

# Agenda

## Audit and Risk Assurance Committee

**Thursday 17 March 2022 at 5.00 pm**  
**At Council Chamber - Sandwell Council House, Oldbury**

**This agenda gives notice of items to be considered in private as required by Regulations 5 (4) and (5) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.**

**1 Apologies for Absence**

**2 Declarations of Interest**

Members to declare any interests in matters to be discussed at the meeting.

**3 Minutes** 7 - 16

To confirm the minutes of the meeting held on 11 January 2022 as a correct record.

**4 Urgent Business**

To consider any urgent business.

**5 External Audit Report - Value for Money Governance Review and Improvement Plan** 17 - 114

To note and comment on the Grant Thornton Value for Money Governance Review Report and Improvement Plan.



6	<b>External Audit Annual Audit Letter</b>	115 - 132
	To receive the Annual Audit Letter from the Council's external auditors, Grant Thornton, for the year ending March 2020.	
7	<b>Internal Audit Progress Report</b>	133 - 146
	To review and comment on the Internal Audit Progress Report.	
8	<b>Internal Audit Plan 2022/23</b>	147 - 166
	To review and approve the Internal Audit Plan 2022/23.	
9	<b>Counter Fraud Update</b>	167 - 182
	To note and comment on the Counter Fraud Update.	
10	<b>Strategic Risk Register Update</b>	183 - 210
	To note and comment on the strategic risks.	
11	<b>Cabinet Forward Plan</b>	211 - 230
	Standing item to consider the Cabinet Forward Plan.	

**Kim Bromley-Derry CBE DL**  
**Interim Chief Executive**  
Sandwell Council House  
Freeth Street  
Oldbury  
West Midlands

**Distribution**

Councillor M Gill (Chair)  
Councillors Akpoteni, Allen, Anandou, Z Hussain, Jones, J Webb and  
Independent Members: Ager (Vice-Chair) and Hussain

Contact: [democratic\\_services@sandwell.gov.uk](mailto:democratic_services@sandwell.gov.uk)

## Information about meetings in Sandwell



If you are attending the meeting and require assistance to access the venue, please contact Democratic Services ([democratic\\_services@sandwell.gov.uk](mailto:democratic_services@sandwell.gov.uk)).



If the fire alarm sounds, please follow the instructions of the officers present and leave the building by the nearest exit.



Only people invited to speak at a meeting may do so. Everyone at the meeting is expected to be respectful and listen to the discussion.



Agendas with reports with exempt information should be treated as private and confidential. It is your responsibility to ensure that any such reports are kept secure. After the meeting confidential papers should be disposed of in a secure way.



This meeting may be recorded and broadcast on the Internet. If this is the case, it will be confirmed at the meeting and further information will be provided.



You are allowed to use devices for the purposes of recording or reporting during the public session of the meeting. When using your devices they must not disrupt the meeting – please ensure they are set to silent.



Members who cannot attend the meeting should submit apologies by contacting Democratic Services ([democratic\\_services@sandwell.gov.uk](mailto:democratic_services@sandwell.gov.uk))



All agenda, reports, minutes for Sandwell Council's meetings, councillor details and more are available from our [website](#)

## Minutes of Audit and Risk Assurance Committee

**Tuesday, 11 January 2022 at 5.00 pm  
at Council Chamber - Sandwell Council House, Oldbury**

**Present:** Councillor M Gill (Chair);  
Mr M Ager (Vice Chair and Independent Member);  
Councillors Akpoteni, Allen, Anandou, Z Hussain, O Jones  
and Webb.

**Also present:** Councillors Kalari and Melia (observing).  
Surjit Tour – Director of Law and Governance and Monitoring  
Officer  
Tony McGovern - Director of Regeneration and Growth  
Peter Farrow – Audit Services and Risk Management  
Manager,  
Narinder Phagura - Business Partner- Audit Services  
Zoe Thomas – Grant Thornton

### 1/22 **Apologies for Absence**

No apologies were received.

### 2/22 **Declarations of Interest**

There were no declarations of interest made.

### 3/22 **Minutes**

The Committee received the minutes of the meetings held on 18  
November and 21 December 2021.



### **Resolved:-**

- (1) that the minutes of the meeting held on 18 November 2021 are approved as a correct record, subject to the addition of the following resolution to Minute No. 66/21:

***Resolved** that the actions set out in the resolutions of the Committee made on 18 March 2021 are completed before the next scheduled meeting of the Audit and Risk Assurance Committee.*

- (2) that the minutes of the meeting held on 21 December 2021 are approved as a correct record.

4/22

### **Urgent Additional Item of Business**

The Chair agreed that the matter referred to at Minute No. 7/22 (Update on the Implementation of Resolutions of 18 March 2021 (Audit and Governance Assessment Panel Update)) be considered as an urgent additional item of business.

The Chair felt that the matter was urgent because at its meeting on 18 November 2021 the Committee had resolved that the actions be completed by its next meeting.

5/22

### **Internal Audit Progress Report**

The Committee noted an update on the progress made against the delivery of the 2021/22 Internal Audit Plan.

It was reported that a follow-up review on Riverside Housing Association, which managed a proportion of the council's housing stock, had identified four further areas for improvement:-

- rent collection and reconciliation
- property extract reconciliation (housing stock) records
- increasing rent areas
- internal audit's inability to access Riverside's computer systems.

Consequently, limited assurance had been given, however the Director of Housing would be working with Riverside to ensure that actions identified were implemented.

The Committee also noted some amendments to the Plan:-

- Working with the Voluntary and Community Sector – Further to Minute No. 62/21 (of 18 November 2021) this audit would now take place in 2022/23 to allow sufficient time for the new process for the administration and monitoring of these grants to embed.
- Oracle Fusion Programme – This had been one of the key lines of enquiry in the external auditor Grant Thornton’s wider auditors Value for Money Governance Review. Internal Audit would be monitoring the implementation of the recommendations Grant Thornton had made as part of its 2022/23 internal audit work.
- Council Transformation and Recovery from the Covid-19 Pandemic – This would now form part of the 2022/23 internal audit plan, following the completion of the recent senior management restructure, alongside the recommendations made in the external auditors Value for Money Governance Review referred to above

Members expressed concern in relation to the ongoing recommendations for Riverside Housing and requested that representatives be asked to attend the Committee.

**Resolved** that representatives from Riverside Housing are requested to attend a future meeting of the Audit and Risk Assurance Committee.

6/22

### **Internal Audit Charter**

The Committee received the Internal Audit Charter for review. The Charter was based on the Chartered Institute of Public Finance and Accountancy’s (CIPFA) model charter and reflected the requirements of the Public Sector Internal Audit Standards.

There were no changes proposed to the Charter.

**Resolved** that the Internal Audit Charter 2022/23 is approved.

7/22

## **Appointment of the External Auditor**

The Committee was consulted on proposals for the appointment of the Council's external auditors from April 2023 onwards.

The Council had previously opted into the national scheme for the appointment of its current external auditors, along with 98% of the sector. The Council had received an invitation to opt into the national scheme again.

Public Sector Audit Appointments was a not for profit, independent company incorporated by the Local Government Association. It offered value for money through collective efficiency savings for the sector as a result of undertaking one major procurement exercise. Surplus funds were distributed to scheme members and Sandwell had benefited from this in the past.

The Council could procure its own external auditor; however, this would be a lengthy and complex process. It was therefore recommended that the Council take up the offer to opt into the national scheme again. Under Regulation 19 of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015 (the Regulations) the decision rested with the Council.

The Committee was assured that if the same external auditors were appointed again, a different audit partner would be assigned to the Council to provide a further level of independence.

**Resolved** that the Council is recommended to take up the invitation from Public Sector Audit Appointments to opt into the national scheme for external auditor appointments from April 2023.

8/22a

## **Strategic Risks Deep Dive: Risk 056 - Towns Fund Programme**

Further to Minute No. 64/21 (of 18 November 2021) the Director of Regeneration and Growth was present to discuss Strategic Risk 056 - Towns Fund Programme.



The Committee was assured that, as a result of the measures put in place to address delays, the risk had now reduced to Amber, with a target date to reduce to Green by March 2022, which reflected the key milestone for the programme.

It was reported that one of the key delays in the preparation of the 16 business cases, was human resources. Long term staff sickness had had an impact, as had competing demands as officers had been working on the development of business cases on top of their full-time day to day roles. An officer had now been seconded to a permanent post to oversee the preparation of business cases and would also be in post throughout the delivery phase. In addition, the support of an external consultant had been engaged to support the process. The Council had been allocated funding to support the development of business cases, which would be used to pay for the consultants. Therefore the council's contribution to the process was in terms of officer time only.

Further delays had occurred due to the lengthy approval process for each business case. The Cabinet had therefore approved an alternative process at its meeting on 24 November 2021 (Minute No. 218/21 refers), which would reduce the length of time taken to approve each business case, whilst continuing to provide high level assurance through an Assurance Panel involving relevant cabinet members and directors. All business cases would also be presented to the Economy, Skills Transport and Environment Scrutiny Board for comment prior to them being submitted to government.

Most of the 13 remaining business cases were now rated Green on the risk register. Those rated Amber were due to the increased costs of construction and construction materials, which meant that some of the business cases were around 30% above budget and this was currently being worked through. One of the business cases was rated as a Red risk, and this was a complex transport scheme that required significant additional design work and involved a number of different partners.

Members raised concerns about the lack of representation from the Cradley Heath and Old Hill ward on Town Deal Boards. It was reported that this had now been addressed.

8/22b

### **Strategic Risks Deep Dive: Risk 061 - Partnerships and Contractors Service Delivery**

Further to Minute No. 64/21 (of 18 November 2021) the Committee discussed Strategic Risk 061 - Partnerships and Contractors Service Delivery.

This had been a new addition to the Strategic Risk Register to recognise the Council's dependency on an array of contracts in one stand-alone risk, which was in addition to the entries on the Risk Register in relation to the individual contracts. The Risk would pick up any issues the council's key partnerships and contracts including Serco, Sandwell Leisure Trust, and Sandwell Children's Trust.

The recent Value for Money Governance Review, carried out by the council's external auditors had also included these contracts as key lines of enquiry. The inclusion of this as a new risk on the Strategic Risk register would also ensure that Committee had the opportunity to monitor the implementation of the associated recommendations made by external auditors and the delivery of an accompanying action plan.

9/22

### **Special Educational Needs and Disabilities (SEND) Passenger Transport Contract Update**

The Committee was informed of the findings and recommendations from the June 2021 internal audit review of the Special Educational Needs and Disabilities (SEND) Passenger Transport Contract; the Grant Thornton Value for Money Governance Review (Key Line of Enquiry 04 relating to SEND transport); and the observations of the Chair, following his factfinding exercise into the matter.

A redacted version of the confidential internal audit report was circulated to the Committee to inform a discussion in public. Members expressed disappointment and concern however that the contents of the confidential report had already appeared on social media.

The Cabinet was due to consider a report on 12 January 2022, proposing new arrangements for the procurement of the contract, which included the abandoning of the Dynamic Purchasing System (DPS) model and undertaking a new procurement exercise. The Cabinet would also be considering the findings of the Children's Services and Education Scrutiny Board's review into the various models available for the contract. An extension would be sought to the current contract to provide service continuity whilst the new procurement process took place.

The internal audit report contained 16 recommendations for chief officers to implement. Whilst the report had not found that there had been a direct breach of Contract Procedure Rules, a number of areas for improvement in internal and administrative processes had been identified. The Committee would be able to seek assurances in the future on the implementation of those recommendations.

The Director of Law and Governance and Monitoring Officer advised that Contract Procedure Rules allowed the Council the right not to award a contract in circumstances where there were justifiable reasons, so it was unlikely that the council would be subjected to a legal challenge from the unsuccessful bidders.

As the Committee wished to discuss confidential information, the Chair moved that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act, 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to information which is likely to reveal the identity of an individual. The motion was seconded and carried unanimously.

**Resolved** that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act, 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to information which is likely to reveal the identity of an individual.

Members felt that not enough attention had been paid to the level of risk involved the procurement of such a contract. The Committee was minded to look at other high value contracts at regular intervals to seek assurances that Contract Procedure Rules were being adhered to consistently.

Members expressed concern that an independent external review of the process had still not been carried out and felt that such was still necessary. The Director of Law and Governance and Monitoring Officer advised members that the Committee did not have the authority to commission an independent external review, and that authority was reserved to the Cabinet. He further advised that it was this Committee's role to focus on compliance.

It was proposed that the Chair and Independent Vice Chair develop a scope for an independent review. The Director of Law and Governance and Monitoring Officer advised the Committee to consider what a further review would achieve and what it could add to work already undertaken by both internal and external auditors. Members responded that they felt that the previous reviews did not provide a sufficient level of detail, due to the speed at which they had been undertaken and felt that an independent viewpoint was still required to ensure a complete understanding of the matter and prevent mistakes from happening again. The Director of Law and Governance and Monitoring Officer further advised to consider what value a further review could add.

Notwithstanding the advice from the Director of Law and Governance and Monitoring Officer, members were minded to pursue the development of a scope for an independent review.

**Resolved:-**

- (1) that the recommendations set out in the internal audit report on its review of the procurement of the Special Educational Needs and Disabilities (SEND) Passenger Transport Contract are endorsed;
- (2) that the Committee carries out regular reviews of high value contracts to seek assurances that Financial Regulations or Contract Procedure Rules are being adhered to consistently;

- (3) that the Chair and Independent Vice Chair develop a scope for and independent review into the procurement of the Special Educational Needs and Disabilities (SEND) Passenger Transport Contract.

10/22

### **Update on the Implementation of Resolutions of 18 March 2021 (Audit and Governance Assessment Panel Update)**

In reference to Minutes Nos 21/21 (of 18 March 2021) and 66/21 (of 18 November 2021), the Director of Law and Governance and Monitoring Officer reported that he was working with the Interim Director of Human Resources regarding the issuing of apologies, where appropriate, to those staff that had been the victim of racist behaviour. A further referral had not yet been made to the relevant regulatory body as focus had been on the human resource matter. The Director of Law and Governance and Monitoring Officer would update members, in writing, on progress with both matters within the next week, following discussions with the Chief Executive.

