

**Minutes of the Overview and Scrutiny Committee
25th January, 2024 at 6.00pm
In the Council Chamber, The Council House, Priory Road, Dudley**

Present:

Councillor I Kettle (Chair)
Councillor M Hanif (Vice-Chair)
Councillors S Ali, H Bills, J Clinton, A Davies, P Dobb, J Foster, E Lawrence,
D Stanley and E Taylor

Cabinet Members (by invitation)

Councillor P Harley (Leader of the Council)
Councillor S Clark (Cabinet Member for Finance, Legal and Human Resources)
Councillor M Rogers (Cabinet Member for Adult Social Care)

Other Members (by invitation)

Councillors R Collins, K Denning, D Harley, J Martin and C Reid

Officers (Dudley MBC):

B Heran (Deputy Chief Executive), M AbuAffan (Director of Public Health and Wellbeing), M Bowsher (Director of Adult Social Care), C Driscoll (Director of Children's Services), K Jones (Director of Housing and Communities), H Martin (Director of Regeneration and Enterprise), I Newman (Director of Finance and Legal), N McGurk (Acting Service Director - Neighbour Delivery), R Cooper (Head of Financial Services), I Grosvenor (Finance Manager), M Lyons (Interim Lead - Compliance and Building Safety), L Jones-Moore (Finance Manager), P Mountford (Head of Economic Growth and Skills) and S Griffiths (Democratic Services Manager – Scrutiny Officer).

Officers (West Midlands Combined Authority)

J Gibson (Head of Policy and Public Affairs) and J Hughes (Member Relationship Manager)



25 **Introduction by the Chair**

The Chair explained the context for this meeting and informed all participants that the proceedings were being broadcast on the Internet.

26 **Apologies for Absence**

There were no apologies for absence.

27 **Appointment of Substitute Members**

There were no substitute Members appointed for this meeting.

28 **Declaration of Interests**

Councillors I Kettle and D Stanley declared non-pecuniary interests, in accordance with the Members' Code of Conduct, in view of their membership of Overview and Scrutiny Committees at West Midlands Combined Authority.

29 **Minutes**

Resolved

That the minutes of the meeting held on 7th December, 2023 be confirmed as a correct record and signed.

30 **Public Forum**

A representative of Dudley Centre for Inclusive Living expressed concerns on the Council's budget proposals relating to Adult Social Care and Children with Special Educational Needs and Disabilities. Concerns were raised regarding the proposals affecting the Unicorn Centre, Amblecote.

The Director of Adult Social Care acknowledged the valuable contribution made by the Unicorn Centre and referred to the re-provision of the service at Queens Cross. He acknowledged the need for staff training and support. Some service users already attended Queens Cross, however, others did not. It was necessary to balance the cost of providing the service in the context of the Council's overall financial position. A detailed equality impact assessment was in progress and the information would be made available when completed.

Further concerns were expressed that staff at the Unicorn Centre had been instructed not to discuss or disclose information about the proposals with service users. It was queried whether this was normal policy as it was considered beneficial for all concerned to be informed as soon as possible so that those affected could make any necessary preparations and changes. The proposal would have a significant impact on a small group of service users and might cost the Council more if people were subsequently moved into residential care.

The Chair (Councillor I Kettle) confirmed that the proposals in the budget report were subject to approval by the Full Council before any changes could be implemented.

31 **West Midlands Combined Authority - Formal Ratification of the Single Settlement Memorandum of Understanding between the West Midlands Combined Authority and His Majesty's Government**

The Committee considered a report of the Director of Regeneration and Enterprise on the proposed single settlement memorandum of understanding between the West Midlands Combined Authority and His Majesty's Government. A report on this issue would be considered by the Cabinet on 15th February, 2024.

The Committee received a presentation from J Gibson (Head of Policy and Public Affairs – West Midlands Combined Authority). The presentation slides had been made available on the Council's website. Councillors K Denning and J Martin expressed concerns about the accessibility of the presentation slides, particularly as this meeting was open to all Members of the Council and to the public generally. Officers acknowledged and undertook to address the concerns raised.

The Head of Policy and Public Affairs – West Midlands Combined Authority responded to a question from Councillor S Ali concerning the future arrangements for developing place-based strategies and how this would differ from the existing arrangements.

