performance through robust internal controls and strong public financial management,
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Internal Audit and Assurance

- Internal Audit is required to be externally assessed against the Public Sector Internal Audit Standards (PSIAS) every five years. The last assessment in March 2020 confirmed that PSIAS were being met. The Head of Audit Services complies with the key requirements of CIPFA's Statement on the Role of the Head of Internal Audit.
- The Head of Audit Services provides an opinion on the effectiveness of the council's governance, risk management and internal control, which is then used in the production of the Annual Governance Statement.
- Internal Audit risk based plans are approved by Audit and Standards Committee.
- Progress reports on the delivery of the Internal Audit Plan are presented to Audit and Standards Committee.
- An Annual Governance Statement is compiled in accordance with the CIPFA publication "Delivering Good Governance in Local Government". This is approved by Audit and Standards Committee and signed by the Chief Executive and the Leader of the council and published as part of the Statement of Accounts.
- The Annual Governance Statement discusses the effectiveness of the council's governance framework and identifies any areas of significant concern.
- As part of the Risk Management Framework assurance is now obtained on the management of risk.

Fraud and Corruption

- The council has an Anti-Fraud and Corruption Strategy that is regularly reviewed. There are also fraud resources held on the council's intranet site including online training.
- The council has a Corporate Fraud Manager who has the ability to undertake in depth investigations and prepare cases for criminal prosecution.
- A Fraud Action Plan is approved by Audit and Standards Committee on an annual basis.
- A fraud hotline is available to Officers, Members, Contractors and members of the public.
- An Annual Fraud Report is presented to Audit and Standards Committee, which details work undertaken in relation to fraud.

- Fraud and corruption assessments against good practice guidance are presented to Audit and Standards Committee.
- Clauses on fraud and corruption appear in the council's standard terms and conditions.

Risk Management

- A Risk Management Framework is in place that is reviewed and approved by Audit and Standards Committee.
- The Risk Management Framework states that risk identification and analysis should be undertaken at the earliest opportunity in the business process and should be forward thinking as well as reflective.
- The Risk Management Framework emphasises the importance of assigning ownership of risks and mitigating actions.
- Risks are reported to Strategic Executive Board and Audit and Standards Committee up to four times a year.
- Audit and Standards Committee select risks for detailed scrutiny.
- Directors are required to complete on a regular basis a risk assurance protocol to confirm that risks are being identified and managed.
- Key risks in relation to proposed decisions should be detailed in all Committee reports and decision sheets, where appropriate.
- Training is provided to Members and Officers on risk management on request.

Financial Management

- The Council has established a robust financial management regime.
- The Medium Term Financial Strategy takes account of the full cost of delivering services over the medium term. It balances service priorities, affordability and other resource constraints.
- As part of the annual budgeting process, the Director of Finance and Legal submits a report to Council on the robustness of evidence and adequacy of reserves (under Section 25 of the Local Government Finance Act 2003) and qualifies this opinion as required.
- Reports on budgetary management are provided to all levels of Management.

- Regular financial monitoring reports are taken to Cabinet and full Council to assist in decision making and effective stewardship of public funds.
- The Director of Finance and Legal complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015).
- The annual Statement of Accounts is published on the council's website.
- The Council has a rolling Capital Programme which sets out detailed capital investment plans for each Directorate funded from a number of sources. This is supported by a Capital Strategy and Capital Investment and Disposal Guide.
- The Council complies with CIPFA's Prudential Code for Capital Finance and reports to Members, where necessary.
- The Council has adopted CIPFA's Code of Practice for Treasury Management as an integral part of the Treasury Strategy, which is approved by Members. Regular reports on treasury management are presented to Audit and Standards Committee and full Council.
- The council has Contract Standing Orders and Financial Regulations that form part of the council's constitution.
- An employee suggestion scheme has been established to try and identify innovative change proposals and to deliver savings and efficiencies.
- A contracts register has been developed.
- Standard contract terms and conditions are in place.
- A Procurement Management Group has been established to ensure that there is proper governance of procurement decisions.
- A Commercial Opportunities Group has been established to discuss commercial/investment ideas and to discuss ways of generating income for the authority.
- A Commercial Strategy has been produced.