In reference to Minute No. 25/21(3) (of 24 June 2021) members requested that the extraordinary meeting be arranged to further consider the matter. The Director of Law and Governance and Monitoring Officer cautioned members about re-opening the matter, and the perceivable benefits of doing such, given that both the former Audit and Governance Assessment Panel and the Committee had already spent a considerable amount of time on the matter in March 2021. Also, as one of the key themes raised by the external auditors, Grant Thornton, in its recent Value for Money Governance review was that the Council was unable to move forward as it was spending a significant amount of time on historic issues. Members felt however that the matter should be re-visited by the members currently appointed to the Committee.

The Director of Law and Governance and Monitoring Officer confirmed that the former Audit and Governance Assessment Panel would not be reconvened, as that the external auditors Value for Money Governance Review had now superseded the need for that.

**Resolved** that resolution (3) of Minute No. 25/21 of the meeting held on 24 June 2021 is progressed and an extraordinary meeting of the Committee is held in February 2022.

Meeting ended 7.20pm

This page is intentionally left blank

## Report to Audit and Risk Assurance Committee

17 March 2022

<b>Subject:</b>	External Audit Report – Value for Money Governance Review and Improvement Plan
<b>Director:</b>	Interim Chief Executive Kim Bromley-Derry
<b>Contact Officer:</b>	Strategic Lead – Service Improvement Kate Ashley <a href="mailto:Kate1_ashley@sandwell.gov.uk">Kate1_ashley@sandwell.gov.uk</a>

### 1. Recommendations

- 1.1. That the Committee notes Grant Thornton’s Value for Money Governance Review report.
- 1.2. That periodic updates are presented to the Committee in respect of the agreed Improvement Plan to enable the Committee to monitor progress and consider any matters arising for the Committee.

### 2. Reasons for Recommendations

- 2.1. Under sections 20 and 21 of the Local Audit and Accountability Act 2014 auditors must form a Value for Money (VFM) conclusion, having determined whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. As the council’s external auditors, Grant Thornton have conducted a review into the council’s governance arrangements and have a legal duty to report their findings publicly to Council.
- 2.2. Within their report, Grant Thornton have made a series of statutory and key recommendations and the council is legally required to provide a response that sets out how it will address the recommendations.



- 2.3 The report and the Council's Improvement Plan were presented to Council on 18 January 2022 and approved.
- 2.4 The council recognised and accepted all of the recommendations within Grant Thornton's report. As the recommendations span the governance arrangements across the whole council, the improvement plan that supports this response reflects corporate wide improvements that must be delivered and sustained.

### **3 How does this deliver objectives of the Corporate Plan?**

- 3.1 The scope of the report is focused on the governance arrangements of the council and areas of improvement across the whole organisation. Therefore, this impacts on the council's ability to deliver all the objectives in the Corporate Plan.

## **4 Context and Key Issues**

### **Governance Review – Background and Scope**

- 4.1 In their role as the council's external auditors since 2019, Grant Thornton's monitoring of the governance arrangements in place led to concerns around the council's ability to look forward and manage the challenges and opportunities that all local authorities currently face.
- 4.2 In July 2021, Grant Thornton gave notice of their intention to conduct a Value for Money Review of the council's governance arrangements in order for them to fulfil their responsibilities as external auditor and reach a satisfactory conclusion to their audit on Value For Money. The purpose of this review was for Grant Thornton to draw conclusions on a number of key lines of enquiry and determine the extent to which further action is required by the council if necessary.
- 4.3 The scope of the review covered seventeen key lines of enquiry, split into two categories of:
- Services and Management; and
  - Meetings, Complaints and Relationships





- 4.4 The review was conducted between August and October 2021 through a document review and interviews with a range of elected members, officers and external stakeholders.
- 4.5 The council welcomed the review and the opportunity to demonstrate the improvements that have been made in many areas that were examined by Grant Thornton.

### **Recommendations of the Review**

- 4.6 Grant Thornton issued their final report to the council on 3 December 2021 (Appendix 1). Within the report, Grant Thornton have made three statutory and five key recommendations that relate to the overarching governance of the organisation. The report also identifies 37 further improvement recommendations which relate to the individual key lines of enquiry of the review.
- 4.7 Grant Thornton have recognised that over the last few months the council has made progress towards resolving matters and improving the governance arrangements in place, and it is important that these changes are embedded.

### **Management Response - Improvement Plan**

- 4.8 The council has recognised and accepted all the recommendations made by Grant Thornton as a result of their Governance Review. In many areas, steps had already been taken to begin to address the issues examined by the external auditors and the council is committed to prioritising and embedding sustainable improvements across the organisation.
- 4.9 The council has developed an Improvement Plan to address all of the recommendations made by Grant Thornton. To ensure that improvements already made are embedded into future practice, this Improvement Plan will formally map out those actions already in place as well new actions that address any gaps.
- 4.10 The Improvement Plan is attached to this report at Appendix 2. As well as named lead officers responsible and timescales for delivery, the Improvement Plan also includes measures of success so that the council



can track the impact of our activity and ensure our actions are addressing the issues identified by the Governance Review.

## Reporting Mechanisms

- 4.11 Actions within this Improvement Plan have been embedded within directorate business plans. This provides clear lines of accountability for delivery of these actions and ensures resources can be focused on priority areas.
- 4.12 To ensure that senior officers and members have oversight of delivery against this Improvement Plan, 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.
- 4.13 Grant Thornton will review progress against this Improvement Plan within six months and at 12 months. However, Grant Thornton reserve the right to increase monitoring activity should they identify any concerns through their normal business activity.
- 4.14 The role of the Audit and Risk Assurance Committee will be to seek assurance that the progress of the Improvement Plan is being reported to Cabinet quarterly and that recommendations are being implemented in a timely manner.

## 5 Alternative Options

- 5.1 The 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. Therefore, the report is a public document and there was a requirement to report to Full Council. As the report included statutory recommendations the council had a legal obligation to respond appropriately. There are no alternative options to consider.

## 6 Implications

<b>Resources:</b>	The development of the Improvement Plan was carried out within existing resources. Additional resources may be required to implement agreed
-------------------	---



	actions to address the recommendations in the Governance Review.
<b>Legal and Governance:</b>	<p>The Governance Review was conducted under Sections 20 and 21 of the Local Audit and Accountability Act 2014, and therefore the report must be presented to Full Council as a public document.</p> <p>The council is legally required to respond to any statutory recommendations made by the external auditor, and demonstrate action is being or will be taken to address issues raised in the report.</p>
<b>Risk:</b>	<p>If the Council fails to take appropriate action to address the recommendations of the Governance Review, or the external auditors do not have sufficient confidence that appropriate actions are being taken, then the council risks not having effective governance arrangements in place to manage current and future needs of the organisation and the borough.</p> <p>This could lead to increased costs, damage to reputation and government intervention.</p>
<b>Equality:</b>	<p>The recommendations of the Governance Review considered the council's governance structures as a whole. Any changes to policies as a result of the recommendations will require Equality Impact Assessments during the development to ensure the implications of any proposals are fully understood before decisions are made.</p>
<b>Health and Wellbeing:</b>	<p>The recommendations of the Governance Review considered the council's governance structures as a whole. Any improvements to those structures will set out how they will strengthen the council's ability to deliver services that will improve the health and wellbeing of Sandwell.</p>
<b>Social Value</b>	<p>The recommendations of the Governance Review considered the council's governance structures as a whole. To address some of the recommendations, the council plans to develop its Social Value Policy in order to maximise the opportunities for Sandwell gained from our procurement spend.</p>



## 7. Appendices

- 1) Sandwell Metropolitan Borough Council: Value for Money Governance Review – FINAL Report (03 December 2021)
- 2) Governance Review - Improvement Plan

## 8. Background Papers

None





Page 21

# Sandwell Metropolitan Borough Council: Value for Money Governance Review

---

Year ended 31 March 2021

3 December 2021



# Contents

Page 22



Your key Grant Thornton  
team members are:

Mark Stocks  
Audit Partner

T: 0121 232 5437

E: mark.c.stocks@uk.gt.com

Guy Clifton  
Director

020 7728 2903

E: guy.clifton@uk.gt.com

Section	Page
1. Introduction	3
2. Key Findings	6
3. Statutory and Key Recommendations	11
4. Detailed Findings	13
<b>Appendix</b>	
A. Improvement Recommendations	51
B. The scope of the auditor's work on value for money arrangements	57

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

# Introduction

# Context, background and scope of the review

## Context to our VfM approach

Sections 20 and 21 of the Local Audit and Accountability Act 2014 (the Act) require auditors to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM work is carried out in line with the Code of Audit Practice (the Code) which is prepared by the National Audit Office (NAO) under the Act, and its supporting statutory guidance: Auditor Guidance Note 3 (AGN 03).

A revised Code came into force on 1 April 2020, after being approved by Parliament. The Code requires auditors to structure their VfM commentary on arrangements under three specified reporting criteria:

- Improving economy, efficiency and effectiveness: how the Council uses information about its costs and performance to improve the way it manages and delivers its services;
- Governance: how the Council ensures that it makes informed decisions and properly manages its risks; and
- Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services.

## Background to this review

In our 2019/20 Audit Findings Report we noted that a number of governance issues had come to our attention during 2021. We considered that there was insufficient evidence to confirm that these matters impacted 2019/20 and as such noted that they will be dealt with as part of the 2020/21 audit.

We have continued to monitor Sandwell Metropolitan Borough Council's (the Council) ongoing governance arrangements, including member-officer relationships and have become increasingly concerned at the Council's ability to look forward and manage the challenges and opportunities that all local authorities currently face.

There is an increasing perception of poor progress in resolving service and governance issues, a lack of trust between key individuals charged with governance, of a significant amount of time being spent responding to allegations and complaints, and of reviews being reopened, such as the reopening of previous standards reviews. We feel that until these significant issues are resolved that the Council is at risk of not having adequate governance arrangements in place to ensure that it can effectively discharge its statutory responsibilities and maintain its financial sustainability.

Under the NAO Code, we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VfM conclusion. Instead, auditors report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The purpose of this work has been to draw conclusions on the key lines of enquiry (KLOEs) identified as part of our scope, and if necessary determine the extent to which further action is required by the Council. This review, along with other VfM related activity, has been undertaken in order for us to consider whether there are any significant weaknesses in the Council's arrangements.

As already noted, our work is undertaken in accordance with the Local Audit and Accountability Act 2014, sections 20 and 24 and may result in Statutory Recommendations or a Public Interest Report.

## Overview of the scope

Determining how much work to undertake on arrangements to secure VfM is a matter of auditor judgement. The focus of our review has been on the effectiveness of the Council's governance arrangements and how they are impacted by the matters detailed above.

We have identified seventeen KLOEs to assess the Council's governance arrangements, which are set out in the table below.

Whilst the focus of this review is on governance arrangements, where appropriate we will highlight findings in relation to the two other reporting areas set out in the Code.

	SERVICES & MANAGEMENT
A1	The Children's Trust
A2	Sandwell Leisure Trust
A3	Providence Place
A4	Special Educational Needs Transport
A5	Sandwell Land and Property Company
A6	MADE festival
A7	Waste service
A8	Governance and legal support re DPH
A9	Lion Farm
A10	Introduction of new ERP system (Oracle)



# Our approach

## Overview of the scope (cont'd)

	MEETINGS, COMPLAINTS & RELATIONSHIPS
B1	Chief Officers
B2	Senior Leadership
B3	Complaints
B4	Officers and members relationships
B5	Standards Committee
B6	Audit Committee
B7	Financial Reporting

## Our approach

Our work in relation to this review was undertaken between August and October 2021.

### Stage 1 – Review of key documents

We submitted an information request for key documents and then undertook a desk top review to reach an initial conclusion on the nature of further work required.

### Stage 2 – Further Analysis and Clarifications

We then undertook interviews with key stakeholders in relation to each KLOE to clarify issues identified during stage one and to undertake more detailed analysis in relation to specific KLOEs. A total of 75 stakeholder interviews have been undertaken, representing a total of 122 discussions on individual KLOEs.

Our approach is designed to assess:

- Governance arrangements in place in relation to our scope;
- Council performance against these arrangements; and
- Identify any significant weaknesses and risks.

### CfGS Governance Risk and Resilience Framework

We have drawn on the Centre for Governance and Scrutiny's (CfGS) Governance Risk and Resilience Framework, published in March 2021, to structure our work in relation to KLOE B4 - officer and member relationships. This Framework includes seven characteristics of good governance that have a particular focus on behaviours.

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by council officers, council members, and external stakeholders with whom we have engaged during the course of our review.

## Additional VfM Code Work

As already noted, we have identified governance arrangements as an audit risk. This requires additional work to inform our auditor's judgement on VfM. The work has been undertaken in line with the requirements of the Code and associated auditor guidance. This review helps us discharge our responsibilities under the Code and will include the reporting of any significant weaknesses in arrangements and other points for improvement identified during the review. Any fee variation is subject to approval from Public Sector Audit Appointments Ltd (PSAA) which is responsible for appointing auditors and setting audit fees for relevant authorities that have chosen to opt into its national scheme of auditor appointments.



# Key Findings

Note: KLOE A8 has not yet concluded and will be reported separately.

# Overview

## Overview

The Council has seen deteriorating senior officer and senior member relationships over a number of years. This has resulted in a breakdown in trust, respect and confidence between those holding governance roles. This has limited the Council's ability to look forward and manage the challenges and opportunities it faces. This breakdown in relationships between senior officers and senior members is central to the governance issues identified by this review.

There has been poor progress in resolving service and governance issues, with a significant amount of time being spent responding to internal allegations and complaints. There is evidence of reviews and issues being reopened. This has impacted on the Council's ability to focus on service improvement.

The Council has been insular and siloed. Its focus has been on responding to external service-based challenges as well as managing the fallout from previous decisions or investigations. Senior officers and senior members have historically been unable to make the changes required to move away from this organisational culture and focus.

