

Annual Governance Statement

2022/23

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1. Scope of Responsibility

- 1.1 Dudley Metropolitan Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance (including the system of internal control) of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The purpose of the Annual Governance Statement (AGS) is to explain how the council has endeavoured to deliver good governance through the arrangements in place during the period covered and how the council has reviewed the effectiveness of these arrangements. It also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 to undertake a review of the effectiveness of internal control and publish an AGS. The AGS covers the financial year 2022/23 and the subsequent period up to the sign off of the 2022/23 Statement of Accounts and therefore governance issues up to the date of approval of the audited accounts need to be considered.
- 1.4 The AGS should be read in conjunction with the council's Code of Corporate Governance. The Code of Corporate Governance provides details of the framework the council has put in place to meet the principles of effective governance as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their guidance "Delivering Good Governance in Local Government".

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the intended outcomes

for stakeholders are defined and achieved. It places the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance structures and processes and stresses the importance of taking account of the impact of current decisions and actions on future generations.

- 2.2 Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve objectives and priorities and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The systems of risk management and internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's objectives and priorities, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

- 3.1 Dudley MBC's governance framework comprises the strategies, plans, policies, procedures, systems and processes and values and behaviours that assist the council in delivering its strategic objectives/priorities and provide services in an appropriate and cost-effective way.
- 3.2 The full Council is ultimately responsible for the development and maintenance of the governance environment. Responsibility is delegated down via the Constitution to Cabinet, other Member Committees and Officers (See **Appendix A** for a description of the council's structure).

The key statutory positions in relation to governance are:

- Head of Paid Service (Chief Executive) who must ensure that the council is properly organised and staffed,
- Monitoring Officer (Lead for Law and Governance) who must ensure the lawfulness and fairness of decision making,
- Section 151 Officer/Chief Finance Officer (Director of Finance and Legal Services) who must ensure the lawfulness and financial prudence of decision making and the proper administration of the council's financial affairs,
- Head of Internal Audit (Head of Audit and Risk Management Services) who is responsible for delivering an annual opinion on

the effectiveness of the framework of governance, risk management and internal control,

- Statutory Scrutiny Officer (Democratic Services Manager), who promotes and provides support to the council's overview and scrutiny functions and gives advice to Members and Officers on these functions.

3.3 The Council's governance framework is detailed in a Code of Corporate Governance that is updated on an annual basis. The Code of Corporate Governance is based on the 7 principles detailed in the CIPFA/SOLACE guidance "Delivering good governance in Local Government":

- 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.

[Code of Corporate Governance](#)

4. **Review of Effectiveness**

4.1 **General Overview**

4.1.1 Many senior managers in the council have contributed in determining the effectiveness of the council's systems and processes and the Annual Governance Statement has been discussed and challenged by Strategic Executive Board. Assurance on the effectiveness of systems and processes comes from many sources such as Internal Audit, Strategic Executive Board, Members through full Council, Cabinet, Committees particularly Audit and Standards Committee and Scrutiny Committees, the work of council support services, risk and performance management systems, quality systems, corporate groups and individual Managers. The following sections detail some important

elements of the council's governance framework, how effectiveness is determined for these areas and what key outcomes have been delivered.

4.2 **Internal Audit and Fraud**

- 4.2.1 Audit and Risk Management Services is the only internal source of independent assurance on the adequacy and effectiveness of governance, risk management and control processes within the council.
- 4.2.2 The Head of Audit and Risk Management Services reports to the Director Finance and Legal Services (Section 151 Officer) who is a permanent member of Strategic Executive Board. He oversees the performance of the service on a day to day basis.
- 4.2.3 The work of internal audit is monitored by Audit and Standards Committee, who approve the annual audit plan and receive regular monitoring reports. Audit Services completed 93% of the 2022/23 audit plan.
- 4.2.4 Audit and Risk Management Services are required to comply with the Public Sector Internal Audit Standards (PSIAS) and one of its requirements is for an external quality assessment against the standards to be undertaken every five years. Audit and Risk Management Services had an external assessment in March 2020 and were found to meet the standards and also compared favourably with other public and private sector providers.
- 4.2.5 The Head of Audit and Risk Management Services is required by Public Sector Internal Audit Standards to deliver an annual report which contains an internal audit opinion. The internal audit opinion must conclude on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 4.2.6 This opinion is based upon the work carried out by Audit and Risk Management Services during 2022/23 and any other significant assurance received by the Council. It must be acknowledged, however, that it is not possible to review all aspects of governance, risk management and control within a single year.

In giving the opinion it should be noted that assurance can never be absolute and the most that internal audit can provide is reasonable assurance that there are no major weaknesses in the council's

governance, risk management and control processes. In assessing the level of assurance, the following have been taken into account:

- All internal audit reviews undertaken including consultancy for the year ending 31st March 2023,
- Follow up reviews undertaken on High priority actions and audits that have been given a Minimal assurance rating,
- Continuing work being undertaken by Management to respond to actions arising from internal audit work,
- Whether any Critical or High priority actions have not been accepted by Management,
- Any other assurance opinion given by other providers that Audit Services have relied upon.

4.2.7 The Head of Audit and Risk Management Services opinion is as follows:

“I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion as to the adequacy and effectiveness of Dudley MBC’s overall internal control environment and there has been no limitations to the scope of our activity or resource constraints imposed on Audit and Risk Management Services which have impacted on our ability to meet the full internal audit needs of the council. Taking into account what is detailed in paragraph 4.2.6, for the 12 months ended 31st March 2023, I am able to provide ‘Reasonable’ assurance on Dudley MBC’s framework of governance, risk management and internal control, which is required in order to achieve the council’s priorities. The main concerns which I am required to bring to your attention are:

- The Regulator of Social Housing has concluded that the Council has breached the Home Standard and as a consequence there was the potential for serious detriment to tenants. This followed a self-referral from the Council to the regulator after the identification of a failure to be able to evidence statutory health and safety requirements in some of its homes. The Council had found that gas, fire, electrical and asbestos safety checks may not have been completed for every property that needed one. Also, a high number of fire remedial actions in the communal areas of its blocks were overdue.
- An Ofsted inspection in October/November 2022 (report issued January 2023) concluded “there has been an overall decline in the quality of services for children in Dudley since the last inspection in

2018. Children in Dudley are not receiving consistently effective services to improve their lives. Senior leaders and elected members understand the main challenges they face to improve the experiences of their most vulnerable children, particularly in securing a stable and strong workforce. However, the response to these challenges is too slow. Political leaders do not give sufficient priority to the needs of vulnerable children, as frontline workforce capacity continues to be a huge factor preventing improvement”.

- Issues have been identified with the Council’s approach to managing programmes, projects and contracts.

4.2.8 The council has a dedicated Corporate Fraud Manager, who is a qualified fraud investigator with many years’ experience in this area. He is responsible for delivering against the Fraud Action Plan (which is made up of four elements: Prevent, Detect, Investigate and Resolve) and maintaining the fraud risk register. The council also maintains a Housing Fraud Team.

4.2.9 Regular reports on fraud activity are presented to Audit and Standards Committee.

4.2.10 The Annual Fraud Report details that during the period 1st January 2021 to 31st December 2022 the Corporate Fraud Manager completed 12 investigations of which 6 fraud/other inappropriate behaviour was established. There were also 22 cases in progress as at the 31st December 2022.

4.2.11 During the period 1st January 2022 to 31st December 2022 the Housing Fraud Team completed investigations into 395 referrals of which 32 were found to involve fraud. The notional saving to the council was approximately £588,120.

4.3 **Risk Management**

4.3.1 A new Risk Management Framework was approved by Audit and Standards Committee in April 2021. The new Framework brought in some significant changes including the identification of Gross and Target risks and a defined risk appetite level. However, it is acknowledged that due to the significance of the changes and the resources available to support the process, the Risk Management Framework will take time to embed.

- 4.3.2 Following approval of the Framework, briefings were given to Directorate Management Teams and risk identification workshops have been held.
- 4.3.3 The risk report that was presented to Strategic Executive Board in March 2023, had risks defined and rated in accordance with the Framework. This showed the following risk areas were rated as 'Very High' at the net/residual level, which is above the council's risk appetite:
- Recruitment and Retention of staff
 - Contract Management
 - Statutory building safety and compliance responsibilities
 - Budget Management
 - Programme Management
 - Regeneration Benefits

For each of these risks further controls have been identified, and once effectively implemented the risk rating will fall below risk appetite. Further information on each of these areas is included in Section 5 and 6.

