

**Minutes of the Audit and Standards Committee  
Wednesday, 12<sup>th</sup> August, 2020 at 6.00pm  
Microsoft Teams**

**Present:**

Councillor A Taylor (Chair)  
Councillor J Roberts (Vice Chair)  
Councillors A Aston, J Cowell, M Evans, S Keasey, S Mughal, G Partridge and T Westwood

**Officers:**

R Cooper (Head of Financial Services), M Farooq (Monitoring Officer), M Grainger (Corporate Fraud Manager), G Harrison (Head of Audit Services), M Landy and E Newman (Both Principal Auditors), I Newman (Director of Finance and Legal), S Griffiths (Democratic Services Manager) and K Buckle (Democratic Services Officer).

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10 **Declarations of Interest**

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

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11 **Whistleblowing Policy**

A report of the Monitoring Officer was submitted on the operation of the Council's Whistleblowing Policy. The current policy was appended to the report submitted.

In presenting the report, the Monitoring Officer advised that there had been no significant changes to the policy, and the only minor changes were in relation to officer contact details.

It was noted that surveys of each directorate had been undertaken in February 2020 when the policy had been reviewed.

There had been three reports of the use of the policy during the preceding 12 months, and details of the three disclosures were contained in the report submitted. All three disclosures had been investigated.

Posters were displayed throughout council buildings that provided a narrative for staff who had concerns and the updated policy would be published in the Chief Executive's Blog and Corporate Brief following the approval by the Committee.

The Monitoring Officer responded to Members' questions as follows: -

- Elected Members could use the Whistleblowing Policy and their concerns should be brought to the attention of either the Monitoring Officer, the Chief Executive or the relevant Director.
- Any disclosures from a member of the public would be handled in the same way as a disclosure from an employee, however disclosures from members of the public would not fall under the Public Interest Disclosure Act.
- The Whistleblowing Policy applied to those contracted to work for the Council.

Following a suggestion by a Member, the Monitoring Officer confirmed that he would consider the promotion of the Policy further.

### **Resolved**

That, the information contained in the report submitted, in relation to the outcome of the recent monitoring of the Whistleblowing Policy, be noted.

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## **12 Risk Management**

Members considered a report of the Director of Finance and Legal providing an update on current Corporate Risks.

The Director of Finance and Legal referred to the Payment Card Industry Risk and the financial impact to the Council of the COVID-19 pandemic.

The Director of Finance and Legal delivered a detailed presentation to the Committee outlining the following: -

- The financial impact of the COVID-19 pandemic remained a forecast, as the path of the virus remained unknown, the nature and duration of public health measures and the severity of the economic impact remained uncertain.
- During the early stages of the pandemic the Government had provided the Hardship Fund, which was utilised to provide additional council tax relief to every household who had accessed this relief during the current financial year.
- The second Hardship Fund had been provided for food and essential supplies and processes to distribute that fund had been introduced.
- The Section 31 Grant was provided by the Government to compensate the Council for granting 100% business rate relief to retail, hospitality, leisure and nurseries. Funding for Business Grants was on the proviso that any unused funding must be returned to the Government. The Government were now requesting Local Authorities to bring those schemes to an end by the end

of August, 2020.

- £2.9m was provided for infection control in care homes and there was additional funding to re-open the high street and provide track and trace.
- A total of £141m funding had been received, however the majority of this funding had to be utilised for specific purposes and had to be returned should it not be used for those specific purposes.
- In relation to general costs there had been significant impacts on Adult Social Care and Children's Services, due to the cost of personal protective equipment. Although those costs currently sat in Commercial and Customer Services they would be apportioned to the relevant Directorates in due course.
- There had been a loss of income in relation to cancelled events, costs of ICT services providing laptops and Dudley's contribution to the regional mortuary in order to cover excess deaths.
- There had been losses due to the closure of Leisure Centres and a reduction in school catering being provided.
- To date service financial pressures amounted to £20.3m.
- It was forecast that on top of service pressures losses in relation to Council Tax and Business Rates would amount to £9.9m.
- Pressure on the Council Tax Reduction Scheme had been mitigated by the Furlough Scheme and it was forecast that this pressure could rise significantly by the end of the year in this regard.
- At the end of June 2020 there had been a 9.5% reduction in business rates, however collection fund losses could be spread across a three-year period.
- There was a total of £21.9m of un-ringfenced funding together with a current unknown level of compensation in relation to fees and charges.
- However, in relation to the compensation scheme for fees and charges the Authority would be expected to take a loss of the first 5% and then be reimbursed £0.75 for every £1.00.
- The Government also expected the Authority to mitigate their losses for example turning off equipment and heating in swimming pools in Leisure Centres.
- The comprehensive spending review was awaited in the autumn and would provide details of funding for future years.

