

**Minutes of the Audit and Standards Committee
Wednesday 4th December, 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, M Cook, J Cowell, T Creed, S Henley, I Kettle, and W Little.
T Beirne (Independent Member)

Dudley MBC Officers:

B Heran (Interim Chief Executive), M AbuAffan (Director of Public Health and Wellbeing), B Arnold (Interim Director of Finance / Section 151 Officer), R Cooper (Head of Financial Services), G Harrison (Head of Audit and Risk Management Services), J Martin (HR Delivery Manager), E Matthews (Head of Dudley Disability Services), T Robbins (Head of Procurement), T Senior (Acting Lead for Law and Governance - Deputy Monitoring Officer), M Spittle (Head of Access and Prevention, Commissioning, Performance and Complaints - Adult Social Care) and S Griffiths (Democratic Services Manager)

Also in Attendance:

K Harper (Chair of Housing Assurance Board)

43. **Apology for Absence**

An apology for absence from the meeting was submitted on behalf of Councillor L Hamblett.

44. **Appointment of Substitute Member**

Councillor M Cook had been appointed to serve as a substitute Member for Councillor L Hamblett for this meeting of the Committee only.

45. **Declarations of Interest**

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

46. **Minutes**

Resolved

That the minutes of the meetings held on 30th September and 14th October, 2024 be approved as a correct record and signed.

47. **Audit and Standards Committee Progress Tracker and Future Business**

A report on the Progress Tracker and Future Business was received and noted by the Committee. Councillor S Ali referred to several outstanding matters and requested that timescales and deadlines be attributed to these actions.

Resolved

- (1) That the information contained in the report and Appendices to the report submitted, be noted.
 - (2) That the Interim Chief Executive review the progress tracker and allocate timescales and deadlines to any outstanding actions.
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48. **Chair of the Housing Assurance Board**

The Committee received a presentation from the Chair of the Housing Assurance Board. Copies of the presentation slides had been circulated to the Committee prior to the meeting.

In response to questions from the Committee, the Chair of the Housing Assurance Board explained the role of the Board in relation to regulatory compliance, including progress on the action plan and the future actions for the next six months.

Councillor S Ali referred to the role of the Housing Ombudsman and the need to raise awareness of the rights of tenants to refer issues to the Housing Ombudsman service.

The Committee expressed thanks to the Chair of the Housing Assurance Board for her attendance and presentation to the Committee.

49. **Change in Order of Business**

Resolved

That Agenda Item No. 13 (Suspensions under the provisions of the Employee Disciplinary Procedure or relevant Schools Disciplinary Procedure) be considered as the next main item of business.

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

Resolved

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

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

The Committee considered a report of the Interim Chief Executive on the number of employees who were suspended pending an investigation into allegation(s) of gross misconduct during the period 1st October, 2023 to 30th September, 2024, inclusive.

Following the presentation of the report, the HR Delivery Manager – Employee Relations responded to questions and comments from the Committee. T Beirne queried whether adequate resources were available to undertake the necessary work. Members expressed the view that investigations should be prioritised to minimise the risk that delays might affect the satisfactory outcome of the investigations.

Resolved

That the information contained in the report submitted on Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure or relevant Schools Disciplinary Procedure, be noted.

(At this juncture the meeting returned to public session)

52. **Treasury Management Mid-Year Review Report**

A report of the Interim Director of Finance was submitted outlining the treasury activity during the first half of the 2024/25 financial year.

It was reported that R Cooper (Head of Financial Services) and L Jones-Moore (Finance Manager) would shortly be leaving the authority. The Committee thanked both officers for their support and expressed best wishes for the future.

Resolved

That the treasury activity during the first half of the 2024/25 financial year be noted.

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

A report of the Interim Chief Executive was submitted to provide a high level update on the Fit for the Future Programme established in November 2023 and to present the two external reports commissioned by the Council (the Local Government Association (LGA) Corporate Peer Review update report and the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management and Governance Review); and to summarise the work being undertaken to develop the Council Improvement Plan underpinned by revised governance for the Council and revised governance arrangements.

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

- a) Councillor S Ali questioned the chairing arrangements for the Dudley Improvement Board. The Interim Chief Executive reported on the need to engage a person with suitable experience and expertise to provide a level of assurance to the Ministry for Housing, Communities and Local Government.
- b) In response to a question concerning the 'Star Chambers', the Interim Chief Executive reported that this had been a useful exercise as a pre-cursor to the Council's budget setting process.

- c) Councillor S Ali queried the progress made on the review of the Council's Constitution including the need to engage Members in the review. In addition, reference was made to the implementation of internal audit recommendations as a priority, within deliverable timescales.
- d) The Interim Chief Executive reported that an Extraordinary Meeting of the Council would take place on 18th December, 2024, to consider the Senior Leadership Review and future Overview and Scrutiny Arrangements. In response to governance concerns raised at the meeting, the Interim Chief Executive reported on the ongoing work of the governance workstream of the Fit for the Future Programme. This included Member training, leadership development and the review of the Constitution. The Constitution review had been delayed, however, external support was now being engaged and a progress report would be given to Members at a future meeting.

Resolved

- (1) That the findings, as set out in the Local Government Association (LGA) Corporate Peer Review Progress Feedback Report, attached as Appendix 1 to the report, be received and noted.
 - (2) That the overall findings, as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management and Governance Review, attached as Appendix 2 to the report, be received and noted.
 - (3) That the progress made since the inception of the Fit for the Future Programme be received and noted.
 - (4) That the development of the Council Improvement Plan, based on the six best value themes as set out in the statutory guidance, underpinned by revised governance arrangements, be submitted to Cabinet in January 2025 for endorsement.
 - (5) That monthly performance updates on key priorities with Red, Amber and Green (RAG) ratings be presented to the Cabinet.
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54. **Risk Management**

A report of the Interim Director of Finance was submitted on the risks reported to Corporate Management Team (CMT) and the status allocated by the Risk Owner. Appendix A to the report, outlined full details of risks reported to CMT, and in addition to risks tabled in Appendix A, the Committee was requested to identify any particular risk for detailed scrutiny at the April, 2025 meeting of the Committee.