Decision Making/Constitution

- The constitution sets out the council's decision making framework, clearly detailing decisions to be taken by full Council, Cabinet, Committees, Cabinet Members and Senior Officers.
- The constitution clearly details the responsibility for Members and Officers to follow statutory provisions.



- The constitution demonstrates the council's commitment to an open and accessible style of operation by Members and Officers in all dealings.
- The constitution is reviewed on an annual basis. The constitution sets out how council decisions are made and the appropriate conduct at meetings.
- The constitution includes relevant guidance on the roles and responsibilities of the Section 151 Officer and the Monitoring Officer.
- The role of the Chief Executive and Leader have been clearly defined within the council's constitution.
- The constitution sets out the Financial Management Regime, which includes Contract Standing Orders and Financial Regulations.
- There are agreed templates in place for producing committee reports and decision sheets. These templates require the law in relation to the decision to be detailed and the impact on equality. Within the committee report/decision sheet, the benefits of the proposed course of action and the risks in relation to it should also be clearly explained.
- Members are encouraged to discuss with officers the information they require in order to make decisions.
- Democratic Services provides training to Senior Managers on how committee reports and decision sheets should be completed and emphasise that the corporate standard must be followed. Training is also provided on the process to get committee reports and decision sheets agreed and published.
- A "forward plan" of items for which a decision is due to be made is published.
- A timetable of dates for submitting and distributing reports is maintained.
- All committee reports and decision sheets/memorandums unless exempt can be accessed by the public through the council's website.
- Officer job descriptions include the requirement to follow statutory provisions and guidance, where appropriate.

Environmental

- The corporate reporting template requires consideration of environmental and sustainability factors.
- The council have declared a climate emergency. The existing governance arrangements are currently under review but include a Steering Group that provides leadership for the programme and three thematic groups: Buildings and Energy, Transport and Environment. The groups have been tasked with looking at what is possible and to formulate action plans around identified topics, together with carbon reduction and offsetting solutions.
- The programme consists of two phases: Phase1 the council will look at itself and determine what direct action it can take and Phase 2 the work will be expanded to encompass our communities and other key stakeholders.
- The council has a target of reducing carbon emissions by 90% by 2030 and the final 10% to achieve carbon neutrality by 2041.
- The council is also reviewing its Corporate Energy Management function. It now has a new Energy Manager in post. There is a programme of work to improve council's energy and environmental performance on sustainable development. A Corporate Energy Strategy has been produced.
- The council are developing a 25-year sustainable waste strategy to minimise the borough's waste.

Asset Management

- A Corporate Estate Strategy (2017-2022) is currently being updated. It will include capital investment and disposals. The Corporate Estate Strategy will ultimately deliver a smaller and more flexible core of operational buildings and sites that are fit for their intended purpose. It will seek to realise savings, generate new revenue income and deliver efficiencies through working differently and collaborating with partners in the context of the council's land and property base.
- The Corporate Estate Strategy is delivered via the Corporate Landlord Services Business Plan.

Information Management

- The importance of Information Risk is recognised and built into the council's Risk Management Framework.
- The council has a Data Protection Officer with a reporting line directly to a representative from the council's Strategic Executive Board in order to provide the required independence that his position requires.
- All Officers are required to undertake mandatory information governance training and refresh that training annually.
- Strategic Executive Board have formally recognised that all Heads of Service are Information Asset Owners (IAO's)
- Members are provided with training on information governance.
- The council has a suite of Information Governance policies and procedures.
- The Information Governance Team maintains a register of Information Sharing Agreements, Data Protection Impact Assessments and other information providing assurance for its information processing activities.
- Privacy Notices have been completed for all key services and are displayed on the council's website.
- The council has received accreditation for Cyber Essentials and its policies align with the ISO27001 standard supported by an Information Security Management System (ISMS).
- The Information Governance Team routinely benchmarks its practices and processes against other members of the West Midlands Information Governance Forum, including neighbouring Local Authorities.
- A Freedom of Information Act publication scheme is maintained on the council's website along with Open Data and Transparency pages.
- The council has an Information Governance Board that is attended by senior representatives (Information Risk Officers) from each directorate.
- The Director of Finance and Legal is the Senior Information Risk Officer.

Equality, Diversity and Inclusion

- A Corporate Equality Board has been set up chaired by the Chief Executive. This Board drives forward the Equality, Diversity and

Inclusion Strategy and subsequent annual delivery plans, as well as other strategic plans to drive equality.

