

Report to Cabinet

20 July 2022

Subject:	Governance Improvement Plan Progress
Cabinet Member:	Leader of the Council Cllr Kerrie Carmichael
Director:	Managing Director Kim Bromley-Derry
Key Decision:	No
Contact Officer:	Strategic Lead – Service Improvement Kate Ashley Kate1_ashley@sandwell.gov.uk Senior Lead Officer – Service Improvement Rebecca Jenkins Rebecca_jenkins@sandwell.gov.uk

1. Recommendations

- 1.1. That details of progress made against the Governance Improvement Plan, up to 7 June 2022 as set out in Appendix 1, be received.
- 1.2. That the Governance Improvement Plan be formally closed.
- 1.3. That the Improvement Plan Risk Register, as set out in Appendix 2, be received.

2. Reasons for Recommendations

- 2.1 This report provides a quarterly update on progress against the Governance Improvement Plan agreed by Council on 18 January 2022 in response to the Grant Thornton Value for Money Governance Review. On 7 June 2022, Council approved the single Improvement Plan which incorporates all recommendations from the Grant Thornton Governance



Review, the LGA Corporate Peer Challenge and the CIPFA Financial Management Review, as well as the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities. The new Improvement Plan approved in June replaces the Governance Improvement Plan, and future reporting will be on the progress of the new Improvement Plan.

- 2.2 Risk management is embedded within the council's programme management of the Improvement Plan. A risk register has been developed which underpins the council's strategic risk relating to the Improvement Plan (59a 02/22). Cabinet is asked to receive the Improvement Plan Risk Register to provide assurance that risks are being managed effectively and to provide contextual information for future decision making.

3. How does this deliver objectives of the Corporate Plan?

- 3.1 Sandwell Council's Improvement Plan focuses on the governance arrangements of the council and areas of improvement across the organisation. The underpinning objective of the Improvement Plan is to ensure that the council is able to deliver on the aims and priorities as set out in the Corporate Plan. The deliverables set out in this Improvement Plan will achieve long-term sustainable improvements in how the council operates and is able to make effective decisions focused on improving outcomes for residents and experiences of service users. Therefore, this impacts on the council's ability to deliver all the objectives in the Corporate Plan.

4 Context and Key Issues

4.1 Background

- 4.1.1 For a number of years, the council has experienced ongoing governance issues that have hindered the organisation from both moving forward and seizing opportunities, despite the desire and ambition to do so.
- 4.1.2 As well as successfully responding to the COVID-19 pandemic to support our residents and businesses, the council has continued to deliver high quality services over the period leading up to the Grant Thornton Value for Money Governance Review and beyond. Significant progress has been made on delivery the strategic priorities set out in the Corporate Plan, as reported to Cabinet on 23 March 2022.



- 4.1.3 Since May 2021, a number of key changes have moved the council forward on its improvement journey including the refresh of the strategic framework in the light of the pandemic, the appointment of an interim Chief Executive in August 2021, and a new Leader in November 2021. The new permanent leadership team structure is now resulting in tangible strides forward and greater stability which was recognised in all of the external reviews.
- 4.1.4 The council's external auditors Grant Thornton conducted a Value for Money Review into the council's governance arrangements over the period August to October 2021 and reported their findings of this review to Full Council in January 2022. In response, Council approved an Improvement Plan in January 2022 to address the recommendations made by Grant Thornton and the proposed reporting mechanisms to ensure progress is managed effectively.
- 4.1.5 Since the approval of this Governance Improvement Plan, findings were received from the CIPFA financial management review, LGA Corporate Peer Challenge along with the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities.
- 4.1.6 A single Improvement Plan was agreed by Council on 7 June 2022 which addresses the recommendations from all the external reviews and the Statutory Directions. The single Improvement Plan has superseded the Governance Improvement Plan.
- 4.1.7 To ensure that senior officers and members have oversight of delivery against the Governance Improvement Plan, Council approved that progress will be monitored by Leadership Team monthly and reported to Cabinet quarterly. This will continue until all actions have been completed, or changes have been embedded into business as usual.
- 4.1.8 The first quarterly update on progress of the Governance Improvement Plan was provided to Cabinet in April 2022. This report forms the second quarterly update on the Governance Improvement Plan to Cabinet.
- 4.1.9 The monitoring of the Governance Improvement Plan will conclude with this report. The next quarterly update will follow the thematic format of the single Improvement Plan approved on 7 June 2022.