We note that since the appointment of the interim Chief Executive in August 2021, working with the then new Leader of the Council, that many of these matters are being resolved. The Council's senior leadership team, the majority of whom are recent external appointments, recognise the challenges and issues set out in this report and are supporting the interim Chief Executive on an improvement journey.

These 'green shoots' are positive and we have tried to reflect the improvements in this report. Without these changes we would have had concerns with regard to the Council's ability to manage and govern itself, and intervention by the Government may have been necessary.

Inevitably these changes are not yet embedded, and the Council will need to manage the transition to a permanent Chief Executive well, alongside maintaining continuity and stability of the wider leadership team, so that the new Chief Executive, working with the leadership team, continues to support the service and cultural changes that are being put in place and that momentum is maintained.

Due to the issues identified we have determined that it is appropriate to raise the following statutory recommendations under Section 24 of the Local Audit and Accountability Act:

## Statutory recommendations

We have made a number of statutory and key recommendations which are set out page 12. Other improvement recommendations are made throughout the detailed findings of this report and are summarised in the Appendix.

Our statutory recommendations are:

- **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.**
- **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.**
- **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.**

# Key findings

## KEY FINDINGS

### Corporate grip

Understandably COVID-19 has significantly impacted the leadership and organisational focus of all local authorities over the past eighteen months. Even taking account of this impact we consider that until recently the Council has failed to take an effective corporate grip on key issues facing the Council.

We note that it is hindered in taking a corporate grip by the lack of a clear performance management framework and agreed key corporate indicators, although we note recent progress has been made on this. This has impacted on the ability of the Leadership Team and Cabinet to have a single line of sight and single version of the truth. This has contributed to a culture of silo working, resulting in a lack of corporate ownership and accountability. This has, in turn, resulted in a lack of ownership and grip on key challenges and issues and an absence of intervention and decision making.

In failing to take ownership and seeking resolution, lessons have not been learned. This has resulted in a number of instances whereby the Council has repeated actions leading to similar outcomes. For example, the Wragge report continues to be an area of mistrust between members and between officers and members.

### Procurement and commercial decision making

Our review has identified repeated instances where commercial decisions or procurement decisions have contributed to a number of key legacy challenges facing the Council, which have not been resolved.

These included legacy property related decisions such as those relating to Lion Farm, Providence Place and Sandwell Land and Property Company where there was either a lack of appropriate expertise and advice or failure to consider all appropriate options.

There are also more recent examples of poor procurement decisions relating to waste management and recycling, the Council's enterprise and resource planning (ERP) system and SEND Transport. In each case the procurements have either been poorly specified, did not provide adequate timescales, or those responsible for decision making have not been fully aware of the context and detail.

These property transactions and procurement decisions have created future service or delivery challenges. In some cases, they have impacted negatively on the Council's reputation. In each instance, until recently, the decisions have not had effective corporate ownership to allow appropriate management or resolution.

### Contract management

Our review identified a number of key contracts having been impacted by either poor specification during procurement, a lack of clear contract management responsibility, or poorly defined approaches to contract management. These related to Sandwell Leisure Trust (SLT), Serco, Inoapps and Sandwell Children's Trust (SCT) and we note that the interim Chief Executive has recently commenced more effective engagement with these key suppliers and partners.

At varying times relationships between the Council and these key partners have been fraught with the lack of senior leadership grip significantly contributing to a deterioration of these relationships. A lack of clear corporate ownership has meant that issues with these contracts have not been resolved in a timely manner. This is particularly the case for SLT, Serco and Inoapps.

We also note that some key contracts such as SLT and SCT, have not previously had key performance indicators reviewed since the contracts were let, whilst others have not had appropriate focus on service quality (such as SEND Transport) or outcomes (such as SLT and Serco).

## OTHER THEMES

### Lack of longer-term planning

The insularity and short-term focus previously noted has meant that the Council has not had the necessary time and space to consider the long-term. Recent changes to the Council's leadership have seen a re-emphasis on longer-term planning, with time invested in a refresh of the Corporate Plan, which has now been approved by full Council.

However, as mentioned earlier, the lack of a corporate performance framework has meant that the Council has not received management information on key corporate indicators. We also note that the Leadership Team had not been receiving regular monthly budget monitoring reports and have not been effectively engaged in the budget setting process or medium-term financial planning. We understand that processes are being put in place to resolve these issues.

# Key findings (cont'd)

## Officer empowerment and decision making

The scheme of delegation and the involvement of senior members in key decision making has resulted in a lack of empowerment of officers in decision making and the agility of the Council to make, where necessary, prompt decisions. An example of which is the delay to taking a decision in relation to the rescheduled MADE Festival, which had been due to take place in August 2021. We consider that this reflects the lack of trust between senior members and senior officers at the time.

## Capacity, experience and skills

The prevalence of interim and acting up arrangements in senior officer roles has in some places not seen effective back-fill arrangements put in place, resulting in capacity challenges for some key officers and teams such as Finance. These temporary arrangements have contributed to confusion over some key roles and responsibilities, such as those in relation to SLT and Oracle Fusion, impacting on effective contract management.

More generally, the lack of corporate ownership, again already discussed, has left some officers exposed in managing key service challenges and relationships without appropriate senior officer support and direction.

## The impact of changes to senior officers and members

The Council has been through a period of significant change to its leadership, both in terms of senior officers and senior members. Following the local elections in May 2021 a new Leader was elected, who appointed a new Cabinet with effect from June 2021. Many of these Cabinet members had not previously held a Cabinet role, and some were fairly new to the role of councillor. There was a further change to the Council Leader in late November 2021, as we were finalising this report.

An interim Chief Executive has been in role since August 2021 and there has been significant changes to chief officers over the past year, with vacancies being filled by either external interims, or Council officers in acting up roles. These changes were driven in large part by a senior management review which concluded in October 2020, although we note that some chief officer departures were caused by unrelated circumstances.

Other than the Chief Executive there are currently ten chief officer roles, of these four are recent external appointments, and two other external appointments have been made with these officers starting in November 2021. Three officers remain from the previous leadership team, two in the same role and one appointed to one of the new roles created by the review.

Two roles remain vacant: the Chief Executive and the Deputy Chief Executive, with the recruitment of the former recently initiated. The Council has decided to not recruit the Deputy Chief Executive and to review the need for this role. In addition there is a Director of HR, which is not a permanent role and is being held by an external interim.

The impact of this recent period of change has been instability and uncertainty for the organisation. Whilst external interims are recognised positively for the experience they bring from working with other councils and having a “fresh pair of eyes” on some of the service challenges being faced, the wider organisation considers the use of interims as maintaining a holding pattern before permanent chief officers join. The Council will reach the position of having all roles filled by a permanent officers during November 2021, other than the two vacancies noted above.

The changes to key senior roles have led to a loss of corporate knowledge and history among senior officers and senior members. This has contributed to historic issues resurfacing and senior members making the initial decision to progress a major project or initiative not being the same group of members taking further decisions during the project's implementation, such as the SEND Transport procurement.

## The current position

The themes set out in this section illustrate how the Council's recent behaviours and legacy issues impact on good governance and decision making.

The recent widespread changes at chief officer level and the election a new Leader and appointment of a new Cabinet, provide a significant opportunity for the Council to move away from this position. Indeed, there is a consensus that senior officers and members are in a much stronger, more effective and constructive position than in the recent past. There is also a clear desire to make the improvements required, and a greater understanding of roles and responsibilities.

The current Leader and interim Chief Executive have a positive working relationship and between them have introduced changes to manage some of the legacy issues noted above. These include the Leadership Team attending informal Cabinet, the introduction of “star chambers” as part of the budget setting process, enhancing the training programme for members, and a review of the Council's constitution including the scheme of delegation. Other changes are planned.

# Key findings (cont'd)

Page 39

## The current position (cont'd)

Many of these changes took place during the course of this review so it is too soon to judge if they are yet embedded. Key stakeholders we met during this review recognised that the Council is at the start of a necessary improvement journey.

Failure to maintain and embed current and planned changes will have a significant impact on the Council being able to realise its strategic ambitions and provide effective governance.

Whilst we recognise that recent changes have been positive, we remain concerned about the lack of trust across the wider organisation and continuing poor behaviours, for example, the leaking of the review into the Wragge report to local media in October 2021. It will take time for the wider organisation to regain trust in the senior leadership, see the stability required, and believe in the changes that have begun.

There was a change to the Council's Leader as we were finalising this report. This has highlighted the need for stability and continuity. The new Leader must use the platform for improvement which has been created to ensure a strong and positive working relationship both with the current Interim Chief Executive and the subsequent permanent Chief Executive.

The direction of travel is a necessary and positive one, but there is no quick fix for the challenges facing the Council. For these "green shoots" to deliver the widespread transformation and changes required, the Council's leadership needs to be relentless in its focus in delivering and embedding sustainable change, and use its past history as a reference point when focusing on improvement.

## Recommendations and detailed findings

We now set out our statutory and key recommendations, followed by the detailed findings in relation to each individual KLOE.

We consider that these matters represent significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have also identified several improvement recommendations, which are summarised at Appendix A. Further details on the types of recommendations we make are set out at Appendix B.



# Statutory and key recommendations

# Statutory and key recommendations

Improvement recommendations are made throughout this report and these are summarised in the Appendix. Our statutory and key recommendations are summarised below.

Page 32	Recommendation
	<b>Statutory recommendations</b>
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.
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.
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.
	<b>Key recommendations</b>
4.	The Council's leadership needs be relentless in its focus in delivering and embedding sustainable change, and use its past history as a reference point when focusing on improvement.
5.	Critical to embedding the transformation and change required will be the appointment of the right permanent Chief Executive. The Council must ensure an effective recruitment process, including attracting a pool of appropriate candidates.
6.	The Council should ensure that a corporate performance framework is agreed so that the implementation of the Corporate Plan can be effectively monitored, and there is collective corporate responsibility rather than silo working.
7.	Members in key statutory roles, in particular in relation to Cabinet, scrutiny, standards and audit, need to be provided with effective induction and ongoing development, training and support. The member development programme should be reviewed to ensure corporate governance forms part of the training for members with governance roles.
8.	The Council should develop and agree an action plan in relation to the statutory, key and improvement recommendations included in this report, ensuring that they are specific, measurable, attainable, realistic and time-bound.

Management responses to these and the improvement recommendations are included in a separate Council report.



# Detailed Findings

# KLOE B4: Officer and member relationships

The purpose of this KLOE was to consider whether relationships between senior officers and senior members are appropriate in supporting good governance.

## Introduction

We have set out our findings in relation to this KLOE before any of the other KLOEs due to the overarching importance of senior officer and senior member relationships for the discharging of effective governance and decision making.

We have drawn on the Centre for Governance and Scrutiny's (CfGS) Governance Risk and Resilience Framework, published in March 2021. The framework is designed to promote good governance practice and:

- recognises good governance is everyone's responsibility, and whatever their role, officers and councillors are likely to carry out work that intersects with the Council's governance framework every day;
- considers roles and responsibilities including those of the Council's statutory officers and political leadership
- includes a focus on behaviours;
- sets out seven characteristics for considering governance risk and management, designed to reflect and supplement the broader CIPFA/SOLACE: "Delivering good governance in local government" framework (2016).

We have structured our findings by the seven characteristics, which are:

- The extent of recognition of individual and collective responsibility for good governance;
- Awareness of political dynamics;
- How the council looks to the future to set its decision-making priorities;
- Officer and councillor roles;
- How the Council's real situation compares to its sense of itself;
- Quality of local / external relationships; and
- The state of member oversight through scrutiny and audit.

Twenty-five meetings were held with individual senior officers and senior members of the Council in relation to this KLOE, and our findings are based on our judgement of these key stakeholders' observations.

## The extent of recognition of individual and collective responsibility for good governance

The Council is coming out of a period where there has been a breakdown in the trust, confidence and respect between senior officers and senior members, which has been characterised by:

- a perceived blame culture contributing to the siloed approach to directorates, with senior officers protecting their areas of responsibility and a lack of peer challenge within the Leadership Team and a risk of not giving bad news to members.
- a lack of collective responsibility and accountability in the absence of a corporate focus on key performance indicators and risks, weak corporate involvement in strategic financial planning, budget monitoring, and transparency.
- a lack of clarity on roles and responsibilities between officers and members.
- an inconsistent approach to the Council's scheme of delegation, including relatively low spending thresholds, and an overly bureaucratic approach to decision making, leading to unnecessary delays.

The characteristics set out above are a significant risk to good governance. However, we note that there have been recent improvements. We discuss these below.

The recent widespread changes at chief officer level and the election of a new Leader and appointment of a new Cabinet, provide a significant opportunity for the Council to move away from this position. Indeed, there is consensus that senior officers and members are in a much stronger, more effective and constructive position than in the recent past. There is a clear desire to make the improvements required, and greater understanding of roles and responsibilities.

The current officer and member leadership team have introduced changes to manage the legacy issues noted above, including the Leadership Team attending informal Cabinet, the introduction of "star chambers" as part of the budget setting process, enhancing the training programme for members, and a review of the Council's constitution including the scheme of delegation. All of these are positive actions.

**Embedding the changes that have been made and that are planned will be critical if the Council is to realise its strategic ambition and provide effective governance.** Whilst early indications are positive, the test of whether these changes become effectively embedded will be how the council's senior leadership manage legacy issues should they surface, and that they continue the work of the interim Chief Executive through the appointment of a high quality permanent Chief Executive.

**An enhancement of the induction programme to new members of Cabinet, including on local government finance and their governance roles is recommended.**

# KLOE B4: Officer and member relationships (cont'd)

Part 4  
Local  
Governance

## Awareness of political dynamics

The Council has recently updated its Code of Member Conduct, incorporating updates to the Local Government Association (LGA) Model Code of Conduct. A member development programme is ongoing in relation to the Code and related areas such as gifts and hospitality, and arrangements for dealing with complaints under the Code. The Council has also commissioned the LGA to provide a mentoring programme for senior members.