The Chair (Councillor I Kettle) referred to the arrangements for local scrutiny, particularly the commitment to greater scrutiny including meetings with local Members of Parliament at regular broadcast sessions. The Chair queried the format and practical arrangements for these sessions. The Member Relationship Manager – West Midlands Combined Authority advised that terms of reference had been developed and were subject to approval through the appropriate governance process. It was anticipated that a meeting would be arranged with all MPs in the Combined Authority region in due course. The Head of Policy and Public Affairs – West Midlands Combined Authority also responded to questions from the Chair concerning the devolution of decisions on transport schemes.

The Chair thanked officers and representatives of the West Midlands Combined Authority for their attendance and the information provided at the meeting.

Resolved

- (1) That the proposed Single Settlement Memorandum of Understanding between West Midlands Combined Authority and His Majesty's Government, as set out in the Appendix to the report, be noted.
- (2) That the high-level next steps for Single Settlement negotiations and implementation ahead of the first Single Settlement allocation, which is likely to be 1st April, 2025, be noted.

32 Medium Term Financial Strategy

The Committee considered a joint report of the Deputy Chief Executive and the Director of Finance and Legal on the draft Medium Term Financial Strategy to 2026/27, which had been approved by the Cabinet on 11th January, 2024 as the basis for consultation and scrutiny.

Following an introduction by the Director of Finance and Legal, Members considered the report. The following questions and comments were raised during the discussion:

Councillor S Ali referred to the perilous state of the Council's finances and the impact of Central Government funding cuts since 2010/11. Although it was acknowledged that the Council may be able to set a legal budget in 2024/25, considerable challenges were identified in future years. Councillor Ali referred to the process for setting the budget and questioned when and why it had been decided not to take the budget proposals to individual Select Committees for detailed scrutiny. The Cabinet Member for Finance, Legal and Human Resources (Councillor S Clark) referred to the pressures identified in adults and children's social care and the spending controls that had been implemented by the Cabinet in October, 2023. It was recognised that decisions impacting on services were necessary, however, no decisions had been proposed pending the outcome of the Government's Spending Review. Following a Cabinet Summit on 22nd December, 2023, the budget proposals had been considered by the Cabinet on 11th January and it was noted that all Members of the Council had been invited to a budget Question and Answer session on 17th January, 2024.

Councillor S Ali questioned who had made the decision not to take the budget report to individual Select Committees. He also referred to the recent announcement of additional funding for local authorities and how much additional funding would be available to Dudley. The Cabinet Member for Finance, Legal and Human Resources (Councillor S Clark) reported that the budget timetable had been discussed at the Cabinet Summit and it was considered essential that full details of the financial settlement were available before the budget proposals were agreed formally by the Cabinet as a basis for consultation and scrutiny.

In referring further to the budget and scrutiny process, Councillor S Ali questioned how far the original budget figures forecast by the Director of Finance and Legal had differed from the settlement figures received in December, 2023. The Cabinet Member for Finance, Legal and Human Resources (Councillor S Clark) responded that the experience in previous years had been that the Government settlement often represented an improvement in the forecast figures. In the current year, the Director's forecast was accurate. However, the Cabinet Member remained of the view that it was the correct decision to await the settlement figures before presenting the budget proposals for consultation and scrutiny.

The Leader of the Council (Councillor P Harley) referred to the budget summit held on 22nd December, 2023, which was the earliest, reasonable opportunity for Members and Officers to consider the provisional settlement. Officers had worked through the Christmas period to ensure the accuracy of the figures and present options. Information had been provided to the Leader and Deputy Leader of the Opposition Group along with the proposed budget timetable. The Leader expressed the view that the process was reasonable given the time restrictions and acknowledged that it would be beneficial to receive the provisional settlement from the Government earlier in the year. However, due to the considerable work undertaken, the Council was now in a position where a legal budget could be presented in March, 2024, without using earmarked reserves, and he remained confident that the Council could avoid the issue of a Section 114 Notice.

Regarding the recent Government announcement of additional resources of £500m to social care authorities, the Director of Finance and Legal reported that the Council would not receive details until the final local government settlement was announced in the first week of February, 2024 and this would be considered, along with any conditions, in the final budget report presented to the Cabinet and Full Council.