Improvement Achievements

Summary of achievements made since the approval of the Governance Improvement Plan:

- Significant progress made on long-standing service issues to implement decisions taken by Cabinet between December 2021 and March 2022: Sandwell Leisure Trust, Sandwell Children's Trust, the waste service, the ERP system and Lion Farm
- SEND Transport procurement out to market, incorporating lessons learned from previous procurement into new approach
- Regular meeting structures in place to enable development of positive and constructive working relationships between officers and members
- Learning taken from commercial decisions, procurement and contract management and national best practice is being included in refresh of Corporate Governance Documents
- Regular reporting on budget monitoring, performance information and Improvement Plan in place
- Approval of:
 - Performance Management Framework that underpins the delivery of the Corporate Plan
 - The single Improvement Plan that addresses the recommendations of all three external reviews and aims to improve how the council operates
 - Regeneration Strategy and Pipeline to encourage and deliver significant investment in Sandwell
- Launch of the Early Help Strategy with partners
- Employee engagement survey conducted and initial results shared with Leadership Team, ahead of further engagement with staff on development of actions to address areas for improvement
- Council representatives participating in key regional and sub-regional bodies including active engagement in discussion and negotiations relating to the WM Trailblazer devolution deal
- Capacity in Finance – specialist training delivered in March to develop skills of Finance Team, and a restructure designed and



underway to ensure there is sufficient capacity to manage the council's financial reporting responsibilities.

Improvement Plan Progress

- 4.2** The Governance Improvement Plan Monitoring Report is attached to this report at Appendix 1.
- 4.3** A status rating has been included as part of the update for each action to aid quick reference around which actions are on track for delivery, and those that may require remedial action or additional levels of assurance.
- 4.4** To create the single Improvement Plan that was approved by Council on 7 June 2022, all actions within the Governance Improvement Plan were mapped into the relevant theme and workstream area. This cross-referencing is included in the monitoring tool to provide assurance.
- 4.5** A summary of progress against the three statutory recommendations is provided below with an overall rating of progress. Detailed progress against each action and individual ratings are included in the Governance Improvement Plan Monitoring Report.
- 4.6**
- 4.7** **Statutory Recommendation 1** - It is imperative that senior officers and senior members take effective corporate grip of long-standing service issues highlighted by the findings in this report (including SLT, SCT, the waste service, the ERP system, and Lion Farm) and prioritise corporate effort in managing the issues identified and embed the solutions into the Council.

Overall rating:

- Amber – majority of actions are Green/on track to achieve within timescale; small number of actions are rated as Amber/medium issues or risk of slippage.

Progress update:

- Continuing to implement strategies to address the service issues highlighted in the Grant Thornton report.
 - SLT – progressing the approach agreed by Cabinet in December 2021 with engagement of members throughout process. Since the completion of the May monitoring report, Cabinet made a decision in June in relation to Leisure Management Options (subject to call-in).



- SCT – Governance arrangements remain in place with the addition of the newly established meeting between the Chair of the Trust Board, Lead Member, CEO of the Trust and DCS. Joint work in place with SCT in relation to corporate parenting and early help.
- Waste Contract – industrial relation issues have been resolved and the council is continuing to strengthen governance arrangements around this contract. Revised reporting is in place. Waste board have agreed revised terms of reference, SERCO drafting of annual report is in progress and the contract award for the review of the contract is in progress.
- ERP (Oracle Fusion) – Tender for support provider is due to close in June. On track for award of contract by end July. Project Management and Governance arrangements are in place. First round of project management training has been delivered.
- Lion Farm – action plan to implement Cabinet decision made on 12 January 2022 is on track. Respective legal advisers are in final stage of negotiations to agree the terms of Expert Determination Process.
- Regeneration Strategy and Pipeline to underpin significant regeneration in Sandwell approved by Cabinet 23 March 2022. Implementation of a number of schemes on the pipeline are being scoped and discussed. Since the completion of the May monitoring report, approval has been given to £67.5m capital investment for the Towns Fund Schemes for Smethwick, Rowley Regis and West Bromwich. Resource requirements for implementation of a number of schemes on the pipeline are being scoped and discussed.

Key Issues and Mitigating Actions:

- SLT – the programme remains on track to put in place arrangements for the future delivery of leisure facilities. Since the completion of the May monitoring report, Cabinet made a decision in June around the Leisure Management Options which has reduced the risk score.



- Waste Contract - Progress is being made with revised reporting and terms of reference for Waste Board. Amber rating reflects risk profile which will reduce following review of the contract. Contract award for the review of the contract is in progress.

4.8 Statutory Recommendation 2 - The Council must ensure that the learning in relation to commercial decisions, procurement and contract management highlighted in this report are understood through the organisation.

Overall rating:

- Green – Majority of actions on track to achieve within timescale; small number of actions are rated as Amber/medium issues or risk of slippage.