There was consensus from our interviews that senior officers fully understood the need to act with neutrality when operating in a political environment. However, the recent history of the Council means that some senior officers remain impacted by the blame culture which was perceived to be in place. This, for example, has manifested itself in senior officers taking personally criticism of their service area, impacting on behaviours in meetings.

Whilst having in place effective codes, policies and procedures is good practice, it will be behaviours that determine whether the Council is able to successfully move away from its recent history. However, as already noted, the senior officers and members of the Council believe that there has been significant progress made in relation to how they operate and work together.

These changes in behaviour are recent and will need to be sustained to become embedded, so that the wider organisation - and external stakeholders - see and have confidence in this change.

The Council should consider how it provides appropriate support to those Chief Officers who were in role prior to the recent changes to senior officers, Leader and Cabinet. The Council should also ensure that corporate governance training is provided to members of the Cabinet and other members in governance related roles.

## How the council looks to the future to set its decision-making priorities

There was consensus that the Council has not provided appropriate time and space to think clearly about the long-term, to horizon scan and undertake the strategic thinking required.

It was recognised that this was because the Council has spent recent years “fire-fighting” both in terms of managing day-to-day operational issues, as well as having an insular focus responding to internal allegations and complaints. There is also evidence of reviews and issues being reopened.

A Corporate Plan (Vision 2030) has been in place but there has been a lack of clarity about how the Plan’s ambitions, priorities and outcomes should be delivered. This has been recognised, and the Council has recently invested significant leadership time in a refresh of the Corporate Plan, including external consultation. More work needs to be done including the establishment of Directorate Plans and Service Plans which will set out how corporate priorities will be delivered, including KPIs. The Leader has recently restructured Cabinet portfolios to better reflect the updated Corporate Plan.

**The Council should ensure that corporate KPIs are agreed so that the implementation of the Corporate Plan can be effectively monitored.**

**The forward plan of the Cabinet should be shared with the Audit Committee and Scrutiny Board to help structure their agenda planning.**

There has been an ineffective approach to budget monitoring and budget setting with:

- monthly budget reports not being reported to the Cabinet or the Leadership Team, and
- Directors and Portfolio Holders not being effectively engaged in budget setting discussions.

This has been recognised and star chambers for Cabinet members and chief officers have been introduced to support the budget setting process. The Director of Finance has also introduced regular Cabinet briefings and monthly budget reporting to Cabinet.

**The Leadership Team should agree key medium-term financial objectives and principles. There should be effective ownership of the principles that underpin the budget setting process, for example the Council’s approach to reserves, contingency and Minimum Revenue Provision (MRP).**

# KLOE B4: Officer and member relationships (cont'd)

## Officer and councillor roles

As already noted there has been a breakdown in trust and mutual respect between senior officers and members in recent years, which is recognised by those in senior officer and senior member roles. However, in general, those in these roles felt that working relationships, including trust and respect, had improved in recent months and were currently no cause for concern. Nonetheless it was also recognised that a cultural shift needs to become firmly embedded, and that stability and continuity is required from those in these roles.

The Council has agreed the following values to define how people do things and are reflected in the way people behave:

- Trust – show respect, make personal impact, being open and honest.
- Unity – focusing on customers, working with a team, communicating effectively.
- Progress – being open to change, focusing on performance, getting team results.

**Senior officers and senior members must lead by example to ensure that the “tone from the top” consistently reflects these values and behaviours. This is critical in ensuring that the wider organisation recognises that changes have been made and that all people are confident in adopting these values and behaviours. This should build on recently introduced staff briefings to include a programme of staff engagement including “pulse” checks to benchmark and monitor progress on the organisation’s wellbeing.**

As with all councils, it was recognised that members come from different backgrounds, bringing different skills and capabilities. A member development programme is in place, with the Council being supported by the Local Government Association (LGA) in its update and delivery, and member personal development plans have been introduced, which is good practice.

**The Council should ensure that the review of the member development programme is appropriate. In particular, thought should be given to how members with special responsibility roles are developed and supported. This should include succession planning for these roles.**

## How the council’s real situation compares to its sense of self

It was felt that Members have a good understanding of their communities’ needs and what outcomes are required to meet these needs, particularly in relation to their wards. However, it was recognised – as already mentioned – that the Council needs to ensure that these needs and outcomes are reflected in corporate priorities and outcomes and delivery is effectively monitored. Similarly, while improvements are being made in relation to public consultation on the Corporate Plan there remains no visible consultation on the Council’s budget setting priorities.

A key area of weakness is the lack of a performance management framework to manage corporate progress against key performance indicators. More also needs to be done to change the siloed approach to managing service delivery. We note that there has not been a structured or effective “early warning” system in place for the Council’s Leadership Team to identify key risks and issues.

This has been recognised and arrangements are being put in place so that the Leadership Team reviews strategic risks, budget monitoring and other performance data. **However, further work is required to establish a formal performance management framework and agree a set of key corporate indicators for the Leadership Team to collectively manage, receive appropriate management information to monitor progress, and set out clear lines of accountability, responsibility, and delegated authority.**

The Council has not had a consistent approach to financial benchmarking and so has had an absence of unit costs and financial trend data. The new Director of Finance has recently introduced financial benchmarking, which is good practice. **This will need to be sustained to create a culture of curiosity in services in how nearest statistical neighbours are performing, to support savings identification and to drive improvements.**

The recent restructuring of Council departments has resulted in a lack of clarity as to which department some services sit in, with the architects of the restructuring no longer working for the Council. Finance and services are currently working through such service allocations, but until this work is completed, financial reporting will not be fully aligned to departmental structures.

More generally there is good evidence that many senior officers are engaged in their respective professional bodies, which includes sharing learning, and that the Council is corporately engaged with the LGA.

# KLOE B4: Officer and member relationships (cont'd)

Part 3

## Quality of local / external relationships

The quality of local / external relationships is mixed. The Council works with a variety of local public, private and third sector bodies, and these relationships vary by service. It is recognised that the pandemic has enhanced relationships with some local public sector organisations, such as the NHS and police, and with local voluntary and community organisations, and that the Council should ensure that these gains are maintained.

However, the Council has had an insularity in recent years, which in particular has impacted its engagement with businesses, and sub-regional bodies such as the LEP and the West Midlands Combined Authority. This is recognised by the current political leadership of the Council and there are signs of a move to more active participation in key sub-regional bodies. Rebuilding these key strategic relationships will take time for the Council to realise any benefits and “punch at its weight” as the 34<sup>th</sup> largest council in England. **It will be important that this more outward looking approach is sustained.**

The insularity of the Council has also meant that its communications to external organisations has been weak, for example resulting in a lack of external clarity on the Council's key strategic priorities. This is also reflected in a passive approach to communicating to local residents and businesses. This too has been recognised and the Council is investing in its central communications team and aims to be more proactive in managing the narrative on the Council, including greater communication of positive news stories.

**When investing in the communications team, the Council should also use this as an opportunity to ensure more effective internal communications, including with back-bench members.**

The Council has a number of key external partners for the delivery of services such as waste and recycling, children's social care, and leisure. These relationships are covered in separate KLOEs.

## The state of member oversight through scrutiny and audit

The role that scrutiny and audit should play in holding a council's decision-makers to account makes these roles fundamentally important to the successful functioning of local democracy and good governance. Effective scrutiny helps secure the efficient delivery of public services and can drive improvements within the Council. Conversely, poor scrutiny can be indicative of wider governance, leadership and service failure.

The effectiveness of the Scrutiny Boards and the Audit and Risk Assurance Committee were viewed as needing improvement by those interviewed and, in particular, by senior officers.

The Labour Party has been in control of the Council since 1979 and for many years had not had an official opposition. The position changed at the May 2021 local elections when the Conservative Party gained nine seats (having previously held no seats). From a governance perspective this was welcomed by both the senior officers and senior members who we met during the course of our review.

However, whilst areas of effective activity were recognised, the long period of having no opposition has meant that the audit and scrutiny functions have not always effectively held key decision makers to account. This was a widely held view amongst officers we interviewed.

**There is a need to ensure that members of scrutiny and audit committees are aware of their governance roles including how to interrogate reports and ask the right questions.** This is recognised by the Council who are working with the LGA to develop and provide a member training programme for members with scrutiny and audit roles.

# KLOE A1: Sandwell Children's Trust

The purpose of this KLOE was to consider actions undertaken by the Council to secure improvement in children's social care outcomes.

## Background

Following an inadequate / requires improvement Ofsted inspection in June 2015, at its meeting on 19 October 2016, Cabinet was advised of the Government's Statutory Direction (under Section 479A of the Education Act 1996) to set up a new arrangement in the form of a children's trust to deliver children's social care services. As a result, Sandwell Children's Trust (SCT) started operating on 1 April 2018. Any alternative to the current arrangement must be agreed by the Secretary of State for Education.

A 10-year service delivery contract (SDC) between the Council and SCT commenced 1 April 2018, setting out the requirements for the provision of children's social care. The SDC obligation was to reach an Ofsted judgement of 'Requires Improvement' by 2020 and to secure an Ofsted judgement of 'Good' by 2022. However, due to the impact of COVID-19 and the cessation of full inspections by Ofsted in 2020, a full Ofsted inspection may not take place in 2021 but is more likely to be in early 2022.

The Ofsted Inspection carried out in November 2017 and reported in January 2018 noted that most of the recommendations from the Ofsted 2015 inspection had not been fully met and some services have declined in effectiveness.

Our Audit Findings Report for 2019/20 noted that we had completed a risk-based review of the Council's value for money arrangements and concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources except for its arrangements around children's services which have been rated as 'inadequate' by Ofsted.

We concluded that there were weaknesses in the Council's arrangements for delivering services for children in need of help and protection, children looked after and care leavers. These matters were considered evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management. This led to a qualified 'except for' value for money conclusion for 2019/20.

## KEY FINDINGS

### Governance arrangements

There is a robust governance framework in place for the Council and other stakeholders to monitor the performance of SCT.

The contract requires that the Director of Children's Services, together with Council senior officers from finance and legal services, and the Chief Executive of the Trust meet on at least a monthly basis to consider performance and operational matters at an Operational Partnership Board (OPB). The Council's Lead Member for Children's Services and the Chief Executive meet quarterly with the Chair of the Trust Board and the Chief Executive of the Trust, at a Strategic Partnership Board (SPB).

The contract also requires the Trust to provide a comprehensive annual review for consideration by the OPB and the SPB and then by the Cabinet. Progress against the performance indicators for the period 1 April to 31 March is set out in an Annual Review, together with information about financial, workforce, and other performance areas.

On behalf of the Council, the Trust has developed an Improvement Plan in response to the Ofsted inspection findings published in January 2018. This plan was presented to Cabinet in September 2018 and covered a three-year period. The Trust has undertaken a refresh of the Improvement Plan. The delivery of the improvement plan is overseen by an Improvement Board, which is independently chaired, with representatives from the Council, Trust and Department for Education attending.

DfE appoint the Chair of the SCT Board, carry out six-monthly monitoring visits, are invited to attend OPB and meet regularly with the Chair and CEO of the Trust. They also attend the Improvement Board and have provided approximately £7m of improvement funding to the Trust over the past three years, to address specific improvement areas.

The Trust is required to report to the Council's Scrutiny Board twice each year as part of the obligations set out in the SDC. At the meeting of 23 August 2021, reports in respect of the annual review, the improvement plan, the pandemic response and the adoption service were presented to the Children's Services and Education Scrutiny Board. The Council's Audit and Risk Assurance Committee and Cabinet also received reports on the Trust, and the Cabinet approves the Trust's business plan.



# KLOE A1: Sandwell Children's Trust (cont'd)

The purpose of this KLOE was to consider actions undertaken by the Council to secure improvement in children's social care outcomes.

Page 39

## Governance arrangements (cont'd)

In addition to the above, SCT activity also features in wider children's services governance arrangements, the Children's Safeguarding Partnership and the Children and Young People Commissioning Partnership.

In summary, there are comprehensive governance arrangements in place relating to SCT. Given the complexity of these governance arrangements we recommend a review to ensure that officers and members with roles on the various governance bodies are clear on their responsibilities, to avoid duplication and ensure effective communication between those holding governance roles and that there is a collective understanding of the performance of SCT and how risks and issues are being managed.

## Contract management

The SDC includes a set of 15 Key Performance Indicators (KPIs) which are monitored by the Council. We have been advised that when the SDC initially went live that this KPIs were not agreed, rather they were agreed during the first quarter of the Trust's operation. They have not been revised subsequently.

An officer with formal responsibility for managing the SDC was not appointed until Spring 2021, previously this role was spread across a number of different officers.

As part of contract management arrangements there is provision to negotiate the Council's annual funding with SCT (the contract sum) which feeds into Council's annual budget setting process.

The SDC sets out the steps and timing of the negotiation of the contract sum, which includes reviews by OPB, SPB, and the Council's Cabinet and Scrutiny Board.

The following contract sums have been agreed:

- 2018/19: £58,229,695
- 2019/20: £64,043,000
- 2020/21: £65,828,000
- 2021/22: £68,028,000

A request for additional £500,000 has been made by SCT during this financial year, which the Cabinet has approved and is being funded via a COVID-19 reserve. This will form a contract variation to the 2021/22 contract sum.

The Council has sought to reduce the contract sum since the creation of the Trust, seeking improvement and transformation from SCT. This has not happened and has negatively impacted on relationships during some annual contract sum negotiations. This was particularly the case during 2020 when the Council and SCT were unable to agree the contract sum. As a result, DfE became involved and the then Children's Minister supported mediation. DfE funded specialist financial support to provide assurances to the Council that SCT's contract sum request was reasonable. This led to the Council approving the contract sum. Such an impasse has not happened subsequently.

## SCT financial performance

SCT has a track record of annual overspends and not achieving planned savings targets. The overspend in 2020/21 was approximately £2m, however one-off government COVID-19 funding resulted in the final outturn being an underspend. The Council has worked with SCT to re-profile the Trust's underlying overspend over the three years of the Council's current Medium-Term Financial Plan (MTFP).