- An annual report on equality is presented to Strategic Executive Board and Cabinet and Future Council Scrutiny Committee and provides detail of progress in implementing Action Plans and includes employment monitoring data for protected characteristics including race, disability and sex. Employment data is also benchmarked against other local authorities e.g. the gender pay data - which has resulted in some actions being identified to help close the council's gender pay gap.
- All staff are required to undertake a mandatory Equality and Diversity on-line training course.

Community Engagement

- The public are entitled to attend all committee meetings unless an exempt report is being discussed.
- The council co-ordinates and has mechanisms in place for the effective engagement of clients/service users in all commissioning activity.
- The “Big Question” is an annual survey of borough residents to obtain their views on budget setting.
- The council has established Community Forums to give local citizens a greater say in council affairs. These cover electoral wards and their main purpose is to provide an opportunity for issues to be discussed locally. They involve the ward Councillors and are held in public.
- All significant decisions are subject to consultation with the public.
- The council attends or facilitates many groups involving residents or service users.

Customer Feedback

- The Local Government and Social Care Ombudsman's Annual Review Letter is presented to Cabinet.
- A digital platform has been launched which allows residents to raise their service requests and feedback online.

- The council has a Corporate Complaints Policy that:
 - defines a complaint
 - clarifies issues managed through other processes
 - describes the two-stage process should a complainant appeal
 - defines a vexatious complainant and how we manage these
 - states that we must respond to complainants within 20 working days
 - notes we must learn from complaints.
- The Complaints policy is underpinned by a procedure that stipulates the process every service area must follow, the performance KPIs that must be achieved and ensures delivery of a resident first experience. A Resident Action Group is held quarterly to monitor customer feedback, ensure learning takes place, contribute to strategic performance reporting commentary and undertake projects to deliver an effective and efficient complaint and failure management strategy and process.
- Information on Compliments and Complaints is presented to Strategic Executive Board and Informal Cabinet via formal corporate KPI reporting.
- A new public webpage on complaints has been launched.

Communication

- The council has a Social Media Policy and social media is used extensively to communicate with residents and stakeholders.
- Media training of current and newly elected Councillors.
- Crisis communications management.
- Multi-channel approach to communication is deployed featuring broadcast, TV, digital networks, media, social media (including digital marketing) and outdoor advertising platforms.
- Council e-bulletins are issued to targeted groups of residents and businesses who have subscribed to content (in excess of 150,000 email addresses).
- Facebook forums are used to engage with borough residents.
- The council's 'Your borough YOUR HOME' magazine features news and information and is distributed to more than 125,000 borough households every quarter.

- The council's Communications and Public Affairs Team produce quarterly digital analytic reports which summarise media, social media, delivery and campaign activity. Digital analytics reports are hosted on "Connect" and are available to all staff.
- Regular meetings are held with relevant lead members to brief them on developments in their service area and issues of concern.
- Weekly communications updates provided to Strategic Executive Board and a communications highlight report goes to informal cabinet on a monthly basis.
- An employee survey is undertaken on a biannual basis and is supplemented with pulse surveys to test the temperature of the workforce on key initiatives.
- Internal communication has been reviewed and now there are a number of mechanisms to relay information to council staff:
 - Chief Executive's vlog,
 - "Rewind" (which is an e-bulletin catch-up of all key news and information, which is sent out at the end of each week),
 - "Managing Matters" (aimed at line managers across the authority; has been launched with the objective of ensuring all managers are informed and up to speed on key corporate messaging in order to support them in their role as managers in communicating with their workforce),
 - "Engage" (a new electronic "e-zine" to provide fresh content to engage staff and provide a brief summary of core messaging),
- A Corporate Communications Plan for 2022-25 is in development to update the 2019-22 plan. The responsibility for delivering the plan applies to all elected Members, leaders and managers in line with our value of accountability. This is supported by a Communications Toolkit.
- Graphics design and visual communications, including infographics, video clips and new media.
- Language 2 Language – Communications in formats suitable for all audiences to enable equal and fair access – Community languages, large print and formats for people with disabilities.