- 4.3.4 Two risk management reports were presented to Strategic Executive Board and Audit and Standards Committee during 2022/23. For each of these meetings, Audit and Standards Committee selected a risk for discussion. This involved the officer responsible for the risk delivering a presentation on how the risk is being managed, which was then open to challenge by Members. During 2022/23 risks relating to Recruitment and Retention of staff and compliance with Contract Standing Orders/Procurement legislation were subject to Member challenge.
- 4.3.5 All Directors and Heads of Service who report directly to the Chief Executive have completed a Risk Assurance Protocol (RAP) for 2022/23. This provided management assurance that the Risk Management Framework is being adhered to, and risks are being identified and managed as required.

4.4 **Financial Management**

- 4.4.1 The Director of Finance and Legal is the officer designated under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the council's financial affairs. A review

against CIPFA's statement on the Role of the Chief Financial Officer has been undertaken, which found all key requirements are being met.

- 4.4.2 The Council's Scrutiny Committees have a role in scrutinising the council's Medium Term Financial Strategy. The Capital Monitoring Programme is reported to all Cabinet meetings and the revenue position was reported to Cabinet four times during the year.
- 4.4.3 Directors, Deputy Chief Executive and Chief Executive have delegated authority to manage their budgets. They are each supported in this by a dedicated Finance Manager and a team of qualified staff who work closely to understand the business but are professionally accountable to the Section 151 Officer. The council showed an adverse variance of £7.6m against the original budget for 2022/23 mainly due to the pay award, energy costs, social care placements and trading income shortfalls.

4.5 Performance Management

- 4.5.1 The Council Plan (on a page) for 2022-25 was approved by Cabinet in February 2022 and sets out the strategic direction for the council for the next three years. The plan has 4 new priority areas:
- The borough of opportunity
 - A safe and healthy borough
 - The borough of enterprise and ambition
 - The destination of choice
- 4.5.2 The priorities have a clearer focus on our regeneration plans, our work to become a destination of choice for tourism, housing and educational needs and a place where communities can lead stronger, safer and healthier lives. The outcomes under each priority give our commitment that the council will constantly strive to improve the way we deliver services to meet the needs of local people.
- 4.5.3 The Council Plan on a page will be supported by a Strategic Council Plan document that provides more information on Dudley as a Local Authority and sets out our ambitions and priorities, the golden thread between the Borough Vision and our Council Plan and provides an overview of the governance processes in place.

Borough Vision 2030

- 4.5.4 At the heart of the Council Plan on a page is our Borough Vision – Forging a Future for All, which is built around seven aspirations and was developed with key partners and stakeholders. The aspirations for the Dudley Borough Vision by 2030 are:
- 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,
 - 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 of healthy, resilient, safe communities where people have high aspirations and the ability to shape their own future,
 - Full of vibrant towns and local centres offering a new mix of leisure, faith, cultural, residential, and shopping uses,
 - Better connected with high quality and affordable transport, combining road, Metro, rail, and new cycling and walking infrastructure,
 - A place to visit and enjoy that drives opportunity, contributing to its ambitious future while celebrating its Pioneering past.
- 4.5.5 A Forging a Future Executive is established, made up of key agencies and stakeholders to deliver the aspirations in the Dudley Borough Vision 2030. The Forging a Future Executive responded to the pandemic by transitioning to become Dudley’s Covid-19 Strategic Partnership from April 2020.
- 4.5.6 Since 2021 the Executive has been working to review the aspirations in the Vision, running a series of workshop with strategic partners and stakeholder, and are now working on a performance framework to build greater synergies between partners priorities within their organisational plans and the collectively agreed aspirations of the Vision.
- 4.5.7 The Governance Structure for the Vision directly links into the workstreams of the council. Through the establishment of four Boards, whose role is to work jointly with partners to remove barriers, challenge and risk manage, the Executive provides effective

leadership. Each Board is accountable for an associated area of expertise:

- Dudley Health & Wellbeing Board
- Dudley Safe & Sound Partnership
- Dudley Employment and Skills Board
- Dudley Economic Growth Board

Directorate Planning

4.5.8 Each directorate has a Directorate Plan that aligns to the priority outcomes that the Council is striving to achieve and includes an assessment of how the service will contribute towards delivering these priorities along with a range of key performance indicators to enable the Council to keep track of progress.

Future Council Programme

4.5.9 The Future Council programme is our internal change programme that will help the organisation to continually improve and develop. There are 4 themes in this programme with each being a key enabler to supporting service areas and officers and include:

- People, delivered through the People Strategy
- Place, delivered through the Corporate Estates Strategy
- Digital, delivered through the Digital Road Map
- Process, delivered through a number of policies, processes and procedures

4.5.10 The programme reflects the need to build a council that is financially sustainable and fit for the future. This will be achieved through developing our people, improving our service delivery through digital innovation and investing in our facilities to ensure they are fit for the future.

Performance Monitoring

4.5.11 Performance management and monitoring is key in ensuring the priorities in the Council and Directorate plans are delivered. Quarterly Corporate Performance Reports are developed and reported and reviewed by Strategic Executive Board, Informal Cabinet, the Deputy and Shadow Deputy Leader and Future Council Scrutiny Committee.

- 4.5.12 Progress against Directorate performance score cards are monitored at monthly directorate management team meetings and circulated to directorate scrutiny committees for information and consideration.
- 4.5.13 A Performance Management Framework has been developed that ensures a consistent approach to the way service performance and quality is managed, monitored, reviewed and reported at all levels in the Council.

4.6 **Asset Management**

- 4.6.1 The council's Estate Strategy 2017 – 2022 sets out key objectives for its land and property estate. Proposed actions that materialise in the implementation of the Strategy are reflected in an action plan which is monitored by Corporate Landlord Services at regular estates meetings. For those proposed actions to progress into capital projects, their business cases must obtain approval at the council's Commercial Opportunities Group, Strategic Executive Board and Cabinet. Some projects that were identified in the strategy's work plan have been completed and some remain work in progress.
- 4.6.2 The Covid-19 pandemic changed the view on how council property is to be used in future, given the large number of staff who have successfully worked from home since that time. The new Estate Strategy 2023-2028 is currently work in progress and will take account of the learning and changes brought about by the pandemic, and some lessons that have been learned from the recent winter shut down of 2 main officer blocks, by ensuring a leaner estate is equipped to facilitate new workstyles. Various work is in progress to accommodate the Future Council.

4.7 **People Management**

- 4.7.1 A Corporate Workforce Analytics Report is presented to the Strategic Executive Board on a quarterly basis. This report provides a breakdown of the workforce including headcount, full time equivalents, proportion of full and part time workers and number of employees as identified by protected characteristics. The report also provides sickness absence rates, the rate of completion for Annual Review meetings with employees and other key workforce indicators that give individual directorates opportunity to identify trends and areas of improvement.

- 4.7.2 These reports are also provided to Directors on a monthly basis for consideration and discussion at directorate management team meetings. Human Resources Business Partners also discuss any key workforce issues at DMT's in Directorates offering advice to improve people processes and practices throughout the various service areas.
- 4.7.3 Sickness levels remain high for 2022-23 with the overall FTE days lost having increased by 1.96% when compared to last year. Short-term sickness has slightly decreased by 1.07% (from 16286 days lost to 16112); however, it is important to note that headcount has decreased by 2.05% in the same period, making short-term days lost per FTE effectively the same, with 4.06 days lost last year and 4.05 days lost this year. Conversely, long-term sickness has increased from 39623 to 40894 FTE days lost even with a decreasing headcount.
- Days lost per FTE is 14.33 – above the corporate target of 10.5 and is an increase compared to 13.94 in 2021-22.
 - Sickness for 'work-related stress' has increased by 37.6% since last year, 'non-work-related stress' has increased by 32.9% and 'post-op recovery' has increased by 48.3%.
 - Excluding absences for Covid-related reasons, sickness rates would be 7.7% higher in 2022-23 than in the previous year.
- 4.7.4 Turnover rate has continued to rise year-on-year from 9.30% last year to 12.44% this year (2022-23), with 420 new starters and 580 leavers. Children's Services have again seen the highest turnover with 104 leavers in 2022-23 (20.6% turnover rate).
- 4.7.5 A key aspect of the attendance management procedures is the completion of return-to-work interviews. The latest data available indicates that 94% of return-to-work interviews are being completed, which is the same completion rate of 94% from last year, both showing an improvement on the 91% in 2020-21.
- 4.7.6 The Council need to take note that although Return to work interviews and MARS are being completed, the data is showing that there is still a high turnover rate across the Council of employees leaving. This therefore indicates that further work needs to be done on engaging and retaining employees.
- 4.7.7 The Council has performed well in creating new apprenticeship starts, with a total of 873 starts since 2017. In 2022-2023 there has been a total of 112 starts; 98 apprentices are in directorates and 14 are in schools. During the past year, the Council have focused on investing in growing our own leaders. As a result, a total of 48 employees have

started Leadership and Management apprenticeships from levels 3-7. The Council have also onboarded its first cohort of Coaching apprentices to enable our employees across the organisation to embed a coaching culture and develop a high performing workforce. The Council will now seek to further align our apprenticeship offer with our Workforce Planning strategy.