Children's social care has significant demand pressures nationally, which have been exacerbated by COVID-19, and SCT has seen increased costs such as for placements for looked after children.

SCT did not deliver £250k of their planned savings target in 2020/21. SCT has a savings target of £1.8m in 2021/22. We have been advised that £1.3m of the planned £1.8m savings are on target to be achieved, with plans in place to deliver the remaining £500k. The savings primarily relate to staffing and placement costs, with the latter sensitive to increased demand.

SCT has Service Level Agreements (SLAs) to buy back services from the Council for specified back-office services. These SLAs total £2.1m for 2021/22 and represent an income to the Council.

# KLOE A1: Sandwell Children's Trust

The purpose of this KLOE was to consider actions undertaken by the Council to secure improvement in children's social care outcomes.

Page 40

## Council management of financial risks

The Council's main source of monitoring the financial performance of SCT is via SCT reports to monthly meetings of OPB and quarterly meetings of SPB. SCT provides updates on forecast overspends and mitigations.

Given the financial pressures on SCT, the Council has set aside the following reserves and contingencies:

- High-cost placements reserve of £1m (£500k for 2022/23 and £500k for 2023/24) with SCT having to submit evidence should they claim for an additional contract sum.
- Earmarked COVID-19 reserve of £1.9m for 2020/21 which SCT claims against on a quarterly basis by demonstrating need. The additional £500k contract sum already mentioned was funded via this reserve.
- General contingency of £1.6m for 2021/22

## Leadership and relationships

The CEO of SCT and the Council's Director of Children's Services (DCS) are key roles and their working relationship is critical to the effectiveness of SCT delivery. There had been stability in both roles until this year, with the Council's DCS leaving in August and a change to the SCT CEO in March. Since the DCS left the Council in August, an officer is acting up in the role of DCS, supported by an external interim. A new, permanent DCS is due to start in November 2021. The working relationship of the CEO of SCT and the Council's new permanent DCS will be critical going forward

This is particularly the case as the Council did not transfer all children's services to SCT, retaining direct provision of services such as education, SEND transport and children's centres. The Council is also responsible for other services such as housing and has a key role in supporting SCT in relation to early intervention and prevention, and in reducing demand for children's social care. This includes how the Council and SCT work with children and families and other local agencies such as the police. We note that the Children and Young People Strategic Partnership has not yet agreed an early help plan and associated performance framework. The role of the DCS will be critical in collaborating with partner organisations to reach agreement on this plan.

## SCT workforce

There have been a number of changes to SCT senior management including the Finance Director role and a restructure which reduced the number of Directors from three to two. However, the key workforce issue for SCT relates to operational roles with significant recruitment and retention challenges with social workers. SCT has invested in a recruitment campaign called 12 reasons to work in Sandwell but this has not been effective in resolving recruitment and retention issues, which we note is an issue for the West Midlands and children's social care nationally. The workforce are also initiative weary, which reflects the actions resulting from repeated Ofsted reviews.

Nonetheless, the use of agency staff to cover vacant roles, and staff sickness levels, pose a significant risk to the continuity and quality of service delivery, along with increasing costs for the Trust, which in turn is likely to impact on Council budgets.

## Risk management

The Council has SCT on its strategic risk register, and updates on this are provided to the Audit and Risk Assurance Committee. SCT is also included in the Children's Services departmental risk register.

SCT have adopted a risk management framework and maintain a risk register which is reviewed quarterly and is reported to the Trust's Audit Committee. SCT management report to OPB on key risks facing the trust such as those relating to financial, performance and quality risks. SCT management discuss key risks with Council management outside the monthly OPB meetings. However, SCT does not share its full risk register with the Council.



# KLOE A1: Sandwell Children's Trust (cont'd)

The purpose of this KLOE was to consider actions undertaken by the Council to secure improvement in children's social care outcomes.

Page 41

## Outcomes for children

Ofsted inspections were suspended during COVID-19. The most recent focused visit was undertaken by Ofsted in March 2021 which was reported in May 2021, which noted:

- Both the Council and SCT have risen to the challenge of the COVID-19 pandemic.
- The impact of the third lockdown and rising COVID-19 rates have had a significant impact on staffing, with increased staff turnover and sickness.
- The Trust continues to have serious weaknesses in some areas identified in previous inspections. Decisions that help to secure the living arrangements of children on a long-term basis are not timely, and placements are not always well matched. There is a lack of effective oversight and challenge to poor practice from team managers and independent reviewing officers. Support services to meet the mental health needs of care leavers are still not routinely in place.
- In some practice areas, not all managers have fully understood the full breadth of the issues, and this has impacted on the progress and pace of improvement. Many of the identified areas of weakness are longstanding and pre-date the pandemic. An understanding of practice deficits has not led to timely improvements and solutions for many children. The leadership team has plans in place to drive the required changes but has been slow to implement these successfully, and there is little evidence of impact.

During our review, in August 2021, Ofsted reviewed the fostering service which was rated Good. This was the first Good rating received by SCT and indicates positive progress is being made in relation to this service area. It also provides SCT with an opportunity of moving the narrative on its improvement trajectory, for example in relation to recruitment and retention issues.

## Conclusion and recommendations

Whilst the recent Ofsted rating of fostering services demonstrates some positive progress, it is clear from the March 2021 Ofsted focus visit that some areas of significant improvement are still required. Staff turnover and quality of practice remain a risk to safeguarding children and the quality of their outcomes.

It is positive that Ofsted have reported the success of SCT and the Council's response to COVID-19, and we note that demand led pressures and recruitment and retention challenges are not unique to Sandwell.

However, during its time of operation SCT has struggled to move away from day-to-day firefighting and has not been able to invest in early intervention and prevention, or improve and transform to the extent required by the Council. Looked after children numbers and social worker caseloads, whilst both are reducing, remain high.

The statutory responsibility for children's social care sits with the Council via the role of the DCS. As such there is joint accountability for the successful delivery of services and outcomes for children. Relationships between the Council and SCT have on occasion been an "us and them" culture with a lack of collaborative approach and joint accountability.

**The Council's senior leadership – both officer and member – should prioritise corporate effort and develop a clear strategy for working with SCT to ensure it remains on its improvement trajectory. This should include:**

- **working with SCT to progress a multi-agency early intervention and prevention strategy.**
- **ensuring SCT has an appropriately resourced and skilled placements team in place to effectively manage the care market.**
- **conducting a review of KPIs to ensure they are effective for current circumstances.**
- **undertaking financial benchmarking in relation to children's social care, and take a realistic and pragmatic view on the level of funding required.**
- **reviewing the governance roles of officers and members in relation to SCT so that they are clear on their responsibilities, avoid duplication, ensure effective communication and that there is a collective understanding of the performance of SCT and how risks and issues are being managed.**

# KLOE A2: Sandwell Leisure Trust

The purpose of this KLOE was to consider the Council's management of the contract with SLT and to understand the impact of recent industrial action.

## Background

Sandwell Leisure Trust (SLT) was formed by the Council in 2004 due to underperformance of the in-house leisure service. SLT was contracted via a Management and Funding Agreement (MFA) for a 30-year period: 2004 to 2034, and SLT is currently in the 18th contract year (1 April 2021 – 30 March 2022). SLT manage all Council leisure facilities apart from one site, for which the Council has contracted with Places Leisure.

Funding for SLT was agreed for the first five years of the contract, which was extended in 2009 and 2011. Thereafter the annual management fee paid to SLT has been based on the approval of a rolling three-year business plan. The Council remains responsible for maintaining and investing in the leisure assets managed by SLT.

When SLT was created Council staff transferred to the Trust under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). A deed of variation was agreed in 2013 which permitted SLT to implement a separate single status agreement and move their staff from council terms and conditions of employment.

A deed of variation was agreed in 2016 that in the event of a new leisure facility being built in Smethwick to replace existing Smethwick facilities, SLT would be the operator. To that end SLT have been working with the Council as the assumed operator of the forthcoming Sandwell Aquatics Centre, which is being constructed as a venue for the 2022 Commonwealth Games.

## OUR FINDINGS

### Contract management

The MFA requires SLT to provide quarterly monitoring reports to the Council which is followed by a contract review meeting. The MFA sets out the KPIs for monitoring the contract. There have been attempts by the Council to update the KPIs during the delivery of the contract, for example to include outcomes such as contribution to the health outcomes in the borough, which has largely been unsuccessful. The key performance indicators are based on throughputs, such as the total number of visits, with a target to increase visits by 1% each year of the contract.

The contract with SLT stipulates an authorised officer from the Council should manage the contract and make decisions relating to the delivery of the contract. The long-standing officer in this role was seconded in January 2018 and a more junior officer was seconded to the authorised officer role. This has led to confusion within the Council and with SLT as to who is in the authorised officer role, due to more senior officers supporting the officer in the authorised role. This in turn has impacted on the agility of decision making by the Council and its effective working relationship with SLT.

### SLT Business Plan

The MFA sets out that SLT should have at any one time a business plan agreed for a three-year period, which the Council agrees on a rolling annual basis. The business plan for 2021/22 has been agreed, but the Council has not yet agreed the business plan covering 2022/23 to 2023/24, which should have been approved by end of March 2021.

If the Council and SLT fail to agree a business plan the contract resolution approach is instigated. The Council is currently seeking external legal advice to clarify the resolution process. If resolution can't be reached either party can terminate the contract.

The current impasse has resulted from the Council wanting, over a number of years, to significantly reduce the management fee for the contract, in the context of ongoing funding reductions to the Council, and the Trust demonstrating progress towards achieving financial sustainability and less reliance on Council funding. The Council and SLT have not been able to agree the level of funding for 2022/23 and 2023/24.

As part of this process the Council has sought various clarifications on the draft business plan submitted by SLT and has engaged, via Sport England, a consultant to review the Trust's financial position. A feature of recent business plan discussions has been the Council seeking details and clarifications from SLT relating to its financial position, such as the Trust's financial and management accounts, and the Trust's approach membership data and marketing plans. Both the Council and SLT feel there have been delays in the responsiveness from the other party during this period.

On 2 August 2021 SLT sent the Council an early warning letter highlighting financial concerns and a £750k worse than expected financial position for 2021/22 and 2022/23. SLT suggested that the impact of any changes were likely to increase the management fee requested for 2021/22.

The Council management met SLT management on 11 August 2021 and the Council confirmed areas of outstanding information and clarification. The Trust advised that their audited 2020/21 accounts would be presented to the SLT Board on 14 September 2021, and thereafter be shared with the Council. SLT management also advised that by reprofiling their budgets the £750k was no longer being sought.

At the time of concluding this review the business plan and funding agreement for 2022/23 and 2023/24 had not been approved. Typically, the process for negotiating the 2024/25 business plan would have recently started, to conclude by the end of March 2022.

# KLOE A2: Sandwell Leisure Trust (cont'd)

The purpose of this KLOE was to consider the Council's management of the contract with SLT and to understand the impact of recent industrial action.

## Industrial relations

SLT, in line with the 2013 deed of variation with the Council, went through a process of withdrawal from the National Joint Council (NJC) staff pay and conditions, which are those used by the Council, and which had transferred with staff when they TUPEd to SLT from the Council in 2014.

This decision was taken in November 2020, with staff needing to agree to the new terms and conditions. Council management have reported they felt they were not involved in this decision, whilst SLT management have advised the decision was taken to reduce costs, an issue which formed part of business plan negotiations.

SLT management negotiated with trade unions and the Advisory, Conciliation and Arbitration Service (ACAS) were brought in by SLT to help mediate. The trade unions sought industrial action to reverse the decision, which has led to two episodes of strike action during 2021.

GMB have ceased industrial action, whilst Unison have continued. 16 Unison members have taken strike action out of a total SLT workforce of over 400, and the most recent Unison ballot for strike action was due to conclude on 13 October 2021.

We understand that all SLT staff have now agreed to the new terms and conditions, which SLT management have confirmed will not be reviewed until April 2022.

The strike action has seen one leisure facility close on one occasion, with some services impacted at other leisure facilities.

## Conclusion and recommendation

The Council has sought over many years, via the annual business planning and funding agreement process, for SLT to become more commercially innovative in its operations, and to reduce its reliance on Council funding. This has not been successful, and relationships between the Council and SLT have now broken down, reflected in the significant delays in approving the 2022/23 to 2023/34 business plan and associated funding agreement.

The ultimate responsibility for the operation of leisure services sits with the Council as the commissioner of SLT and, as with SCT, the Council has at times appeared to lose sight of this joint responsibility and an "us and them" culture has been in evidence.

At the time of finalising our report the Council has triggered the contract escalation procedure and written to SLT management for the Leader of the Council and the CEO of SLT to meet and agree a definitive timescale for resolution.

**The Senior Leadership - both officer and member - must take ownership of this issue, prioritise corporate effort and take urgent steps to either resolve the current position with SLT or consider the options for alternative provision should either party decide to terminate the current contract, to ensure the continuity of future leisure service provision and associated reputational impacts.**



# KLOE A3: Providence Place

The purpose of this KLOE was to consider the potential loss to the Council arising from the proposed sale of Providence Place.

## Background

In 2007 the Council signed a 15-year Strategic Partnership Agreement with BT for the provision of various support services. As part of this arrangement BT agreed a pre-let from a company called Stofords, the long-leaseholders of 1 Providence Place (Providence Place) for a term of 15 years at a rent of £1.2m per annum. Following the demise of this Strategic Partner Agreement the Council decided to take an assignment of this lease, thereby becoming tenants and inheriting the lease obligations. Simultaneously the Council sub-let part ground, first and fourth floors to BT on flexible terms (with breaks) at a rent starting at £605k per annum (with uplifts).

In July 2014, Cabinet subsequently approved the purchase of the long leasehold interest in Providence Place at a cost of £23.558m. This purchase price was supported by an open-market valuation by DTZ of the long leasehold interest. The valuation reflected the guaranteed income stream.

