

Meeting of the Audit and Standards Committee

**Wednesday, 4th December, 2024 at 6.00pm
in Committee Room 3
at the Council House, Priory Road, Dudley**

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

1. Apologies for absence.
2. To report the appointment of any substitute members serving for this meeting of the Committee.
3. To receive any declarations of interest under the Members' Code of Conduct.
4. To confirm and sign the minutes of the meetings held on 30th September, 2024 and 14th October, 2024 as a correct record (Pages 5 – 38)
5. [Audit and Standards Committee Progress Tracker and Future Business \(Pages 39 – 44\)](#)
6. Chair of the Housing Assurance Board Discussion
7. [Treasury Management Mid-Year Review Report \(Pages 45 - 53\)](#)
8. [Progress update on Fit for the Future Programme and development of the Council Improvement Plan \(Pages 54 - 61\)](#)
9. [Risk Management \(Pages 62 - 89\)](#)
10. [Annual Audit Report for the Chief Executive \(Pages 90 - 102\)](#)
11. To consider any questions from Members to the Chair where two clear days notice has been given to the Deputy Monitoring Officer (Council Procedure Rule 11.8).
12. Resolution to exclude the public and press



Chair to move:

“That the public and press be excluded from the meeting for the following item of business on the ground that it involves the likely disclosure of exempt information under Part I of Schedule 12A to the Local Government Act 1972, as amended, for the reasons stated on the agenda.”

Under the provisions of Part I of Schedule 12A to the Local Government Act 1972, the Deputy Monitoring Officer has decided that there will be no advance disclosure of the following report because the public interest in disclosing the information is outweighed by the public interest in maintaining the exemption from disclosure.

Agenda - Private Session
(Meeting not open to the public and press)

13. [Suspensions under the provisions of the Employee Disciplinary Procedure or relevant Schools Disciplinary Procedure \(Pages 103 - 109\)](#)

(The report contains exempt information relating to any individual(s))

14. [Update to the Contract Standing Orders in the Council's Constitution \(Pages 110 - 139\)](#)

(The report contains exempt information relating to the financial or business affairs of any particular person (including the authority holding that information))

15. [Annual Audit Report for the Chief Executive \(Pages 140 - 226\)](#)

(The report contains exempt information relating to any individual(s) and the financial or business affairs of any particular person (including the authority holding that information))



Interim Chief Executive

Dated: 26th November, 2024

Distribution:

Members of the Audit and Standards Committee:

Councillor K Denning (Chair)

Councillor A Qayyum (Vice-Chair)

Councillors S Ali, J Cowell, T Creed, S Henley, I Kettle, W Little and Vacancy

Independent Member: Mr T Beirne

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**Minutes of the Audit and Standards Committee
Monday 30th September, 2024 at 6.00pm
In Committee Room 3, The Council House, Dudley**

Present:

Councillor K Denning (Chair)

Councillor A Qayyum (Vice-Chair)

Councillors S Ali, J Cowell, J Foster, S Henley and W Little.

Dudley MBC Officers:

B Heran (Deputy Chief Executive), G Harrison (Head of Audit and Risk Management Services), R Cooper (Head of Financial Services), T Senior (Principal Solicitor/Lawyer), L Jones-Moore (Finance Manager), J McGregor (Senior Principal Accountant), A Taylor (Senior Principal Auditor via MS Teams), M Landy (Principal Auditor via MS Teams) and K Taylor (Senior Democratic Services Officer).

Also in Attendance:

T Berine – Independent Person for the Council - Observer

J Meak and W Guest – External Auditors (Grant Thornton)

One Member of the Press and one Member of the Public.

16. **Apology for Absence**

An apology for absence from the meeting was submitted on behalf of Councillor T Creed.

17. **Appointment of Substitute Member**

There were no substitute Members appointed for this meeting of the Committee.

18. **Declarations of Interest**

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

19. **Minutes**

In referring to Minute No. 12 – Audit and Risk Management Services Annual Performance Report 2023-24, and the request for the number of ICT equipment that had been lost or unaccounted for, Councillor J Cowell expressed concern of the response received in that there had been £35k worth of lost equipment since 2020 and suggested that procedures needed to be tightened.

The Head of Audit and Risk Management Services confirmed that discussions had taken place with the Head of Technology Systems and Services who were aware of the issue. It was confirmed that work was ongoing to improve procedures, with Human Resources and Legal Services involved at an early stage in recovering devices that had not been returned.

In responding to a question raised by the Chair in relation to General Data Protection Regulation compliance, the Head of Audit and Risk Management Services confirmed that all laptops were encrypted, and network access removed once an employee had left the organisation.

Resolved

That the minutes of the meeting held on 8th July, 2024 be approved as a correct record and signed.

20. **Change in Order of Business**

Pursuant to Council Procedure Rule 1(c), it was:-

Resolved

That Agenda Item No. 7 – Statement of Accounts be considered as the next item of business.

21. **Statement of Accounts 2023/24**

The Committee considered a report of the Director of Finance and Legal Services on the Statement of Accounts 2023/24. The Statement of Accounts, and the audit of them, was the main formal and public report on the financial standing of the local authority. A copy of the Statement of Accounts 2023/24 had been circulated separately to Members.

In presenting the report through presentation slides, the Head of Financial Services confirmed that the accounts were prepared using International Financial Reporting Standards and included a narrative report, core statements and notes to the financial statements. It was also reported that the accounts and the draft audit of them were published by the statutory deadline of 31st May, 2024, and work was ongoing in responding to a number of queries raised by the auditors.

Members were then presented with an overview of the four core statements that were prepared for the statement of accounts including Cashflow Statement, Balance Sheet, Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement. A detailed breakdown of the Movement in Reserves Statement was presented to the Committee. It was noted that as of 31st March, 2024, the unallocated General Fund reserves had reduced to £8.8m resulting in the overall usable reserves being £78m. Although these reserves were usable there were certain caveats on what could be utilised.

Members were also advised of the proposed recommendation of the Committee in that the Chair of the Audit and Standards Committee, following consultation with the Director of Finance and Legal Services, would be authorised to approve any changes to the Statement of Accounts arising from audit work, provided there was no impact on useable reserves at 31st March, 2024.

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

- a) Councillor S Ali expressed his appreciation for the detailed overview presented which provided a better understanding of a complex and technical document. The need to identify further ways of educating and raising awareness amongst Members of this area was emphasised. Assurance was also needed for Members from the External Auditors that the information presented was correct. It was also suggested that further consideration be given to the future reporting of the statement of accounts to give Members the opportunity to undertake a thorough and comprehensive post scrutiny and challenge.

- b) Councillor S Ali referred to the number of compulsory redundancies, in that there had been 72 redundancies during 2023/24 compared to 21 in 2022/23 and queried the reasons for the increase as this had also resulted in a significant increase in costs from £709,000 to £2.4m. It was also noted that there were five compulsory redundancies with an exit package above £100,000 during 2023/24 compared to 1 in 2022/23, which he suggested demonstrated some instability within the organisation.

In responding, the Head of Financial Services confirmed that the actual cost of the redundancy would also include the pension strain which contributed towards the expensive exit costs. It was noted that the Council's redundancy policy was based on the employees' statutory number of weeks times by a multiplier of 1.25 and capped at the national limit. It was further noted that employees aged over 55 that were made redundant and contributed to the Local Government Pension Scheme would be entitled to a reduced pension which could result in the exit package cost band being over £100,000. It was also confirmed that a number of redundancies during 2023/24 had resulted from changes made to school catering and the School Improvement Service.

- c) Councillor S Ali suggested that the statements outlined in the narrative report presented a positive outlook which was not reflective of the challenges faced by the Council.

In responding, the Head of Financial Services acknowledged the comments made and confirmed that the statements were prepared in April, 2024 prior to the narrative report. Although it was recognised that other reports reflected the difficult financial position, the Head of Financial Services agreed to make an adjustment and include a statement that reflected the difficult position and work that had been undertaken.

- d) In responding to a request by Councillor J Foster, the Head of Financial Services undertook to ensure that the complete Statement of Accounts, was formatted in at least 12 pitch going forward.

Resolved

- (1) That the information contained in the report on the Statement of Accounts 2023/24, be approved and the Chair of the Audit and Standards Committee be authorised to sign and date the Statement of Accounts.

- (2) That the Chair of the Audit and Standards Committee, following consultation with the Director of Finance and Legal, be authorised to approve any changes to the Statement of Accounts arising from audit work, following this Committee meeting, provided there is no impact on useable reserves as at 31st March, 2024.
 - (3) That the Head of Financial Services be requested to incorporate a statement within the final Statement of Accounts that reflected the difficult position and work that had been undertaken.
 - (4) That the Head of Financial Services be requested to ensure that future Statement of Accounts reports be formatted in a 12 pitch font size.
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22. **Grant Thornton Audit Findings Report 2023-24**

The Committee considered a report of the Director of Finance and Legal on the external auditor's Audit Findings Report 2023/24. It was noted that the audit work had not yet concluded and therefore a final Audit Findings report would be submitted to the Committee once completed. It was therefore confirmed that an opinion on the Council's financial statements would not be presented to the Committee at this stage.

W Guest, External Auditor, presented a summary of the appendix of the report submitted, advising that four adjustments to the financial statements had been identified to date that had resulted in a £69.3m adjustment of the Council's net assets. It was noted however that this would have no impact on the level of the Council's usable reserves. It was reported that there remained a number of outstanding matters including obtaining a letter from the auditor of the West Midlands Pension Fund to complete the work on the pension fund net liability; complete testing for council dwelling revaluations and resolving queries that were raised on the narrative report. Further audit work was also being undertaken in relation to property disposals which may require additional testing.

An overview of the significant audit risks contained within the audit plan was provided relating to fraud in revenue recognition and expenditure; completeness of operating expenditure and payables; management override of controls; valuation of land and buildings (including council dwellings); valuation of the pension fund net liability and land and building valuations.

With regard to the presumed risk on the management override of controls, additional work had been undertaken on the authorisation of journals which identified a weakness in the journals approval process which was undertaken retrospectively. Further details were outlined in Appendix B of the report submitted.

Reference was made to the significant amount of work that was undertaken on land and building valuations which identified an error where some assets were not correctly classified as assets held for sale, which resulted in a £10.6 million adjustment between property, plant and equipment and assets held for sale on the balance sheet. It was noted that a number of errors had also been identified during the audit of land and buildings revaluations including an incorrect Building Cost Information Service (BCIS) rate used within Depreciated Replacement Cost valuations. The Council and valuer had now agreed that the West Midlands rate was more appropriate and therefore amended this year's valuations accordingly.

It was noted that three recommendations had been made to the Council due to the issues identified during the audit which was outlined in Appendix B of the report submitted. Members were advised that following payroll testing it had been identified that the Council made an error by incorrectly paying an employee's national insurance contributions to another employee's National Insurance number. This was quickly resolved by management and a review of controls and processes were now being undertaken regularly to prevent any future errors.

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

- a) Councillor S Ali welcomed the report submitted which highlighted a number of risks of significant weaknesses within the organisation and raised a question as to how these risks for Dudley compared to other comparable local authorities.

In responding, J Meak (External Auditor) confirmed that further details would be reported during the Auditors Annual Report however it was recognised that although Dudley had some unique challenges, similar challenges were also prominent in other local authorities predominately relating to financial sustainability.

- b) In responding to a question raised by Councillor S Ali in relation to the number of outstanding information requests and how this compared to previous years, W Guest confirmed that the audit work was significantly ahead compared to last year and commended the work and responses by the Finance Team. It was reported that any delays had been due to the volume of work to be processed.
- c) In responding to a question raised by Councillor W Little on whether there was any material impact of the valuation of the Council's land and buildings being inaccurate, W Guest confirmed that the accuracy of the information was required to ensure that the accounting was correct.
- d) In responding to a question raised by Councillor J Cowell in relation to the delays in receiving valuation reports for assets revalued during the year, the Head of Financial Services reported that progress had been made this year with the process running more smoothly, however it was acknowledged that further work was needed. It was noted that improvements had been made with regard to contract management and that regular meetings were taking place with external providers.
- e) Councillor J Cowell referred to the error identified with regard to national insurance contributions and queried whether a review had been undertaken to ensure that any other individuals had not been affected.

In responding, W Guest confirmed that a review of a full payroll report was undertaken which contained the name of every individual, and job reference/national insurance numbers which was used to identify whether there were any duplications. It was noted that the review identified several employees that had more than one job with the Council, however the particular error that had been identified had not been repeated. Members were advised that once the error had been resolved an additional audit of the report was undertaken with no further errors identified.

It was further noted that internal audit would be undertaking regular checks on payroll going forward.

- f) In responding to a question raised by Councillor S Henley in relation to the various rates used within land and buildings valuations, W Guest confirmed that the rates used at the time would have been determined by the valuer who had selected the Dudley rate which was considered an error by the External Auditors as this rate was not considered appropriate. It was reiterated that the West Midlands rate had now been used for the Council's Depreciated Replacement Cost valuations. Further valuations would be considered by the valuer however this area would continue to be audited and any errors would again be highlighted.
- g) In responding to a question raised by Councillor A Qayyum, W Guest confirmed that they were happy with the management responses received to date.

The Head of Financial Services advised Members that the Statement of Accounts for 2022/23 were signed off by 31st December 2023 placing Dudley in the top 10% of all Local Authorities. Reference was made to the significant backlogs with audits nationwide with new legislation being developed with regard to backstop dates. Whilst the statutory deadline would not be met for signing off the accounts today, Dudley was in a greater position in knowing the finances compared to other Councils, however it was recognised that further work was needed moving forward.

The Deputy Chief Executive referred to the good practice undertaken that had been recognised by the Chartered Institute of Finance and Accountancy (CIPFA) and the Local Government Association (LGA) and the work undertaken to place Dudley in the top 10%.

Resolved

That the information contained in the report submitted on the Council's External Auditor's audit findings 2023/24, attached as Appendix 1, be received and noted.

23. Grant Thornton Auditor's Annual Report

The Committee considered a report of the Director of Finance and Legal on Grant Thornton's draft Auditor's Annual Report for 2023-24.

J Meak expressed his sincere thanks for the engagement and cooperation by the Finance Team and presented a summary of the appendix of the report submitted, advising that the report contained the findings relating to the assessment of the Council's financial sustainability and improving economy, efficiency and effectiveness. It was noted that the external auditors were withholding their assessment on Governance whilst they complete additional work in this area which would be reported to the Committee at a later date.

Significant weaknesses had been identified in the Councils arrangements in relation to financial sustainability and improving economy, efficiency and effectiveness. It was noted that the previous report presented to the Committee in December, 2023 reported two significant weaknesses in relation to the Council's medium term financial sustainability and financial governance arrangements which were superseded by the statutory recommendation relating to financial sustainability being issued to the Council in February, 2024. The statutory recommendation remained outstanding and reflected the concerns raised in respect of the medium term financial position.

In addressing these concerns, although recognising that the Council had implemented some changes related to the recommendations, urgent action was needed to identify all available opportunities to reduce the current budget deficit and reduce reliance on the general fund reserves in order to avoid a Section 114 notice being issued.

It was noted that some work on governance arrangements had identified a significant weakness and a key recommendation, relating to the Council's approach to disposal of assets. It was recommended that urgent action was needed to review and approve the newly created Land Transactions Protocol; the provision of training and awareness programs to relevant staff members and strengthening internal controls related to the marketing and sale of council owned properties. It was understood that an action plan was currently being developed to address these recommendations and the urgent action that had been undertaken by the Council in response to the findings was acknowledged.

Members were advised that the key recommendations issued relating to the Regulatory Notice issued by the Regulator of Social Housing remained outstanding until the notice was lifted. The work that had been progressed in addressing the issues was acknowledged. Additional improvement recommendations were also contained within the Appendix to the report submitted.

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

- a) In responding to a question raised by Councillor J Cowell in relation to the assessment of the disposal of Council-owned properties and whether this included housing stock, J Meak confirmed that the assessment focused on the processes used for the disposal of all Council-owned assets only.
- b) In responding to a request by Councillor J Cowell, the Deputy Chief Executive undertook to collate information relating to the Council's estates and the 76 sites referred to in the auditor's report that would form part of the wider disposals programme and circulate to the Committee for information.
- c) With regard to the follow-up of previous recommendations in relation to improving the integration of financial and non-financial information in reporting to Members and other users, Councillor J Cowell referred to the management response in that emerging risks and information was discussed monthly at Cabinet Policy Group, however it was noted that the Cabinet Policy Group only comprised Cabinet Members and that the information was not circulated to the wider membership of the Council. The importance of ensuring that all Elected Members had a better understanding of emerging risks and key issues was emphasised.

In responding, J Meak acknowledged comments made and agreed to consider the narrative further.

- d) In responding to a request for further information by Councillor J Foster, J Meak advised of the challenges faced by Councils across the Country, in particular Metropolitan Borough Councils, with regard to financial sustainability. It was noted that the reasons and responses to those challenges were varied. Concerns with regard to the significant financial resilience and sustainability of Dudley was acute in terms of the depletion of reserves and the scale and pace of savings required which was considered a significant challenge for the Council. It was noted that the issues identified during the audit of property disposals and the Social Housing Regulatory Notice was also specific to Dudley. The improvements made by the Council on these areas were acknowledged.