4.7.8 The Council's People Strategy approved by Cabinet in June 2022, has five key priorities being:

- 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.

4.7.9 Workforce planning activity has been completed within directorates across the council during March and April 2023. The outcomes of this will feed into organisational level plans to address common themes, alongside the plans in place for actions to be undertaken at directorate and service level.

4.7.10 An independent review of the Council's People Policies has been commissioned and is currently underway. The purpose of this review being to modernise our people policies.

4.8 **Information Governance**

4.8.1 During a period of organisational change the Senior Information Risk Owner, Data Protection Officer and Caldicott Guardian have overseen the operation of information governance processes and compliance with the UK General Data Protection Regulations and Data Protection Act 2018. To ensure relevant skills are up to date, specific training targeted at Data Protection Officers, Caldicott Guardians and Senior Information Risk Owners, has been undertaken. The Information Governance Board is undergoing reform in order to suitably reflect the evolving organisation.

4.8.2 During the year the Corporate Information Governance Team have collaborated with Legal and Procurement Services, assisting in the drafting and development of new corporate contract templates reflecting the current position of Data Protection Law in the UK. They have assisted in the development and review of 22 Data/Information

Sharing Agreements with partners, undertaken and assisted with 37 Data Protection Impact Assessments, published and reviewed 11 Privacy Notices, received 1169 Freedom of Information requests, 678 Subject Access Requests and 80 Environmental Information Regulation requests. There were 144 suspected data breaches assessed for severity, with 7 being reported to the Information Commissioner resulting in: 6 with “no further action outcomes” and 1 with investigation currently ongoing.

- 4.8.3 The council has met to a “satisfactory” standard the requirements of NHS England’s Digital Data Security and Protection Toolkit, which has to be completed by public bodies that operate an Adult Social Care or Health function, on an annual basis.

During 2022/2023 the council worked with the Cabinet Office in line with accepted Public Sector Network (PSN) compliance (assurance) requirements and standards. The council is fully compliant with the PSN requirements with valid certification until 14th June 2023 and compliant with the Payment Card Industry Data Security Standards (PCI-DSS) with existing certification valid until 24th August 2023.

- 4.8.4 Work continues to be undertaken to ensure that the council is in compliance with UK General Data Protection Regulations whilst processing personal and special category data. This includes mandatory training and annual refresher training for all staff. The content of this training has been recently updated and refreshed to ensure it remains accurate and reflects the current compliance requirements. Targeted data protection assurance audits have been carried out on specific council service areas utilising the Information Commissioner’s (ICO) accountability framework. Routine benchmarking with members of the West Midlands Information Governance Forum, including neighbouring Local Authorities, is undertaken ensuring consistency and quality of approach.

- 4.8.5 A robust Information Governance framework is in place for the Council’s CCTV operation, with Data Protection Impact Assessments being required for the siting of all CCTV cameras that operate within Council buildings and across the Borough. The control room and CCTV operation complies with both Information Governance and Biometric & Surveillance Commissioner standards. The operation of the CCTV control room and CCTV Camera Strategy is overseen by the CCTV Strategic Board. Partnership working arrangements are in place supported by formal Information Sharing Agreement with West

Midlands Police (WMP), that take into consideration guidance prepared by the National Police Chiefs' Council (NPCC), The Public CCTV Managers Association (PCMA), the Biometrics & Surveillance Camera Commissioner (BSCC) and the Local Government Association (LGA).

- 4.8.6 As part of striving for ongoing improvement, work is underway, with the support of external consultants, to develop a 2024-2030 Safety, Security and Protection Strategy that will include a complete review of the Council's existing CCTV Camera Strategy.

4.9 Digital and Technology Management

- 4.9.1 In 2021-22 the Council set up a governance structure for Digital and Technology. The governance arrangements include a Digital Board that reports through SEB to Cabinet. The primary purpose of the Board is to advise on and monitor the progress the Council is making on its digital transformation journey and delivery of the "Future Digital" ambitions in the 2022-25 Dudley Council Plan. SEB agreed the terms of reference in October 2021 and the Board has met regularly since then. The governance arrangements also include a Councillor Digital Forum and a Digital and Technology Working Group. Both have been meeting regularly.
- 4.9.2 The restructure of Digital and Technology services was completed in May 2022. We adjusted the structure throughout the year as we identified improvements and there are a few teething issues still to resolve.
- 4.9.3 In September 2021 we agreed a roadmap of all digital and technology projects with directorates and SEB agreed the prioritisation criteria. The roadmap is a living document which the team worked against in 2021-22. The nature of the projects in the roadmap has changed as the team have started being involved in wider transformational projects. In February 2023 we identified and agreed with the Digital Board the 8 transformation programmes we will focus on.
- 4.9.4 In 2022 we introduced the Technical Design Authority (TDA). This is a governance gateway for design activities that provides assurance that both business and technical decisions align, and that the technical solution meets our purpose. Projects are required to receive TDA approval before awarding the supplier contract, ensuring successful outcomes that align with our goals.

4.9.5 In 2022 we also introduced the Digital Change Assessment Board which reviews projects and agrees the delivery approach including assigning a project team where a project requires it.

4.10 Values and Behaviours/Codes of Conduct

4.10.1 To support the council's vision, the following values have been determined to guide the standard of behaviour expected from Members and Officers:

- Accountability,
- Determination,
- Empowerment and Respect,
- Excellence,
- Simplicity,
- Working Together.

4.10.2 The values and behaviours remain a strong guiding framework for everything that the council does and strives to do. The values continue to underpin Leadership Forum and drives how engagement takes place with staff. The Values have been embedded into the council's mandatory induction process and induction materials and the Values are embedded into the new People Strategy and other strategic work such as Future Council.

4.10.3 The Code of Conduct for Employees is publicised widely and is promoted through Corporate Induction, as part of the mandatory training and policy acceptance. Compliance with the Code is an individual, line manager and corporate accountability. Each employee is required to formally accept the Code. Where there are breaches of the Code these are dealt with by advice, performance improvement or development or ultimately for more severe breaches use of the council's disciplinary policy.

4.10.4 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. Work is ongoing to embed leadership accountabilities into the new manager induction, the review of council job descriptions and competencies framework. In addition, a

new leadership development programme will be launched in 2022 and improvements will also be introduced to the My annual review process.

4.11 Communication

4.11.1 The council's main way of communicating with staff is through the "Connect" intranet site. Internal audit reports and external reviews have identified issues with "Connect" particularly the locating of information and accuracy of content. "Connect" has been reviewed with the introduction of an Our Council hub and a Workforce hub to ensure information can be easily located. Through collaboration between CAPA, People Division and the Chief Executive's office, these hubs will be supplemented with regular checking to ensure information is up to date.

4.11.2 Besides "Connect", the Council has a number of other ways of communicating with its employees:

- "Rewind" which is an e-bulletin catch-up of all key news and information, continues to be issued to all employees at the end of each week,
- "Managing Matters", aimed at line managers across the authority, continues to be sent out monthly to update managers and communicate to the workforce,
- "Engage" is produced quarterly providing the workforce with news, views, key messages and what's on,
- The Chief Executive's "vlog" has been replaced by a "Corporate Update" section on Connect to highlight corporate news and developments,
- "SEB in focus" a new communication tool has been introduced following the Employee Survey. The tool looks back on key decisions made in the previous month, and the direction set by SEB while looking forward at items that will be considered over the next month.