Progress Update

- The Governance Review of key documents within the council's Constitution is well underway, incorporating best practice from across the sector. The initial refresh of the Financial Regulations and Procurement & Contract Procedure Rules being prepared for Council approval in July. The Scheme of Delegation is due for discussion at Governance and Constitution Committee in June to gain a steer on the timescale to refer to Council for approval.
- Corporate Governance Training - Programme of training and development on effective decision-making and good governance to be rolled out between July and Sept 2022.
- Corporate Transformation - framework and suite of project and programme documentation agreed by Leadership Team. Recruitment underway for Corporate Transformation Manager role to provide capacity to support and enable transformation across the council.
- Sale of Land Protocol being prepared for Council approval
- Development of a Commercial Strategy continues, with workshops and surveys completed. Draft strategy is being reviewed.
- Work is progressing to develop the Corporate Asset Management Strategy aligned to other key council strategies including Workplace Vision and the developing approach on local community facilities. An Asset Management System has been procured and is now in the implementation phase.



Key Issues and Mitigating Actions:

- Scheme of Delegation timescale for referral to Council will be discussed by Governance and Constitution Committee in June.

4.9 Statutory Recommendation 3 - Senior leadership, both officers and members, must demonstrate that they can continue to work together effectively, that they operate in line with the Council's values, codes, policies and procedures, and that there is zero tolerance to inappropriate behaviours. This includes changing the organisational culture in relation to complaints so that they restore balance and proportionality.

Overall rating:

- Green – Majority of actions on track to achieve; small number of actions are rated as Amber/medium issues or risk of slippage.

Progress Update

- Member Development – Member induction is in process. Member Development Plan is being drafted and due for consideration by Ethical Standards and Member Development Committee by September. LGA have been engaged.
- Organisational Culture – cross-council Officer working group established and prospective partnership conversations underway to support engagement approach.
- Work has commenced to design the Senior Leadership Team development programme which will feed into the new Management Development Programme to ensure consistency across all levels of management.
- Meeting structures to facilitate Cabinet Member and Leadership Team cross-working re-established following election. Executive development plan is being progressed.

Key Issues and Mitigating Actions:

- Management Development Programme – sequencing has been reviewed in line with engagement programme for organisational culture theme in the single Improvement Plan and to ensure that the programme reflects employee engagement survey findings.



Employee engagement survey results are being shared at Directorate Management Team level over June.

Reporting Framework

- 4.10** To ensure that senior officers and members have oversight of delivery, Council approved the reporting mechanism for the Governance Improvement Plan (January 2022) and the single Improvement Plan (June 2022). This set out that progress will be monitored by Leadership Team monthly and reported to Cabinet quarterly until all actions have been completed, or changes have been embedded into business as usual.
- 4.11** The first quarterly update on progress of the Governance Improvement Plan was provided to Cabinet in April 2022. This report forms the second quarterly update on the Governance Improvement Plan to Cabinet. The next quarterly update to Cabinet will follow the thematic format of the single Improvement Plan approved on 7 June 2022.
- 4.12** The government Directions require reporting on the delivery of the Improvement Plan at six monthly intervals to the Secretary of State.
- 4.13** Existing member-led committees, such as the Governance & Constitution Review Committee, Audit & Risk Assurance Committee and Scrutiny Committees, will be used for decision making and maintaining oversight of the actions and implementation of the Improvement Plan. Work is underway with the Chairs of Audit, Risk and Assurance Committee, and Budget & Corporate Management Scrutiny to agree the scope of their oversight and assurance roles.

Risk Management

- 4.14** A risk register will be maintained for the duration of the Improvement Plan which will underpin the council's strategic risk relating to the council's Improvement Plan (59a 02/22). This will be reported monthly to Leadership Team and quarterly to Cabinet.
- 4.15** The current risk register is attached as Appendix 2. The main risks are associated with:
- **Resources** – for delivery of key components of the plan including the performance management framework, asset management system implementation and culture change programme. The



financial resources required have been identified and were approved by Council in June.

- **Organisational Culture** – If the organisational culture doesn't change, this will limit the improvements that can be made. A theme within the Improvement Plan focuses on organisational culture. It includes plans for a comprehensive engagement programme with staff and members to define a collectively owned culture. We will then embed the conditions for this culture to thrive.
- **Communication** – to ensure everyone is aware of their respective roles and responsibilities. A detailed communication plan will be developed to ensure effective and timely communication with stakeholders
- **Governance Policies and Procedures** – key corporate governance documents are being reviewed and once approved, will provide an important foundation for improvement.
- **Performance Management Framework** – to ensure that we can effectively monitor progress and evidence improvement. Each theme includes an outline of how success will be evidenced. Processes for monitoring progress and evaluating evidence of improvement will be developed.
- **Historic Issues** – if there is a continued focus on and resource directed towards historic issues this will hinder improvement. The improvement plan contains actions to bring historic issues to a conclusion and embed lessons learnt.
- **Progress Monitoring and Risk Management approach** – if assessment of progress and risk assessment contains optimism-bias, this will prevent an accurate and realistic view of progress. Assurance mechanisms will help manage this risk.