In June 2019, the Department for Education (DfE) approved the provision of a new, 750 place secondary free school in West Bromwich, to be delivered in partnership with Shireland Academy and the City of Birmingham Symphony Orchestra (CBSO). It was proposed that the Council sell the freehold interest of Providence Place with vacant possession, along with a development plot to the DfE. DfE would invest up to £17m in converting the building into a school, with a provisional completion date of September 2023. The Council considered that the building of the Academy and the basing of the CBSO in the area would have significant economic and cultural benefits.

The Council undertook an assessment of its property needs, reviewing its office estate and space requirement for office workers. It was decided that the Council no longer required the capacity offered by Providence Place and on 22 July 2020, the Cabinet approved that Providence Place was surplus to the Council's office accommodation requirements.

A receipt of £8.46m was generated from the sale of Providence Place to DfE, which was significantly below the acquisition price of £23.558m in 2014. This is because the building is being sold with vacant possession, without the benefit of a secure income stream. The sale price is based on a valuation report by Lambert Smith Hampton dated 17th March 2020. It is possible that the Council could have achieved the acquisition price if it had sold with a long-term tenant. The Council is still committed to making the loan and interest payments related to the initial purchase. The total remaining loan and interest (for the period 2021 to 2055) are £31.69m.

As part of our 2019/20 financial statements audit we considered the actions taken by the Council in both 2014 and 2020. When viewed separately the actions do not appear unreasonable. The 2014 decision to purchase the asset with a long leasehold interest was based on external valuations at market value. Similarly, the sale to DfE was at the current market value based on there being no long leasehold in place.

However, when viewed together it is clear that the Council made a significant loss on the basis of these decisions. We estimated that the direct loss against the 2014 purchase price of Providence Place was c. £15m (Purchase price £23m, sale price £8.46m). We also noted that future loan and interest payments of £31m need to be made (against which only the capital receipt arising from the sale of £8.46m can be set). In effect the total loss to the Council is c£22.5m. This is a significant loss. We note that the Council has received rents from BT totalling £5.386m and it has also had beneficial occupation of part ground, second and third floors since 2014. However, it would also have incurred maintenance and running costs for the building.

Our 2019/20 audit findings report (AFR) considered the reasons for such a significant loss. Whilst difficult to determine we considered that:

- greater challenge should have been applied to the original purchase price, especially as the price paid appears to reflect a long leasehold period but break clauses existed in the leases.
- the original purchase was intended to support the Council's Office Accommodation Strategy. It was envisaged that by 2017, the Council's workforce would reduce by 20-30% and the premises could then be used to accommodate more staff from less efficient buildings, thereby rationalising the use of council assets. The later change in the estates strategy with Providence Place being considered to be surplus has significantly undermined the original basis on which it was purchased.

We noted that, as Providence Place was being sold at its current market value and the decision to purchase it was made in 2014 we do not consider that the sale impacts on our 2019/20 VfM conclusion. However, due to the significance of the loss we have raised this matter with the Chief Executive to ensure that future purchases or sales of land and property are clearly aligned with a long-term estate strategy. Our AFR recommended that management should ensure that all purchases and sales of assets are clearly aligned with the Council's accommodation strategy.

# KLOE A3: Providence Place (cont'd)

The purpose of this KLOE was to consider the potential loss to the Council arising from the proposed sale of Providence Place.

Page 45

## FINDINGS

The purchase and disposal of Providence Place went through the Council's governance and decision-making processes in place at these times, drawing on external property consultants and valuations advice.

Following the approach by DfE, and the Council determining there was no longer a use for Providence Place for office accommodation, an options appraisal was undertaken which was reported to Cabinet and Scrutiny. This options appraisal considered options in relation to Providence Place such as disposing of the site on the open market, retaining and leasing the property, and the Council funding the school instead of DfE.

The Council has a statutory duty to provide appropriate levels of school places, but the options appraisal did not consider alternative options for the location of the Academy outside of West Bromwich. Similarly, the options appraisal also did not represent a formal cost-benefit-analysis between alternate sites outside of West Bromwich. We note that other sites suggested by the DfE within West Bromwich would have impacted the highway network and / or led to financial loss by the Council.

We note that if an alternative site was approved, the Council could have continued to utilise the building or alternatively may have been able to lease the building on a long-term basis thereby reducing the loss incurred.

The Council's post pandemic workplace vision and strategy supported the Council's decision that it no longer had a use for Providence Place for office accommodation. Providence Place would then become solely a commercial property investment, and it is not clear how the decision taken to dispose of Providence Place formed part of the Council's property strategy including an asset disposal strategy.

### British Telecom Lease

The Council agreed to dispose of Providence Place in August 2020 and contracts were exchanged with DfE provided that the Council agreed to the surrender of BT's lease by 30 June 2021 in order to vacate the building. BT held the lease until 2026 and had no contractual obligation to move. On 6 June 2021 Cabinet agreed to the terms of BT surrendering their lease at Providence Place.

These terms included the Council having no obligation to provide BT with alternative accommodation, the Council would pay BT a surrender premium equivalent to one year's rent of £446.4k + VAT, BT would be waived liability for dilapidation and decommissioning works and the Council would be liable for BT's legal costs for surrender. Contracts would be exchanged by the end of June 2021 and BT's surrender date be 31 December 2021 to satisfy the Council's obligations with DfE. The costs to the Council would be funded via a sinking fund for Providence Place to cover unforeseen costs.

### Conclusions and recommendations

As stated as part of our 2019/20 financial statements audit we considered the action taken by the Council in both 2014 and 2020. Viewed separately the actions do not appear unreasonable. The 2014 decision to purchase the asset with a long leasehold interest was based on external valuations at market value. Similarly, the sale to DfE was at the current market value based on there being no long leasehold in place. However, when viewed together it is clear that the Council made a significant loss on the basis of these decisions.

Property transactions such as those relating to Providence Place are complex. **Where the Council considers similar transactions in future, those charged with making decisions must satisfy themselves that they fully understand the detail of the options being proposed. Council officers and their advisors have a responsibility to ensure that members making decisions do so having fully understood these complexities and risks.**

**The Council should ensure that all future property or land acquisitions and disposals are clearly aligned with relevant Council property related strategies.**



# KLOE A4: SEND Transport

The purpose of this KLOE was to consider the circumstances relating to the recent procurement of SEND Transport and the Council's current approach to concluding the procurement.

## Background

The Council's Special Education Needs and Disabilities Passenger Transport (SEND Transport) contract expired at the end of August 2021. Currently 19 operators deliver 122 contracts which are in place to meet the Council's statutory duty under Section 508B and Schedule 35B of the Education Act 1996, whereby local authorities are under a statutory duty to provide free school transport to eligible children.

The Council's budget for the provision of SEND Transport was significantly under pressure with a forecast spend of £6.1m in 2020/21 against a budget of £2.5m. This was caused by a combination of factors, in particular increasing demand.

The Council undertook a procurement exercise, pursuant to its Procurement and Contract Procurement Procedure Rules in relation to a new SEND Transport Contract for 2021-25 (the new Contract) to award a new contract – at a potential total cost of £22m over four years. The Council sought to achieve greater economies of scale and value for money alongside addressing new and emerging issues within the sector including the risk of modern-day slavery, and improving the overall delivery of the service.

In August 2020, the Council's Cabinet approved the establishing of a new Dynamic Purchasing System (DPS) for the new Contract. A DPS was used for the existing SEND Transport contract. Following stage one of the new DPS, a closed bidder tender process was undertaken as stage 2 in March and April 2021. An evaluation of the proposals took place and a Cabinet Report was prepared setting out the conclusion of the evaluation, and the recommended awarding passenger transport related contracts via the new DPS effective as from 1 September 2021.

The Council's Cabinet, at its meeting on 16 June 2021, considered the award of four lots as the outcome of the procurement, which would have provided a £300k saving on the previous contract as well as improving service quality. The Cabinet deferred the matter following various concerns being raised over the process which had been raised following the publication of Cabinet papers prior to the meeting taking place.

An internal audit fact finding exercise regarding the proposed award of the SEND Transport Contracts for 2021-25 was then undertaken.

The Council took external legal advice on the options available, and an emergency Cabinet meeting took place on 21 July 2021 which agreed to continue to use the existing contracts with providers for the continued provision of SEND transport until 23rd February 2022, in order that the Council meets its statutory duties.

## KEY FINDINGS

### Internal Audit review

Internal Audit undertook a review, reporting in June 2021, which examined the background to and decision making relating to the 2021-25 contracts, compliance with the Council's procurement and contract rules, the approach adopted to supplier inclusion to DPS and the associated tender, how the outcome of the tender evaluation was reported to Members, and considered if any inappropriate or fraudulent activity had taken place. This report noted:

- Some of the concerns raised related to the identity of the owner of the two companies initially selected as the successful bidders, and the fact he was a former employee of the Council and the son of a former Deputy Leader, who was investigated into a series of land sales involving the Council (known as the Wragge report). As neither individual had any known current role or association with the Council they did not form part of the scope of the review.
- Many of the concerns were raised by current suppliers of this service to the Council that have not been successful in the latest procurement exercise, so there would be an element of potential disappointment and disgruntlement behind parts of them. However, each of the concerns were dealt with objectively, and in certain cases they were found not to be fully accurate in their interpretation. For example, a number of officers from both procurement and the service area were involved in the assessment process.

The internal audit report concluded:

- The procurement was undertaken with the correct intentions.
- Some concerns and issues raised have an element of substance.
- A number of issues regarding the quality of certain information provided by bidders in support of their applications
- A number of key Council processes were not followed. In particular the need for officers involved in the exercise to formally declare if they have any potential conflict of interests, the completion of a Starting a Procurement form which captures key information from the outset, and to respond to bidder's applications within agreed timescales. However, while internal procedures within service areas had not always been followed, none of these were in themselves a direct breach of the Council's Procurement and Contract Procedure Rules.

# KLOE A4: SEND Transport (cont'd)

The purpose of this KLOE was to consider the circumstances relating to the recent procurement of SEND Transport and the Council's current approach to concluding the procurement.

## KEY FINDINGS (cont'd)

- Sufficient documented consideration does not appear to have been given to both financial modelling and the risks, particularly around resilience, associated with the potential placing of all four large contracts with just two companies, who in themselves come under the ownership of one individual.
- None of the officers interviewed indicated that they had been placed under any pressure by any other officer or elected member as part of the procurement exercise.
- While the significant reduction in lots would see a subsequent reduction in the number of companies the Council would be contracting with, from the evidence available to them, Internal Audit found nothing to suggest that the reduction of competition was undertaken with the sole aim of benefitting two particular companies. Similarly, they came across no evidence to suggest that any inappropriate or fraudulent activity had taken place.

The Internal Audit report concluded that the issues identified in the review in all likelihood will necessitate a need to revisit the procurement exercise. In particular the way in which use was made of the DPS including restricting the number of lots available, how initial decision making was considered, agreed and recorded, and how information and the lack of detail thereof, was relayed back to the Cabinet in order for them, and later Scrutiny, to make an informed decision, on what is in effect a £20m contract award.

### Other reviews

The Council's Corporate and Budget Scrutiny Board and the Children's Services and Education Board have agreed to jointly examine existing and proposed arrangements for SEND transport provision. The Council's Audit and Risk Assurance Committee Chair is undertaking a fact-finding exercise into the original procurement exercise. Both activities had not been concluded during the course of our review.

The Council sought to commission an independent review of the original procurement. This review planned to assess the compliance and probity of the original procurement, including re-running the evaluation stage. This did not proceed due there being only one bidder, and the cost being deemed not best value.

### Financial management

Since 2018 the overall cost of providing travel assistance including parent mileage, travel passes and more recently the offer of personal travel budgets has increased by 45% from £3m in 2018/19 to a projected cost of £6.4m for 2021/22. Over the same period SEND pupils requiring travel assistance has increased from 680 to 850 with the average cost per pupil increasing from £5.1k pa to £7.6k pa. This situation is not unique to the Council.

The pressure on the SEND Transport budget has been managed over recent years by using carried forward underspends in the Education Directorate budget or using one off contributions from reserves. These were fully utilised by the end of March 2021 and the Council agreed additional funding for 2021/22 with the budget increased to £5.6m. A projected budget pressure of £800k remains, which excludes the impact of continuing with the existing DPS framework from September 2021 to February 2022.

The Council's approach to managing the overspends prior to 2021/22 mean that the base budget for SEND Transport did not reflect the true cost of providing the service. This led to some of the criticisms in relation to the value of the planned procurement award.

The extension of the original DPS contract by six months has seen an increase in forecast costs for the service

### Delegation and communication

Cabinet approved the procurement approach at its meeting in August 2020, delegating the detailed design, including lot structure, to the Travel Assistance Service team, working with the procurement and legal teams, with the procurement team managing the overall procurement process

A key change to the existing DPS framework, which focused on costs, was to introduce a greater focus on quality in the new DPS framework, in relation to children's safeguarding, and employment practices.

# KLOE A4: SEND Transport (cont'd)

The purpose of this KLOE was to consider the circumstances relating to the recent procurement of SEND Transport and the Council's current approach to concluding the procurement.

## Delegation and communication (cont'd)

Whilst the teams involved in developing the new contract design were aware of the planned service quality benefits, such as improved safety standards, reliability and quality of the service, more could have been done to ensure key decision makers were aware of the reasons for the change and the planned benefits when the new procurement approach was discussed and agreed in August 2020, and prior to the planned approval in June 2021, noting the significant changes to members of the Cabinet between these two dates.

A comparison between providers used on the current contract with those who were being proposed to be awarded contracts via the new DBS framework may have also helped managed a more effective contract award discussion.

## The publication of the proposed award

The Council chose to include the recommendations for the award of the new DPS contracts on the public part of the agenda papers for the Cabinet meeting on 16 June 2021, including the results of the evaluation. This was the direct cause of challenges being made to members of Cabinet prior to the meeting taking place. It is unusual for such potentially commercially sensitive information being made public in advance of a decision being made on the award of a major contract.

The outcome of the June Cabinet meeting has significantly impacted on the Council's reputation, including the matter being raised in Parliament, and has further impacted on the relationship between officers and members including levels of trust. The pausing of the procurement has also increased the level of expenditure on the services placing further pressure on the Council's budget, and creates risks for the Council such as accusations of suppliers canvassing members during the intervening period.