It was also recognised that although the issues surrounding Member/Officer relationships was not unique to Dudley, this presented a significant priority for Dudley to ensure that Members and officers acknowledged the need to make difficult decisions to address the significant financial challenges.

- e) Councillor S Ali suggested that in his 25 years as an Elected Member, the information presented, and the significant weaknesses identified was one of the worst and damning reports that had been presented. It was reported that the weaknesses had been escalating for a number of years and that concerns had consistently been raised at meetings which had not been considered by the controlling administration. Councillor Ali also suggested that the report highlighted a failure in areas including financial, governance and commercial which significantly impacted the Councils financial sustainability.

Whilst it was acknowledged that Members needed to make difficult decisions, it was important that the governance structure and decision-making process was clear in the report.

Reference was made to the issues identified in relation to land disposals and whilst it was recognised that an investigation was ongoing in relation to Wellington Road, Dudley, it was hoped that an update would be presented to the Committee as soon as possible. The need for the investigation to be concluded as soon as possible for lessons to be learned by the Council and any other third parties that were involved. It was also suggested that as part of the learning process, it would be beneficial for the third party and/or officers to attend a committee meeting to give their perspective of their experience.

It was also suggested that a full list of all assets and sales that were Council-owned should be submitted to a future meeting of the Committee.

- f) Councillor J Cowell expressed concern of the gaps in technical financial knowledge by Councillors in understanding high-level terminology and information, therefore, it was suggested that a basic overview was needed to address this and to understand the challenges.

In responding, the Head of Financial Services advised that an introduction session to Treasury Management was provided to Members of the Committee prior to the session by Link Services. Feedback from the introductory session was taken on board and would be reflected upon moving forward, however it was acknowledged that this area was complex but that more was needed to ensure that everyone had the same level of understanding.

- g) Councillor J Foster, as Learning and Development Lead for the Labour Group, referred to the Governance Working Group which had been established to improve the learning and development of Members and suggested that the training currently provided was limited. In considering the technical information contained within reports and the responsibility and accountability of Members, it was suggested that independent support, from agencies such as Grant Thornton, be provided to Members in understanding the content of audit reports and help identify what questions should be asked in order for Members to be effective in their roles. Similar resource in other Local Authorities in terms of scrutiny had been implemented but not in Dudley.
- h) Councillor S Ali referred to the recommendation previously made by External Auditors concerning the position of the Monitoring Officer as a Director appointment which had been raised and discussed previously with no definitive response received and therefore requested an update.

In responding, the Deputy Chief Executive confirmed that a review of the senior management structure had commenced. Whilst acknowledging the recommendation made, it was noted that many Councils Monitoring Officer was not at Director level. It was emphasised that the Monitoring Officers statutory responsibilities was to ensure the good governance and assurance of the Council. It was expected that the restructure would be concluded and implemented within six months. Further updates would be provided to the Committee as appropriate.

Councillor S Ali emphasised the importance of Officers ensuring that responses to issues raised during the Committee and recommendations made were followed-up.

- i) With regard to a previous improvement recommendation encouraging the Council to improve the integration of financial and non-financial information in its reporting to Members, the report confirmed that this recommendation had now closed as performance was now presented monthly to Corporate Management Team and Cabinet Policy Group. Councillor S Ali, however, considered that this recommendation should remain outstanding as both groups were closed to opposition Members, and that the information had not been reported to meetings such as Scrutiny/Select Committees. The need to be more transparent was emphasised.

In responding, the Deputy Chief Executive confirmed that as part of improving financial control, monthly financial and performance monitoring was presented to both Corporate Management Team and Cabinet Policy Group with information also presented to the Cabinet and Overview and Scrutiny Committee.

- j) Councillor S Ali referred to a previous recommendation for a reset in relationships between officers and Members, where poor conduct would not be tolerated, and action was needed to restore trust and respect towards officers. Further substance and information on the issues was needed as a good relationship by having open and transparent discussions between officers and Members was essential in addressing issues. It was considered the Chief Executive's responsibility to assess and clarify matters further as most members had good working relationships with officers. A balance was also needed in the reporting of this area as it appeared to focus primarily on Members.
- k) In responding to a request from Councillor S Ali, the Deputy Chief Executive undertook to develop a list of all statutory services/functions that the Council were legally required to deliver (in particular in the event of a Section 114 notice being issued) and circulate to the Committee for information.
- l) The Chair emphasised that the Leadership and Group Whips should be informed of any issues between Members and Officers for resolution and referred to the importance of maintaining good working relationships together with constructive and robust challenge during decision-making as needed.
- m) In referring to Member/Officer relationships, Councillor J Foster confirmed that the Opposition Group responsibility was to hold the controlling group and officers to account. Respectful disagreement must be facilitated and encouraged between Members and officers where both could challenge each other on matters and views constructively. It was noted however that some officers were uncomfortable with this method.

Resolved

- (1) That the information contained in the report submitted on the Grant Thornton draft Auditor's Annual Report for 2023/24, attached as Appendix 1, be received and noted.

- (2) That the Deputy Chief Executive be requested to collate information relating to the Council's estates and the 76 sites referred to in the auditor's report that would form part of the wider disposals programme and circulate to the Committee for information.
 - (3) That the Deputy Chief Executive be requested to update the Committee on the Senior Management restructure, including the Monitoring Officer position, when available.
 - (4) That the Deputy Chief Executive be requested to develop a list of all statutory services/functions that the Council were legally required to deliver (in particular in the event of a Section 114 notice being issued) and circulate to the Committee.
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24. **Annual Governance Statement**

The Committee considered a report of the Director of Finance and Legal Services on the Council's Annual Governance Statement for 2023/24. This was required to be included as part of the Annual Statement of Accounts and detailed how the Council had complied with the local Code of Corporate Governance, the effectiveness of the governance framework and described any significant governance issues and how these would be addressed.

In presenting the report, the Head of Audit and Risk Management Services advised that as the External Auditors had not completed their work the Annual Governance Statement may need to be updated for any significant governance issues that may be raised and presented back to the Committee if required.

The Head of Audit and Risk Management Services referred specifically to sections 5 and 6 of the Annual Governance Statement, attached as Appendix A to the report, outlining an update on previous issues raised and new and emerging significant issues relating to the Care Quality Commission inspection assessment framework. It was noted that, with the exception of these issues, the Council's governance framework remained fit for purpose.

Arising from the presentation, Councillor S Ali expressed concern that the narrative did not reflect the current position in particular referring to the Town Centres section which should reflect the significant delays in bringing forward regeneration and the significant spend involved in the design/competitions undertaken that had not materialised in the Portersfield Development. It was also suggested that the information relating to the Midland Metro / Dudley Transport Interchange should reflect the context of the challenges in terms of funding. With regard to Eton College, reference should be made to the original preferred option of Castle Street before the Stafford Street Car Park location had been identified and the work that had been undertaken to develop that site.

The Head of Audit and Risk Management Services acknowledged comments made and agreed to refer comments back to the relevant officers for consideration.

Resolved

- (1) That the Annual Governance Statement, as set out in Appendix A to the report submitted, be approved and referred to the Leader of the Council and Chief Executive for signature.
- (2) That the Annual Governance Statement be re-presented to Audit and Standards Committee for approval should there be any significant changes in governance between the date of this Committee and the date of signing the accounts.
- (3) That the Head of Audit and Risk Management Services be requested to refer the suggested amendments made by Councillor S Ali to the relevant officers for consideration.

25 Land Transactions Protocol

A report of the Monitoring Officer and Lead for Law and Governance was submitted on the proposed Protocol which governs the disposal of land and property owned or held in trust by the Council. The protocol applied to all property interests owned by the Council and was attached as Appendix A to the report submitted.

In presenting a summary of the report, the Principal Solicitor/Lawyer advised that the protocol had been developed in consultation with Legal, Corporate Landlord Services and Internal Audit, following an urgent improvement recommendation around governance of the disposal of assets. The protocol would be incorporated within the Council's constitution setting out the processes in the disposal of assets, including sales and leases that were longer than seven years.

It was confirmed that the protocol only related to Housing Revenue Account (HRA) assets when the disposal was taking place outside the general consent issued by the Secretary of State including land held on a commercial basis. It was noted that Right to Buy properties that followed a statutory process would not be affected.

Section 4 of the protocol outlined the process of declaring operational assets surplus to the Council's needs and the work undertaken by Corporate Landlord Services including advising on property matters and identifying the most efficient way of providing for a service area's property needs.

It was noted that the disposal method would be determined and approved by the Director of Regeneration and Enterprise in consultation with Legal Services and that any valuations must be in line with the Royal Institution of Chartered Surveyors professional standards. In the most part, internal surveyors would undertake valuations, however external surveyors would be appointed if needed.

With regard to contractual arrangements, it was confirmed that the Council would ensure that it had sight of the developer's financial appraisals and cost plans. Confirmation that professional advice on these had been obtained and was satisfied that the scheme was viable before entering into any contractual arrangements. It was also noted that the Council must undertake sufficient due diligence to satisfy itself that the company/purchase in question was capable of discharging its contractual obligations and was compliant with any relevant regulations or requirements relating to money laundering.

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

- a) Councillor J Cowell acknowledged that all property interests including those within the HRA and Ernest Stevens Trust were covered within the Protocol however expressed concern that no reference had been made to the HRA process and the delegated powers awarded to the relevant Director or Cabinet Member.

In responding, the Principal Solicitor/Lawyer confirmed that this issue had been highlighted by the Director of Housing and Safer Communities and undertook to refer the matter back for consideration.

- b) Councillor J Cowell recommended that the Best Consideration Protocol should be renamed to disposal of assets at best consideration to avoid confusion with the protocol for disposal of Council land and property.

With regard to Section 3 (Roles, Responsibilities and Decision-Making), Councillor J Cowell considered that there was less transparency surrounding the decision-making/scrutiny of the disposal of surplus assets where the value was between £500k and £1m.

In responding, the Principal Solicitor/Lawyer undertook to refer all suggestions and comments to the appropriate officers for consideration.

- c) In responding to a request from Councillor J Cowell, the Principal Solicitor/Lawyer agreed to clarify the Call-In process for Decision Memorandums as it was reported that a number of HRA disposals had been approved by Decision Memorandums.
- d) It was noted that the Anti-Money Laundering Policy referred to in the Protocol had not been reviewed despite the proposed renewal date of 2020.
- e) Councillor S Ali welcomed the development of a Protocol which should ensure processes were open and transparent and learning from the issues that were currently being investigated. It was suggested that the protocol should be clear and emphasise that appropriate due diligence should be undertaken at the outset, long before contracts were entered into.

In responding, the Principal Solicitor/Lawyer reiterated that section 8.6 (g) of the Protocol, confirmed that the Council only entered contractual arrangements where due diligence had been satisfied. It was recognised that due diligence processes varied for each case.

In responding, Councillor S Ali commented that communication/articles should not be published until due diligence had been completed and requested that this area within the Protocol be reviewed accordingly. It was also suggested that Members should be consulted once expressions of interest for a Council-owned asset had been submitted.

The Deputy Chief Executive in responding to comments made with regard to consultation, emphasised that the purpose of the Protocol was to ensure a formal and consistent process was adhered across the organisation.

Resolved

- (1) That the information contained in the report and attached as Appendix A to the report submitted, in relation to the proposed Land Transaction Protocol, be noted.
 - (2) That the Principal Solicitor/Lawyer be requested to refer comments back to the relevant officers for consideration.
 - (3) That the Principal Solicitor/Lawyer be requested to clarify the Call-In process for Decision Memorandums.
 - (4) That the Land Transactions Protocol be re-submitted to a future meeting of the Committee reflecting Members comments.
-

26 Audit and Standards Committee Progress Tracker and Future Business

A report on the Progress Tracker and Future Business was received and noted by Members and the following issues and suggestions were made: -

- Members expressed concern that the items that were suggested at the last meeting had not been incorporated in the Work Plan or Action Tracker.
- It was agreed that the Progress Tracker and Future Business agenda item be scheduled immediately after the confirmation of the minutes on all future agendas.
- The Head of Financial Services undertook to provide responses to specific questions raised by Councillor S Ali in relation to the West Midlands Pension Fund.
- The Deputy Chief Executive referred to the division between audit and scrutiny and that the scrutiny of the Castle and Crystal Credit Union and Pens Meadow School should be considered by the relevant Scrutiny Committee. It was noted that the Audit and Standards Committee terms of reference was to review the Council's corporate governance arrangements, finance and risk management, and Members were reminded that items could be referred to other Committees as appropriate. Councillor J Foster considered that the items previously suggested should be considered by the Audit and Standards Committee in line with its terms of reference.

- It was noted that an internal audit investigation was being undertaken in relation to the Wood and Moore Builders Yard.
- With regard to Pens Meadow School, the Head of Audit and Risk Management Services confirmed that this matter had been referred to External Auditors for consideration as part of the work programme. The Deputy Chief Executive and J Meak advised that the work undertaken by External Auditors was in relation to the breach in spending controls only, and that the reconstruction of the school was approved by Full Council.
- The Deputy Chief Executive undertook to provide responses to the following outstanding queries relating to Pens Meadow School:
 - Assurance was requested following health and safety concerns raised by parents as to whether the existing building was safe for children to use in the meantime until building works had commenced.
 - A better understanding of the financial benefits, given the additional financial burden to the Council following the decision being made and what modelling had been done to demonstrate that this would present savings in the future was requested, as it had been suggested that it would be more cost effective for children to be referred to the school rather than to an external provision.

Resolved

That the information contained in the report and Appendices to the report submitted, and comments made by Members as referred to above, be noted and amended.

27 Questions Under Council Procedure Rule 11.8

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

The meeting ended at 8.11pm

CHAIR

Minutes of the Audit and Standards Committee
Monday 14th October, 2024 at 6.00pm
In Committee Room 3, The Council House, Dudley

Present:

Councillor K Denning (Chair)

Councillor A Qayyum (Vice-Chair)

Councillors S Ali, J Cowell, T Creed, J Foster, I Kettle, S Henley and W Little.

Dudley MBC Officers:

G Harrison (Head of Audit and Risk Management Services), R Cooper (Head of Financial Services), T Senior (Principal Solicitor/Lawyer), M Granger (Corporate Fraud Manager) and K Taylor (Senior Democratic Services Officer).

Also in Attendance:

T Berine (Independent Person for the Council) – Observer

Councillor S Keasey (Chair of the Overview and Scrutiny Committee) - Invitee

K Jones (Director of Housing and Communities) and Councillor I Bevan (Cabinet Member for Housing and Communities) – for Agenda Item No. 4

L Fulci (Director of Digital, Commercial and Customer Services via MS Teams),

H Martin (Director of Regeneration and Enterprise) and F Parrett (Head of Commercial) – for Agenda Item No. 6 and 9

One Member of the Press.

28. **Apology for Absence**

There were no apologies submitted for this meeting of the Committee.

29. **Appointment of Substitute Member**

There were no substitute Members appointed for this meeting of the Committee.

30. **Declarations of Interest**

For transparency purposes, Councillor J Cowell confirmed her position as a Member of the Housing Assurance Board and Opposition Group Spokesperson for Housing, Communities and Leisure.

31. **Annual Report of the Housing Assurance Board**

The Committee considered a report of the Chair of the Housing Assurance Board on the work completed since its inception in October, 2023. It was noted that an annual assurance report would be received by the Committee moving forward.

In presenting a summary of the report on behalf of the Chair of the Housing Assurance Board, the Director of Housing and Communities provided an overview of the purpose of the Board, in particular in response to the new inspection regime introduced by the Regulator of Social Housing from April 2024, which would see the regulation of Council housing providers and in line with the regime already in place for housing associations.

Members were informed that two Non-Executive Directors, with housing associations experience at a Chief Executive level, had been recruited to the Board. Reference was also made to the areas that the Board had been reviewing over the five meetings that had taken place including regular presentations on financial spend, performance data, preparatory work concerning regulatory compliance and deep dives on customer complaints and contractors

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

- a) In responding to a question raised by Councillor I Kettle in relation to the membership of the Housing Assurance Board and their commitment, the Director of Housing and Communities referred to the membership contained within the Terms of Reference attached as Appendix 1 of the report submitted. A representative from the Customer Assurance Board would also be appointed once established. Board meetings were held bi-monthly and provided assurance on the Council's housing stock.

- b) Councillor J Cowell raised concerns that there was no evidence that there would be any output externally, and that the total cost of the allowances to the two Non-Executive Directors, with a lack of Council housing stock experience, was approximately £14,000 per year. It was confirmed that one of the Non-Executive Directors had now left the Housing Assurance Board.

The need to focus on tenants and not customers was emphasised, and further concerns were raised in regard to the lack of transparency in relation to the membership selection process for the Housing Board with the need for more wide-ranging inclusivity of the tenants' voice. Although a representative from the Customer Assurance Board would be appointed to the Housing Assurance Board, this had not yet been established.

Whilst the Council's priority in dealing with communities was acknowledged, a separate and specific focus was needed on the tenants, as part of the Council's landlord function.