4.16 The Improvement Plan risk register will be reported to Audit, Risk and Assurance Committee on a regular basis as part of the assurance mechanism



5 Alternative Options

- 5.1** The Value for Money Governance Review was undertaken as part of the external auditor's role to provide assurance on the council's arrangements for securing economy, efficiency and effectiveness in its use of resources. As the report includes statutory recommendations the council has a legal obligation to respond appropriately.
- 5.2** The Directions issued by the Secretary of State are a statutory requirement and the council has a legal obligation to respond appropriately. Failure to do so would likely result in further intervention measures.
- 5.3** Reviewing progress against the Improvement Plan enables senior officers and members have oversight of delivery, and take corrective action, as necessary.
- 5.4** There are no alternative options to consider.

6 Implications

Resources:	<p>Resources to deliver the Improvement Plan have been allocated from within existing commitments in the majority of cases. Where one-off funding is required to deliver improvements, this will either be funded from the Improvement and Capacity Fund or from earmarked reserves created from 2021/22 underspend position. Allocation of this funding was approved by Council with the Improvement Plan on 7 June 2022.</p> <p>Where funding is required for longer-term change, this will be incorporated into the Medium-Term Financial Strategy.</p> <p>There are no land or building implications associated with the Improvement Plan as a whole.</p>
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<p>Legal and Governance:</p>	<p>On 22 March 2022, The Secretary of State for Levelling Up, Housing and Communities issued Directions under Section 15(5) and (6) of the Local Government Act 1999 (the 1999 Act) in order to ensure that the council can comply with the requirements of Part 1 of the 1999 Act. Failure to comply with these Directions may lead to further intervention measures for the council.</p> <p>The regular reporting development and approval of this Improvement Plan will mean that the council has achieved one of the elements within the Directions within the specified timescales.</p> <p>The delivery of the Improvement Plan and achievement of the desired outcomes will meet the remainder of the Directions.</p> <p>Ultimately, the changes made through the Improvement Plan will enable the council to effectively deliver its strategic priorities and ensure it is delivering value for money for Sandwell.</p>
<p>Risk:</p>	<p>If the Council fails to take appropriate action to meet the requirements set out in the government Direction, or the Commissioners appointed by the Secretary of State do not have sufficient confidence that appropriate actions are being taken to implement and sustain the required improvements, then the council risks not having appropriate arrangements in place to comply with its best value duty under Part 1 of the 1999 Act. This could lead to further government intervention, increased costs and damage to reputation.</p>



	A risk register will be maintained for the duration of the Improvement Plan which will underpin the council's strategic risk relating to the council's Improvement Plan (59a 02/22). This will be reported monthly to Leadership Team and quarterly to Cabinet.
Equality:	The successful delivery of the Improvement Plan will require the development and review of many of the council's policies and procedures. These changes will build in consideration of the impact on equalities throughout the development and will include an Equality Impact Assessment where appropriate.
Health and Wellbeing:	The underpinning objective of the Improvement Plan is to ensure the council is able to achieve the strategic priorities as set out in the Corporate Plan. These priorities focus on improving the health and wellbeing of our residents and tackling health inequalities in a multi-faceted way. Therefore, any improvements to the council's governance structures will strengthen the council's ability to deliver services that will improve the health and wellbeing of Sandwell.
Social Value	Within the Improvement Plan, the council is committed to developing its Social Value Policy in conjunction with the refresh of the Procurement & Contract Procedure Rules. Through strengthening our asks of contractors through this Social Value Policy and linking them to the Corporate Plan objectives, the council will be able to maximise its social value return.

7. Appendices

1. Governance Improvement Plan Monitoring Report
2. Improvement Plan Risk Register June 2022



8. Background Papers

Sandwell Council Governance Improvement Plan

- [Adopted January 2022](#)
- [Quarterly Monitoring April 2022](#)

Sandwell Council Improvement Plan [Report to Council 7 June 2022](#)

Appendices:

- [Sandwell Council Improvement Plan](#)
- Grant Thornton Value for Money Governance Review Report December 2021
- CIPFA Financial Management Review Report January 2022
- LGA Corporate Peer Challenge March 2022
- Sandwell Directions under Section 15(5) and (6) of the Local Government Act 1999, 22 March 2022
- Sandwell Directions - Explanatory Memorandum