Arising from that part of the presentation in relation to the financial impact of COVID-19, the Director of Finance and Legal responded to Members' questions as follows: -

Summons income covered some costs in the Revenue and Benefits Section, as within that section recovery action was undertaken that generated billing activity. Those costs remained, however there had been no income to support those costs.

The vast amount of the Government grants had to be used in accordance with Government guidance, with the majority applying to retail, hospitality, leisure and small business grants. The provision of either £10,000 or £25,000 grants with an additional 5% discretionary grant being available. Following consultation with officer's cross-party discussions with the Cabinet and Shadow Cabinet Members for Finance and Legal Services would take place in relation to how to help those businesses above with the discretionary funding.

Leisure Centre pressures had resulted from a combination of additional costs and lost income, largely lost income that was generated from swimming fees and gym memberships.

The forecast was that the Government would compensate the Authority for the majority of their losses but not all. Local Authorities, who were in immediate financial difficulties, had been asked to discuss their position with the Government for further funding, however this was not the case in Dudley.

The provision of £400,000 to provide for a scheme similar to the Welfare Assistance Scheme, provided outright grants of £300 per household, with the current Welfare Assistance Scheme that provided for loans being suspended due to the funding. The concerns raised in relation to accessibility issues for those households who were facing hardship and did not have access to the internet or printing were noted.

The Head of Financial Services presented that part of the presentation that related to the Payment Card Industry Data Standard, advising that if the Council was unable to stay Payment Card Industry compliant (P.C.I) several risks may arise, financial penalties could be incurred and damage to the Council's reputation.

It was stated that the Council had to ensure that safeguards were put in place to prevent a breach of P.C.I, to safeguard consumer card payments. Work had been conducted on reducing the risk of a breach whilst working on solutions for alternative methods of payment.

Details of the multiple software applications utilised across the Council to collect payments were outlined and it was noted that voice recordings increased the risk of fraud. In order to mitigate that risk, it was hoped that by Autumn a piece of software entitled 'Semafone' would be available whereby a customer would type in their card number, and the card number would not be recorded.

The Point to Point encryption payment system that operated via a till or a personal computer, whereby the payment would pass through a network posed a greater risk of fraud. It was noted that Civica and Mastercard were currently trialling a pilot in order to mitigate that risk.

It was reported that council policies had been updated and assurances had been received from third party providers which would enable the Council to be compliant with four of the six assessment areas.

In responding to a question from a Member, the Head of Financial Services stated that she would discuss with housing colleagues the data feeds that the Rostvm system used to trigger calls for payments.

### **Resolved**

- (1) That the information contained in the report and presentation on Risk Management, be noted.
- (2) That the Corporate Risks as set out in Appendix 1 to the report submitted, be noted.
- (3) That risk R342 relating to Vulnerable Adults be identified as the specific risk for in-depth scrutiny at a future meeting of the Committee.

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## 13 **Review of the Code of Corporate Governance**

A report of the Director of Finance and Legal was submitted on the results of a review of the Code of Corporate Governance.

The Head of Audit Services outlined the report submitted, making specific reference to the fact, that Local Authorities were encouraged to review their existing governance arrangements, against the principles and sub-principles, for good governance detailed within the Framework and accompanying Governance.

It was noted that the review had been undertaken by the Head of Audit Services in conjunction with a number of senior managers across the Council.

The updated Code of Corporate Governance was appended to the report submitted and the main changes to the Code contained in the report were outlined to Members.

Arising from the presentation of the report and appendix to the report submitted Members asked questions and the Head of Audit Services responded as follows: -

- The Chairs of the various Boards, Panels and Groups should ensure that they were effective and delivering on their terms of reference.
- Not all 350 suppliers had responded to the request to adhere to the Suppliers' Code of Practice and the Head of Audit Services would consult the Corporate Fraud Manager, with a view to conducting a further consultation exercise with suppliers.

- In relation to compliance with the Local Government Transparency Code, there were difficulties in making the relevant information available, in so far as extracting the information required in order to place this appropriately onto the Council's website.
- There was a Code of Practice for Members and Officers dealing with planning matters, and Developer Selection Protocol contained within the Council's Constitution. The Head of Audit Services would forward a link in relation to this to Members.
- In relation to the Black Country Plan, concerns were raised in relation to auditing and governance arrangements together with the influence of the Association of Black Country Authorities on the Dudley Borough. The Head of Audit Services confirmed that he would consider governance arrangements further.

Arising from a request from a Member, the Head of Audit Services undertook to discuss the matter with the Lead Officer for Corporate Customer Feedback.

### **Resolved**

- (1) That the information contained in the report on the results of a review of the Code of Corporate Governance, be noted.
- (2) That the revised Code of Corporate Governance be approved.
- (3) That the Director of Finance and Legal be authorised to undertake the necessary action to incorporate the revised Code into the Constitution.
- (4) The Head of Audit Services be requested to provide Members with a link to the Code of Practice for Members and Officers dealing with planning matters, including the Developer Selection Protocol contained within the Council's Constitution.