- Leadership Forum meetings of the council's senior managers take place four times a year and is a forum for cascading key information.
- Express Briefings run alongside Leadership Forums to further cascade key information to council's workforce.

Scrutiny Committees

- The council operates Scrutiny Committees which undertake "in depth scrutiny investigations/enquiries and contribute to policy development in respect of issues/items falling within their terms of reference". The terms of reference of the five Scrutiny Committees cover all of the council's executive functions.
- The Chairs of Scrutiny Committees meet regularly to co-ordinate scrutiny activity. Scrutiny Committees have considerable flexibility to amend the Annual Scrutiny Programme to reflect developments during the year.
- Individual Scrutiny Committees will carry out investigations into any decisions of the Cabinet, Cabinet Members, the Chief Executive, Deputy Chief Executive or Directors that are called in for scrutiny in accordance with the Scrutiny Committee Procedure Rules set out in Part 4 of the constitution.
- Scrutiny Committees report annually to the full Council with details of their activities and annual work programme. Minutes of the Scrutiny Committees are submitted to full Council to increase transparency. The Annual Reports are available on the Council's website setting out the key issues considered and the outcomes of scrutiny work during the year.
- The Council periodically reviews scrutiny arrangements to ensure they remain "fit for purpose".
- The Local Government Association and the Centre for Governance and Scrutiny have previously assisted the council with scrutiny development work.
- The council has appointed the Democratic Services Manager as "Scrutiny Officer" pursuant to Section 9FB of the Local Government Act 2000. The role of this Officer is to promote the role of the Authority's Overview and Scrutiny Committees, to provide support to the Authority's Overview and Scrutiny Committees and to provide support and guidance to Members and Officers in

relation to the functions of the Authority's Overview and Scrutiny Committees.

- All Scrutiny Committee agendas include a "Public Forum" to encourage greater public involvement in the council's work.
- Meetings of Scrutiny Committees are programmed in the Council calendar and additional meetings can be called if necessary. Members of Scrutiny Committees are sent links to enable them to have oversight of the Forward Plan of Key Executive Decisions.

Audit and Standards Committee

- The Audit and Standards Committee comprises nine elected members which are appointed by full Council. No Cabinet Members will be appointed to serve on the Committee.
- The Audit and Standards Committee operates to an agreed terms of reference. The terms of reference has been reviewed in light of the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities and Police".
- The Audit and Standards Committee has responsibility for the system of internal control, both financial and otherwise.
- Audit and Standards Committee produce an annual report that is presented to full Council.
- Regular assessments are undertaken of Audit and Standards Committee's effectiveness against good practice guidance.
- The skills of Members that serve on the Audit and Standards Committee are assessed to identify any training needs.
- New Members to Audit and Standards Committee are offered induction training.
- The effectiveness of internal audit and the adequacy of internal audit resources are monitored by Audit and Standards Committee.
- Recommendations for corrective action made by external audit are reported to Audit and Standards Committee and they ensure that appropriate action is taken.
- Progress reports on the delivery of the Internal Audit Plan are presented to Audit and Standards Committee.
- National reports issued on standards in public life are discussed at Audit and Standards Committee.
- Audit and Standards Committee approve the Certified Statement of Accounts.

Strategic Executive Board

- Strategic Executive Board is made up of the Chief Executive, Deputy Chief Executive, Directors and some senior managers.
- The Section 151 Officer and Monitoring Officer are permanent members of Strategic Executive Board and have access to all information and have the right to attend any meetings.
- Strategic Executive Board operate to an agreed terms of reference.
- The Strategic Executive Board (SEB) exists to create a high-performing council which forges a future for all in Dudley, with excellent leadership and front-line delivery. It does this by providing strategic leadership, high-quality corporate governance, and embracing and role modelling our organisational values and behaviours.
- The Board meets weekly.

Values and Behaviours/Code of Conduct

- The council's constitution contains Codes of Conduct for both Members and Officers to ensure that high standards of conduct are maintained. The Codes of Conduct include requirements relating to the declaration of interest and the receipt of gifts and hospitality.
- The Employees' Code of Conduct is brought to the attention of all new starters to the council and forms part of the induction process. All employees are required to electronically accept the Code and declare any interests on the HR and Payroll System.
- It is a mandatory requirement that all Members of the council receive training from the Monitoring Officer on the Code of Conduct. This includes Member conduct, declaring interests and equality duties.
- Those Members who attend regulatory committees are required to attend mandatory training on a biennial basis.
- Each Director maintains a gifts and hospitality register for their staff.
- Member declared interests are shown on the council's website.
- Protocol on Member/Officer Relations forms part of the council's constitution.