## Conclusion of the procurement

The procurement of the contract was initially paused, pending the outcome of the various reviews being undertaken. However, in order to not have to further extend the current DPS contract, work has been undertaken, including obtaining external legal advice, to review the structuring of the lots, and to consider whether the new DPS framework will be used. A report is planned to be presented to Cabinet on 3 November 2021 to agree how to proceed.

## Conclusions and recommendations

The focus of service quality in the new DPS framework represents important and positive progress for the Council in managing a major contract of this type. However, weaknesses have been identified by Internal Audit in some aspects of the procurement approach, although these did not represent a breach of the Council's Procurement and Contract Procedure Rules.

The manner of the pausing of the procurement has damaged the Council's reputation, put further strain on officer and member relationships, and created uncertainty and risks over how the conclusion of the procurement will be viewed and opened the Council up to potential legal challenges.

The Council already uses a DPS for commissioning travel assistance services, so has familiarity with the approach, as do providers. Whilst not the only procurement option, DPS is considered an appropriate procurement approach for a public sector organisation procuring services of this type. Operators can bid to be appointed to lots on the framework, and if unsuccessful continue to try do so by meeting the Council's service standards. When the Council requires a service, operators on the DPS framework are asked to tender for the work.

This was a major and complex procurement. An Invitation to Tender was advertised on 12 March 2021, with a closing date of 2 April 2021, for the contract to go live on 1 September 2021. This time frame was inadequate for such a large and complex contract.

**The Council's senior leadership – both officers and members – must place priority on agreeing the outcome of the SEND Transport procurement exercise to ensure a further contract extension is not required. This should include:**

- **Not losing the significant progress made on the contract specification's focus on service quality.**
- **Greater support, involvement, dialogue and oversight with the officer teams with responsibility for progressing the procurement.**
- **Ensuring the contract provides the Council with effective management and oversight of the personal transport market.**



## KLOE A4: SEND Transport (cont'd)

The purpose of this KLOE was to consider the circumstances relating to the recent procurement of SEND Transport and the Council's current approach to concluding the procurement.

### Recommendations (cont'd)

For the conclusion of the SEND Transport procurement and for all future major procurements, the Council should ensure that:

- **Record keeping and declarations of interest are undertaken in line with Council policies and procedures.**
- **Decision making does not create real or perceived risks in relation to inappropriate procurement decisions.**
- **Procurement timescales provide adequate time for both suppliers to submit high quality bids, and the Council to undertake appropriate evaluation, scrutiny and decision making. This timescale should include appropriate time in advance of the procurement for the council to undertake the necessary strategic thinking and planning required, and mitigate the risk of not making an award in the planned timescale**



# KLOE A5: Sandwell Land and Property

The purpose of this KLOE was to consider the background to the establishment of the company, actions undertaken by the Council to ensure the company complies with legislation, and delays to winding down the company.

## Background

Sandwell Land and Property (SLaP) was incorporated on 14 January 2011 as a limited company. SLaP was established by the Council as a vehicle for protecting the freehold of the Council's schools and related sites. SLaP is a non trading company and has no employees.

The Council is the sole shareholder of the company. SLaP is the freeholder of 99 education assets and leases them to the Council for a nominal sum of £1 per year in the form of ground rent, with the Council responsible for the maintenance of the assets as a condition of the lease.

**Our 2019/20 Audit Findings Report noted that we have had extensive discussions with officers around the accounting for SLaP property and around the history and purpose of the company.**

**We agreed with management's view that the company should be wound up as soon as possible and that Council representatives should discuss with the Directors of the company the ongoing purpose of the company and whether it could continue in its current form. We requested additional assurances around the security of schools' assets should the company be wound up before a decision is made on the future of the company, with the company expected to be wound up during 2021/22.**

## KEY FINDINGS

### Reason for creating the company

At the time of establishing SLaP, the Council understood that new legislation relating to academy schools created a risk that schools converting to academy status could take over the freehold of the Council's education assets. On taking external legal advice after establishing SLaP it was confirmed the freehold of education assets would not pass to academies.

Given the cost and additional complexity of managing an arm's length company arrangement, it is unclear why the Council has not sought to take education assets back in house sooner.

## KEY FINDINGS

### Compliance with legislation

The company and its Directors are governed by Company Acts law. There is evidence that the Directors of the company were not familiar with their legal responsibilities in relation to proper record keeping and failing to meet statutory deadlines for example submitting company accounts.

A number of Council members and officers have been appointed to company Director roles during the period of the company's operation, with one Director in place at the time of this review.

SLaP has never formally appointed a company secretary. A former Council Chief Executive, when a Director of the company, undertook the company secretary role informally. When they left their Director role in January 2019 it has been unclear who has subsequently delivered this role.

The administration of the company's business has been undertaken by officers of the Council, such as legal and finance, supporting members in company director roles, including an understanding of their company roles and obligations. We have not been able to confirm if formal guidance and training has ever been provided to company Directors. This has created a risk that Directors have not fully understood their legal responsibilities, including the distinction between the Council as shareholder and leaseholder, and SLaP as freeholder of the education assets.

The company was created without secretary of state consent, the Council has subsequently sought counsel advice that broadly indicated that if no government challenge had arisen, it was not likely to occur.

The company's accounts have been qualified in relation to asset valuations and ownership. We note that shares in the company were not issued in accordance with the relevant legislation.

### Council's governance arrangements

SLaP is a risk on the Education Service risk register, but has not had a profile with the Council's senior leadership, and nor has there been a senior individual, since the former Chief Executive left the Council, with effective understanding and organisational oversight of the company.

# KLOE A5: Sandwell Land and Property (cont'd)

The purpose of this KLOE was to consider the background to the establishment of the company, actions undertaken by the Council to ensure the company complies with legislation, and delays to winding down the company.

## Current position

The Council has appointed external legal advisors to advise on the winding up of the company. The legal advisors are advising both the Council as shareholder and leaseholder, and the company in the form of the company director.

In October 2021 the Cabinet acting as shareholder of the company approved instruction to the SLaP director to pursue voluntary liquidation. An insolvency practitioner has been engaged to administer the winding up of the company. The insolvency practitioner has appointed a tax advisor to advise on any tax implications and has advised the Council that due to the nature of the company and the company's assets, they are able to transfer the assets to the Council on the basis of their indemnity as liquidator, ensuring they are not responsible for any liabilities identified during the winding up process.

The Council's legal team is reviewing the legal title and beneficial interests of each asset to ensure the Council will have legal title when transferred from SLaP, and whether beneficial interests sit with the Council or, for example if this should be transferred to another body such a governing body of a school. Should such examples be identified, the beneficial interests should have been transferred prior to the asset being transferred to SLaP.

The winding up process had not concluded at the time of our review.

## Conclusions and recommendation

The Council has incurred additional costs to set up, administer and wind up SLaP when the purpose of establishing the company proved to be unnecessary.

There has been significant weaknesses in the understanding of roles and responsibilities, between those acting on behalf of the Council and those acting on behalf of the company. There has been a lack of consistent senior leadership oversight of the company, highlighted by delays in progressing its winding up. There are a number of instances where the relevant legislation has not been followed, such as the issue of shares.

**The Council should ensure that when considering establishing an arm's length company in the future there is a clear purpose for doing so and that those officers / members of the Council in company director roles are clear of their role and responsibilities in relation to that company.**

**Where arms length companies already exist the Council should gain assurances that company directors fully understand their company roles and responsibilities, that the company administration is properly resourced and appropriate training is provided to company directors. The purpose of the company should be revisited on a regular basis to determine whether the company continues to be of benefit to the Council.**



# KLOE A6: MADE Festival

The purpose of this KLOE was to consider the governance arrangements and decision making relating to the Council hosting this festival.

## Background

The Council was approached by the organisers of the MADE music festival, for the potential to use Sandwell Valley, a Council owned site, as the venue for the festival, to be held in August 2020. MADE festival was established in 2014 with aims of celebrating West Midlands contemporary music, creative arts and street food.

The Council agreed to host the event, recognising its alignment to the Council's ambition to strengthen Sandwell Valley's identity as a 'destination gateway' into the Sandwell / West Midlands region, and as part of the wider proposals for establishing Sandwell Valley as future major festival site. The event would generate income for the Council of £18,000-£20,000 for hosting the festival.

Due to the subsequent outbreak of COVID-19 the festival was postponed in 2020, to take place on 31 July and 1 August 2021. The ongoing pandemic during 2021 and uncertainty regarding the timing of changes to government guidelines led to a late decision not to allow the festival to take place on the rescheduled dates. This led to a breakdown in relationship with the festival promoter, who considered legal action against the Council, a situation which was resolved with the festival ultimately taking place on 18 and 19 September 2021.

## KEY FINDINGS

The original decision to host the festival was made by the then Leader of the Council on 15 January 2020. The Council's events team managed the planning for the event, including liaising with other relevant statutory bodies such as the police, via the Council's Statutory Advisory Group (SAG). SAG also had a role to ensure the Council's statutory responsibilities were met in relation to issues such as safety, traffic management and licencing permissions.

In the months and weeks prior to the rescheduled 2021 event taking place SAG received updates on all events due to take place in the borough, those hosted by the Council and those hosted by other bodies. During this period there remained uncertainty over the timing and nature of the government's four stage road map for easing COVID-19 lockdown restrictions, and because of this there were delays in formally approving that the MADE festival could take place as planned, with government delaying until 19 July when all legal limits on social contact in England would be removed.

The Council's Strategic Incident Management Team (SIMT) which was set up to consider various COVID-19 related activities, considered the viability of the rescheduled 2021 event. This included infection rates and vaccine take up in the borough, and the risks associated with the high level of visitor numbers expected to attend the event. SIMT comprised the majority of Directors on the Council's Leadership Team and relevant Heads of Service.

SIMT raised concerns about the viability of holding the event on 31 July and 1 August which were shared with event organisers and promoter at a meeting on 23 June 2021.

The event promoter advised the Council that should restrictions lift on 19 July 2021 and the event was not permitted to go ahead it would have serious consequences on the future sustainability of the event.

On 30 June at a further meeting the Council advised the organisers that the Council was not able to grant permission for the event to proceed as scheduled, until the Council had seen and interpreted the revised government regulations and guidance after 19 July 2021 and assess the COVID-19 safety of the event. The Council advised the organisers that these timescales meant it would be unwise for them to advance their current plans and a later date should be considered for the event.

The Council received a COVID-19 risk assessment from the organisers on 6 July which was reviewed by the Director of Public Health and discussed with the portfolio holder for Strong and Resilient Communities. Both raised concerns about holding the event on the planned days. The organisers requested the opportunity to submit a revised proposal for the event to take place on 18 and 19 September 2021.

On 13 July the Council became aware that tickets were being advertised by the promoter for the event on the planned event days and queried with the organisers why the event was being promoted. The Council then received a letter from the promoter's solicitors seeking Council justification for the decision to postpone, believing the Council had approved the event booking. The Council sought counsel advice, as the event booking form had a disclaimer in relation to COVID-19 and, in its view, the organisers had not provided all relevant documentation, for example, in relation to road closures.

The organisers also undertook negotiations with an alternative site outside of the borough which proved unsuccessful. The promoter advised the Council that the financial impact of not holding the event as planned could result in bankruptcy and he would consider taking legal action against the Council seeking recovery of costs.

The Council met the organisers on 22 July to discuss alternate September dates and the promoter announced the postponement of the event the following day.

# KLOE A6: MADE Festival (cont'd)

The purpose of this KLOE was to consider the governance arrangements and decision making relating to the Council hosting this festival.

## KEY FINDINGS (cont'd)

SAC met on 26 July to consider the alternate September dates and confirmed with the organisers on 29 July approval for the new dates, subject to satisfactory finalisation of all relevant plans and compliance with terms and conditions of booking.

The event took place on 18 and 19 September 2021.

### Conclusions and recommendations

There was uncertainty on the timing and detail of government regulations relating to the staged removal of lockdown restrictions being faced by all organisations and individuals during this period. However, the Council demonstrated a lack of decisiveness and clarity of decision making with the organisers of the event, with the governance around this decision making unclear.

The strategic reason for originally making the decision to host what was planned to be an annual event was its alignment to the Council's ambition to strengthen Sandwell Valley's identity as a 'destination gateway' into the Sandwell / West Midlands region, and as part of the wider proposals for establishing Sandwell Valley as future major festival site. We note that the Council's relationship with the organisers has been negatively impacted by how the decision making process was managed. There is a risk that the organisers may not seek the borough as a venue for future events.

**As part of the planned review of the scheme of delegation the Council should ensure that there is clarity of decision making on hosting events, and that the governance arrangements relating to such decisions are effective and clearly communicated.**



# KLOE A7: Waste service

The purpose of this KLOE was to consider the performance of the waste service, the Council's management of the contract with Serco, and understand the impact of recent industrial relations issues.

## Background

The Council chose to outsource its waste and recycling service and in November 2010, following a procurement exercise, the Council confirmed the appointment of a consortium led by Serco to deliver a 25 year, £650m integrated waste and recycling services contract. Council staff were transferred to Serco under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

Serco are responsible for the collection of household food and garden waste and recycling, street cleansing, the associated vehicle fleet, and the household recycling centre (HRC).

During the course of COVID-19 the Council has become increasingly concerned about the performance of a number of aspects relating to the delivery of the contract.

Service delivery has also been impacted by industrial action from some of the Serco workforce.

## KEY FINDINGS

### Contract management

The contract includes 34 Key Output Targets (KOTs) which are the basis for contract performance management. The contract is self-monitoring and Serco provide the Council with monthly performance data. Penalty points are accrued for failure to meet KOTs and these are reviewed each month by the Council, with financial penalties based on penalty points accrued each month. Failure to regularly meet KOTs over a twelve-month period can trigger a contractual default. There have been no defaults during the contract to date.