4.11.3 In addition to these online methods, the authority also provides key information for managers of frontline staff to print and share, whilst face to face briefings are also facilitated through Leadership Forum (for managers) and Express Briefings (for all staff).

4.11.4 In terms of communicating with Borough residents:

- The council publishes a quarterly resident magazine which is distributed to 125,000 properties (over 90% of Borough

households) with latest news and information from the authority. This magazine is also published online and supports the continued growth of digital and social channels,

- Social media channels such as Facebook, Twitter, LinkedIn, Instagram, Flickr and YouTube are well established with thousands of interactions with Borough residents every day. Facebook and Twitter reach around 120,000 people a week.
- The Gov delivery e-bulletin continues to grow rapidly as a vital tool in sharing news information on council services to Borough residents. Recipients can tailor their experience to receive information on specific subjects. Open rates are above the 40 percent national industry average.
- Analytical reports are available on Connect.

4.11.5 Targeted engagement with tenants and residents is undertaken by housing services through a range of groups and methods. Dudley Federation of Tenants and Residents Associations (DFTRA) is the umbrella group for TRAs across the borough and offers an important link to our communities. Meanwhile Dudley's Housing Board provides a community-based scrutiny function of the housing service, to help to ensure that services meet residents' needs and are of the highest standard.

4.11.6 Dudley's Customer Involvement and Empowerment Strategy is currently under review, and officers are working closely with DFTRA and Housing Board Members to co-produce a new strategy that supports the commitments set out in the Charter for Social Housing Residents and delivers the expectations within the Regulator of Social Housing's Tenant Involvement and Empowerment Standard.

4.12 Customer Feedback

4.12.1 The council has a policy and procedure for formal complaints and compliments. All cases are logged on a central system. Every effort is made to informally resolve complaints as early as possible. Where this cannot be achieved, formal complaints are acknowledged, investigated and responded to by appropriate complaints teams and specialist officers within set timeframes. There are three Key Performance Indicators relating to formal complaints and compliments and associated data is collated and reported upon via Strategic Executive Board quarterly. Focus is driven around root cause analysis of complaints and taking action to prevent the same issues recurring

through learning outcomes gathered within each service area. Officers and Members receive data that helps them to assess performance and understand input.

4.12.2 The council has a Resident Action Group, focussing on customer feedback, to:

- Deliver an effective and efficient complaint and failure management strategy and process.
- Resolve complaints by fixing the underlying issues: identify the failure, clarify the root cause and find a long-term solution.
- Deliver a resident experience that meets the needs of the resident by improving the ability for residents to feedback and acting on the feedback.

The Resident Action Group seeks to make great strides in leveraging insight from complaints, making sustainable changes, delivering a process for complaints handling that resolves issues for residents in a timely, satisfactory and empathetic way and transforms the relationship the council has with residents to make them feel appreciated, valued and listened to.

Ongoing communication takes place to include key stakeholders in relevant initiatives and developments the group are delivering.

4.12.3 During 2022/23 the council received 24 statutory complaints of which 13% were upheld. The council received 1524 corporate complaints of which 36% were upheld or partially upheld. The council also received 950 compliments during 2022/23.

In 2022 DC+ reviewed and automated performance reporting for DC+ and for complaints. As of September 2022, DC+ use Power BI to report. DC+ automated the complaints reporting using power query to create a direct database connection to the complaints management system (M3). This improves the accuracy by reducing human error and allows for real time statistics to be available with one refresh click.

4.12.4 The Local Government and Social Care Ombudsman's annual review letter for 2022-23 notes that they have changed their investigation processes, contributing to an increase in the average uphold rate across all complaints. As detailed above there were 1524 corporate complaints of these there were 27 DMBC cases subject to a detailed investigation by the Ombudsman between 1 April 2022 and 31 March 2023. The outcome of these detailed investigations was that 21 were

upheld and 6 were not upheld. The number of upheld complaints decided by the Ombudsman for Dudley represented 78% of the detailed investigations undertaken. Similar Local Authorities had an average of 77% of their detailed investigations upheld. In 100% of cases the Ombudsman was satisfied the authority had successfully implemented their recommendations (compared to an average of 99% in similar authorities).

It was reported for all of the upheld cases the Ombudsman found that DMBC had not provided a satisfactory remedy before the complaint reached them (compared to an average of 10% in similar authorities).

4.12.5 Within Housing and Community Services all existing customer groups are being reviewed to identify any gaps or duplication, and the Customer Involvement Team will be working with all groups to review their terms of reference. A new overarching Customer Board is being set up, which will have representation from each of the Customer Groups along with the Cabinet Member for Housing and Director of Housing and Communities, to oversee and drive forward the aims and commitments set out within the new Customer Involvement and Empowerment Strategy.

4.12.6 During 2023/24 the housing service will be completing a self-assessment against each of the Regulatory Standards as well as the Housing Ombudsman Complaint Handling Code and will also be asking our involved residents to undertake similar assessments to compare views.

4.12.7 An independent external customer satisfaction survey has been commissioned to provide a baseline of performance against the new Tenant Satisfaction Measures.

4.13 Equalities Framework

4.13.1 The Council's Equality Diversity and Inclusion (EDI) Strategy (2022-25) approved by Cabinet in March 2022, sets out the council's EDI commitments and how we intend to achieve our public equality duty as well as comply with the Equality Act 2010. It focuses on "Putting Equality at the heart of everything we do" and recognises that to achieve this we need to advance equality and inclusiveness in all aspects of the Councils work and our responsibilities in the following capacities as:

- **A service provider** - providing appropriate services that meet the differing needs of our local people regardless of their protected characteristic.
- **The Boroughs largest employer** - ensuring fair recruitment, having a diverse and inclusive workforce, and providing a working environment that is safe, accessible, and free from bullying, harassment, and discrimination.
- **Community leaders** - through our elected members, working with communities and partners in the statutory, voluntary, and private sectors to improve quality of life for Dudley Metropolitan Borough residents.

4.13.2 There are 4 priority themes contained within the EDI strategy, each with identified actions and details of how we intend to achieve these, these themes are as follows;

- Understanding our diverse customers and residents
- Demonstrate Inclusive leadership and accountability for delivering EDI outcomes across the organisation.
- Ensuring the integration of equality objectives into the commissioning, procuring and delivery of services.
- An engaged workforce that reflects the diverse community we serve

4.13.3 The commitments within the EDI strategy will be realised through an annual delivery plan overseen by the Corporate Equalities Board, which is chaired by the Chief Executive. This will also be subject to scrutiny through the Future Council Scrutiny committee and the Local Government Association who have supported the development of the EDI strategy, will continue to support the scrutiny of our delivery in this area. Arrangements are also in place for an annual review of EDI to be reported to Cabinet and a report on progress in implementing the delivery plan, including employment monitoring data for protected characteristics.

4.13.4 A small team comprising an EDI manager and an EDI officer has been established to support the delivery of the corporate EDI work. This team have undertaken a review of Equality Data to ensure that the council is meeting its statutory requirements and has the information to support its future modernisation. Employment data is also benchmarked against other local authorities e.g. the gender pay gap data - which has resulted in some actions being identified to help close the council's gender pay gap.

4.13.5 Following an independent review into race inequality within the Council the Strategic Executive Board (SEB) accepted its findings and agreed an action plan to implement the recommendations from the review. This will be overseen by the Corporate Equalities Board. In addition, clear expectations have been set and communicated to leaders across the organisation for them to:

- Champion and embrace diversity and be proactive in their approach to advancing racial equality and actively demonstrating it in practice,
- Listen to and communicate openly with staff as this level of communication is crucial and important to our workforce from diverse backgrounds and with diverse needs,
- Act as role models who champion change,
- Actively promote Equality Diversity and inclusion,
- Bespoke learning and Development will be provided to strengthen performance this area and the new leadership development programme will also further develop our leadership competency in racial equality and wider EDI requirements.

4.13.6 A new Dignity at Work policy has been introduced within the council to ensure all employees are clear about acceptable behaviour in and outside of the workplace. It also provides all individuals with the opportunity to raise issues where dignity and respect have not been demonstrated. The policy sets out expected standards of behaviour for employees, in the way they treat their colleagues and those they come into contact with. The policy has a vital role in ensuring we create the conditions where all employees are treated with respect and dignity and are able to be themselves, feel they are valued and included.