- c) In responding to comments made, the Director of Housing and Communities confirmed that the Housing Assurance Board was in its infancy and was intended to report outwards. It was noted that the Regulator of Social Housing were aware of the Board and would look to speak to Elected Members, Chair of the Housing Assurance Board and Select Committee Members as part of the forthcoming inspection.

With regard to the two Non-Executive Directors, it was confirmed that appointees with Council housing stock experience had not been pursued, as it was considered important to gain experience from those that had previously been inspected and had regularly worked with the Regulator.

The Director of Housing and Communities acknowledged comments made and confirmed that the new Customer Assurance Board would be established comprising of a representative from each of the customer groups that were involved. Nominations for the Chair of the Customer Assurance Board would be considered by the Board and would have a place on the Housing Assurance Board to ensure that customers were represented in all discussions.

It was noted that the recruitment of the second Non-Executive Director would be undertaken by the Chair of the Housing Assurance Board and Section 151 Officer to ensure effective governance, however this process could be reviewed in the future.

Whilst it was recognised that focus was currently being given to the regulatory standards, consideration also needed to be given to other services within the Directorate including homelessness, domestic abuse, counter terrorism, private sector housing and anti-social behaviour.

- d) Councillor J Cowell re-emphasised the need to communicate and engage with tenants and ensure representation on the Board and expressed concern that by excluding this, the Council would not meet the regulatory standards that had been set.
- e) In responding to a question raised by Councillor S Ali, the Director of Housing and Communities undertook to ensure that future covering reports be formally signed off by the Chair of the Housing Assurance Board.
- f) Whilst acknowledging the work undertaken by the Housing Assurance Board, Councillor S Ali suggested that a summary of the comments/issues raised by the Housing Assurance Board in particular on areas including the external review of progress with compliance; Housing Revenue Account position and service charges and performance indicators would give further assurance to the Committee.

Clarification was requested on the anticipated completion date of the revised performance dashboard.

With regard to the Housing Ombudsman it was important that tenants were made aware of the independent service and the ability to refer housing complaints or issues in relation to the Council, once internal processes had been exhausted.

Clarification was also sought as to how the Council would undertake customer satisfaction surveys and how tenants were going to be selected to ensure they were representative of the Borough. Councillor S Ali also reiterated comments made in that focus was needed on tenants and therefore a distinction between tenants and customers should be included within the narrative.

- g) In responding to comments made by Councillor S Ali, the Director of Housing and Communities agreed to ensure that a summary of comments and issues raised by the Housing Assurance Board be included in future reports. It was confirmed that the revised performance dashboard had now been implemented which included benchmarking information. It was confirmed that the Housing Ombudsman Service was referenced within the Stage 2 letter of the internal complaints procedure should customers be dissatisfied with the response given. It was reported that the vast majority of Ombudsman queries received had been directed through the Housing Ombudsman.

With regard to customer satisfaction surveys, it was confirmed that these were undertaken by an external company namely, Acuity, who selected a sample of customers at random and were asked the same level of questions provided by the Regulator. The outcomes were presented back to the Council on a quarterly basis and helped identify emerging trends and was reported to the Regulator annually. It was noted that a 'pre text' would be sent to Officers at the end of the consultation in order for Officers to respond in a more quicker and dynamic way.

- h) In responding to a question raised by the Chair, the Director of Housing and Communities confirmed that the sample of residents contacted were randomly selected as the questions asked were set by the Regulator through the tenant satisfaction measures and focussed on home satisfaction with communal areas and complaint handling. The same set of questions were used by other housing providers, which provided effective benchmarking information.
- i) The Chair referred to the recruitment selection of Board Members and suggested that it did not appear to be independent and should include tenants, residents and officers with relevant experience and knowledge, to ensure that the best outcomes were achieved.

In responding, the Director of Housing and Communities welcomed the comments made and agreed to review further. It was also confirmed that an independent external company had undertaken the recruitment process of the two Non-Executive Directors together with the Section 151 Officer to ensure effective governance was undertaken.

- j) It was noted that the Head of Financial Services, in her capacity as Deputy Section 151 Officer, had been supporting the recruitment process and that the interviews were due to take place on 29th October, 2024, with the next Board meeting scheduled for December.

- k) In responding to a question raised by Councillor I Kettle, the Director of Housing and Communities confirmed that the Housing Assurance Board had expressed concern about customer involvement and influencing repairs reporting delivery and stock investment decisions. Whilst it was acknowledged that the Council performance in undertaking repairs within published timescales was good, further work was needed in regard to communication with customers of arrival dates/times and delays. The need for greater customer involvement in procurement activity, contract monitoring and monitoring the quality of the services that were delivered was mentioned. It was also confirmed that once a repairs job had been completed, feedback was either received on the day or via a direct question relating to Customers satisfaction of repairs undertaken from the quarterly surveys.
- L) Councillor W Little referred to the performance dashboard and sought clarification of the management, monitoring and governance arrangements relating to approval of the performance indicators.

In responding, the Director of Housing and Communities provided an overview of the performance indicators including those set by the Regulator; Corporate Indicators which were reported to Cabinet and Corporate Management Team; operational indicators within service areas and those set as a Directorate Management Team. Many indicators had been informed by national performance indicators which enabled effective benchmarking amongst other housing providers.

- m) Councillor A Qayyum referred to the terms of reference in particular that the Board would learn from good practice from within and outside the sector and requested examples of what had been learned.

In responding, the Director of Housing and Communities advised that the purpose of appointing two Independent Non-Executive Directors with housing association experience provided a level of understanding of what was required for the Regulator and brought their experience, both positively and negatively, of measures that they had implemented. The benchmarking against other housing providers on the tenant satisfaction measures had identified that Dudley's performance was better than other Local Authorities in areas such as dealing with Anti-Social Behaviour complaints and improvements to complaints handling within the Compliance Team.

- n) Councillor S Ali referred to the third recommendation of the report submitted and suggested that the value, achievements and work undertaken by the Housing Assurance Board could be fully considered by the Committee on receipt of the next Annual Report.

Resolved

- (1) That the work completed by the Housing Assurance Board since its inception in October, 2023 be noted.
 - (2) That the Director of Housing and Safer Communities be requested to consider the comments and observations made by the Committee to include in future reporting.
 - (3) That the Committee consider the value, achievements and work undertaken by the Housing Assurance Board in the next Annual Report to be submitted in 2025.
 - (4) That future covering reports be formally signed off by the Chair of the Housing Assurance Board.
 - (5) That future reports include a summary of the comments/issues raised by the Housing Assurance Board in particular on areas including the external review of progress with compliance; Housing Revenue Account position and service charges and performance indicators.
-

32. Whistleblowing Policy

A report of the Monitoring Officer was submitted on the recent revision and operation of the Council's Whistleblowing Policy.

In presenting a summary of the report submitted, the Head of Audit and Risk Management Services confirmed that the Policy had been fully reviewed with some significant changes made to the policy which was attached as Appendix A to the report submitted. Since the writing of the report further changes would be made to reflect the recent retirement of the Director of Finance and Legal.

Reference was made to the survey that had been undertaken by the Monitoring Officer with Directorates during June, 2024, and it was noted that there had been eight anonymous whistleblowing referrals since October, 2023. Details and outcomes of the referrals would be presented under Minute No. 37. It was noted that eight referrals were significantly higher than in previous years.

The Head of Audit and Risk Management Services advised that the Monitoring Officer had asked Directorates and Schools to remind staff of the existence of the policy through newsletters and briefings with regular checks undertaken of posters and leaflets to ensure that they were accessible and contained updated Monitoring Officer contact details.

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

- a) With regard to the number of Whistleblowing incidents that had been reported, Councillor S Ali suggested that these should be summarised in the broader terms, in future reports.

Councillor S Ali also requested that clarification be given to Paragraph 2.2 – How to raise a concern, in particular that should whistleblowing matters refer to one of the Officers mentioned then they should not be contacted. Further clarification was also needed with regard to Paragraphs 3.2 and 6 concerning complaints of misconduct by Councillors and concerns with the Chief Executive.

- b) Councillor J Foster referred to the review of the Whistleblowing Policy during 2024 and queried whether consideration had been given to the recommendations and issues identified by the Local Government Association Corporate Peer Review, in particular relating to culture and whether this had influenced the Policy.

In responding the Head of Audit and Risk Management Services reported that he was unaware of any reference to the Whistleblowing Policy within the Local Government Association Peer Review Report.

- c) In referring to staff surveys, Councillor J Foster queried whether there had been any correlation between the findings of the survey with the number of whistleblowing concerns that had been raised in order to understand the scale of the extent to which employees were using the Whistleblowing Policy.

In responding, the Head of Audit and Risk Management Services undertook to look into this further. It was confirmed that a review had taken place previously where concerns were raised regarding the operation of the Whistleblowing Policy with a high proportion of people that responded stated that they were reluctant to use the Policy.

- d) It was noted that the dedicated Whistleblowing hotline was monitored by the Audit and Risk Management Team, and any issues that did not require audit investigation would be referred to the relevant department accordingly.
- e) In responding to a comment made by Councillor J Cowell, the Head of Audit and Risk Management Services undertook to update the link on page 20 of the Whistleblowing Policy concerning further information in regard to a protected disclosure could be made, other than the Council.

- f) Councillor I Kettle emphasised the need to support, safeguard and allow accompanying witnesses, where appropriate, to Officers and the whistleblower when raising concerns.

In responding, the Head of Audit and Risk Management Services advised that most referrals were made anonymously to avoid direct contact when raising concerns. The Principal Solicitor/Lawyer also reported that should there be any intimidation of any whistleblowers by Officers following a referral would be a conduct issue and Human Resources and disciplinary procedures would be followed as appropriate.

- g) Councillor W Little referred to anonymous referrals and considered that there was a clear issue of trust and concurred with comments made by Councillor I Kettle in that support and assurance that issues would be considered was essential for employees. Further consideration should also be given to extend the level of trust to employees to be able to raise issues directly in person.

In responding, the Head of Audit and Risk Management Services acknowledged comments made and referred to the low number of referrals historically and the findings of the staff survey where employees were reluctant to use the Policy which was a concern. Discussions had taken place with the Chief Executive and Assistant Director of People and Inclusion and it was hoped that, as part of the Fit for the Future Programme, this area would be considered in terms of its cultural aspects and to encourage people to raise any serious concerns they may have. It was noted that employees were able to raise their concerns externally to the prescribed organisations set out in the Policy.

Resolved

- (1) That, the information contained in the report submitted, in relation to the outcome of the recent monitoring of the Whistleblowing Policy, and comments made by Members as stated above, be noted.
- (2) That the recent revision of the Council's Whistleblowing Policy, as attached as Appendix 1 of the report submitted, be approved.

33. Review of Brookes Bar and Bistro

The Committee considered a report of the Director of Regeneration and Enterprise on the activity related to Brooke's Bar and Bistro following on from the Overview and Scrutiny Task and Finish Group. A detailed presentation, including the financial matters, was presented to the Committee under Minute no. 36.

In presenting a summary of the report, the Director of Regeneration and Enterprise referred to the original business case for the Bar and Bistro within the alterations to Dudley Town Hall including improvements to the disabled access, providing a modern commercial kitchen and an accessible bar and dining facilities. It was intended that the investment would allow the Town Hall to become a key player in revising the nighttime economy, increase income to reduce the subsidy, and grow the venue in terms of number of events, customer satisfaction and reputation.

A chronology of events between June 2017 and September, 2022 was outlined in paragraph 4 of the report submitted. It was reported that the Regeneration and Enterprise Team began working with the Commercial Team in October, 2021 to improve the original business plan which was intended to work in parallel with the closure of the Saltwells Facility and the relocation of training and catering provision to the former Museum. However, it was noted that following COVID-19 and subsequent changes in how the Council operated, the former Museum was sold.

It was noted that the Bar and Bistro sustained a loss of £387.7k in the first 18 months of operation, therefore, given the Council's financial position, plans were developed to move the business into an operational position. However, it was forecasted that losses would continue over the next two years, and the decision was made at the end of August to freeze the losses and close the Bistro. The governance of the decision process was set out at paragraph 6.

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

- a) Councillor S Keasey expressed his disappointment that the information presented did not include more detail of the failings due to the significant financial losses within public session.
- b) In responding to a question raised by Councillor S Keasey, the Director of Regeneration and Enterprise confirmed that the operation of the Brooke's Bar and Bistro was managed by the Regeneration and Enterprise Directorate up until April, 2024 and then transferred to the Commercial Team.

- c) In responding to a request by Councillor J Foster, the Head of Commercial undertook to amend the table, outlined in paragraph 6 of the report submitted, on setting out the governance timetable to implement the closure to include the date of the Overview and Scrutiny Committee Task and Finish Group meeting.
- c) Councillor S Ali agreed with comments made by Councillor S Keasey in that further details should be included in the report as some information had been made publicly available through Freedom of Information requests. He considered that the outcomes of the project was an 'expensive experiment', and the mission and objectives were confusing and suggested that a new restaurant was not needed to grow the venue for events, customer satisfaction and reputation, but improvements were needed for facilities including sound and lighting.

Reference was made to the chronology of events, and Councillor S Ali considered there to be a lack of consistency with regard to the varying titles of reports that had been considered in terms of what was proposed or how it was going to be delivered. With regard to the proposal of linking the Bar and Bistro to a training facility for the former Museum, it was considered that as this was not going to be pursued early on in the timeline, this should have given warning in continuing investment.

Councillor S Ali also referred to a news article in the Dudley News on 24th August, 2024 which stated that an external consultant had been paid £49,889 to assess the future hospitality of the Bar and Bistro, however, there was no reference to this within the report submitted. Clarification was needed as to the role of the External Consultants and their proposals and recommendations. It was also reported that the Consultant had then taken over the management of the Bar and Bistro following the departure of three managers, however, no further information on the reasons for their departure had been given. It was suggested that it would be beneficial to invite the three managers to a future meeting to listen to their views on what they considered had and had not worked and whether their feedback or advice to management was taken on board.

With regard to the significant financial losses that had occurred at the start, Councillor S Ali sought clarification as to what measures were taken and what advice was given to Senior Members to highlight the issues.

In concluding, Councillor S Ali considered the project to be a commercial and political failure, and given the Council's challenging financial position, continued to spend public money, which then resulted in the decision for closure.

- d) In responding to comments made by Councillor S Ali, the Head of Commercial confirmed that the External Consultant were appointed to provide operational support, advice and guidance whilst the operational management was within Regeneration and Enterprise. Once the service had transferred to Commercial, this had resulted in a number of redundancies which created a gap in management and support. It was therefore agreed to retain the Consultant to support the operation, write menus, cost analysis, supporting allergen processes and ensuring that policies and processes were robust. Support was also provided to staff across Leisure facilities following the closure of Leisure Centre cafes.
- e) The Director of Regeneration and Enterprise advised that the three managers referred to were no longer working for the Local Authority for a variety of reasons. As the original business plan centred around linking the Bar and Bistro to the catering facility at the Former Museum, the skill sets of the managers at that time was appropriate. However, as the future operation of the facility had changed it was beyond the routine business undertaken by the Council.

It was confirmed that income and losses were monitored from the offset and reported through various different budget areas, and support was sought from the Commercial Team for improving the business plan. The Director of Regeneration and Enterprise assured Members that a significant amount of effort and work had been given by a large number of people to try and make the venture a success.

- f) In responding to a question raised by Councillor J Cowell, the Head of Commercial confirmed that the total cost of the External Consultant, including all additional costs, was £64,000.

In responding, Councillor S Keasey considered the cost to be unacceptable and explained that the review of the Bar and Bistro had been considered by Overview and Scrutiny Task and Finish Group to gain an understanding of the reasons for the failure. As Cabinet Member for Commercialisation at the time, Councillor Keasey actively encouraged for the Bistro and Bar and Leisure Centres together with any other commercial aspects of the Council to be placed within the Commercial portfolio.

- g) Councillor S Ali referred to the report to the Place Scrutiny Committee (Scrutiny Development) Working Group on 28th March, 2019 which contained details of the issues identified. It was suggested that there were a lot of assumptions in regard to generating income through the Bar and Bistro, however, a number of food offers and restaurants were already available within the Town Centre. The importance of identifying where the failures had occurred was mentioned, and it was questioned whether the Council had now got the capability skills to manage these areas in the future. The Council's accountability in ensuring public money was used in the best possible way was emphasised.

With regard to governance arrangements and decision making, Councillor S Ali clarified that no decisions were made by the Shadow Cabinet during the briefing summit on 30th July, 2024 and should be removed from the governance timelines.

- h) The Chair referred to the chronology of events in particular that the construction stage had commenced in 2021 (during the COVID-19 Pandemic), however it was suggested that the hospitality industry had not fully recovered at that time therefore the business plan that was completed prior would be outdated. The Chair considered it unusual for a second business plan to be completed post construction.

In responding, the Head of Commercial confirmed that the 2021 business plan centred predominately around the Town Hall investment and not the Bar and Bistro in its entirety. The revised business plan was developed to support the facilities around the Town Hall.

- i) The Chair referred to the financial loss of £387.7k in the first 18 months of operation and suggested that most hospitality businesses would have closed after the first year and that subject matter experts should have been utilised at the beginning of the operation and issues highlighted at an earlier stage. The Chair, however, having previously attended the Bar and Bistro commended the staff and customer service.