Councillor E Taylor referred to the Household Support Fund. She questioned the assistance given to people who had difficulty with computer access and how many people had received support from the fund. The Director of Finance and Legal reported that demand had significantly outweighed the available funding. In relation to the applications element, the Council had tried to manage this fairly by releasing funds in four tranches at different times of the day to fit around different personal circumstances. The eligibility criteria had also been adjusted. The Director of Public Health and Wellbeing also referred to the administration of the Household Support Fund and further information would be provided to Councillor E Taylor.

Councillor E Lawrence commented on the scrutiny process and supported comments made concerning the receipt of the provisional settlement figures from the Government. However, it was considered reasonable that all Members had the opportunity to comment at this meeting of the Committee. The Acting Service Director – Neighbourhood Delivery responded to a question concerning green waste collections and gave clarification of the proposals for future collections, which would be subject to review.

The Director of Housing and Communities responded to questions from Councillor C Reid concerning the impact of increased charges on the lowest paid including reference to the prevention of homelessness and poverty. The Director referred to the challenges associated with the Council's budget position and outlined a range of assistance and support that was offered to residents and vulnerable people.

Councillor A Davies referred to the need to view the proposed Council Tax and housing rent increases in context with the need to protect services and similar increases proposed by other local authorities in the region. The Director of Housing and Communities confirmed that the Council had low rents in comparison with other neighbouring authorities. The Director of Finance and Legal confirmed that Dudley's Council Tax was significantly lower than the average for metropolitan authorities and the lowest in the West Midlands. The increases proposed in Dudley for 2024/25 were consistent with increases proposed in similar authorities.

Councillor J Foster referred to detailed Equality Impact Assessments and expressed concern that the Assessments were not available for this scrutiny process. The Director of Finance and Legal reported that the Equality Impact Assessments were being developed alongside the budget process and these would be made available for the Cabinet meeting on 15th February, 2024 in line with the approach taken in previous years. The Chair referred to the tight timescales involved and the Deputy Chief Executive confirmed that work on Equality Impact Assessments was ongoing alongside the budget process.

The Director of Adult Social Care gave a detailed response to questions from the Vice-Chair (Councillor M Hanif) as to whether the proposed Adult Social Care budget was sufficient to meet regulatory requirements; if there were any anticipated care home closures that might worsen the Council's financial position and the inflationary award that had been factored into the budget to meet national living wage requirements.

In response to a question from Councillor J Martin, the Director of Finance and Legal acknowledged that the report presented an extremely uncomfortable and worrying position.

The Director of Adult Social Care responded to questions from Councillor J Martin concerning the timescales involved with identifying and reporting on the overspend of £7.6m in the Adult Social Care budget. This figure referred to the position in the October outturn, however, pressure had been building from May, 2023 onwards. The Director outlined the factors that had contributed to increased spending in mid-August to October, 2023. This had been noted through the Council's usual financial reporting processes.

In response to a question from Councillor J Martin concerning the £7.6m overspend in Adult Social Care and £4.7m overspend in Children's Services budgets, the Director of Finance and Legal reported that the emerging pressures in adults and children's had been highlighted to the Cabinet in July, 2023. This was acknowledged as a fast-moving position and overspend figures were reported to the Cabinet in October, 2023.

Councillor J Martin referred to comments from the External Auditor concerning the Council's long term financial planning and expressed further concerns about problems with the Council's in-year financial processes if large overspends were occurring in the middle of a financial year. Councillor J Martin referred to Adult Social Care and Children's Services budgets being consistently overspent. The Director of Finance and Legal referred to compliance with statutory duties in relation to providing social care and issues with changes and prices in the social care market. The situation was acknowledged as complex, volatile and difficult to monitor. However, it was considered essential that this situation was fully recognised and addressed in future financial years.

The Director of Adult Social Care supported comments made by the Director of Finance and Legal and indicated that 2023/24 had been an exceptional year for Adult Social Care. He acknowledged the difficulties this financial year but reported that the budget has been balanced for the previous three years. The situation in Dudley was reflected regionally and nationally and the Council's expenditure was necessary to comply with statutory obligations.