4.13.7 The council has also moved to an anonymised recruitment model to reduce any unconscious bias during the recruitment and selection process, ensuring the shortlisting stage focuses on the skill set of a candidate alone. All candidates who apply for a post within the Council are identified via a unique candidate reference number, which will be used until they reach either the invitation to interview stage or are unsuccessful at the shortlisting stage.

4.14 Modern Slavery

4.14.1 Dudley MBC's Modern Slavery and Human Trafficking Statement has been updated and signed by the Leader of the Council, Leader of the Labour Group and the Chief Executive and is prominently displayed on

the council's website. In addition, it has been added to the Government Modern Slavery Registry.

- 4.14.2 Concerns in respect of modern slavery should result in a referral into the relevant MASH (Multi-Agency Safeguarding Hub). Internally work continues to take place in respect of internal pathways for potential victims of various types of exploitation.
- 4.14.3 A robust communications plan is in place for the Safe and Sound Partnership – (Dudley's Community Safety Partnership - CSP) with messaging in respect of Modern Slavery going out throughout the year, this includes additional messages at key points in the year, for example National Anti-Slavery Day. This ensures that members of the community are aware of these issues and where to report concerns / signpost victims, thus offering reassurance to the wider community and offering support to those who may need it. Information can be found on the Safe and Sound CSP website where we have a Help Hub for all services and public to access.
- Safe and Sound modern slavery posters and leaflets have now been translated into our 6 main community languages (Arabic, Mandarin, Punjabi, Polish, Romanian and Urdu). Once the artwork is complete electronic copies will be available via the website.
- 4.14.4 The Modern Slavery and Educational Resources pages on the Safe and Sound Partnership website are updated to ensure information, links (including to relevant e-learning) and resources are up to date and relevant.
- 4.14.5 Dudley Safeguarding People Partnership continue to host two multiagency eLearning courses in respect of Modern Slavery and Human Trafficking (MSHT). and conversations are taking place with West Midlands Anti-Slavery Network in respect of scheduling some 'face to face' / virtual awareness sessions. This training will ensure that professionals across the Borough are aware of the different forms of exploitation and where to report concerns / signpost and support victims.
- 4.14.6 Updated National Referral Mechanism training is also being explored for identified staff in Childrens and Adults Services, while Home Office NRM training is available to access via the safe and sound website.
- 4.14.7 A Chair has been identified for the Modern Slavery subgroup of safe and sound, Dudley's Community Safety Partnership, and work will now

take place to progress this group in line with national, regional and local work plans and Guidance.

4.14.8 Modern Slavery is a standing agenda item at the Rogue Landlords Operational group and where appropriate multi-agency meetings are coordinated to ensure a robust response to any concerns or cases.

4.14.9 The number of people referred into the National Referral Mechanism by Dudley MBC as a first responder organisation was 69 for the year ending 31st December 2022.

4.15 Environmental

4.15.1 Full Council at its meeting of the 23rd July 2020 declared a Climate Emergency. It was agreed at this meeting that a cross-party Climate Change Working Group would be established to lead on the development and implementation of a Carbon Reduction Plan for Dudley. This Group would decide what activities are in scope which will then inform the setting of a realistic carbon reduction target.

4.15.2 Ongoing governance arrangements include a Steering Group that will provide 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.

4.15.3 The programme consists of two phases: Phase 1 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.

4.15.4 The council has a target of reducing carbon emissions by 90% by 2030 and it has been estimated to achieve this target 21,815 tonnes of carbon will need to be removed. The final 10% to achieve carbon neutrality, which will be the most challenging, has a target date of 2041.

4.16 Overview and Scrutiny and Select Committees

4.16.1 The Overview and Scrutiny Committee, together with Select Committees, approve and monitor their Annual Scrutiny Programmes. The work of the Committees is co-ordinated and overseen by the

Overview and Scrutiny Committee. Committees have considerable flexibility to amend the Annual Scrutiny Programme to reflect developments during the year.

- 4.16.2 The Overview and Scrutiny Committee and Select Committees report annually to the full Council with details of Scrutiny activities and the annual work programme. Minutes of Committees are submitted to full Council to increase transparency. The Overview and Scrutiny Annual Report for 2022/23 was reported to full Council in April 2023 and made available on the council's website. This set out the key issues considered and the outcomes of scrutiny work during the municipal year.
- 4.16.3 The Council's Overview and Scrutiny arrangements are kept under ongoing review as part of the annual review of the council's constitution. A Scrutiny Committee development session is being undertaken with the Local Government Association in May 2023 and the outcomes will be reflected in the 2023/24 municipal year.

[Link to Annual Scrutiny Reports](#)

4.17 Audit and Standards Committee

- 4.17.1 Audit and Standards Committee are responsible for approving the annual review of the Code of Corporate Governance and approving the Annual Governance Statement prior to its signing by the Chief Executive and Leader of the council.
- 4.17.2 The Committee's terms of reference have been updated to reflect good practice issued by CIPFA and there are regular assessments undertaken and discussed with the Committee to ensure that it is working effectively.
- 4.17.3 New committee members are requested to complete a skills assessment to identify any training needs.
- 4.17.4 Audit and Standards Committee produced an annual report for the municipal year detailing the work that they have completed, and the outcomes achieved; this is to be presented to full Council in July 2023.

[Link to Annual Report](#)

5. Update on previous issues raised

5.1 Children's Services

- 5.1.1 Senior leadership arrangements in Children's Services were revised in autumn 2020 and a permanent Director of Children's Services was appointed and took up post in February 2021. An experienced Service Director for Social Care was appointed in November 2022. This senior permanent team provides clarity and certainty to the workforce in responding to the improvement challenges.
- 5.1.2 Children's Social Care Services had been in Department of Education (DfE) support and supervision since the Ofsted inspection in October 2018. In November 2020 Ofsted reported on a further focus visit that "There are serious weaknesses in many service areas in Dudley. This is because of long-standing instability in the senior leadership team that has led to delays in addressing strategic and practice deficits." The improvement work was overseen by a DfE appointed improvement advisor who chaired the Improvement Board that met six times a year. In addition, the DfE carried out formal reviews of improvement work on a six-monthly basis.
- 5.1.3 Ofsted carried out an Inspection of Local Authority Children's Services (ILACS) in October/November 2022. The service was rated as Requires Improvement to be Good. The report noted that there was further progress to be made but reported: 'Since the appointment of a permanent director of children's services in early 2021, there has been greater focus on the areas for improvement, particularly in relation to the timeliness and quality of decision-making and strategy meetings in the multi-agency safeguarding hub (MASH), the response to children who experience extra-familial abuse or who go missing and securing permanence for children in care.'
- 5.1.4 The DfE carried out a formal review meeting in January 2023 and noted that significant progress had been made. The Care Minister, Claire Coutinho MP formally ended DfE Support and Supervision on 29th March 2023 stating: 'My officials tell me that Dudley have demonstrated strong engagement with adviser and sector led improvement support over the past 4 years and that this has had a positive impact on practice and leadership. The Ofsted report notes that under the current leadership, there has been a greater focus on improvement and during the review meeting you shared your plans to accelerate progress further in order to achieve a good outcome at your next inspection.'

5.1.5 Children's Services are implementing the nationally recognised Family Safeguarding model of child protection during 2023, alongside a directorate restructure and leadership training programme in order to build on and accelerate progress made to date.

5.2 Special Educational Needs and Disabilities (SEND)

5.2.1 Progress continued with the implementation of the detailed Improvement Plan in relation to the Written Statement of Action (WSoA). Ofsted and CQC revisited the Local Area from 31/1 to 3/2/2022 to assess the level of progress against the 14 areas of significant weakness identified at the inspection in 2019.

5.2.2 The inspection identified that sufficient progress had been made in 8 of the 14 areas which were:

- Area 1: Improvement strategies are not embedded, and they have not had a marked impact on improving outcomes for children and young people with SEND.
- Area 3: A strategic approach to assessment and provision mapping in Dudley is lacking. There is poor coordination of assessment information between agencies, resulting in fragmented information systems.
- Area 5: The designated medical officer (DMO) has insufficient capacity to promote SEND agenda across health providers.
- Area 6: Co-production with parents is weak. Co-production at a wider strategic level is underdeveloped.
- Area 8: There is a lack of understanding about inclusion in Dudley. The local area needs to change the culture and develop stakeholder confidence in the system.
- Area 9: The published local offer is poor. It is underused and difficult to navigate.
- Area 12: Pupils with SEND have higher absence and exclusion rates than other pupils.
- Area 14: Too few young people with SEND progress into employment.