The Director of Regeneration and Enterprise acknowledged comments made and reiterated that significant commitment and effort was made by officers to try and make the operation a success.

Resolved

- (1) That the information contained in the report submitted on the activity related to Brooke's Bar and Bistro following on from the Overview and Scrutiny Task and Finish Group, be received and noted.

- (2) That the Head of Commercial be requested to amend the table, outlined in paragraph 6 of the report submitted, to include the date of the Overview and Scrutiny Committee Task and Finish Group meeting.
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34. **Questions Under Council Procedure Rule 11.8**

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

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

Resolved

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

36. **Review of Brookes Bar and Bistro**

Further to Minute No. 33, the Director of Regeneration and Enterprise gave a detailed presentation on the activity related to Brooke's Bar and Bistro following on from the Overview and Scrutiny Task and Finish Group, including the original business case, timeline to opening, financial summary to date (including capital investment), options considered and lessons learned.

Arising from the presentation, Members made comments and raised questions which were responded to at the meeting.

Members raised a number of concerns in particular that there was no comprehensive marketing strategy within the business plan; the booking system did not meet the needs of the business and the lack of sufficient project management. It was re-emphasised that lessons must be learned from this experience to ensure future projects were supported by the appropriate infrastructure and expertise from the start.

In referring to the lack of recommendations to the Committee to consider, Councillor J Foster suggested that clear recommendations be included in future reports and presentations.

In concluding, the Committee agreed to formulate a recommendation to the Leader on the comments and concerns raised during the meeting.

Resolved

- (1) That the information contained in the report submitted on the activity related to Brooke's Bar and Bistro following on from the Overview and Scrutiny Task and Finish Group, be received and noted.
- (2) That clear recommendations be included in future reports and presentations.
- (3) That the Chair, in consultation with Committee Members, write a letter to the Leader outlining the comments and concerns raised by Members.

37. **Whistleblowing Policy**

Further to Minute No. 32, a report of the Monitoring Officer was submitted on the Council's Whistleblowing Policy which contained details of the eight reports of use of the Policy since October, 2023.

Arising from the presentation of the report, Members made comments and raised questions which were responded to at the meeting and the following suggestions / actions were recorded:

- Clarification as to whether Employees declarations of interest could be viewed either publicly or made available to Elected Members for transparency.
- Officers be recommended to review current Human Resources policies, following the comments made by Members during the meeting, and advise the Committee accordingly.

Resolved

- (1) That the information contained in the report submitted be noted.
- (2) That the Head of Audit and Risk Management Services be requested to liaise with relevant Officers and respond to questions raised at the meeting.

The meeting ended at 9.04pm

CHAIR

Progress Tracker – Audit and Standards Committee 2024/25

Subject (Date of Meeting)	Recommendation/action	Responsible Officer/Area	Status/Notes
Statement of Accounts (30 th September, 2024)	Minute No. 21 (Suggestion) - Consideration be given to raising awareness / providing training to Members on the information detailed within the Statement of Accounts.	Head of Financial Services	Noted and confirmed that further consideration would be given to raise Members awareness and improve future training.
Statement of Accounts (30 th September, 2024)	Minute No. 21 (3) - That the Head of Financial Services be requested to incorporate a statement within the final Statement of Accounts that reflected the difficult position and work that had been under undertaken.	Head of Financial Services	Comments made will be considered during the final sign off of the Accounts.
Statement of Accounts (30 th September, 2024)	Minute No. 21 (4) - That the Head of Financial Services be requested to ensure that future Statement of Accounts reports be formatted in a 12 pitch font size.	Head of Financial Services	Agreed.
Grant Thornton Auditor's Annual Report (30 th September, 2024)	Minute No. 23 (Suggestion) - That a full list of all assets and sales that were Council-owned be submitted to a future meeting of the Committee.	Interim Chief Executive	Agreed.
Grant Thornton Auditor's Annual Report (30 th September, 2024)	Minute No. 23 (2) – That the Deputy Chief Executive be requested to collate information relating to the Council's estates and the 76 sites referred to in the auditor's report that would form part of the wider disposals programme and circulate to the Committee for information.	Interim Chief Executive	Agreed. Referred to the Director of Regeneration and Enterprise for a response.

Grant Thornton Auditor's Annual Report (30 th September, 2024)	Minute No. 23 (3) – That the Deputy Chief Executive be requested to update the Committee on the Senior Management restructure, including the Monitoring Officer position, when available.	Interim Chief Executive	Agreed in early 2025.
Grant Thornton Auditor's Annual Report (30 th September, 2024)	Minute No. 23 (4) – That the Deputy Chief Executive be requested to develop a list of all statutory services/functions that the Council were legally required to deliver (in particular in the event of a Section 114 notice being issued) and circulate to the Committee.	Interim Chief Executive	Agreed.
Annual Governance Statement (30 th September, 2024)	Minute No. 24 (3) - That the Head of Audit and Risk Management Services be requested to refer the amendments made by Councillor S Ali to the relevant officers for consideration on the following areas: - Portersfield Development - Midland Metro / Dudley Transport Interchange - Eton College	Head of Audit and Risk Management Services	The comments made were referred to the Director of Regeneration and Enterprise and the Annual Governance Statement updated.
Land Transactions Protocol (30 th September, 2024)	Minute No. 25 (2) - That the Principal Solicitor/Lawyer be requested to refer comments back to the relevant officers for consideration on the following areas: 1. Reference to the Housing Revenue Account process and delegated powers of the relevant Director and Cabinet Member; 2. Renaming of the Best Consideration Protocol; 3. Further transparency required on the decision-making/scrutiny of the disposal of surplus assets where the value was between £500k and £1m.	Principal Solicitor/Lawyer	1. The Protocol has been amended so that there is only a duty to consult Corporate Landlord on HRA land. 2. The names of the respective protocols can be addressed once the protocol is adopted. 3. The protocol will be reviewed in six months time and any additional requirements regarding transparency can be addressed.

Land Transactions Protocol (30 th September, 2024)	Minute No. 25 (3) - That the Principal Solicitor/Lawyer be requested to clarify the Call-In process for Decision Memorandums.	Principal Solicitor/Lawyer	The amendment with regard to HRA land should address this.
Land Transactions Protocol (30 th September, 2024)	Minute No. 25 (4) - That the Land Transactions Protocol be re-submitted to a future meeting of the Committee reflecting Members comments.	Principal Solicitor/Lawyer	Noted. To be submitted to the February, 2025 Committee.
Audit and Standards Committee Progress Tracker and Future Business (30 th September, 2024)	<p>Minute No. 26 - That relevant officers, in consultation with the Chair and Vice-Chair, consider the suggested additional items referred to at the meeting on 8th July, 2024 for inclusion to the work plan for 2024-25 as follows:</p> <ol style="list-style-type: none"> 1. West Midlands Pension Fund 2. Castle and Crystal Credit Union 3. Pens Meadow School 4. Wood and Moore Builders Yard 5. Portersfield Development 	Chair and Vice-Chair in consultation with Officers	<p>1. Information was circulated to the Committee on 14th November, 2024</p> <p>2 and 3 – The Interim Director of Finance has agreed to review further for inclusion on the Committee Work Plan.</p> <p>4. Currently being investigated by Internal Audit</p> <p>5. Referred to Overview and Scrutiny Committee for consideration.</p>
Audit and Standards Committee Progress Tracker and Future Business (30 th September, 2024)	Minute No. 26 - That the Progress Tracker and Future Business agenda item be scheduled immediately after the confirmation of the minutes on all future agendas.	Senior Democratic Services Officer	Noted.

Audit and Standards Committee Progress Tracker and Future Business (30 th September, 2024)	<p>Minute No. 26 – That the Deputy Chief Executive provide responses to the following outstanding queries relating to Pens Meadow School:</p> <ul style="list-style-type: none"> - Assurance was requested following health and safety concerns raised by parents as to whether the existing building was safe for children to use in the meantime until building works had commenced. - A better understanding of the financial benefits, given the additional financial burden to the Council following the decision being made and what modelling had been done to demonstrate that this would present savings in the future was requested, as it had been suggested that it would be more cost effective for children to be referred to the school rather than to an external provision. 	Interim Chief Executive	Agreed.
Annual Report of the Housing Assurance Board (14 th October, 2024)	Minute No. 31 (4) - That future covering reports be formally signed off by the Chair of the Housing Assurance Board.	Director of Housing and Communities	Agreed and Noted.
Annual Report of the Housing Assurance Board (14 th October, 2024)	Minute No. 31 (5) - That future reports include a summary of the comments/issues raised by the Housing Assurance Board in particular on areas including the external review of progress with compliance; Housing Revenue Account position and service charges and performance indicators.	Director of Housing and Communities	Agreed and Noted.
Whistleblowing Policy (14 th October, 2024)	Minute No. 32 – That the comments made by Members during the meeting be considered and reflected within the Policy, as appropriate.	Head of Audit and Risk Management Services	Whistleblowing comments have been considered and the final policy updated and published. Members advised 31st October, 2024.

Review of Brookes Bar and Bistro (14 th October, 2024)	Minute No. 33 (2) - That the Head of Commercial be requested to amend the table, outlined in paragraph 6 of the report submitted, to include the date of the Overview and Scrutiny Committee Task and Finish Group meeting.	Head of Commercial	Report updated and circulated to Members on 25th October, 2024 and published on CMIS.
Review of Brookes Bar and Bistro (14 th October, 2024) (Private Session)	Minute No. 36 (2) - That clear recommendations be included in future reports and presentations.	All Report Authors	Noted.
Review of Brookes Bar and Bistro (14 th October, 2024) (Private Session)	Minute No. 36 (3) - That the Chair, in consultation with Committee Members, write a letter to the Leader outlining the comments and concerns raised by Members.	Audit and Standards Committee / Senior Democratic Services Officer	Letter sent to the Leader on 22nd October, 2024.
Whistleblowing Policy (14 th October, 2024) (Private Session)	<p>Minute No. 37 (2) - That the Head of Audit and Risk Management Services be requested to liaise with relevant Officers and respond to the following questions:</p> <ul style="list-style-type: none"> • Clarification as to whether Employees declarations of interest could be viewed either publicly or made available to Elected Members for transparency. • Officers be recommended to review current Human Resources policies, following the comments made by Members during the meeting, and advise the Committee accordingly. 	Head of Audit and Risk Management Services	The matters have been referred to the Assistant Director People and Inclusion for consideration.

Future Business – Audit and Standards Committee 2024/25

<u>Date of Meeting</u>	<u>Work Programme</u>
4 th December, 2024	<ul style="list-style-type: none"> • Treasury Management • Risk Management Report (including in-depth scrutiny on R.607) • Suspensions • Standing Orders relating to Contracts • CIPFA and LGA Progress Report • Chair of the Housing Assurance Board Discussion • Annual Audit Report 2023-24 – Chief Executive (Public and Private Reports)
17 th February, 2025	<ul style="list-style-type: none"> • Treasury Management • Grant Thornton Audit Findings Report 2023-24 • Land Transactions Protocol • Annual Audit Report 2023-24 – Deputy Chief Executive (Public and Private Reports) • Audit and Risk Management Services' Interim Performance Report
28 th April, 2025	<ul style="list-style-type: none"> • Grant Thornton Audit Plan 2024-25 including informing the Audit Risk Assessment • Annual Fraud Report • Audit and Risk Management Services' Annual Audit Plan 2025-26 • Risk Management • Audit and Standards Committee Annual Report 2024-25 • Accounting Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty • Treasury Management

Meeting of the Audit and Standards Committee – 4th December, 2024

Report of the Interim Director of Finance

Treasury Management Mid-Year Review Report

Purpose

1. To outline treasury activity during the first half of the 2024/25 financial year.

Background

2. The Treasury Management strategy for 2024/25 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice (2021 edition).
3. Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.
4. The Council undertakes treasury management activity on its own behalf and as administering authority for the West Midlands Debt Administration Fund (WMDAF). We are responsible for administering capital funding of approximately £730m on our own account and another £43m on behalf of other West Midlands councils in respect of the WMDAF. The treasury function is governed by the Council's Treasury Policy Statement and Treasury Management Practices.

Treasury activity in 2024/25 on the Dudley fund

5. Our treasury activities were undertaken in the context of the Treasury Strategy Statement 2024/25 approved by Audit and Standards Committee and Full Council in February 2024. The Strategy Statement stated:

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

6. The Monetary Policy Committee (MPC) reduced the Bank of England base rate from 5.25% to 5% in August 2024, held them in their September meeting and enacted a further cut at their 7th November meeting to 4.75%. The Council’s treasury advisors, Link Treasury Services Limited, believe the base rate is likely to reduce steadily over the next 3 years. At the time of writing this report the full impact of the change in UK government (and its budget announcements of 30th October), the base rate cut and the change in leader following US general election on 5th November have not been fully analysed but are unlikely to result in a change to the Council’s treasury decisions.
7. In the first half of 2024/25 our investments averaged £39.6 million (with significant day to day variation as a result of cash flow). The average return on these investments was 4.58% and total interest received was £1.0m. All investments were placed with institutions that satisfied the criteria for creditworthiness set out in the Treasury Strategy Statement 2024/25. Our investment activity for 2024/25 is set out in more detail in Appendix 1.
8. The average value of long-term borrowings in the first half of 2024/25 was £651.0 million. The average rate of interest on these borrowings was 4.00% and total interest paid was £13.1 million. The loans were due to mature on dates ranging from 2024 to 2073. So far in 2024/25 we have taken out no long or medium-term loans but we are expecting to need to borrow before the end of the financial year.
9. Due to cash flow requirements in 2024/25, it was necessary to undertake short-term borrowing on 2 occasions. One loan was for £8.5m and had a duration of 4 days and the other was for £2.5m and had a duration of 3 days. Both loans had a rate of 5.40%.

Treasury activity in 2024/25 on the WMDAF

10. It has been necessary to undertake short-term borrowing on 3 occasions for cashflow purposes for the WMDAF, at an average value of £6.0m at an average rate of 5.18% for an average duration of 120 days. There have been no investments made on the WMDAF so far in 2024/25.

Prudential indicators 2024/25

11. The 2021 Prudential Code for Capital Finance in Local Authorities sets out a framework for the consideration and approval of capital spending plans. In so doing, it requires the Council to set a number of prudential indicators, some of which concern matters of treasury management. Appendix 2 outlines those indicators for 2024/25.

Finance

12. Forecasts of performance against budget for treasury management activities are sensitive to movements in cash flow and interest rates. The revenue impact of any variances are reported regularly to Cabinet as part of the wider Financial Monitoring Regime (FMR).

Law

13. The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice 2021 which requires the Council to approve a treasury management strategy before the start of the financial year and provide a mid-year update on treasury management activity. In addition, the Department for Levelling Up, Housing and Communities (DLUHC) issued revised Guidance on Local Authority Investments in 2010 that required the Council to approve an investment strategy before the start of each financial year. This report fulfils the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and the DLUHC guidance.

Risk Management

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

Equality Impact

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

Human Resources / Organisational Development

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

Commercial / Procurement

17. The over-riding purpose of the Council's Treasury Strategy is day to day cash management and not income generation. The strategy prioritises security and liquidity of cash investments over yield. Once those are met, we aim to secure the maximum yield from our investments held with the small number of counterparties that meet the strict criteria laid out in our Annual Investment Strategy.

Environment / Climate Change

18. The Council is required to consider environmental, social and governance considerations when making investments. It will not invest in fossil fuel companies.

Council Priorities

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



Brendan Arnold
Interim Director of Finance

Report Author: Jennifer McGregor
Telephone: 01384 814202
Email: jennifer.mcgregor@dudley.gov.uk

Appendices

- Appendix 1 – Investment Activity (2024/25)
- Appendix 2 – Prudential and Treasury Indicators 2024/25
- Appendix 3 – Glossary of terms and acronyms used in the report

List of Background Papers

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

Investment Activity Up to 30th September 2024 (Dudley only)

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Debt Management Office (DMO)	218	34.67	5.08	13
Santander Call Account	N/A	1.44	3.23	Call Account
Santander 35 Day Notice	N/A	0.02	4.77	Deposit Account
Barclays Call Account	N/A	1.06	4.76	Call Account
Lloyds Call Account	N/A	2.40	5.08	Call Account

Appendix 2

Prudential Indicators 2024/25

Capital Expenditure by Service	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Public Sector Housing (HRA)	87.4	63.5
Private Sector Housing	5.0	10.9
Environment	10.3	3.9
Transport	15.0	15.1
Regeneration & Corporate Landlord	23.9	25.3
Culture, Leisure & Bereavement	3.4	1.8
Schools and SEND	30.4	17.7
Social Care, Health and Well Being	2.0	0.5
Digital, Customer & Commercial Services	1.3	1.1
Total Capital Expenditure	178.7	139.8

Capital Expenditure	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Total Capital Expenditure	178.7	139.8
Financed by:		
Capital Receipts	46.4	37.0
Capital Grants	34.0	44.4
Major Repairs Reserve	26.4	25.8
Revenue	4.4	5.0
Total Financing	111.2	112.2
Borrowing requirement	67.5	27.6

PRUDENTIAL INDICATORS	2024/25	2024/25
	Original Estimate	Revised Estimate
	£'m	£'m
Ratio of financing costs to net revenue stream		
Non - HRA	8.7%	9.5%
HRA	42.9%	39.5%
Capital Financing Requirement		
Non – HRA	241.3	254.7
HRA	492.8	492.8
TOTAL	734.1	747.5
Annual change in Cap. Financing Requirement		
Non – HRA	-15.0	+13.4
HRA	+18.0	+0.0
TOTAL	+3.0	+13.4
External Borrowing Forecast (not including transferred debt)		
Borrowing – Housing Revenue Account	N/A	490.1
Borrowing – General Fund	N/A	207.6
Other long-term liabilities	N/A	11.1
Total Debt	N/A	708.8
	2024/25	2024/25
	Indicator	Revised Indicator
	£'m	£'m
Authorised limit for External Debt		
Borrowing	824	780
Other Long-term liabilities	11	10
Total Debt	835	790

For a full explanation of all of the terms referred to in the table above of Appendix 2 please refer to Appendix 3.