In presenting the report, the Head of Audit and Risk Management Services advised that a review was being undertaken of the corporate risk register.

The Committee undertook detailed scrutiny of Risk 607 *“There is a risk of non-compliance with the CQC inspection assessment framework”*. A presentation was given by Officers at the meeting and copies of the presentation slides had been circulated to Members prior to the meeting.

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

- a) Reference was made to the Care Quality Commission inspection in relation to Adult Social Care and the need for assurances that adequate resources were available to address identified issues in the current organisational and financial climate. Officers indicated that a risk-based approach was taken to the prioritisation of activity. Reference was also made to the need to culture of continuous improvement to ensure that good practices became embedded within the organisation.
- b) General concerns were raised about risks in the current organisational and financial climate, particularly in view of spending restrictions and the freezing of vacancies. The Interim Chief Executive referred to the corporate approach being taken to the mitigation of risks and acknowledged that the Council was faced with difficult decisions. It was anticipated that governance improvements would have a positive impact in this regard.
- c) Concerns were also expressed regarding the impact and risks in relation to major regeneration projects and schemes.
- d) The Interim Chief Executive gave assurances regarding Public Health Grant switches. Clear public health outcomes needed to be demonstrated in all cases and this was subject to ongoing scrutiny.

Resolved

- (1) That the information contained in the report and Appendix A to the report submitted detailing the CMT risks, be noted.
 - (2) That the information contained in the presentation on risk R.607 relating to the risk of non-compliance with the CQC inspection assessment framework and comments made by Members, as outlined above, be noted.
 - (3) That risk R.405 “*CMT: Contracts are not managed effectively*” be identified as the specific risk for in-depth scrutiny at the April, 2025 meeting of this Committee.
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55. **Annual Audit Report of the Chief Executive**

A report of the Interim Director of Finance was submitted summarising the audit work undertaken in relation to the Directors and Heads of Service who reported directly to the Chief Executive for the financial year 2023/2024.

Members commented that, wherever possible, information should be presented to the Committee in public session in the interests of transparency. The Interim Director of Finance and the Head of Audit and Risk Management Services would review the format of the report.

The Chair emphasised that all Directorates should ensure that audit recommendations were implemented in a timely fashion.

Resolved

That the information contained in the report and Appendices to the report submitted on audit work undertaken for those Directors and Heads of Service who reported directly to the Chief Executive for the financial year 2023/24, be received and noted.

56. **Questions Under Council Procedure Rule 11.8**

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

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

Resolved

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

58. **Update to the Contract Standing Orders in the Council's Constitution**

A report of the Director of Digital, Customer and Commercial Services was submitted seeking the Committee's approval on the updates and changes proposed by the Head of Procurement to the Council's Contract Standing Orders (CSO's).

Members expressed the view that social value and opportunities for local suppliers should be maximised as far as possible. The Head of Procurement reported that the Procurement Code had not been finalised and that the views of the Committee to proactively support the local economy and address social needs would be reflected, subject to legislative requirements.

Resolved

- (1) That, subject to the comments of the Committee outlined above, the information contained in the report and Appendix 1 to the report submitted, on the revised Contract Standing Orders, be noted.
 - (2) That the updates and changes to the Contract Standing Orders, effective from the 24th February 2025, be approved.
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59. **Annual Audit Report of the Chief Executive**

A report of the Interim Director of Finance was submitted summarising the audit work undertaken in relation to the Directors and Heads of Service who reported directly to the Chief Executive for the financial year 2023/2024.

Arising from the presentation of the report, Members made comments and raised questions on individual audits, which were responded to at the meeting. The Committee made comments and observations as set out below:

- (a) Concern was expressed at the minimal assurance on Children's Services Contract Management. The Interim Chief Executive acknowledged capacity issues which would be strengthened as part of the Dudley Improvement Plan and the forthcoming senior leadership review.
- (b) Councillor J Cowell expressed concern about a specific issue relating to shortlisting in the Recruitment Audit. The Interim Chief Executive would request Human Resources to strengthen the arrangements and report back on action taken.
- (c) The Committee sought assurance that human resources, recruitment and selection procedures were being properly complied with. The Interim Chief Executive referred to the ongoing review of human resources functions. Compliance with all recruitment and selection procedures would be reinforced to all recruiting managers.
- (d) Councillor J Cowell raised a further concern relating to Contract Management with specific reference to Officers who had now left the authority. The Interim Chief Executive accepted the need for systems to be resilient and not reliant on specific individuals.
- (e) In relation to contract management, Councillor I Kettle emphasised the importance of written and executed contracts being in place for suppliers.
- (f) In response to a question from Councillor I Kettle concerning housing voids, the Interim Chief Executive reported that actions had been implemented and significant progress was being made.
- (g) The Interim Chief Executive referred to strategic work as part of the Dudley Improvement Plan with a view to future financial improvement. The Committee emphasised the importance of clear communication with budget holders that all the Council's governance procedures, financial rules and standing orders must be complied with.

Resolved

- (1) That the information contained in the report and Appendices to the report submitted on audit work undertaken for those Directors and Heads of Service who reported directly to the Chief Executive for the financial year 2023/24, be received and noted.
- (2) That, subject to the comments of the Committee, the progress in implementing agreed audit actions be noted.

The meeting ended at 8.48 pm

CHAIR