The inspectors were positive about the progress made in these areas of previous concern.

5.2.3 The inspectors found that in 6 areas there had not been sufficient progress in a way that was sufficiently embedded although they did note progress in recent months:

- Area 2: The needs of children and young people with SEND have not been accurately identified or moderated over time.
- Area 4: Joint commissioning is underdeveloped. It is not always informed by accurate analysis of performance data, which is required to understand areas of need and gaps in current service provision.
- Area 7: There is a great deal of parental dissatisfaction. The passion and commitment of the various parent groups have not been harnessed. Many parents and carers feel disengaged from the system.
- Area 10: EHC plans are often of poor quality. They are not outcome focused and often lack information about health and social care. Completed EHC plans are often not shared with early years settings.
- Area 11: Pupils with SEND make slower progress than other pupils.
- Area 13: There is a lack of local provision post-19 for young people with the most complex needs.

5.2.4 DMBC and the CCG developed an Accelerated Progress Plan to set out the actions to be taken to improve outcomes in the 6 areas identified. This was submitted to the DfE by the deadline of 29/4/2022 and has been approved. A formal review took place on 29th November 2022 and the DfE and NHS England noted progress had been made. A further review is scheduled for June 2023

5.2.5 The SEND oversight group continues to meet to oversee progress and includes DfE and NHS England representation.

5.2.6 Funding of children and young people with High Needs is provided by the Dedicated Schools Grant (DSG) which is a ring-fenced revenue grant allocated to local authorities. For 2021/22 the provisional High Needs block allocation was £39.9m and there was a deficit of £17.2m. This includes a brought forward deficit from 2020/21 of £11.151m. A detailed recovery plan includes a number of efficiencies that coincide with the SEND Improvement Programme and this work is overseen by the Budget Working Group and Schools Forum.

5.2.7 DMBC has participated in a DfE Delivering Better Value in SEND programme, working with CIPFA and Newton Europe to review data around SEND. This included a review of the recovery plan which has been updated. A submission to the DfE for a grant of £1m to support

the plan has been successful which will be subject to quarterly DfE review of progress.

5.3 Financial Sustainability

5.3.1 The Medium-Term Financial Strategy approved by Council on 6th March 2023 forecast the General Fund reserve to fall during 2023/4, but to rise in subsequent years reaching £25.1m by 31st March 2026. The Director of Finance and Legal, in making his report to the Council Tax setting meeting under Section 25 of the Local Government Act 2003 concluded as follows:

“In my professional opinion:

- The estimates made for the purposes of the calculation of the Council’s budget requirement under Section 32 of the Local Government Finance Act 1992, contained in this report, are robust.
- The financial reserves that will remain available to the Council as a result of agreeing the proposals contained in this report are adequate to enable the setting of a lawful budget for 2023/24.
- Although adequate to set a lawful budget for 2023/24, reserves are low by comparison with other councils. The rate of Council Tax (and as a result the level of spending) is also low compared to other councils. Forecasts already build in the maximum increase in Council Tax without a referendum for 2023/24. There are significant risks to the forecast and Members should note that, if these risks materialise, there could be a need to reduce spending plans and/or raise additional income in order to avoid imprudent reductions to the level of reserves. This would be challenging in view of the context set out above.”

5.3.2 There has been a significant deterioration in the financial position during the current year. The latest forecast is for a deficit of £15.4m on the Council’s General Fund. The Section 151 Officer has highlighted the risk that he may need to issue a report under Section 114 of the Local Government Finance Act 1988 within the next one to two years. Cabinet on 25th October 2023 introduced spending controls in order to reduce this in year deficit as far as possible. It is likely that these controls will have to remain in place until summer 2025 at the earliest.

5.4 Dudley Integrated Health and Care NHS (Integrated Care Partnership- ICP)

5.4.1 In 2017 Dudley Clinical Commissioning Group (CCG) and the Council launched a procurement exercise to appoint an integrated care provider. Both the CCG and the Council identified the public health services they wished to put into the Integrated Care Partnership (ICP) model and commission from the appointed provider (Dudley Integrated Health and Care NHS Trust (DICH). However, the Integrated Care Board at its meeting on the 24th November 2022 advised that the original form of the ICP contract could no longer be awarded and that the procurement cease due to:

- the inability of the Integrated Care Board (ICB) to award a contract with the terms and conditions as originally envisaged being a significantly materiality change preventing the procurement concluding as originally intended,
- the ICB being open to a potential legal challenge if the procurement was to proceed.

In view of this decision the Council has given consideration to the actions needed in relation to the potential re-procurement of services that would have been part of this procurement – substance misuse, sexual health, adult wellness services and children’s services.

It was agreed by the Director of Public Health and Programme Sponsor, that this represented the department with the opportunity to go to market with the intention of procuring all services historically in scope of transfer. Following internal department discussions with specialist commissioning managers and consultation with Procurement support agreement was given to go to market through open competitive procedures for the following:

- Sexual Health Services
- Integrated Substance Misuse services
- Integrated Health Improvement Services
- Children and Young People Services for 0-19 year olds (25 years for SEND).

5.4.2 To increase service synergies, efficiencies, quality and effectiveness Public Health reviewed which services could be tendered together. Public Health proposes to recontract from the 1st November 2023, using LOTs with an estimated annual value of £13m per annum.

In terms of children's and young people's services contract, the Integrated Care Board (ICB) is considering whether it participates in the re-procurement with the Council and includes those ICB commissioned services, to ensure that integrated provision can be secured.

To ensure continuation of services post March 2023, whilst Public Health services are being procured, incumbent providers have been approached to accommodate a new 7 months +up to 5-month extension, with 1 month notice to extend, contract term effective from 1st April 2023. The 2022/23 terms and conditions and financial envelopes will apply.

Public Health and Procurement have given due consideration to the risk and issues pertaining to procurement of the listed services. The process proposed is largely considered to be medium risk due to scope and total value of all contracts; however, the level of risk will vary between the different procurement workstreams.

5.5 Infrastructure Developments

5.5.1 The unprecedented level of investment and regeneration activity continued in 2022-23 as the council continued to roll out a £1 billion regeneration programme which will be the biggest investment ever made in the Borough. The projects onsite and in delivery cover key areas of connectivity/infrastructure, visitor economy, town centres, and skills:

Connectivity/Infrastructure

5.5.2 Metro, a total of £449 million will be invested by West Midlands Combined Authority (WMCA) in the Wednesbury to Brierley Hill Metro which will extend the West Midlands Metro from Wednesbury through the heart of Dudley town centre to Brierley Hill. This is due to open to passengers in 2025. Due to funding pressures arising from reduced farebox income, staffing costs and inflation the decision was taken by WMCA board in July 2022 to pause the section from Flood Street Dudley to Brierley Hill while alternative funding was identified. In the last budget a further £60m was identified (subject to business case approval) and work continues on a long-term programme approach to delivering schemes and allocating funding to complete the scheme.

5.5.3 Dudley Transport Interchange will be a world-class multi-modal facility tying together the new West Midlands Metro extension project and

potentially the bus rapid transit SPRINT. This is now due for delivery in 2024 (delayed due to the need for a Compulsory Purchase Order).

- 5.5.4 Metro and Interchange investments will be complemented further with a substantial package of public realm and environmental improvement works focussing on improving the pedestrian connectivity between Dudley Castle, the University Park at Castle Hill and the town centre to create an integrated town centre.

Visitor Economy

- 5.5.5 The Castle Hill Vision and Dudley Castle Zoological Gardens (Phase 2) is a planned £13 million programme of development including restoration of Dudley Castle and Zoo along with the development and upgrade of visitor and education facilities. The council recognises that preservation of this heritage asset is key to improving the tourism sector for Dudley and it is working jointly with Historic England to deliver the necessary improvements and investment.
- 5.5.6 The Black Country Living Museum “Forging Ahead” Programme is the single largest capital development project in the Museum’s history. Forging Ahead is a scheme that will take the Living Museum’s story into the 1940s, 50s and 60s and deliver a new visitor welcome area, dedicated learning centre and industrial quarter. £24 million has been secured to develop the proposal.
- 5.5.7 New Dudley Leisure Centre is part of a wider package of £31.3m investment which includes refurbishment of Halesowen Leisure Centre and improvements to Crystal Leisure Centre. Investment was timed to take advantage of links to Birmingham Commonwealth Games in summer 2022. Discussions continue with potential investors to deliver a leisure quarter around the new Duncan Edwards Leisure Centre and to achieve the aspiration for an ice rink which will create footfall in the town and provide a home for an ice hockey team. Black Country UNESCO Global Geopark – the council are in the final stages of recruiting a permanent Black Country UNESCO Global Geopark team. Talks are ongoing with WMCA and Midland Metro to promote Geopark opportunities. Dudley hosted the UK Geopark conference in June 2022.