- Code of Practice for Members and Officers dealing with planning matters and Developer Selection Protocol forms part of the council's constitution.
- Each committee agenda asks for any declarations of interest under the Members' Code of Conduct and any declarations would be recorded within the minutes. The agendas and minutes are available on the council's website.
- Employee and Member Codes of Conduct detail the requirement to adhere to statutory provisions and guidance.
- The council has a "Values and Behaviour Framework" to demonstrate how behaviour and decision making can help achieve its vision.
- The values and behaviours framework has been embedded in the Member and Officer Charter, Employee Survey and My Annual Review. Leadership Forum events have incorporated a values led theme and a staff recognition and celebration segment to recognise values in action.
- Training sessions are delivered to Managers on the values and behaviours framework. Managers are responsible for cascading the framework to their teams.
- Proper standards of behaviour are set out within Contract Standing Orders and Financial Regulations which ensure that systems and processes for financial administration, financial control and the safeguarding of resources are in place. These are monitored by Internal Audit and reported upon as part of audit work
- The Leader and Leaders of the opposition groups are required by the constitution to set an example to all Members and employees of the council in their conduct and the performance of their function. They will promote the Codes of Conduct, the Protocol for Member and Officer Relationships and encourage attendance at training courses.
- The council's Contract Standing Orders and procurement guidance are underpinned by ethical considerations.
- Leadership accountabilities which set out the standards of behaviour expected of employees in leadership roles and strengthen accountability have been identified and promoted at Leadership Forum. Leadership accountabilities have been embedded into council induction and within new job descriptions.

- Statutory responsibility is covered by the Members' Code of Conduct and associated training/guidance to Members from the Monitoring Officer.
- A Suppliers' Code of Practice has been produced and approved by the Leader of the council and distributed to all suppliers for which the council had an email address and the top 350 irrespective of whether an email address is held. The top 350 were asked to confirm their adherence to the Code

Whistleblowing

- The council's Whistleblowing Policy is reviewed on an annual basis and a report on referrals is presented to Audit and Standards Committee.
- Posters are displayed throughout the council promoting the Whistleblowing Policy and who to contact. A clause on whistleblowing is included in the council's standard terms and conditions.

People Management

- All officers are required to have a My Annual Review (performance and development review meeting) which takes account of the council's Values and Behaviours Framework.
- All new staff are required to attend a comprehensive corporate induction.
- Heads of Services are reminded on a monthly basis to complete key people management procedures such as My Annual Review and Return to Work Interviews.
- A workforce planning model and toolkit is used to develop directorate workforce plans across the council.
- Workforce planning is integral to the council's business planning process and seeks to maximise capacity through ensuring that the right people, are in the right place, at the right time, with the right skills and qualifications, and where new appointments are made, they demonstrate a commitment to the council's values and behaviours framework.
- Training and Leadership Development programmes are run for different tiers of management.

- The council has a Recruitment and Selection Policy and a suite of HR policies and procedures.
- The council has approved a Pay Policy Statement to clarify the council's strategic stance on pay in order to provide direction for Members and Officers making detailed decisions on pay and to provide the citizens of Dudley with a clear statement of the principles underpinning decisions on the use of public funds. The Pay Policy Statement sits alongside the Pay Arrangements Policy which sets out the council's approach to pay and reward, including temporary payments for additional responsibilities and temporary market forces supplement payments.
- The Pay Policy Statement is reviewed each year and approved by a resolution of full Council. The policy statement is published on the council's website.
- There is a Pay Governance group to deal with pay policy issues at an organisational level.
- A People Strategy is in place and has five key priorities:
 - Attract, Recognise and Retain Talent,
 - Develop A High Performing Workforce,
 - Deliver inspirational and effective leadership,
 - Build a diverse, engaged, inclusive and healthy workforce,
 - Foster a thriving learning culture which embraces change.
- The governance arrangements for the People Strategy have been identified as part of the governance framework that is to be implemented for the Future Council Programme.
- Quarterly workforce data and intelligence reports are presented to Strategic Executive Board on a quarterly basis. This provides information on the workforce and whether key workforce KPI's are being achieved.
- There are a wide range of resources available to support employee health & wellbeing and they can be accessed via the council's intranet site. Employees can also access counselling services, which are available for self-referral.