N.B. Start of year General Fund and total borrowing for 2024/25 budgets differ from actual outturn in 2023/24 as we borrowed £1m more than forecast in the MTFS.

Interest rate exposures and maturity structure of borrowing and investments

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

Dudley MBC

	Indicator	2023/24 Outturn
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	10%	0%
Upper limit of principal maturing in any one year for sums invested for over 364 days	£10m	Nil
Maturity structure of fixed rate borrowing:-		
under 12 months	0-15%	2.5%
12 months and within 24 months	0-15%	3.1%
24 months and within 5 years	0-20%	7.8%
5 years and within 10 years	0-25%	15.3%
10 years and within 20 years	50-100%*	15.3%
20 years and within 30 years		22.2%
30 years and within 40 years		28.4%
40 years to 50 years		5.3%

* The indicator was set for loans with maturity over 10 years as a whole. The total maturing between 10 and 50 years as at 31st March 2024 was 71.3%

West Midlands Debt Administration Fund

	Indicator	2023/24 Outturn
Maturity structure of fixed rate borrowing:-		
under 12 months	25-55%	47.5%
12 months and within 24 months	20-55%	52.5%
24 months and within 5 years	0-40%	0%

Definition of abbreviations and terminology used in this report

Actual financing Costs as a proportion of net revenue stream – this indicator identifies the trend in the cost of capital against the net revenue stream.

Authorised Limit – The authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set the Council does not have the power to borrow above this level. The table in Appendix 2 demonstrates that during 2024/25 the Council plans to keep its external gross borrowing within its authorised limit.

CFR – Capital Financing Requirement – this is the Council’s underlying need to borrow for capital expenditure.

CIPFA – Chartered Institute of Public Finance and Accountancy

HRA – Housing Revenue Account – this records the income and expenditure related to running the Council’s housing stock and closely related services or facilities, which are provided primarily for the benefit of the Council’s own tenants.

MPC – Monetary Policy Committee – this is an independent Committee which makes decisions about the operation of monetary policy.

MRP – Minimum Revenue Provision – an annual charge made to reduce the capital financing requirement to ensure that capital assets are broadly charged to revenue over the life of the asset.

Operational Boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or above the boundary are acceptable subject to the authorised limit not being breached.

WMDAF – West Midlands Debt Administration Fund – the Council is the administering body of the ex-West Midlands County Council debt.

Meeting of the Audit and Standards Committee – 4th December, 2024

Report of the Interim Chief Executive

Progress update on Fit for the Future Programme and development of the Council Improvement Plan

Purpose of report

1. To provide a high-level update on the Fit for the Future Programme set up in November 2023.

To present 2 external reports commissioned by the Council – the Local Government Association (LGA) Corporate Peer Review update report and Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management and Governance Review.

To summarise the work to develop the Council Improvement Plan (based on the 6 best value themes as set out in statutory guidance) underpinned by revised governance for the Council and revised governance arrangements.

To recognise the need for increased capacity and skills to help navigate the turnaround of Council performance across a range of key areas.

Recommendations

2. It is recommended that the Committee notes:
 - The findings set out in the LGA Corporate Peer Review Progress Feedback Report – Appendix 1
 - The overall findings set out in the CIPFA Financial Management and Governance Review – Appendix 2
 - The progress made since the inception of the Fit for the Future Programme was set up.
 - That the development of the Council Improvement Plan (based on the 6 best value themes as set out in statutory guidance) underpinned by revised governance arrangements will be submitted to Cabinet in January 2025 for endorsement.
 - That performance updates on key priorities with Red, Amber and Green (RAG) ratings will be presented to Cabinet on a monthly basis.



Background

3. The Council took part in an LGA Corporate Peer Review in September 2023. Several recommendations were made to the Council under the themes of Finance, Governance, Capacity, Culture and Vision. The process includes a progress review within 12 months which took place in July 2024 and their follow up report is attached as Appendix 1.
4. In April 2024 the Council commissioned CIPFA to undertake a Review to better understand the key issues and opportunities to improve its overall financial resilience, wider governance and opportunities to transform based on best practice. Their report is attached as Appendix 2.
5. The Council established the Fit for the Future Programme in November 2023 supported by the LGA Improvement & Assurance Board and internal governance arrangements. The Fit for the Future programme incorporated the recommendations coming out of the Peer Review, with its focus being to deliver a balanced budget for 2024/25. This was achieved.

Key Findings – LGA and CIPFA reviews

6. Both reviews highlighted similar issues around financial resilience, need to increase pace, improve governance arrangements, and put in place a transformation programme. These are high level assessments formed after significant fieldwork and have implications for the future management and direction of the Council. Accordingly, the recommendations coming out of both reports are accepted by the Council and will be considered addressed/incorporated into the Council Improvement Plan which is now in preparation

Governance arrangements

7. The Council would like to place on record its thanks to the LGA Improvement and Assurance Board (IAB) for their support and guidance over the last 12 months. Building upon the important contribution from the IAB, the Council is now putting in place its own internal *Improvement Board* to oversee the delivery of the Improvement Plan with the next 6 months focussed on turnaround of the financial position and governance to enable a clear path to transform key functions and develop a future vision for the Council which is co-designed with our communities and partners. The Improvement Board will be chaired by Kim Bromley-Derry and membership will be the DMBC Group Leaders, their deputies and senior officers supported by external subject matter experts as required. The IAB had provided key support to enable the Council to mobilise the key elements to set up our improvement journey and the Council now moves into a phase of wider transformation the revised arrangements

being put in place will focus more specifically on the longer-term sustainability of the Council.

Key deliverables since inception of Fit for the Future Programme

8. One of the key changes to be put in place as part of the work of the Improvement Board will be to present monthly performance reporting to the Cabinet.
9. The following summarises some notable milestones over the last 12 months.

October 2023

- Council wide spending controls introduced which contributed to management of the financial position in 2023/24.

February 2024

- Cabinet approved the suspension of the 3-year Council Plan to focus on urgent issues over next 12 months.
- Council Programme Team established, supported by improved arrangements for the operation of CPMO
- New employee value proposition research and analysis - feedback about culture and well-being leading to new workstream on People and Culture being stood up.

March 2024

- Cabinet approval of the 'Fit for Purpose' Programme and associated governance arrangements
- Refresh of corporate governance including refocused Corporate Management Team, new Cabinet Strategy and Policy groups with new terms of reference and closer joint working arrangement with Group Leaders.
- Medium-Term Financial Strategy – 2024-2027 approved and approval of the focus on 'big 5' priorities: Libraries, Leisure, Parking, Waste and Recycling, Borough Halls and associated catering.
- One year Council Plan adopted focussing on 2 key themes – (a) improving our organisation and (b) serving our borough - underpinned by a set of key performance indicators to support a common corporate understanding, driving performance management, improved Member understanding and underpinning data quality.
- Launch of myDudley conversations – improved performance appraisal with golden thread to new Council Plan - 86% of respondents gave the new ways of working 3 stars or above.

April 2024

- Introduction of garden waste subscriptions service. On 30th September 2024, 72,885 (out of a total of 133,428) households subscribed delivering £2.6M income against a forecast of £1.31M.
- LGA Adult Social Care Use of Resources completed and action plan in development (this will form part of monthly performance reporting going forward).

May 2024

- Phase 1 of refreshed Member training programme delivered, supported by LGA. Member survey shows Councillors report they understand the current financial challenge (average of 8/10) and 91% of respondents report they will be willing to take difficult decisions.
- Scrutiny Programme refreshed and aligned to Council Plan.
- New streamlined People Policies launched
- Additional capacity in Democratic Services created through review of democratic services.

June 2024

- The functional reviews have identified a suite of savings opportunities that will be fed into the process for balancing the 2025/26 Budget which has now commenced. Colleague survey identifies that 87% of colleagues know about the change programme, 80% say they have a role to play to help bring about change.
- Material measurable improvements in colleague learning engagement and outcomes from new system.

July 2024

- Chief Executive announces retirement
- Initiated delivery new operating model and work on implementation of phase 1 (core functions) underway

August 2024

- Review of senior management organisational structure commenced to conclude by end of March 2025 to align with new operating model. This will provide the appropriate strategic capacity and grip required to deliver the ambitious improvement programme. In the interim key internal and external specialist resources will focus to drive changes at pace.
- Appointment of specialist support – Kim Bromley Derry – providing strategic advice and guidance, Brendan Arnold – Programme Director – Financial Sustainability and Transformation.
- New parking strategy with updated fees and charges agreed from 1st October 2024.
- Cabinet approved redirection of centralised in-person customer services to local customer access points (by January) enabling better

use of libraries, closure of Brookes Bar & Bistro (complete), and Public Health grant switches to support pressures in adult and children's social care.

- Insight survey about Member perceptions inform culture change plan supported by LGA.

September 2024

- Phase 2 of refreshed Member training programme delivered, supported by LGA with 92% of sessions changed
 - Star chamber sessions involving all Directors and Heads of Service commenced with a deep dive into all functional areas in readiness for the setting of the medium-term financial strategy 2025–2028 and to input into the Council Improvement Plan
 - Revised approach for revision and updating of the MTFS and Budget setting programme.
 - Interim Chief Executive appointment confirmed by Council
 - Work commenced to develop The Council Improvement Plan for DMBC incorporating all key recommendations from external bodies, our workforce and partners to be presented to Cabinet in January 2025
 - Member and Officer culture change workshops underway, supported by LGA – improving Officer/Member relationships and understanding.
 - Waste and Recycling Strategy on target for Council in December.
 - Director for Finance and Legal/s151 retired and interim arrangements to be confirmed by Council on 21st October 2024
 - External monitoring officer capacity sourced to assist with governance review and to address key actions from external reports.
10. The work started as part of the Fit for the Future Programme put in place a longer-term programme for transformation.
11. It will be a live document updated to take account of progress and other changes required. A monthly update summary will be presented to Cabinet to show progress against key actions.
12. In summary the Improvement Plan will seek to address and evidence: -
- Implementation of all actions from the LGA, CIPFA and our external auditors.
 - The on-going financial sustainability of the Council with a clearer focus on key priorities.
 - Sustainable improvements in governance, leadership, and culture in the authority
 - Improved effectiveness of audit and scrutiny
 - Development of 10-year vision for the Borough developed with our partners and communities underpinned by a new 3-year corporate plan.
 - Improve consultation with residents and partners

- Transformation projects which maximise use of technology and digital to secure continuous improvement in all services
13. Measures of success will be developed to enable effective tracking of progress and will ensure: -
- The Council has a stable and effective senior leadership team, its structure fits within a bigger corporate plan and is designed to enable it to meet its wider objectives.
 - The council is able demonstrate it has a clear focus on its residents and customers and is responsive to their needs and demands.
 - The council has reviewed its Audit and Scrutiny arrangements and functions in place for council decisions, and members and officers demonstrate they understand and respect their roles in council business.
 - The council has developed and can demonstrate an organisational culture, at all levels, where staff are enabled and empowered to constructively challenge and improve ways of working.
 - The council can demonstrate it is developing and deepening relationships with external partners across the region and sector.
 - Decisions made by the council are done so via well understood and transparent channels and supported by evidence.
 - The Council can demonstrate it is focused on continuously improving in all areas and has robust processes in place to collect and analyse data on its delivery, and to manage its performance effectively.
 - The Council can demonstrate it is financially resilient and makes investment decisions in the context of a longer-term financial plan.
 - The Council has considered properly and decided as to whether to move to a four yearly electoral cycle.
14. Work is also being done to ensure the correct processes, governance and behaviours will be in place to ensure these changes stick. Most importantly how these changes will improve outcomes for our residents.

Finance

15. As part of the Improvement Plan the Council will update its approach to forming and implementing proposals to deal with its financial challenges and is stepping forward with confidence with the aim of balancing the Council Budget for 2025/26. In doing so the Council confronts a very significant financial challenge as it needs to surmount a budget shortfall in 2025/26 in the region of £30m with additional budget pressures in the future.

16. To overcome this challenge, the Council is:

- Developing a detailed plan to ensure that Members are provided with the outcomes from detailed work led by the Corporate Management Team.
- Preparing to consult the Borough on the Budget journey.
- Scheduling Budget Scrutiny sessions that will take place in January 2025.

17. The Council is planning to develop responses at pace that will deal with the recommendations in the finance area brought forward from the LGA and CIPFA reports which are contained in the Appendices to this report.

Law

18. The Council's duty under the Local Government Act 1999 to secure best value in the delivery of all its services and functions is effectively a duty to seek continuous improvement and to invite scrutiny of the council's performance in delivering for the communities of the Borough. The reviews that have taken place inform and support this process.

19. There are no direct legal implications arising from the content of this report; changes made to council services or the workforce as part of the implementing the recommendations, these will be subject to separate decisions and consultation as required.

Risk Management

20. The main risks relate to the large-scale nature of this change and how that will impact business-as-usual activities. The Improvement Plan will set out how impact on Council business will be minimised and how quick wins can be achieved.

21. The other key risks are that the improvement plan fails to deliver the financial and other benefits may not be realised.

22. By introducing a clear benefits/mapping process from the outset signed off by the s151 officer we can more easily report on whether the efficiencies/savings are on target or whether different action needs to be taken.

Equality Impact

23. There are no special considerations to be made about equality and diversity in noting and receiving this report. Relevant changes will be assessed for impact through normal processes.

Human Resources/Organisational Development

24. This report in-itself contains no direct implications for individual staff. However, if implemented, the subsequent delivery programme will have a substantial impact for employees in the way they work.

Commercial/Procurement

25. The changes recommended in the report align with the LGA corporate peer challenge and CIPFA findings that the organisation needs to have more robust procurement and contract management and embed commerciality across the organisation. The report does not address how this will be achieved. This will be developed as part of the development of the Council Improvement Plan.

Environment/Climate Change

26. The Council will continue to support and contribute to the Council's commitment to become a carbon net zero authority by 2030, as part of its climate emergency declaration.

Council Plan

27. The council improvement plan will directly support the Dudley Council Plan 2024-25, specifically: delivering for our customers, residents and communities and Supporting businesses and the local economy.



Balvinder Heran
Interim Chief Executive

Report Author: Balvinder Heran
Telephone: 01384 815330
Email: balvinder.heran@dudley.gov.uk

List of appendices:

- Appendix 1 – LGA Peer Progress Review Feedback Report
- Appendix 2 – CIPFA reports

The above appendices are available to view on the Committee Management Information System.

Meeting of the Audit and Standards Committee – 4th December 2024

Report of the Interim Director of Finance

Risk Management Report

Purpose

1. To discuss the risks reported to Corporate Management Team (CMT) and the status allocated by the Risk Owner as at the end of quarter 2 (September 2024).

Recommendations

2. It is recommended that Audit and Standards Committee:
 - Notes and comments on the risks detailed in paragraphs 3 and 7.
 - Identifies a risk for detailed scrutiny at the April 2025 meeting of this Committee.