Town Centres

- 5.5.8 The Portersfield scheme is a town centre regeneration scheme, located just off Dudley high street. The scheme has already seen the

demolition of Cavendish House. The Portersfield site is adjacent to the new Midland Metro route and planned transport interchange and suitably developed has potential to create a new vibrant quarter in Dudley Town Centre. Development Consultants undertook soft market testing which has indicated that to ensure minimum public sector subsidy a predominately residential scheme is the most viable. Public consultation on a development brief will commence in June 2023 and based on the responses a final brief will be produced with a view to seeking a development partner in Autumn 2023. Discussions continue with the other substantive landowner around a potential collaboration agreement with the aim to avoid the need for a CPO. The Wellington Road former leisure site has been under an exclusivity agreement and works have progressed to the point where a planning application could be submitted by the potential developer and the site will shortly be marketed for disposal.

- 5.5.9 Brierley Hill Future High Streets Fund and Heritage Action Zone fund are concurrent programmes currently on site that will bring empty properties back into use for retail or housing. The plan is to make the gateway entrances more attractive and to improve the public realm including the provision of pedestrian links between the Metro/the High Street and Merry Hill.
- 5.5.10 Levelling Up Fund bids were developed for Dudley North, Stourbridge (Lye) and Halesowen MP constituency areas. The bids which focused on town centre regeneration, culture (heritage) and transport were unsuccessful due to the volume of submissions and the changes to the assessment process. There is a Round 3 expected but currently it has not been confirmed if this is a competitive or allocative process. Early indications are that 2 of our 4 bids were shortlisted so may considered for allocation.

Skills

- 5.5.11 Very Light Rail National Innovation Centre - this £28m project will provide a unique research facility for the development of Very Light Railway (VLR) technologies and projects. The project brings back into use a redundant stretch of railway to support the Innovation Centre and will develop and test the VLR prototype vehicle. The test track and the innovation centre are now complete and are occupied by Black Country Innovative Manufacturing Organisation.
- 5.5.12 Black Country and Marches Institute of Technology is a £26 million purpose designed facility, bringing together further and higher

education providers with employers. The facility opened to students in September 2021.

- 5.5.13 A bid has been submitted by Star Academies and Eton college for a new educational facility in Dudley. The preferred location is in Dudley Town centre. The outcome of the bid will not be known until June 2023, but work has commenced on achieving vacant possession in readiness.
- 5.5.14 The majority of the regeneration projects are delivered (and therefore managed) externally with their own governance arrangements. However, some funding streams require the council to underwrite grant allocations so there is a need to monitor and evaluate delivery of these external bids. Key aspects of governance over the regeneration programme are as follows:
- 5.5.15 Council Regeneration Team, working in partnership with internal and external partners, has been set up to co-ordinate the regeneration programme from the council's perspective.
- 5.5.16 A Major Capital Investment Projects Board has been established, chaired by the council's Chief Executive. The Board considers all bids and emerging projects, identifies synergies and added value and approves progression. The Board also receives by exception, reporting on the risks and key milestones of major strategic projects. Project Boards and Steering groups feed into this Board. A review of this governance is underway.
- 5.5.17 The Towns Fund Board for Dudley has been operational since early 2020. Boards have also been established for Brierley Hill, and Halesowen. It is expected that a board will be established for Stourbridge/Lye that mirror the operation of these Boards.
- 5.5.18 Regeneration and Enterprise Strategy Group meets monthly to receive reports from lead officers and steering groups. A monthly status update updates are provided to the Corporate Portfolio Management Officer team for onward reporting by exception.
- 5.5.19 Regular meetings are held between the Director of Regeneration and Enterprise and WMCA Director of Housing and Regeneration on projects and funding and also with Homes England and BEIS.

5.5.20 This huge regeneration programme creates enormous opportunities and could provide many potential benefits. Failure to seize the opportunities or to exploit the benefits that are envisaged would negatively impact on the council's vision for 2030. To exploit the benefits requires a strategic approach, good co-ordination and sufficient and appropriate resources. Part of the approach to mitigate this is the development of the Economic Regeneration Strategy. This strategy will set out the key challenges faced, the themes and objectives to address these challenges; and develop an action plan to prioritise the pipeline of projects and identify the resource and skills requirements.

However, a number of key challenges remain which affect the regeneration programme including:

- Funding – European Union funding has been phased out and in its place the UK Shared Prosperity Fund is being implemented. Full details are still being worked through. Year 1 allocation was retrospectively applied to ongoing activity as it was not received until February 2023 and had to be spent by the end of March 2023. Work is underway on the spend programme for the current year.
- The funds are less than previous grant allocations and therefore, there remains a risk of insufficient funding streams. Also recent government funding bids have been competitive in nature, significantly oversubscribed and the allocation/assessment process has changed part way through the process. This has led to a failure to successfully bid for funds.
- It is imperative any funds allocated as a result of the devolution deal to the WMCA are considered on a programme basis to allow longer term planning and indicative in principle allocations that give the comfort to proceed at risk to develop up projects.
- Ambitious regeneration plans drive long term change and add value to the local economy but, at the same time, carry financial, commercial, planning, procurement and other compliance risk that will need to be carefully managed,
- The level of information and breadth of detail required to submit and be successful in bidding is onerous and resource intensive. The council are required to demonstrate stakeholder engagement and have to explain the economic costs of the bid

and the economic benefits arising as well as the theory of change – the issue you are trying to resolve/level up and how that project will achieve it.

- Built environment, property/legal, bidding and procurement specialists are required and some of these skills are in very short supply and therefore could impact upon regeneration activity and responsiveness.

5.6 Digital platform

5.6.1 The procurement and implementation of a new Digital Platform has been identified as a significant issue due to its risk rating.

Procurement

5.6.2 We carried out an extensive procurement process in 2022/23 which resulted in a contract award to Granicus UK. The contract is worth £1.5m over 7 years (5+2). The cost includes set-up cost and ongoing licence and support cost. We future proofed the contract by agreeing and including in it pricing for modules that we may want to procure at a later date. Prior to signing we organised a session for Councillors to review the platform.

5.6.3 The platform will engage and connect residents to the content and services they need from Dudley Council. The agreed external facing branding is: MYDudley: Improving Access to Council Services.

5.6.4 The key features of delivery are customer portal, customer service hub, Councillor portal, staff portal and gov delivery pro.

5.6.5 The platform will continue to be developed and enhanced throughout the contract as we develop new services and change existing services. Nevertheless, a key milestone is November 2023 when we plan to go live effectively switching over from the current Dynamics platform.

Governance

5.6.6 To ensure the level and breadth of engagement and buy-in is council wide, a new governance structure is being established.

- 5.6.7 This platform will create enormous opportunities and requires a strategic approach to exploit benefits, including good co-ordination and appropriate resources.
- 5.6.8 A digital platform steering group with broad membership representative of council services has been running since July 2022 and includes stakeholders from across the organisation and will now oversee the delivery of the outcomes. There are 3 core workstreams digital architecture, form and workflow and customer experience.
- 5.6.9 This model will ensure clear objectives, collective internal decision making, business process agreement and technical agreement.
- 5.6.10 The digital platform steering group will report into the Digital Board (reports through SEB to Cabinet) which has been established and meeting since October 2021.

5.7 Equality, Diversity and Inclusion

- 5.7.1 Section 4.13 refers to a number of emerging challenges in relation to Equality, Diversity and Inclusion, as well as actions to address these challenges.

5.8 Recruitment and Retention

- 5.8.1 The inability to recruit and retain staff particularly in professional areas where there is a national shortage of skills and expertise, together with emerging recruitment and retention challenges facing employers resulting from impact of the covid pandemic, has been identified as a significant issue due to its risk rating. This is currently being addressed in a number of ways including;
- Growing our talent pool through the use of apprenticeships
 - Procuring Interim consultants where appropriate to ensure the council has the skills and capacity needed to support the delivery of key services.
 - The introduction of new workstyles and promotion of agile/flexible working to ensure we attract the best talent for roles that can work remotely.
 - Developing career pathways in a range of professional areas across the council to support employees to develop their careers over time and to retain talent, particularly in hard to fill roles.