Role of Members

- A Members' induction programme is in place, which is open to all Members to attend
- Some training is mandatory for all Members to attend.

- Political groups are responsible for undertaking reviews of Members' skills.
- The council have developed a training and development programme for all Members, including Cabinet Members, which is subject to review.
- The Local Government Association have provided training on scrutiny and chairing meetings.
- A Councillors' Guide has been prepared that provides the key information a Councillor needs to be aware of.
- Members are encouraged to attend events run by the Local Government Association (LGA).
- Members receive training to assist with decision making, particularly for quasi- judicial committees.
- All Members are required to attend the mandatory Members' Code of Conduct training when elected.

Performance Management

- The Council Plan 2022-25 sets out the council's vision and priorities under four core priorities:
 - **A borough of opportunity** - providing the best possible start in life with continued access to integrated health and social care as well as quality education and training allowing people to live full and independent lives.
 - **A safe and healthy borough** - where work is undertaken to tackle inequalities, keep our communities safe in healthy, sustainable environments and improve individual health and wellbeing.
 - **A borough of ambition and enterprise** - where regeneration and growth support innovation, modernisation, and access to a full range of opportunities for businesses and residents
 - **Dudley Borough the destination of choice** - with a wide range of attractions and accommodation where both residents and visitors can celebrate the borough's diverse culture, history, and communities.



- The Council Plan is refreshed every three years and details the journey and commitment to improve how services are delivered to meet the needs of local people.
- The Council Plan is supported by a future council programme that ensures the council is 'fit for the future' and includes the following programmes:

People - We will be an employer of choice, our values and behaviours will define how we work together, development opportunities to acquire new skills and our smaller, diverse and agile workforce will reflect the population of Dudley.

Managers will have developed new competencies to lead and support their staff in a much more agile working environment. Our values and behaviours will define how we work together, with elected members, with partners and with the public. Automation and self-service will significantly change staff roles but there will be development opportunities to acquire new skills in areas like data analytics.

Delivered through the People Strategy and links to and supports the council's strategic priorities by identifying what the workforce needs to look like and how it needs to operate to deliver outcomes for the residents of Dudley borough.

Digital - We will do things smarter by utilising technology, data insight and analytics will be fully utilised, and we will transform wellbeing and care through digital technologies, delivering improved outcomes for service users.

All transactions will be automated, self-service, cashless and paperless except where individuals need personal support. The use of artificial intelligence, robotics, low carbon and smart solutions will be the norm in tackling urban challenges such as traffic congestion, pollution and remote service support. We will transform wellbeing and care through digital technologies, delivering improved outcomes for service users.

This theme will be delivered via the Digital Roadmap . The roadmap includes:

- Initiatives specific to directorates,



- Initiatives to modernise our technology architecture,
- Corporate initiatives including assessing requirements for future workplace and deploying solutions as per the business case approved spending and roll-out timeframes,
- Initiatives to develop a digital front door including assessing and reaching an agreement on the platform for digital front door,
- Borough wide initiatives including agreeing a strategy to deploy fibre across the borough and 5G technology.

Place - Our buildings and facilities will be safe, fit for purpose, low carbon and embracing the latest smart technology. We will make our buildings available as provider shared spaces for communities to come together. With improved public transport and cycling facilities, there will be reduced reliance on private cars.

Our smaller and increasingly agile workforce will require significantly less office accommodation. Centralised in Dudley Town Centre it will be flexible, providing touch down, hot desk and meeting spaces, shared with partners where appropriate. With improved public transport and cycling facilities, there will be reduced reliance on private cars.

Delivered through the Corporate Estates Strategy, that represents a framework aligning policy principles, strategy, and work plan to ensure the Council vision is delivered and in doing so commits the Council to a rigorous and business-like approach to the management of its estate. Property is the Council's most important non-people resource and property costs are usually the second largest cost after staff. Whilst individual properties may have been associated for many years with a particular Directorate or function, they are, above all, corporate assets that the Council needs to manage on behalf of the Council as a whole.