Background

Current CMT Risks

3. The risk ratings listed below have been scored by the Risk Owner in accordance with the Likelihood and Impact definitions in the Risk Management Framework. Full details of the Very High Net risks included in the CMT Risk Report are included at **Appendix B**

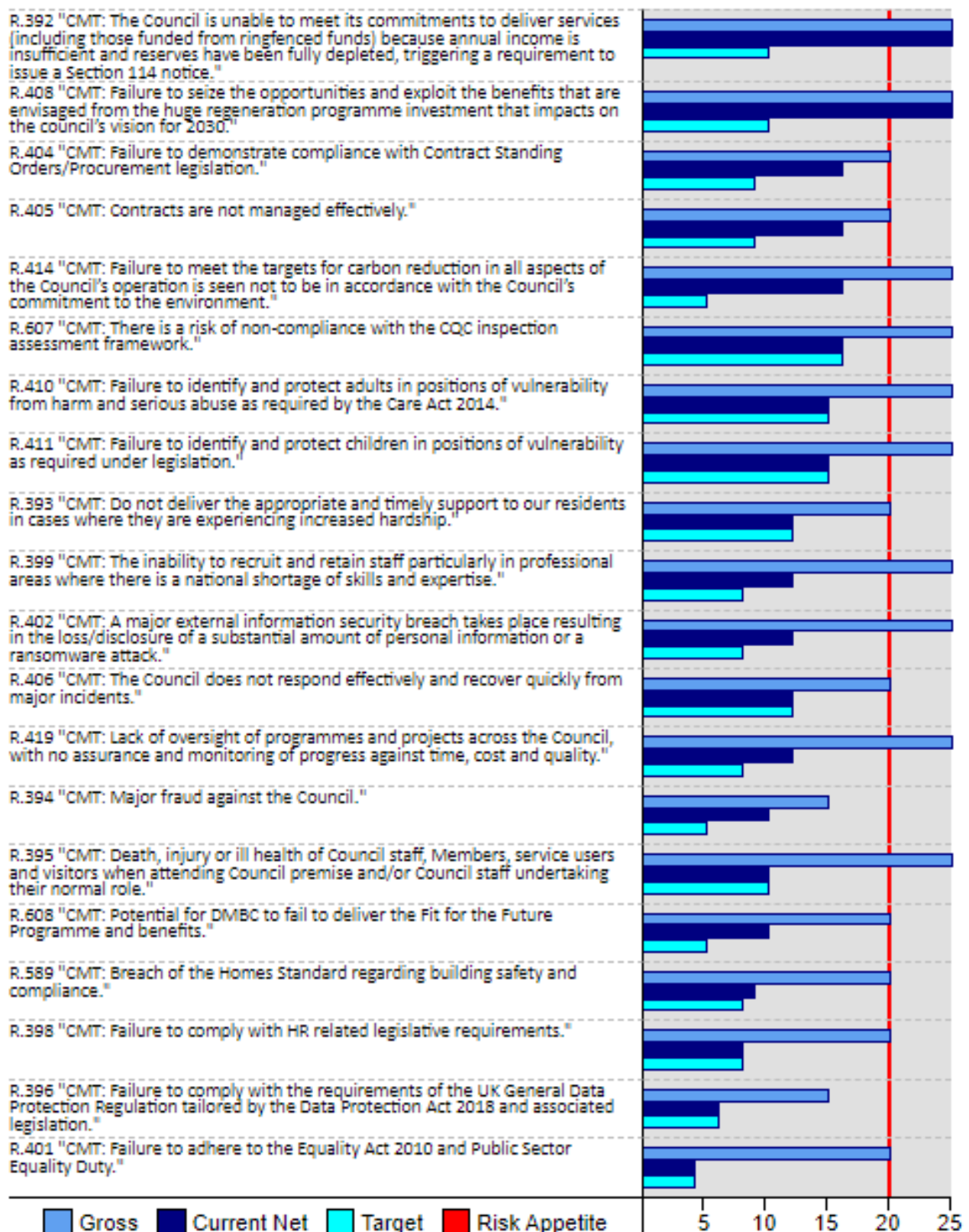
Very High (20-25)
 High (12-19)
 Medium (5-11)
 Low (1-4)
 Not entered

#	Risk Event / Responsible Org Unit	Gross	Target	Previous Net	Current Net
1	R.398 "CMT: Failure to comply with HR related legislative requirements." Chief Executive's	20	8	8	8
Reviewed: 09/02/2017					
2	R.399 "CMT: The inability to recruit and retain staff particularly in professional areas where there is a national shortage of skills and expertise." Chief Executive's	25	8	16	12
Reviewed: 05/12/2022					
3	R.401 "CMT: Failure to adhere to the Equality Act 2010 and Public Sector Equality Duty." Chief Executive's	20	4	4	4
Not Reviewed					
4	R.419 "CMT: Lack of oversight of programmes and projects across the Council, with no assurance and monitoring of progress against time, cost and quality." Chief Executive's	25	8	12	12
Not Reviewed					
5	R.608 "CMT: Potential for DMBC to fail to deliver the Fit for the Future Programme and benefits." Chief Executive's	20	5	15	10
Not Reviewed					
6	R.410 "CMT: Failure to identify and protect adults in positions of vulnerability from harm and serious abuse as required by the Care Act 2014." Directorate of Adult Social Care	25	15	15	15
Reviewed: 07/12/2020					
7	R.607 "CMT: There is a risk of non-compliance with the CQC inspection assessment framework." Directorate of Adult Social Care	25	16	16	16
Reviewed: 4th December 2024					

#	Risk Event / Responsible Org Unit	Gross	Target	Previous Net	Current Net
8	R.411 "CMT: Failure to identify and protect children in positions of vulnerability as required under legislation." Directorate of Children's Services	25	15	15	15
Reviewed: 23/05/2021					
9	R.402 "CMT: A major external information security breach takes place resulting in the loss/disclosure of a substantial amount of personal information or a ransomware attack." Directorate of Digital, Customer & Commercial Services	25	8	12	12
Reviewed: 15/04/2022					
10	R.404 "CMT: Failure to demonstrate compliance with Contract Standing Orders/Procurement legislation." Directorate of Digital, Customer & Commercial Services	20	9	16	16
Reviewed: 20/04/2023					
11	R.405 "CMT: Contracts are not managed effectively." Directorate of Digital, Customer & Commercial Services	20	9	16	16
Not Reviewed					
12	R.414 "CMT: Failure to meet the targets for carbon reduction in all aspects of the Council's operation is seen not to be in accordance with the Council's commitment to the environment." Directorate of Environment	25	5	16	16
Not Reviewed					
13	R.392 "CMT: The Council is unable to meet its commitments to deliver services (including those funded from ringfenced funds) because annual income is insufficient and reserves have been fully depleted, triggering a requirement to issue a Section 114 notice." Directorate of Finance & Legal Services	25	10	25	25
Reviewed: 24th April 2024					

14	R.393 "CMT: Do not deliver the appropriate and timely support to our residents in cases where they are experiencing increased hardship." Directorate of Finance & Legal Services	20	12	12	12
Reviewed: 21/04/2021					
15	R.394 "CMT: Major fraud against the Council." Directorate of Finance & Legal Services	15	5	10	10
Reviewed: 15/04/2015					
16	R.395 "CMT: Death, injury or ill health of Council staff, Members, service users and visitors when attending Council premise and/or Council staff undertaking their normal role." Directorate of Finance & Legal Services	25	10	10	10
Reviewed: 20/09/2021					
17	R.396 "CMT: Failure to comply with the requirements of the UK General Data Protection Regulation tailored by the Data Protection Act 2018 and associated legislation." Directorate of Finance & Legal Services	15	6	6	6
Reviewed: 09/12/2014					
18	R.589 "CMT: Breach of the Homes Standard regarding building safety and compliance." Directorate of Housing & Communities	20	8	9	9
Not Reviewed					
19	R.406 "CMT: The Council does not respond effectively and recover quickly from major incidents." Directorate of Public Health & Wellbeing	20	12	15	12
Reviewed: 21/12/2017					
20	R.408 "CMT: Failure to seize the opportunities and exploit the benefits that are envisaged from the huge regeneration programme investment that impacts on the council's vision for 2030." Directorate of Regeneration & Enterprise	25	10	25	25
Reviewed: 06/12/2023					

4. The graph below shows a comparison of the Gross, Net and Target risk ratings against the Council's acknowledged risk appetite:



5. The table at paragraph 4 above shows the following:
- There are 18 risks rated Very High at the Gross level (18 in April 2024)
 - There are 2 risks rated Very High at the Net level (4 in April 2024). The 2 risks are:
 - R.392 (Budget Management)
 - R.408 (Regeneration Benefits)
 - There are 11 risks where the Net level is above the Target level (14 in April 2024)
6. Since the last risk management report to Audit and Standards Committee no new risks have been added to the CMT Risk Report

Directorate Risks

7. The Risk Management Framework also requires that all directorate Net risks rated Very High are also notified to Corporate Management Team and Audit and Standards Committee. Full details of the Very High Net risks included on Directorate reports are included at **Appendix C**.

Very High (20-25)
 High (12-19)
 Medium (5-11)
 Low (1-4)
 Not entered

#	Risk Event / Responsible Org Unit	Gross	Target	Previous Net	Current Net
1	R.606 "ASC LT: ASC Budgets. There is a risk that there is insufficient budget to meet Care Act requirements." Directorate of Adult Social Care	25	9	25	25
2	R.605 "Disability: Care Act Compliance. There is a risk that we are not reducing the total quantum of risk to be care act compliant." Directorate of Adult Social Care	25	9	20	20
3	R.559 "Children's Social Care: We cannot manage the cost of placements within the current budget." Directorate of Children's Services	20	8	20	20
4	R.452 "Revenues & Benefits: Failure to secure ICT resources to deliver efficient and	20	4	20	20

#	Risk Event / Responsible Org Unit	Gross	Target	Previous Net	Current Net
	effective Revenue and Benefit Services." Directorate of Finance & Legal Services				
5	R.528 "Env Health & TS: Members of the public are at risk if food premises are not compliant with food safety regulations. " Directorate of Public Health & Wellbeing	25	5	25	25
6	R.518 "Public Health: Unable to recruit experienced and qualified Public Health staff" Directorate of Public Health & Wellbeing	25	6	12	25
7	R.553 "Planning: The Building Control service is unable to comply with the requirements of the new Building Safety Bill." Directorate of Regeneration & Enterprise	25	9	20	25
8	R.580 "Regen & Ent: Withdrawal of the proposed METRO route between Dudley Town Centre and Brierley Hill." Directorate of Regeneration & Enterprise	25	10	25	25

Risk Reporting

8. All risks that are rated Very High (Net) are above the Council's risk appetite, are generally unacceptable and where it is possible to manage the risk down to acceptable levels, immediate action should be taken. **Appendix A** shows for the risks that are currently rated Very High at the Net level, the ratings for the previous quarters. This shows there are a number of risks where the rating has not changed in 3 or more quarters.
9. Audit and Standards Committee at its meeting of the 24th April 2024 selected risk R.607 "There is a risk of non-compliance with the CQC inspection assessment framework" for detailed scrutiny at this meeting.
10. Committee need to select another risk for detailed scrutiny at its April 2025 meeting.

Finance

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

Law

12. The Accounts and Audit Regulations 2015 require each relevant authority to have a sound system of internal control which includes effective arrangements for the management of risk.

Risk Management

13. This report does not create any new risks. Although, new risks are put forward for consideration for inclusion on the CMT Risk Report.

Equality Impact

14. This report does not raise any equality issues.
15. An effective risk management framework will help protect the interests of children and young people, albeit they were not consulted on, or involved, with the development of this report.

Human Resources/Organisational Development

16. The lack of sufficient and appropriate resources within Audit and Risk Management Services is affecting its ability to support the embedding of the Risk Management Framework.

Commercial/Procurement

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

Environment/Climate Change

18. There are no direct environmental implications within this report impacting on the Council's work to address Climate Change and achieve our Net Zero target by 2030. However, a risk has been identified in relation to climate change.

Council Plan

19. An effective risk management framework will help to ensure that Council priorities are met.



Brendan Arnold

Interim Director of Finance

Contact Officer: Graham Harrison

Telephone: 01384 815105

Email: graham.harrison@dudley.gov.uk

Background Documents

Appendix A – Very High Net Risks – Movement in Rating

Appendix B – Risks included on the CMT Risk Report that are rated Very High (Net)

Appendix C – Directorate risks rated Very High (Net)

APPENDIX A

Very High Net Risks – Movement in Rating


Risk Event	Inherent Score (Gross)	Target Score	Oct-Dec Score (Net)	Jan-Mar Score (Net)	Apr-Jun Score (Net)	Jul-Sep Score (Net)
[1] R.606 “ASC LT: ASC Budgets. There is a risk that there is insufficient budget to meet Care Act requirements.” Risk Owner: Director of Adult Social Care	25 Very High	9 Medium	25 Very High	25 Very High	25 Very High	25 Very High
[2] R.605 “Disability: Care Act Compliance. There is a risk that we are not reducing the total quantum of risk to be care act compliant.” Risk Owner: Director of Adult Social Care	25 Very High	9 Medium	25 Very High	25 Very High	20 Very High	20 Very High
[3] R.559 “Children's Social Care: We cannot manage the cost of placements within the current budget.” Risk Owner: Service Director of Children's Social Care	20 Very High	8 Medium	20 Very High	20 Very High	20 Very High	20 Very High
[4] R.392 “CMT: The Council is unable to meet its commitments to deliver services (including those funded from ringfenced funds) because annual income is	25 Very High	10 Medium	25 Very High	25 Very High	25 Very High	25 Very High

Risk Event	Inherent Score (Gross)	Target Score	Oct-Dec Score (Net)	Jan-Mar Score (Net)	Apr-Jun Score (Net)	Jul-Sep Score (Net)
insufficient and reserves have been fully depleted, triggering a requirement to issue a Section 114 notice.” Risk Owner: Director of Finance & Legal Services						
[5] R.452 “Revenues & Benefits: Failure to secure ICT resources to deliver efficient and effective Revenue and Benefit Services.” Risk Owner: Head of Revenue & Benefit Services	20 Very High	4 Low	20 Very High	20 Very High	20 Very High	20 Very High
[6] R.528 “Env Health & TS: Members of the public are at risk if food premises are not compliant with food safety regulations.” Risk Owner: Head of Environmental Health & Trading Standards	25 Very High	5 Medium	10 Medium	25 Very High	25 Very High	25 Very High
[7] R.518 “Public Health: Unable to recruit experienced and qualified Public Health staff” Risk Owner: Director of Public Health & Wellbeing	25 Very High	6 Medium	12 High	12 High	12 High	25 Very High
[8] R.408 “CMT: Failure to seize the opportunities and exploit the benefits	25 Very High	10 Medium	20 Very High	20 Very High	25 Very High	25 Very High

Risk Event	Inherent Score (Gross)	Target Score	Oct-Dec Score (Net)	Jan-Mar Score (Net)	Apr-Jun Score (Net)	Jul-Sep Score (Net)
that are envisaged from the huge regeneration programme investment that impacts on the council's vision for 2030.” Risk Owner: Director of Regeneration & Enterprise						
[9] R.553 “Planning: The Building Control service is unable to comply with the requirements of the new Building Safety Bill.” Risk Owner: Head of Planning	25 Very High	9 Medium	25 Very High	25 Very High	20 Very High	25 Very High
[10] R.580 “Regen & Ent: Withdrawal of the proposed METRO route between Dudley Town Centre and Brierley Hill.” Risk Owner: Director of Regeneration & Enterprise	25 Very High	10 Medium	25 Very High	25 Very High	25 Very High	25 Very High

APPENDIX B

CMT Very High Net Risks

[1] R.392 “CMT: The Council is unable to meet its commitments to deliver services (including those funded from ringfenced funds) because annual income is insufficient and reserves have been fully depleted, triggering a requirement to issue a Section 114 notice.” Risk Owner: Director of Finance & Legal Services				
Cause(s) of Risk				
Demand for certain statutory services continues to increase e.g. Adult Social Care and Looked after Children which is not met by increased government funding and/or the inability to raise council tax above a certain level.				
Consequence(s) of Risk				
Services are not delivered as required and government intervention.				
Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	10: Medium Likelihood: (2) Unlikely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	SAME 
Latest Risk Status Update (01/07/2024 to 30/09/2024)				
<ul style="list-style-type: none"> Status: The risk status remains the same. However, controls/actions that have been put in place are currently being evaluated as to their impact and it is expected that the risk status will improve shortly reflecting that budget savings have been identified. Entered by: Graham Harrison, 08/11/2024 				
Mitigating Actions to Progress				
Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).				
A.5663 Spending controls with defined exceptions to be approved by the Internal Delivery Group. To be maintained until unringfenced reserves rise back to 20% of spend. Responsible Officer: Director of Finance & Legal Services. Start Date: 26/10/2023. End Date: 30/06/2025.				
<ul style="list-style-type: none"> Status: ONTARGET (01/07/2024 to 30/09/2024) Progress: Spending controls continue to apply. Entered by: Graham Harrison, 08/11/2024 				
A.5682 The Improvement and Assurance Board and Improvement and Assurance Plan (“Fit for the Future”) have a strong focus on financial sustainability. Responsible Officer: Director of Finance & Legal Services. Start Date: 01/11/2023. End Date: 30/06/2025.				
<ul style="list-style-type: none"> Status: ONTARGET (01/07/2024 to 30/09/2024) Progress: The Improvement and Assurance Board has been replaced with an 				

internal Improvement Board. This will continue to have a strong focus on financial sustainability.

■ Entered by: Graham Harrison, 08/11/2024

Mitigating Actions in Place

- 1) Regular reviews are undertaken to ensure statutory services/all services are delivered as efficiently and effectively as possible.
- 2) The Council has made representations to the government on how funding is allocated.
- 3) Council Tax is raised by the maximum percentage possible.
- 4) Regular reports to Council, Cabinet, Scrutiny Committee, Audit & Standards on budget management.
- 5) All directorates are required to identify savings.

[2] R.408 “CMT: Failure to seize the opportunities and exploit the benefits that are envisaged from the huge regeneration programme investment that impacts on the council’s vision for 2030.”

Risk Owner: Director of Regeneration & Enterprise

Cause(s) of Risk

Due to a lack of a strategic approach, ineffective governance and insufficient resources.