The Director of Housing and Community Services responded to a question from Councillor J Martin as to why the Council was retaining significant reserves in the Housing Revenue Account (HRA) during a cost-of-living crisis instead of improving services or, alternatively, not increasing the financial burden on tenants. It was stated that Dudley's HRA reserves were lower than comparable authorities and were considered necessary in the context of the future investment strategy and the ability to respond appropriately to future challenges.

Councillor H Bills questioned comparisons made between Dudley and other local authorities and stated that Members should consider the best interests of the people of Dudley. She emphasised the importance of taking the advice of auditors and, in this context, questioned decisions made by the Cabinet on 11th January, 2024. Councillor P Harley responded and explained reasons for the Cabinet's decision to override spending controls to allow the project to replace Pens Meadow School to proceed. He also commented on the long-term impact of decisions taken by the Council in previous financial years to freeze Council Tax. Councillor H Bills referred to the possibility of additional Government assistance and funding sources and issues relating to long term financial planning in the context of changes in political control. She also referred to the need for investment at Halesbury School.

Councillor D Stanley acknowledged the significant difficulties faced regarding financial planning in Adult Social Care taking account of the aging population and the current and future demands on those services.

Councillor S Ali made further observations on the state of the Council's finances and referred to issues previously raised by the Audit and Standards Committee. Reference was made to concerns that had been raised by the Chair of the Audit and Standards Committee in an email to the Cabinet Member for Finance, Legal and Human Resources. The Cabinet Member (Councillor S Clark) confirmed that the email had been received and the concerns had been acknowledged and noted. Councillor S Ali expressed concern that insufficient, timely action had been taken and requested assurance that key factors raised by external auditors had been taken into consideration. Councillor S Clark responded by again referring to the overspend in Adult Social Care and informed the Committee that issues had been identified, properly considered and a legal budget had been formulated for presentation to the Council in March, 2024.

The Leader of the Council (Councillor P Harley) commented on questions raised during the meeting and commended the work undertaken to present a legal budget to the Full Council on 4th March, 2024 without using earmarked reserves. He referred to the key importance of ongoing work to develop a new operating model for the Council with a view to achieving long term financial sustainability.

Councillor S Ali expressed his disagreement with specific comments made by the Leader in relation to libraries and repeated his concerns about the future of Dudley under the current administration.

Resolved

That the comments of the Committee on the proposals for the Medium Term Financial Strategy to 2026/27, taking account of the considerations in the report and the issues raised at this meeting, be referred to the Cabinet for consideration at its meeting on 15th February, 2024.

33 Interim Progress Report – Independent Assurance Board

The Committee received a presentation from the Deputy Chief Executive giving an update on the Dudley Improvement and Sustainability Programme and Plan. The presentation slides had been made available in advance on the Council's Internet site.

Following the presentation, the Deputy Chief Executive responded to a question from Councillor K Denning concerning the metrics and data to demonstrate future improvements. Reference was made to the proposed adoption of a new one-year Council Plan focussed on the budget and sustainability with an associated set of performance indicators relating to the improvement programme, financial management and the impact on residents.

Councillor J Foster commented positively on the Local Government Association Peer Review process and the ongoing work of the Improvement Board. She referred to the importance of maintaining the confidentiality of discussions at the Improvement Board and expressed concern regarding comments that had been made in relation to the Opposition Group concerning the timetable associated with scrutiny of the Council's budget. The Leader of the Council (Councillor P Harley) expressed the view that the budget timetable was not confidential. This had been discussed at the Cabinet budget summit on 22nd December, 2023 in the presence of the Leader and Deputy Leader the Opposition Group. In responding to the comments of the Leader, Councillor J Foster indicated that the issue of confidentiality would be raised further at the Improvement Board.

Councillor J Martin referred to other authorities in which Government commissioners had been appointed and sought assurance that this process was similarly robust and credible. The Leader gave assurance regarding the process and stressed the importance of both main political groups contributing to and supporting the new operating model in the interests of the Council's future sustainability.

Resolved

That the presentation and progress update be noted.

34 **Progress Tracker and Future Business**

The progress tracker and programme of future business for the Overview and Scrutiny Committee was received and noted.

35 **Questions Under Council Procedure Rule 11.8**

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

At the conclusion of the meeting, the Chair thanked everyone for their attendance and contributions.

The meeting ended at 8.20pm

CHAIR