Process - We will strengthen our governance, processes and procedures to take informed and transparent decisions, managing risk, setting clearly defined functions and roles and ensuring robust accountability whilst upholding high standards of conduct and behaviour.

Support for this theme is given across multiple policies and procedures. It relates to governance, performance, risk and audit, with strong links to our values and behaviours.

Financially sustainable - In addition to these four core priorities the Future Council programme also aims to ensure we are financially sustainable and fit for the future. Driving value for money underpins everything we do and is delivered through the Commercial Strategy, Procurement Strategy, Social Value Policy and Medium-Term Financial Strategy.

- At the heart of the Council Plan is the Borough Vision – ‘Forging a Future for All’. This was produced in conjunction with partners and has seven aspirations:
 - An affordable and attractive place to live with a green network of high quality parks, waterways and nature reserves that are valued by local people and visitors,
 - A place where everybody has the education and skills they need, and where outstanding local schools, colleges and universities secure excellent results for their learners,
 - A place of healthy, resilient, safe communities with high aspirations and the ability to shape their own future,
 - Better connected with high quality and affordable transport, combining road, tram, rail, and new cycling and walking infrastructure,
 - Renowned as home to a host of innovative and prosperous businesses, operating in high quality locations with space to grow, sustainable energy supplies and investing in their workforce,
 - A place to visit and enjoy that drives opportunity, contributing to its ambitious future while celebrating its pioneering past,
 - Full of vibrant towns and neighbourhoods offering a new mix of leisure, faith, cultural, residential and shopping uses.
- The Forging a Future Executive (FAFE) oversees delivery of the Borough Vision. Three strategic boards report into the FAFE: Dudley Health and Wellbeing Board, Dudley Employment and Skills Board, Dudley Economic Growth Board and they have ownership of the delivery plans.
- The Council Plan is supported by Directorate plans that provide more detailed information on the service actions the council are



taking to deliver its priorities. The plans have a three year focus and are reviewed annually in support of the Council Plan, Future Council Programme and Borough Vision.

- Corporate Performance is monitored by Management, Strategic Executive Board, Informal Cabinet and Future Council Scrutiny Committee each quarter. Each Directorate will have a number of actions and performance indicators that they monitor.
- Future Council Scrutiny Committee select performance indicators for detailed scrutiny.
- Directorate summary schedules are presented to Future Council Scrutiny Committee. These provide information on the services delivered and detail on the performance of the directorate including benchmarking and key achievements.
- Unacceptable performance is challenged.
- Benchmarking is used to evaluate performance and for the setting of targets.
- Publish quarterly and annual performance reports on the council's website.
- An annual report and account is published on adult social care services, which provides an assessment of how the council has performed as a provider and commissioner of adult social care as well as identifying areas for further focus.
- The council has established the Dudley Deal, which is a series of informal pledges. The Business Deal is about growing the economy, the Community Deal is about supporting stronger communities and the Green Deal is about focusing on a cleaner, greener borough. Each sets out what the council will commit to and also how residents, businesses and community groups can play their part.

Programme and Project Management

- A new Corporate Portfolio Management Office (CPMO) is being developed to provide the infrastructure to support the delivery of programmes/projects, frameworks, business case methodology, governance structures, reporting and assurances stages to provide greater oversight of activity.
- This will provide greater monitoring and accountability for activity and ensure the correct level of scrutiny.



- A baseline of all projects will also be developed that captures outcomes and benefits expected and the monitoring and assurances processes put in place will ensure benefits realisation and any efficiencies that were due to be achieved are captured, evidenced and reported.

Partnership Working

- The council is the accountable body for the following statutory partnerships: Community Safety, Dudley Safeguarding People Partnership Board, Health and Wellbeing Board and ensures appropriate governance is in place.
- There is a Dudley Business Champions Group made up of business leaders and council officers, focusing on supporting the delivery of key national, regional and sub regional economic strategies and aligning activities to the priorities in the Borough Vision 2030. The group also act as ambassadors for Dudley and by example promote Dudley as a place to invest and do business.
- A Town Deal Board has been established in Dudley and Brierley Hill. The Town Boards will prioritise and drive investment and seek long term economic and productivity growth through investment in connectivity, land use, skills and enterprise infrastructure.