Consequence(s) of Risk

Unfulfilled economic prosperity and social benefits.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	10: Medium Likelihood: (2) Unlikely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	SAME ➔

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: Robust reporting remains in place but the Major Capital Programme Board (or equivalent) remains dormant and this needs to be addressed. Director of R&E has raised with DCEX and Programme Manager and consideration being given as to how this is incorporated in governance moving forward. Economic Regeneration Strategy adopted and prioritisation of pipeline to take place via WMCA Place Based Strategy piece. Considered by Scrutiny March 24 and scheduled to be reported again March 25. PBS and Culture Strategy approved by Cabinet. Interims remain in place (reduced by 1 FTE) to provide capacity and capability. All projects updated via Verto and project plans.
- Entered by: Helen Martin, 04/10/2024

Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

A.3838 A bid has been made for additional resources to support the regeneration programme.

Responsible Officer: Director of Regeneration & Enterprise. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: The Regeneration Strategy and prioritised pipeline via Placed Based Strategy will help to map the level of resource required to match the programme. Given budget constraints the council cannot fund further posts. Where possible additional posts will be capitalised as part of project deliver funded by grant awards. Remains the case that essentially activity will need to match resource. in short this means the activity is necessarily limited to projects in flight and/or grant funded. This was endorsed at cabinet in September 24.
- Entered by: Helen Martin, 04/10/2024

A.3840 A review of resources is to be undertaken to align where possible to the needs of the regeneration programme.

Responsible Officer: Director of Regeneration & Enterprise. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: ONTARGET (01/07/2024 to 30/09/2024)
- Progress: Economic Regeneration Strategy adopted following Cabinet March 2024. Pipeline being prioritised to match activity to level of resource available via WMCA Place Based Strategy work. PBS endorsed at Cabinet in September 24. 2024/25 activity necessarily limited to in flight or grant funded projects only.
- Entered by: Helen Martin, 04/10/2024

A.3837 Creation of a clear regeneration statement/plan on a page on the vision for the borough, linked to the Council Plan and local plan to show that activity is aligned. The statement will clearly show the benefits expected from the regeneration programme

Responsible Officer: Director of Regeneration & Enterprise. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: ONTARGET (01/07/2024 to 30/09/2024)
- Progress: Economic Regeneration Strategy adopted at Cabinet March 2024. Place Based Strategy endorsed September 24 Cabinet. Dudley Portal maps benefits.
- Entered by: Helen Martin, 04/10/2024

A.5684 The proposed METRO route between Dudley Town Centre and Brierley Hill is vital to the success of a number of regeneration bids. Currently there is a concern on how the route is to be funded. The Director of R & E is in discussion with the WMCA on how

Responsible Officer: Director of Regeneration & Enterprise. Start Date: 01/04/2024. End Date: 31/12/2024.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: Report scheduled for July 24 board of WMCA on the funding related to Metro Phase 2 and whether this can go all the way to Brierley Hill High Street due to increased costs and delay top programme. Officers have responded on draft report and requested amendments. Officers and relevant members have met with new CA Mayor to present the case. Approval is subject to support from all CA LA leaders.
- Entered by: Helen Martin, 04/10/2024

A.3839 Town Fund Boards that include key external stakeholders are to be set up in each of the major towns (already set up in Dudley and Brierley Hill). These will act as a consultation and communication forum.

Responsible Officer: Director of Regeneration & Enterprise. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: Boards are established in Dudley, Brierley Hill and Halesowen (emerging). Longer Term Town Deal for Dudley announced on 8th October (£20m over 10 years). Board membership agreed with DLUHC and first meeting to be held 10th May. New chair agreed and next meeting is November to approved returns submission. Impact of national elections means MHCLG have not agreed the boundary changes and therefore have not released the initial funds. The leader has written to the minister to see if this can be unlocked. No funding prevents consultation on the draft plan. LUF bids for Brierley Hill and Halesowen announced November 2023. These are also paused pending announcements in the Autumn budget

statement.


■ Entered by: Helen Martin, 04/10/2024

Mitigating Actions in Place

- 1) Robust governance process has been established with regular reporting on regeneration opportunities and progress on projects to SEB and Major Capital Investment Board.
- 2) Member and key stakeholder involvement in decisions to bid and bid submission. Use of scrutiny process to ensure Member oversight.
- 3) Where capacity is insufficient interims and consultants will be used.
- 4) All projects have individual Risk registers and steering groups that report into SEB/MCIB.

APPENDIX C

Directorate Very High Net Risks

[1] R.606 “ASC LT: ASC Budgets. There is a risk that there is insufficient budget to meet Care Act requirements.” Risk Owner: Director of Adult Social Care				
Cause(s) of Risk				
The limited level of Council reserves (less than 19%), insufficient funding from Central Government to meet the rising cost of care and sustained growth for demand in care.				
Consequence(s) of Risk				
Unable to provide good quality Adult Social Care and a sustainable funding base in line with demand.				
Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	9: Medium Likelihood: (3) Possible × Impact: (3) Moderate	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	SAME 
Latest Risk Status Update (01/07/2024 to 30/09/2024)				
<ul style="list-style-type: none"> Status: Residual Risk Score: VERY HIGH (25) The overspending position for August 2024 is £5.696m which has increased in line with demand and trend expectations. There is a plan being drafted to reduce that but majority is linked to care pressures and outstanding CHC funding from the Trust/ICB. Entered by: Jade Cooksey, 25/10/2024 				
Mitigating Actions to Progress				
Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).				
A.5683 ASC LT: Expert consultants have been procured to support the council in its discussions with the Integrated Care Board (ICB) re: Continuing Healthcare (CHC) funding. Responsible Officer: Head of Dudley Disability Services. Start Date: 20/03/2024. End Date: 31/03/2025.				
<ul style="list-style-type: none"> Status: BEHIND (01/07/2024 to 30/09/2024) Progress: Progress is being made in the discussions to resolve this. Entered by: Jade Cooksey, 25/10/2024 				
A.5665 ASC LT: Plan for Budget recovery plus growth requests Responsible Officer: Head of Dudley Disability Services. Start Date: 13/11/2023. End Date: 31/03/2025.				
<ul style="list-style-type: none"> Status: ONTARGET (01/07/2024 to 30/09/2024) Progress: Bar Joint funding savings targets, all other targets are in progress and expected to be achieved. Entered by: Jade Cooksey, 25/10/2024 				
Mitigating Actions in Place				
1) Initial workshop carried out for budget recovery.				

[2] R.605 “Disability: Care Act Compliance. There is a risk that we are not reducing the total quantum of risk to be care act compliant.”

Risk Owner: Director of Adult Social Care

Cause(s) of Risk

Not having the objective data for care act compliance and implementing measures of improvement.

Consequence(s) of Risk

We do not operate a safe system and hence are not care act compliant.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	9: Medium Likelihood: (3) Possible × Impact: (3) Moderate	20: Very High Likelihood: (4) Very Likely × Impact: (5) Severe	20: Very High Likelihood: (4) Very Likely × Impact: (5) Severe	SAME ➔

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: Significant issues with recruitment have led to a large number of vacancies within the service. This is having an impact on ability to allocate cases for assessment and thus waiting lists are growing. The number of senior social work vacancies has had an impact on ability to respond to the demand for more complex work and safeguarding cases. This has been managed in the short term by one off support from the Mental Health Team.
- Entered by: Jade Cooksey, 25/10/2024


Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

No mitigating actions to progress linked.

Mitigating Actions in Place

N/A

[3] R.559 “Children's Social Care: We cannot manage the cost of placements within the current budget.” Risk Owner: Service Director of Children's Social Care				
Cause(s) of Risk				
There are low numbers of internal foster placements who can meet the varied needs of our children. There is too much movement of children across LA boundaries.				
Consequence(s) of Risk				
A further negative impact on council budget that is already under extreme pressure. Negative impact on the emotional wellbeing of children.				
Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
20: Very High Likelihood: (5) Extremely Likely × Impact: (4) Significant	8: Medium Likelihood: (2) Unlikely × Impact: (4) Significant	20: Very High Likelihood: (5) Extremely Likely × Impact: (4) Significant	20: Very High Likelihood: (5) Extremely Likely × Impact: (4) Significant	SAME 
Latest Risk Status Update (01/07/2024 to 30/09/2024)				
<ul style="list-style-type: none"> ■ Status: All high cost placements continue to be reviewed, including care planning for children in this cohort. Costs of external provision commissioned by Dudley continues to be comparatively lower than the region, which is positive. However, the cost of external provision continues to place significant pressure on Directorate budget with a forecast reported pressure of £3.751m. On this basis, it is proposed that the impact is increased from Significant (4) to Severe (5), resulting in an overall increase risk score. ■ Entered by: Matthew Smith, 30/10/2024 				
Mitigating Actions to Progress				
Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).				
A.4333 Commission new arrangements to cover identified gaps in residential provision in the short-term				
Responsible Officer: Interim Service Manager. Start Date: 12/01/2023. End Date: 31/03/2025.				
<ul style="list-style-type: none"> ■ Status: BEHIND (01/07/2024 to 30/09/2024) ■ Progress: Corporate landlords have commenced work with a surveyor and engagement with providers. ■ Entered by: Matthew Smith, 23/10/2024 				
A.4085 Review all residential provision to identify where there are gaps and where we are spot commissioning rather than having formal arrangements in place.				
Responsible Officer: Interim Service Manager. Start Date: 01/01/2022. End Date: 31/03/2025.				
<ul style="list-style-type: none"> ■ Status: ONTARGET (01/07/2024 to 30/09/2024) ■ Progress: Coventry continuing work to refresh the regional framework and updates are presented to Commissioning Board. National challenges remain in both the availability of appropriate and cost of residential provision. ■ Entered by: Matthew Smith, 23/10/2024 				
Mitigating Actions in Place				

- 1) The Recruitment and Retention of Foster Carers Strategy has been developed and implementation has started.
- 2) Continue and increase oversight of spend through weekly high cost meetings and regular budget reviews with finance, as well regular meetings with commissioning colleagues to consider best value procurement and commissioning arrangements.

[4] R.452 “Revenues & Benefits: Failure to secure ICT resources to deliver efficient and effective Revenue and Benefit Services.”

Risk Owner: Head of Revenue & Benefit Services

Cause(s) of Risk

Digital and ICT Services have not allocated adequate resources to support Revenue and Benefit Services.

Consequence(s) of Risk

Adverse performance, negative impact on cashflow and reputational damage.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
20: Very High Likelihood: (5) Extremely Likely × Impact: (4) Significant	4: Low Likelihood: (2) Unlikely × Impact: (2) Minor	20: Very High Likelihood: (5) Extremely Likely × Impact: (4) Significant	20: Very High Likelihood: (5) Extremely Likely × Impact: (4) Significant	SAME ➔

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: No change to the previous quarter
- Entered by: Rachael Dobson, 23/10/2024

Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

A.3881 The Head of Service and Director of Finance and Legal will emphasise to the Director of Digital, Customer and Commercial Services the importance of providing resources to develop Revenue and Benefit Systems.

Responsible Officer: Head of Revenue & Benefit Services. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: Head of Service for Technology System & Services are aware of the importance of the resources required to develop the Revs and Bens NEC system. The delay in commencing improvement work is due to the NEC Cloud migration, and a risk has been created under the migration project plan.
- Entered by: Rachael Dobson, 23/10/2024

Mitigating Actions in Place

- 1) The support and development of Revenue and Benefit ICT Systems has been entered onto the ICT Roadmap.

[5] R.528 “Env Health & TS: Members of the public are at risk if food premises are not compliant with food safety regulations.”

Risk Owner: Head of Environmental Health & Trading Standards

Cause(s) of Risk

Without a regular programme of food safety inspections being completed, food premises are not visited and assessed against the food safety regulations.

Consequence(s) of Risk

Food premises not being compliant can lead to customers becoming ill and outbreaks occurring. This can result in action being taken against business owners, including premises being fined and closed down.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	5: Medium Likelihood: (1) Extremely Unlikely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	SAME ➔

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: There are now in the order of 500 food premises registered in the Dudley Borough which environmental health have no capacity to inspect. The number is due to a backlog from the pandemic and unprecedented numbers of new food businesses registering with the Dudley Local Authority. This is largely caused by the increase in online food delivery businesses. A contractor is now in place is working on reducing the backlog but this will take more time to reduce the risk.
- Entered by: Alison Harris, 22/10/2024

Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

No mitigating actions to progress linked.

Mitigating Actions in Place

- 1) Programme of inspections to cover all Food Premises according to risk rating
- 2) Process in place to respond to all reported food poisoning incidents
- 3) Reporting arrangements and accountability to Food Standards Agency
- 4) Closure and prosecutions process, where appropriate, for premises which are found to be non compliant

[6] R.518 “Public Health: Unable to recruit experienced and qualified Public Health staff”

Risk Owner: Director of Public Health & Wellbeing

Cause(s) of Risk

Public Health staff are in short supply and the Council's terms and conditions of employment are not attractive.

Consequence(s) of Risk

Use of agency staff where available to complete key Public Health roles which impacts upon the budget position and ability to develop and manage the public health functions.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	6: Medium Likelihood: (2) Unlikely × Impact: (3) Moderate	12: High Likelihood: (4) Very Likely × Impact: (3) Moderate	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	WORSE ↓

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: 2 consultant and 1 principal post are vacant and unable to recruit due to grading of post and vacancy freeze.
- Entered by: Alison Harris, 22/10/2024

Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

A.4021 A number of new posts have been approved and recruitment in progress or planned.

Responsible Officer: Head of Service for Healthy Communities, Places and Workforce. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: Unable to recruit to vacant posts due to grading issues and vacancy freeze
- Entered by: Alison Harris, 22/10/2024

A.4023 Action for year to develop workforce planning programme to upskill current workforce.

Responsible Officer: Head of Adults & Older People's Public Health. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: MTFs is being prioritised
- Entered by: Alison Harris, 22/10/2024

A.4022 Plan to do workforce planning tool to analyse what staff are required and the skills required.

Responsible Officer: Head of Service for Healthy Communities, Places and Workforce. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: MTFs prioritised. Carrying 3 SLT vacancies
- Entered by: Alison Harris, 22/10/2024

A.4024 Training Plan to be reviewed to develop staff skills and provide specialist and support skills.

Responsible Officer: Head of Adults & Older People's Public Health. Start Date: 01/01/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: SLT carrying 3 vacancies - other work is being prioritised
- Entered by: Alison Harris, 22/10/2024

Mitigating Actions in Place

- 1) Have access to experienced Public Health Consultants to utilise on a temporary basis
- 2) Training schemes in place "grow own" staff, providing career training and progression within the Public Health Teams

[7] R.553 “Planning: The Building Control service is unable to comply with the requirements of the new Building Safety Bill.”

Risk Owner: Head of Planning

Cause(s) of Risk

Training requirements cannot be satisfied and work not undertaken. Staff do not, for whatever reason, become Registered Building Inspectors and so cannot practice. Also, staff may be seconded to the BSR, thus leaving the Local Authority short staffed and, by definition, the officers seconded will be the most qualified and experienced.

Consequence(s) of Risk

The Building Safety Regulator will have powers to issue monetary fines, restriction of activities, suspension of registration or cancellation of registration against individual Registered Building Inspectors.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	9: Medium Likelihood: (3) Possible × Impact: (3) Moderate	20: Very High Likelihood: (4) Very Likely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	WORSE ↓

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: The pressure of delivering a sub-standard service has taken a toll on the backlog and the resources. Operating with insufficient resources constantly is unsustainable and the complaints and requests for compensation and/or refunds is now significant. All attempts which have been made to resource the team have been unsuccessful.

- Entered by: Carl Mellor, 01/11/2024

Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

A.5674 Briefing paper to senior management (potential Cabinet) about the BC service resourcing and options

Responsible Officer: Head of Planning. Start Date: 05/03/2024. End Date: 01/06/2024.

- Status: COMPLETED (01/04/2024 to 30/06/2024)
- Progress: A paper addressing Market Supplement payments for posts was presented and approved.
- Entered by: Carl Mellor, 01/11/2024

A.5673 Liaise with HR in respect of the requirements of existing officers beyond 6th April 2024

Responsible Officer: Head of Planning. Start Date: 05/03/2024. End Date: 31/03/2025.

- Status: COMPLETED (01/04/2024 to 30/06/2024)
- Progress: This conversation was had and ultimately the only officer in post achieved the necessary registration in time of the deadline.
- Entered by: Carl Mellor, 01/11/2024

A.5669 Look to recruit a number of ‘zero hours contracts’ to assist with fluctuating service demands

Responsible Officer: Head of Planning. Start Date: 05/03/2024. End Date: 01/04/2024.

- Status: CLOSED (01/07/2024 to 30/09/2024)
- Progress: We have decided that this is not currently the priority when we need permanent recruitment on a full-time basis.
- Entered by: Carl Mellor, 01/11/2024

A.5670 Recruit a Building Control Lead on a temporary basis to provide a Registered Building Inspector and to lead and implement on a service redesign

Responsible Officer: Head of Planning. Start Date: 05/03/2024. End Date: 18/03/2024.