- Utilising market forces supplements to attract candidates to roles that are very hard to recruit to and to retain internal talent for these roles.
- Workforce planning at directorate level on an annual basis to enable the identification of the roles that are difficult to recruit to and plans put in place to address/mitigate impact.
- Regular Horizon scanning to anticipate changes and trends to professional areas across the council together with keeping up to date on national trends for hard to recruit professions.
- Utilising search support for roles which in professional areas that are experiencing labour market difficulties to target passive candidates.

5.8.2 The Council's People Plan sets the direction for Dudley council to become an employer of choice and will provide a "shop window" to current and prospective employees. It also identifies the range of activities we have committed to that will improve the employee experience.

5.8.3 Work will be completed to further define and promote the Employee Value proposition (EVP) so that prospective candidates can easily identify Dudley Council as an employer of choice. In addition, further opportunities to strengthen recruitment and retention to such roles will be explored via the new joint venture recruitment agency.

5.9 Governance – Programmes, Projects and Contract Management

5.9.1 Issues have been identified with the council's approach to managing programmes, projects and contracts. Concerns raised include:

- Lack of clear roles and responsibilities e.g. having a designated project or contract manager.
- Lack of understanding of the contract in place.
- Payments not made in accordance with Financial Regulations and in line with the agreed contract.
- Procurement not undertaken in accordance with Contract Standing Orders.
- Lack of effective governance over projects (project plans, project reporting, project risks and issues, designated Senior Responsible Officer).
- Decisions not undertaken in accordance with the council's constitution.

- Project budgets not managed in accordance with Financial Regulations.
- Poor records management.
- Legal advice not obtained where appropriate.

- 5.9.2 The Deputy Chief Executive is to produce action plans to address the above issues which will be agreed with Audit and Standards Committee, and they will be responsible for monitoring progress.
- 5.9.3 The Council has recently established a Corporate Portfolio Management Office (CPMO), with an aim to provide guidance, oversight and assurance on the delivery of programmes, projects and corporate initiatives.
- 5.9.4 The CPMO has developed a project management framework and is working with officers to embed project infrastructure into the Council's culture. There will be further development of a 'programme management' framework to complement the project management framework, as well as a suite of guidance and tools for managing change and delivering transformational activities.
- 5.9.5 The CPMO will also provide assurance of effective project management to decision makers, to support the Council in addressing the concerns noted above in regard to programmes and projects. (see 5.9.1)
- 5.9.6 The CPMO has further defined ownership and accountability as part of the project management framework and included signposting to relevant Council departments and their policies and protocols etc. (e.g. Finance, Procurement, EDI, Information Governance, Risk etc.) to ensure adherence to regulatory and statutory obligations as part of the guidance on each stage of the PM lifecycle. The CPMO has collaborated with support services as part of developing the framework to ensure a 'one council' approach.
- 5.9.7 The CPMO has developed the Dudley Project Portal (project management system run on Verto365) will also support many aspects of the framework – particularly around roles and responsibilities, approvals audit trails and records management. Some final updates are being made to the system following the recent pilot and it will be going live in May and rolled out on a directorate-by-directorate basis.
- 5.9.8 The CPMO aims to provide the infrastructure to support officers in managing their projects, as well as defining the project requirements and expectations. Finance, funding and cost considerations have been incorporated within key mandatory PM documentation, as well as the controlled management of it within the Dudley Project Portal.

5.9.9 Project thresholds (major project, directorate led project, operational initiative) have been defined, each with determined governance pathways for decisions and approvals that are aligned with the Council's current decision-making arrangements.

5.10 Housing Compliance

5.10.1 Following a review of housing compliance data the Council has identified issues with data quality. It is likely that the issues identified date back over a number of years and, in view of the findings, the Council has launched a recovery programme and made a self-referral to the Regulator of Social Housing in relation to housing compliance.

The costs associated with the recovery programme were not included within the MTFs approved by Council in March 2023 as the issues and associated costs had not been identified at the time. Housing Revenue Account budgets are therefore under review to reprofile planned investment to accommodate the recovery costs within the HRA budget.

6. New and Emerging Significant Issues

6.1 The viability of residential and nursing care homes for older people has become a growing concern in 23-24. A number of private and independent sector homes closed in 22-23 and further closures are likely in 23-24 due to income not keeping pace with inflation. The Council has not kept pace with increases in care fees in Sandwell and Wolverhampton and further consideration about the need for short term financial investment and a new model of care bandings will be revisited by Cabinet.

6.2 Paragraph 5.3.2 highlights a worsening of the Council's financial position. A Peer Review conducted in September has highlighted that the Council's number one priority should be to address its financial sustainability. It also highlights issues with member to officer and member to member behaviour as well as making other recommendations about the governance of the Council. The Grant Thornton Annual Auditor's Report has identified significant weaknesses in Financial Sustainability, Governance and Economy, Efficiency and Effectiveness. The Council has created an externally-chaired Improvement and Assurance Board to oversee the response

to the adverse findings of the Peer Review and the Annual Auditor's Report.

7 Action Plan

7.1 The issues identified in Section 5 and Section 6 will be the subject to separate Action Plans that will be monitored by the Improvement and Assurance Board, Internal Delivery Group, Spending Control Group, Strategic Executive Board, Cabinet, Children's Services Improvement Board and other council Committees and Groups.

8. Conclusion

8.1 The council is very aware of the issues raised in Section 5 and Section 6 and will ensure progress is made during 2023/24. With the exception of these issues, the council's governance framework remains "fit for purpose".

P Harley

Leader of the council

K O'Keefe

Chief Executive

Appendix A

Dudley Council Governance Structure

Full Council

The full Council comprises all 72 elected members. It has responsibility for approving the overall policy framework including the budget. It retains responsibility for certain functions, however, most of its powers and duties are delegated to the Cabinet or committees operating within the decision-making structure set out in the Constitution. The full Council also has a key role in holding the Cabinet to account.

Cabinet

The Cabinet comprises of the Leader of the council plus 9 other Cabinet Members each with a defined portfolio (or areas of responsibility). The Cabinet meets approximately every 8 weeks, chaired by the Leader of the council. Shadow Cabinet Members attend meetings to speak but not vote. Collectively, the Cabinet makes decisions affecting local services and makes recommendations to the full Council on the overall policy direction. The Cabinet has to make decisions which are in line with the council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the council as a whole to decide.

Overview and Scrutiny

The Overview and Scrutiny and Select Committees undertake in depth scrutiny investigations/ enquiries and contribute to policy development in respect of issues/items falling within their terms of reference. The Committees submit reports and recommendations to the Cabinet and/or full Council on the outcome of scrutiny investigations, enquiries or reviews. An annual report is submitted to the Council.

Statutory and Regulatory Committees

The Council appoints the following committees to discharge the functions indicated: -

- Appointments Committee - Recommending to the full Council the appointment of a Chief Executive and deciding upon the appointment of Directors.

- Audit and Standards Committee and Standards Sub-Committee - The overview of internal and external audit, risk management, fraud and functions relating to local government standards.
- Children’s Corporate Parenting Board - Its role is to secure cross departmental involvement and commitment throughout the council to deliver better outcomes for children in care. The Board is responsible for the implementation of the Corporate Parenting Strategy and subsequent Delivery Plan, which will ensure the most effective means of achieving sustained service improvements.
- Planning Committee - Functions relating to town and country planning and development control, including tree preservation functions.
- Dudley Health and Wellbeing Board - This Board has been formed to recognise that the council has a key role to encourage coherent commissioning strategies across the NHS, social care, public health and other partners. The Board deals with the responsibilities of the Local Authority and the GP Consortia for the Joint Strategic Needs Assessment and the Pharmaceutical Needs Assessment. It is also involved in developing a Joint Health and Wellbeing Strategy.
- Ernest Stevens Trusts Management Committee - To undertake the council’s functions as a Trustee in relation to matters concerning the Ernest Stevens Trusts and all Trust land in the Borough.
- Licensing and Safety Committee and Licensing Sub-Committees (x4) - Licensing functions (apart from hackney carriage and private hire licensing), health and safety functions, other than those exercised by the council as employer.
- Taxis Committee - Functions relating to hackney carriage and private hire licensing.