## **14 Question under Council Procedure Rule 11.8**

What arrangements are in place with the Black Country Joint Executive Committee to ensure compliance with Dudley's Core Principles and practices and to monitor activity and outcomes against the recently revised Planning Statement on Community Involvement (SCI). The committee may wish to note that the Council's website is not currently showing recent revisions to the SCI or details of any consultation carried out.

Response:

1. The Black Country Joint Executive Committee does not have an oversight of the local plan making process but instead leads on decision making for all current and future funding opportunities secured or operated through the Black Country Local Enterprise Partnership. The Association of Black Country Authorities (ABCA) has an oversight of the Black Country Plan process at the Black Country level and the Councils' individual Cabinet approves all local plan documents in relation to their own local authority, including the Black Country Plan.

2. Dudley's Statement of Community Involvement (SCI). Government issued guidance (Planning Practice Guidance), on 13<sup>th</sup> May 2020 (<https://www.gov.uk/guidance/plan-making#COVID19>). This required local planning authorities to assess their SCIs to identify which policies are inconsistent with guidance on staying at home and away from others, for example, holding face-to-face community consultation events or providing physical documents for public inspection at key council buildings or libraries. Instead local planning authorities have been guided by Government to consider alternative and appropriate methods, including virtual exhibitions, digital consultations, video conferencing, social media and providing documents for inspection on a public website. Following on from this guidance, officers have reviewed the Dudley SCI which was adopted in 2017 to ensure it reflects government guidance and have identified areas where we would be unable to undertake some forms of consultation during times of nationally or locally prescribed periods of social distancing, such as in the case of the current Covid-19 pandemic. We have identified these areas and updated the SCI to reflect this. A report will be going to Cabinet in September 2020 which recommends that on a temporary basis, during times of social distancing, the revised and updated SCI: -

- does not require papers copies of planning policy documents to be made available within reception areas and at libraries (these will be made available of the website as is the current practice);
- highlights that public meetings, including committee meetings and Public Local Inquiries, as well as exhibitions and displays, can be undertaken through virtual means, to enable people, regardless of their location, to use video, audio, and text to link up online;
- states that site visits on planning applications by the case officer will not be a requirement, especially during a full lockdown phase and applicants are requested to provide site photos, with any site visits undertaken to be carried out in line with the most up-to-date risk assessment which aligns with government advice. Site notices and consultation letters will continue as current practice.

Subject to Cabinet approval, the revised/updated SCI will be added to the website with a statement setting out the details of the update and highlight the areas where in the interests of public safety, we would be unable to undertake some forms of consultation on a temporary basis during times of nationally or locally prescribed periods of social distancing.

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15 **Exclusion of the Public**

That the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information relating to any individual(s) or any action taken, or to be taken in connection with the prevention, investigation or prosecution of crime, as defined under Part 1 of Schedule 12A to the Local Government Act 1972.

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16 **Annual Fraud Report**

The Committee considered a report of the Director of Finance and Legal, on the work that Audit Services had undertaken and was planning to undertake to manage the risk of fraud and corruption across the Council. Information was provided on further anti-fraud work that was undertaken. Appended to the report submitted were the Fraud Action Plan and additional details of Fraud Investigations.

In presenting the report, the Head of Audit Services referred to paragraphs within the report of significant importance including the Councils Fraud Hotline, the Fraud and Enforcement Data Hub investigations in progress and completed.

Reference was made to the National Fraud Initiative, Trading Standards Scams Unit, the Housing Tenancy Fraud Team and the significant notional savings made by that team.

The Head of Audit Services responded to Members' questions stating that: -

- The Blue Badge Scheme exercise had been delayed partly due to COVID-19, and the Corporate Fraud Manager and a Trading Standards Officer had powers to carry out investigations under the Proceeds of Crime Act, as they had both achieved the qualification of Accredited Financial Investigator.
- In relation to the 169 ongoing investigations within the Housing Fraud team, those had resulted due to staffing issues, however those issues had now been resolved and it was hoped that these would reduce in number going forward.
- The reason for the appointment of an Accredited Financial Investigator within Trading Standards was that they undertake the majority of prosecutions within the Council.

A Member suggested that the Proceeds of Crime Act investigations should be reviewed by the relevant Scrutiny Committee. The Head of Audit Services confirmed that he would consider the request and report back to Members.

The Head of Audit Services undertook to advise Members of the amount recovered for Housing Benefit overpayments in relation to error and fraud.

## **Resolved**

- (1) That the information contained in the report and appendix to the report submitted in relation to the work that Audit Services had undertaken and were planning to undertake to manage the risk of fraud and corruption across the Council, be noted.
- (2) That the 2020/2021 Fraud Action Plan appended to the report submitted, be approved.

The meeting ended at 7.45pm.

CHAIR