- Status: COMPLETED (01/04/2024 to 30/06/2024)
- Progress: We recruited a consultant to assist with the management of the technical aspects of the team and the transition to the new regulations in April.
- Entered by: Carl Mellor, 01/11/2024

Mitigating Actions in Place

- 1) An awareness of the legislation requirements and a timeframe for resolution.

[8] R.580 “Regen & Ent: Withdrawal of the proposed METRO route between Dudley Town Centre and Brierley Hill.”

Risk Owner: Director of Regeneration & Enterprise

Cause(s) of Risk

Significant increase in material and operational costs and difficulties in obtaining additional funding.

Consequence(s) of Risk

There will be significant implications for a number of Plans (Black Country Plan, Brierley Hill Plan) and investment strategies and huge consequences for the regeneration of the Borough.

Inherent Score (Gross)	Target Score	Previous Score (Net)	Current Score (Net)	Direction
25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	10: Medium Likelihood: (2) Unlikely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	25: Very High Likelihood: (5) Extremely Likely × Impact: (5) Severe	SAME ➔

Latest Risk Status Update (01/07/2024 to 30/09/2024)

- Status: Report went to July 24 board of WMCA on the funding related to Metro Phase 2 and whether this can go all the way to Brierley Hill High Street due to increased costs and delay to programme. Officers and relevant members have met with new CA Mayor to present the case. Approval is subject to support from all CA LA leaders. Workstream with TfWM officers on unlocking phase 2c to the High Street. Meeting Leader/Mayor 10th October and officers to progress.
- Entered by: Helen Martin, 09/10/2024

Mitigating Actions to Progress

Intended to help achieve the Target Score. They should be SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound).

A.4303 A report is to be prepared for a July WMCA Board meeting to agree how the financial issues will be resolved. The report is to be prepared jointly by TfWM, DMBC, Sandwell MBC and MMA.

Responsible Officer: Director of Regeneration & Enterprise. Start Date: 18/07/2022. End Date: 31/03/2025.

- Status: BEHIND (01/07/2024 to 30/09/2024)
- Progress: Report went to July 24 board of WMCA on the funding related to Metro Phase 2 and whether this can go all the way to Brierley Hill High Street due to increased costs and delay to programme. Officers and relevant members have met with new CA Mayor to present the case. Approval is subject to support from all CA LA leaders. working with TfWM officers on unlocking Phase 2c. Meeting with Leader/Mayor on 10th October 24 about business case and Plan B if 2a-b not funded by DfT. Phase 2c a separate process.
- Entered by: Helen Martin, 09/10/2024

Mitigating Actions in Place

N/A

Meeting of the Audit and Standards Committee – 4th December 2024

Report of the Interim Director of Finance

Annual Audit Report for the Chief Executive

Purpose of the Report

1. This report summarises the audit work undertaken for those Directors (Adult Social Care, Children's Services, Public Health and Wellbeing and Heads of Service (Assistant Director People and Inclusion, Communications and Public Affairs, Chief Executive's Office) who report directly to the Chief Executive for the financial year 2023/24.

Recommendation

2. It is recommended that Audit and Standards Committee accept the findings in respect of the 2023/24 audit work.

Background

3. During the year 14 assurance audits were undertaken of which 6 received a negative assurance rating (Minimal or Limited). These were:
 4. Children's Services Contract Management (**Minimal**)
 5. Children's Services Information Governance and Records Management (**Limited**)
 6. Schools Improvement (**Limited**)
 7. Business Rates (**Limited**)
 8. Events Management (**Limited**)
 9. Recruitment (**Limited**)

For each of these audits a number of High findings were raised.

4. In addition to the assurance audits, 7 other areas of audit activity including consultancy were undertaken and in total 106 findings were raised. Please see Appendix 1.

5. The findings raised are split into 43 High, 51 Medium and 12 Advisory. Whenever an audit is carried out, Audit and Risk Management Services review all agreed actions in relation to findings in the previous audit (if not previously reviewed or found to be implemented) to confirm that they have been implemented. There were 3 unimplemented actions in relation to findings from the previous reviews. Some high rated findings are also unimplemented from the previous review.
6. Audit and Standards Committee have set targets for the receipt of the initial management response and for the issue of the final audit report. Initial management responses need to be received within 4 weeks of the date of issue of the draft report and final reports need to be issued within 6 weeks of the date of the draft report. 60% of management responses were provided within the 4 week target and 67% of final reports were issued within the 6 week target of the date of the draft report.
7. In addition, 12 areas of audit activity were carried out relating to Schools, which are listed in Appendix 1. Audit and Risk Management Services raised a total of 114 findings of which there was 1 Critical, 22 High, 81 Medium and 10 Advisory. There were also 19 agreed actions in relation to findings that were unimplemented from the previous reviews (if not previously reviewed and found to be implemented). School audit reports are discussed by the appropriate School Governing Body/Committee.
8. As part of our quality review process a post audit questionnaire (PAQ) is issued at the completion of most audits. Of the 15 PAQ's returned, 14 provided an overall opinion of the audit as "Very Good" or "Good" and 1 "Satisfactory".
9. I include below a brief summary of the key issues identified in the audits carried during 2023-24:

Adult Social Care

Adult Commissioning and Market Sustainability

Findings Summary

There was not a consistent approach for the management of risk for the different work programmes.

Issues identified included risk registers either not being in place or not being aligned with the Corporate Risk Management Framework.

There was also no regular monitoring process in place for risk registers or 'significant' risks that could impact on the successful delivery of the overall Market Sustainability Plan.

Adult Mental Health

Findings Summary

A transition to adulthood pathway is not in place to ensure all care and support needs have been appropriately assessed and put in place by the time a young person who is transitioning to the Adult Mental Health Service turns 18 years old.

Liquid Logic data provided at the time of the audit indicated that of the 966 clients known to Adult Social Care with a Section 117 legal status, approximately 60% of clients did not have an active support plan in place.

A review of caseloads identified that as of 28 September 2023, there were 40 unallocated cases in the 40+ Mental Health Social Care Team worktray dating back to 17 August 2023. There are no formal timescales for allocating cases assessed as having a 'High', 'Normal' and 'Low' priority and complexity.

Better Care Fund Policy Framework Review

Findings Summary

The current Adult Social Care Risk Register does not include a risk associated with the administration of the Better Care Fund.

Also the 5 Better Care Fund Plan performance metrics are not included in the Adult Services Monthly Directorate Level Scorecard which would facilitate continual monitoring.

Welfare Benefits Team

Findings Summary

As part of quality assurance processes, each week a finalised financial assessment should be checked for each Welfare Benefits Officer (WBO). Testing during the audit, found that out of the 11 WBOs that undertake financial assessments only 2 had a case reviewed each week in the period with 1 WBO only having 1 case checked in 6 weeks.

Chief Executive

Events Management

Findings Summary

There was no clear record that the Dudley MBC Risk Assessment (confirming that all of the control measures and actions detailed are in place) and the Event Safety Plan (confirming that all safety details specified are in place) had been reviewed prior to events taking place.

Evidence that health and safety documentation had been completed was not always maintained.

There is no post event monitoring. This would include the budget/financial position, achievement of indicators and commercial targets and any learning from the event.

The budget position for each event was not consistently recorded, including agreeing expected income and expenditure for each event.

A standard Event Project Plan had not been consistently used for all events. The Event Project Plan template did not include a project risk register for completion.

Not all events had a formal risk register in place based upon the Corporate Risk Management Framework.

Performance Data Quality

Findings Summary

Officers responsible for administering Performance Indicators were not aware of the requirements detailed in the Corporate Performance Management Framework in relation to performance indicators.

Testing of a random sample of performance indicators, identified weaknesses in management approval procedures, record keeping arrangements and data quality procedures.

Recruitment

Findings Summary

Non-compliance with the Council's Recruitment and Selection Guidance. This included staff on selection panels not receiving the appropriate training, key records not being kept for the appropriate retention period, inappropriate candidate scoring, candidates not

fulfilling the essential requirements of the role being recruited, whilst other candidates who met the essential criteria were not interviewed.

There was also no quality monitoring framework in place to ensure recruitment exercises were carried out in accordance with the council's Recruitment and Selection Guidance.

Children's Services

Children's Services Contract Management

Findings Summary

It is a corporate requirement for the details of all contracts over £5,000 to be recorded on the Council's Contract Register, but only 6 contracts in the Children's Services Directorate had been entered on the Council's Contract Register.

A review of contract management arrangements found that there are no ongoing due-diligence checks undertaken, performance measures had not been established for all contracts or were not being actively monitored and contract monitoring meetings were not always being held.

There was also a delay in a contract extension being approved while the service continued to be provided, a contract was not in place for consultancy services, and a standard agreement was not in place for external placements made by the Virtual School.

Children's Services Information Governance and Records Management

Findings Summary

At the time of the audit there was limited compliance and engagement with corporate training courses relevant to subjects such as data protection, data breaches, cyber security and managing records. This has implications for regulatory compliance and working with partners.

Risks relating to paper care records for which there are no backups are not reflected in the directorate risk register.

Directorates including Children's Services have not yet rolled out Purview Advanced Message Encryption due to resource issues, the deployment and use of which should help to reduce information security incidents that are a result of misdirected emails.

More than half of Children's Services network accounts inactive since January 2024 did not have an auto responder set, which increases the likelihood that time-sensitive matters (including statutory information access requests) are not dealt with promptly.

School Improvement

Findings Summary

The School Improvement Risk Register is used to allocate a priority rating against each school in the borough which determines the level of school improvement support to be provided during the academic year. Although a school priority rating should be based on a number of factors (such as changes in leadership, complaints, attendance and exclusion data, financial and governance issues) the School Improvement Risk Register only captures Ofsted inspection dates and ratings.

A review of the priority rating allocated to some schools within the School Improvement Risk Register identified that they did not appear to reflect the agreed Prioritisation Criteria, but there were no records to support the rationale for the priority rating allocated to schools.

Finance and Legal Services

Business Rates

Findings Summary

No reconciliation between Northgate records and the Valuation Office Agency records has been undertaken since 2021.

During the Covid-19 pandemic, the programme to inspect void properties every 6 months, was suspended and at the time of audit had not been re-established. A review of the voids database identified that there are approximately 1120 void properties where no charges are being made. It was also noted that there is no process in place to liaise with Officers in the Environmental Health and Trading Standards service area to obtain reports that detail registered businesses that the voids database could be matched to.

There is a robust automated process in place with 2 of the 3 Enforcement Agency companies that undertake business rates recovery activity for Dudley MBC. However, despite requests to officers in Digital, Customer & Commercial Services, the same process has

never been extended to Bristow and Sutor due to resource issues. Bristow and Sutor forward monies collected but do not forward any supporting reports for checking purposes and to allow Officers to progress cases through the necessary recovery stages.

Treasury Management

Findings Summary

No formal self assessment has been completed against the revised CIPFA Treasury Management in the Public Services Code of Practice was published in 2021, to ensure that the Council is fully compliant. However, it was found that an informal review (not documented) had been undertaken and the most significant change identified was the need to report more frequently to the organisation and the body responsible for scrutiny (Audit and Standards Committee). Plans to address this are being developed.

Banking System (Lloyds Commercial Banking Online)

Findings Summary

Financial Services and Technology Services need to identify suitable reports and functionality within the Lloyds Bank Commercial Online Banking System to enable the re-establishment of control arrangements that were agreed for the previous banking system, including: the reconciliation of administration activity and change requests to Dudley MBC system records, quarterly distribution of user and permission reports for review, monitoring updates to security procedures from the bank and completing regular reviews.

Public Health and Wellbeing

Food Safety

Findings Summary

As a result of changes at Director and Head of Service level some formal, signed onward delegation documents could not be located.

It was further noted that the Instrument of Authorisation forms that were provided and the warrant cards used by officers are authorised by a former Head of Environmental Health and Trading Standards who is no longer an employee.

At present there is no process in place to ensure procedures are regularly reviewed. Whilst the set of procedures currently in use are deemed fit for purpose as a reference point for officers, most are dated 2018 and 2019 (some earlier) and as such have not been reviewed and updated for several years.

10. The table below shows Management's assessment of the implementation of actions relating to High findings.

Adult Social Care	
Adult Commissioning and Market Sustainability	
Implemented	In Progress
1	0
Adult Mental Health	
Implemented	In Progress
4	1
Chief Executive	
Events Management	
Implemented	In Progress
4	0
Performance Data Quality	
Implemented	In Progress
1	0
Recruitment	
Implemented	In Progress
6	0
Children's Services	
Children's Services Contract Management	
Implemented	In Progress
10	3

Children's Services Information Governance and Records Management		
Implemented		In Progress
4		0
School Improvement		
Implemented		In Progress
3		0
Finance and Legal Services		
Business Rates		
Implemented		In Progress
3		0
Banking System (Lloyds Commercial Banking Online)		
Implemented		In Progress
1		0
Public Health and Wellbeing		
Food Safety		
Implemented		In Progress
0		2
SUMMARY POSITION		
Total	Implemented	In Progress
43	37	6

Finance

11. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Council.

Law

12. The Accounts and Audit Regulations 2015 require the council to maintain a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk. The meetings of Audit and Standards Committee help to ensure that a sound system of internal control is in place.

Risk Management

13. The proposals contained within this report do not raise any “material” risks.

Equality Impact

14. This report does not raise any equal opportunities issues.
15. The work of Audit and Risk Management Services helps to protect the interests of children and young people, albeit they were not consulted on, or involved, with the production of this report.

Human Resources/Organisational Development

16. There are no human resources or organisational development implications arising from this report.

Commercial/Procurement

17. This report does not have any commercial/procurement implications.

Environment/Climate Change

18. There are no direct environmental implications within this report impacting on the Council’s work to address Climate Change and achieve our Net Zero target by 2030.

Council Plan

19. The work undertaken by Audit and Risk Management Services helps to ensure Council priorities are achieved by ensuring the Council has an effective framework of governance, risk management and internal control.



Brendan Arnold

Interim Director of Finance

Contact Officer: Graham Harrison

Telephone 01384 815105

Email : graham.harrison@dudley.gov.uk

List of Background Papers

Audit and Risk Management Services Reports

Audit Activity	Total	C	H	M	A	U	Assurance Rating
Adult Social Care – Assurance Audits							
Adult Commissioning and Market Sustainability	1	0	1	0	0	0	Reasonable
Adult Mental Health	19	0	5	10	4	0	Reasonable
Better Care Fund Policy Framework Review	3	0	0	3	0	1	Substantial
Welfare Benefits Team	4	0	0	3	1	1	Reasonable
Adult Social Care – TOTAL	27	0	6	16	5	2	
Children’s Services – Assurance Audits							
Children's Services Contract Management	19	0	13	5	1	0	Minimal
Children's Services Information Governance and Records Management	6	0	4	1	1	0	Limited
School Improvement	8	0	3	4	1	0	Limited
Children’s Services – Consultancy and Other Audits							
Family Hub Grant Certification							N/A
Strengthening Families Grant Claim							N/A
Children’s Services –TOTAL	33	0	20	10	3	0	
Finance and Legal Services – Assurance Audits							
Business Rates	6	0	3	3	0	0	Limited
Treasury Management	1	0	0	1	0	0	Substantial
Banking System (Lloyds Commercial Banking Online)	3	0	1	2	0	0	Reasonable

Finance and Legal Services – Consultancy and Other Audits							
Corporate Governance (Annual Governance Statement)							N/A
Follow Up – NB1							N/A
Advice and Support – NB2							N/A
Finance and Legal Services – TOTAL	10	0	4	6	0	0	
Public Health and Wellbeing – Assurance Audits							
Food Safety	7	0	2	5	0	0	Reasonable
Public Health and Wellbeing – TOTAL	7	0	2	5	0	0	
Chief Executive's – Assurance Audits							
Events Management	16	0	4	11	1	0	Limited
Performance Data Quality	2	0	1	0	1	1	Reasonable
Recruitment	11	0	6	3	2	0	Limited
Chief Executive's –TOTAL	29	0	11	14	4	1	
DIRECTORATES – GRAND TOTAL 2023/24	106	0	43	51	12	3	
Schools - Assurance Audits							
Amblecote Primary	5	0	1	4	0	0	Reasonable
Hurst Green Primary	10	0	3	6	1	2	Reasonable
Mount Pleasant Primary	9	0	3	6	0	0	Reasonable
Newfield Park Primary	14	0	6	8	0	5	Limited
Oldswinford Hospital School	20	0	1	15	4	2	Reasonable
St James' C of E Primary	9	1	2	6	0	0	Minimal
Withymoor Primary	2	0	0	2	0	0	Substantial
Dormston School	11	0	2	9	0	0	Reasonable

Summerhill School	14	0	2	10	2	0	Reasonable
The Wordsley School	20	0	2	15	3	0	Reasonable
Schools – Consultancy and Other Audits							
Follow Up							N/A
Advice and Support							N/A
Schools TOTAL	114	1	22	81	10	9	

Key:

NB1 - This covers follow up work undertaken in all directorates.

NB2 - This covers advice and support provided to all directorates.

NB3 - The unimplemented findings are included in the totals for the other finding categories and are for information purposes only

C – Critical Rated

M – Medium Rated

H – High Rated

A – Advisory Rated

U – Unimplemented