There had been formal contract monitoring meetings every six months between the Council and Serco in the form of a Waste Management Board. The Council Leader and relevant portfolio holder attend these board meetings and the Board is the formal decision making body. The Board meetings were suspended as a result of the onset of COVID-19 but have been subsequently re-introduced on a three-monthly basis.

The KOT in relation to recycling rates sets out a sliding scale of annual improved rates, with 60% being the target for 2021 and the actual rate being 32%. This is calculated on the tonnage of recycling against refuse collected. Serco have failed to meet these annual targets and may incur financial penalties of up to £1.2m per year. The reasons for under achievement of the target are considered to be household behaviour and weekly collections, the latter forming part of the original contract specification. The Council has provided Serco with a letter of comfort reducing this target and reducing the annual financial penalty.

The Serco contract was the first major outsourcing of its type undertaken by the Council. There is a perception that the approach to managing the contract did not adequately change from the way these services were managed when the Council operated a direct labour organisation model. Over the past ten years of the contract there have been a limited number of contract variations and requests made for additional services were not effectively specified.

The KOTs are considered well defined, but they are generally based on annual quantity rather than frequency and service quality. The Council is intending to engage an external consultant to review the KOTs to determine whether these contract specifications can be amended.

The vehicle workshop is operated by the Council and the Council maintains the vehicles through a separate maintenance contract with Serco. The contract terms meant that Serco were to replace fleet vehicles after 8 years of the contract (five years for smaller vehicles) which did not happen. This was identified during 2018 and discussions were held between the Council and Serco on whether the Council would borrow to fund the capital expenditure. The Council took external legal advice which confirmed such an action would represent state aid. A Fleet Board was introduced in May 2021 for Serco and the Council to progress a fleet replacement programme and Serco have committed to replace 18 refuse collection vehicles with delivery due in December 2021, as well as investing in mixed domestic recycling trucks. Serco have also hired newer sweeper vehicles, pending their replacement.

### Financial management

Serco submit a monthly bill in line with the contract payment mechanism.

In recent years the Council's budgets for waste management has underspent and an underspend is forecast for 2021/22. The underspend is a result of financial penalties incurred by Serco, and income the Council receives from recycle sales. The prices for the latter are dependent on market fluctuations. The underspend is used to maintain a reserve, currently £3.5m, which is used to manage fluctuations in disposal market rates and contract fees.



# KLOE A7: Waste service (cont'd)

The purpose of this KLOE was to consider the performance of the waste service, the Council's management of the contract with Serco, and understand the impact of recent industrial relations issues.

## Service performance

COVID-19 impacted on service delivery – which was common across the sector – as the workforce were impacted by absences, for example due to self-isolation via shielding or because of other COVID-19 regulations, as well as social distancing measures introduced for those who were at work. Garden and food waste collection were suspended during the first lockdown and the HRC was closed. Serco is still not operating a full service in particular food waste collection.

The pandemic has impacted on both waste collection and street cleansing, with street cleansing staff backfilling waste collection roles. Vehicle reliability has also contributed to service performance.

The pandemic shone a light on working practices and performance at Serco, contributing to service performance issues. During 2021 Council management have taken action to work with Serco to ensure necessary improvements are introduced. We understand, that as a result Serco's performance management of poor performing crews has improved, which has led to suspension of some staff and others leaving. This has contributed to industrial relations issues.

In early October the 100% in-day completion of waste collection rounds was achieved for the first time in approximately 9 months.

Serco have developed a waste and recycling recovery plan, and a recovery plan for street cleansing. At the time of this review they were being appraised by Council officers and were to be approved by the Waste Management Board.

## Industrial relations

Council staff were TUPE'd to Serco on the council's terms and conditions for the first ten years of the contract. Industrial relations issues arose in May 2021 when trade unions (Unite, Unison and GMB) raised issues with Serco management in relation to staff grievances, salary benchmarking, health and safety concerns and staff complaints relating to bullying.

We understand that Serco management have investigated the complaints and have concluded that the staff complaints related to management seeking to improve working practices and did not represent bullying. Serco management have also investigated staff grievances and health safety concerns and believe these to be resolved. Unite and Unison agree, but GMB believe they remain unresolved.

The Advisory, Conciliation and Arbitration Service (ACAS) are involved in arbitration with GMB. At the time of this review strike action was planned and GMB introduced a 2-month overtime ban for their members. 120 of the 300 workforce are GMB members. Serco's senior management continue to engage GMB to try to bring resolution to the dispute.

## Leadership and staff continuity

There have been changes to the senior officers at the Council with the relevant Executive Director and Director leaving in the past twelve months. An interim Director has been in role since May 2021 with a permanent Director due to start in November 2021. Until the interim Director was in role there was inadequate senior officer involvement in relation to the contract at time when this was needed to manage Serco's contract performance during the pandemic. The interim Director has brought focus to the situation including engaging with senior management of Serco.

The Council's contract manager has been in role for seven years. There had been similar stability in this role at Serco until there were changes in early 2020. More generally there have been a high number of management changes at Serco over the past year including the regional manager, regional managing director, operations manager and the senior contract manager. These changes have led to a lack of continuity in relationships with the Council and impacted on effective partnership working. In August 2021 a new senior contract manager and operations manager started but both left in September. The Serco managing director has introduced a new structure responding to concerns raised by the Council, and has instigated a programme of staff engagement. Serco are also taking steps to better manage poor performing staff, which is also leading to some further staff changes.

As noted elsewhere in this report, the Council's Leadership Team has not received effective corporate monitoring information on key council service indicators, which includes the Serco contract. This has been recognised and changes are being made to address the situation.

## KLOE A7: Waste service (cont'd)

The purpose of this KLOE was to consider the performance of the waste service, the Council's management of the contract with Serco, and understand the impact of recent industrial relations issues.

### Other findings

The performance issues associated with the Serco contract have seen an increase in complaints from residents, and increased enquiries to the Council's contact centre. Fly tipping has increased in the borough and the closure of, and then waiting time delays at, the household recycling centre are considered a contributory factor.

There is a need to review enforcement of public realm issues so the Council is clearer if the ownership sits with Serco or Council services such as parks, housing and grounds maintenance.

On 22 July 2021 the Council's Economy Skills Transport and Environment Scrutiny Board agreed to carry out a review of Waste Services and the Cleanliness of the Borough. The working group undertaking the review had not reported at the time of producing this report

### Conclusions and recommendations

Serco have not brought the innovation and investment expected by the Council, and the culture of the workforce has impacted on Serco's ability to deliver the contract. Whilst there are issues relating to Serco management, it is only recently that Council management have taken a robust approach to managing poor contract performance, which has led to some performance improvement. Serco remains on an improvement journey.

**The Council should prioritise corporate effort to ensure that the recovery plans are approved and appropriate senior management oversight is given to monitoring their effective delivery.**

**The Council should ensure robust contract management arrangements are in place, and review the Key Output Targets (KOTs) and work with Serco to ensure they are line with Council expectations and the data is available to allow effective monitoring of contract outcomes.**

**The Council should ensure that the investments specified in the contract with Serco are made, such as a new vehicle fleet.**





# KLOE A9: Lion Farm

The purpose of this KLOE was to consider the Council's governance arrangements and decision making in relation to the Lion Farm development.

Pages 5 to 10

## Background

Following approval of the Asset Management Land Disposal Cabinet Committee (AMLDC) at its meeting on 19 December 2012, the Council entered into an option agreement with a local developer in respect of the proposed development of Lion Farm Playing Fields in Oldbury (Lion Farm). The proposed development related to a premium designer outlet centre, which could support significant economic, environmental and social benefits to the borough and wider region. The minutes of the AMLDC were received by Cabinet on 9 January 2013 and full Council on 5 March 2013.

An option agreement is a legally binding agreement that gives a potential developer a period within which to investigate the development of a site and the owner of the site agrees to sell the land to the developer at a future point. Any costs incurred by the developer during the option period are at the developer's risk.

The option agreement was dated 21 May 2013 and the developer paid the Council an option fee of £245k plus a contribution to the Council's legal costs. The option agreement gave the developer the option to acquire the freehold of the Lion Farm site should planning permission be granted.

The agreement gave the developer 12 months to undertake pre-development activity with an option to extend for a further 12 months. The agreement also provided for a secondary option agreement to be entered into by the Council and the developer.

After the initial 12-month period in 2014 the Council approved the request to extend the agreement by a further 12 months. In 2015, before the second 12-month period had concluded the Council confirmed that the developer had complied with their obligations and the parties began discussing the secondary option agreement.

In 2017 the developer was made aware of a rival premium designer outlet scheme in Cannock that had received full planning permission. The developer approached the Council for approval to progress the development. On 15 November 2017 the Cabinet approved variation to the existing option agreement with conditions including resident consultation, re-provision of current football pitches, undertake an economic impact assessment, submit a full planning application, and the site should be developed as a premier retail/leisure development which will attract high-end outlets.

In 2018 the Council sought counsel advice on whether the options agreement was legal with the QC confirming in August 2018 that the options agreement was a legally binding decision.

## Governance relating to the original decision

A review by the Council in 2018 identified governance weaknesses in relation to the original decision to grant the option agreement and made the following recommendations:

- Enhanced member training to improve awareness on declaration of interests.
- The need to ensure resolutions are enacted in a timely way – the original AMLDC decision requested a follow up report on progress which was not progressed until 2017 with a report to Cabinet.
- A clearer record of the decision-making process to support recommendations being made to members
- A new protocol for the disposal of Council owned land and buildings is developed.

## External review

The Council engaged a consultancy firm to review the governance and decision making in relation to Lion Farm and three unrelated property transactions. They reported in January 2020. The report was not made available to us until we commenced this review.

We have reviewed the findings of the report but under the terms of its agreement with the Council we are unable to quote from this report. We are considering the powers available to us under the Local Audit and Accountability Act 2014 to require the release of the report. However, to ensure the timely release of our report we have set out our overall conclusions below.

## Current position

The Council's procurement regulations do not apply to property transactions, and so there is no legal requirement to publicly advertise the granting of an option to purchase a piece of land.

The principal senior officers and senior members involved in the initial agreement are no longer Council employees or a member of the Council. We note that there were weaknesses in record keeping, which means the current senior officers do not have access to all the information relating to the original decision.

# KLOE A9: Lion Farm (cont'd)

The purpose of this KLOE was to consider the Council's governance arrangements and decision making in relation to the Lion Farm development.

Page 58

## Current position (cont'd)

A secondary options agreement has not concluded and the developer has not yet submitted a planning application.

As a result of the 2013 options agreement, the asset will be valued following planning approval, before its disposal.

## Conclusions and recommendations

The original sale of the option to develop Lion Farm with a limit of 12 months to put a development forward appears reasonable. Subsequent decisions to extend the secondary option negotiations without an end date were ill-judged. It has meant that the Council has little recourse with the developer.

There has been a lack of recent engagement with the developer and the situation has been allowed to drift with the senior leadership of the Council not placing priority on seeking to agree resolution and a way forward. We understand that the Interim Chief Executive has recently re-started dialogue with the developer and is placing priority on resolving the impasse, and an options appraisal is being prepared for the Cabinet to consider.

**The Council must ensure that the recent re-engagement with the developer results in agreeing a clear way forward, including an action plan and timescale so there is clarity on the responsibilities for the Council and developer in order to progress the finalisation of the secondary option agreement, or to be clear on the legal process for both parties extricating themselves from the agreement and the associated terms.**

**The Council must ensure that it has taken all necessary steps to ensure that arrangements are in place so that issues identified in the external review are appropriately mitigated and managed.**

**The Council should review its procurement regulations and consider updating them to include land sales, including options agreements, to ensure that best value can be achieved.**



# KLOE A10: Introduction of new ERP System

The purpose of this KLOE was to consider the Council's management of the introduction of Oracle Fusion and understanding implementation delays and their impact.

## Background

The main Enterprise and Resource Planning (ERP) business system currently used by the Council is Oracle E-Business Suite (EBS), which provides a range of key functions that support various service areas, including Finance, Human Resources, Payroll, and Procurement. The Council's EBS is also used by maintained schools in the borough, Sandwell Children's Trust and the West Midlands Fire Service. It has been in place since 2003.

The current version of EBS used by the Council will become unsupported from 31 December 2021. Remaining on unsupported software is considered an unacceptable risk to the Council due to the loss of support patches from Oracle. The Council agreed to replace EBS in 2019. This decision followed an options appraisal, which concluded that a new cloud-based ERP system would be the preferred option.

The Council decided that Oracle Corporation UK Ltd were the only suitable available provider – their Oracle Fusion product. An exemption from conducting a formal tender process, to allow negotiation with Oracle for purchase of the appropriate licences, was considered permissible under the provision of the Public Contracts Regulation 2015. The Council published a voluntary ex-ante notice to inform the market of its intention to conclude these negotiations with Oracle and meet its obligations for compliance with the 2015 Regulation.

The Council also agreed to engage an implementation partner on the basis that the Council did not have capacity or relevant expertise to transition to the new system. The Crown Commercial Services framework was used to identify suitable implementation providers and it was determined that only Inoapps could meet all requirements for implementation partner services. The Council contracted with Inoapps for this role for £1.2m. Inoapps had provided managed services to the Council since July 2016 and were a platinum Oracle partner. The appointments of Oracle and Inoapps were approved by Cabinet on 9 October 2019.

The contract with Oracle was for five years, with an option to extend to seven years at £700k per annum. The overall cost of the project, for the duration of the five-year contract with Oracle, including implementation partner costs, was estimated to be £5.64m.

There have been repeated delays to the implementation with changes to the go live date for the new system, which will not now go live before EBS becomes unsupported at the end of 2021.

## KEY FINDINGS

### Business case for change

An options appraisal and financial appraisal were used to make the decision on the future of the Council's ERP system. Whilst these would form part of a business case, no outline or full business case for change was developed and approved. We would have expected a business case to have been developed for a project of such strategic importance and cost. Failure to do so has impacted on the implementation stage of the project.

### Transformation potential

The introduction of a new ERP system is typically used to support wider organisational transformation, improvement, efficiencies and savings. Indeed, one of the reasons for replacing EBS was long-term user dissatisfaction with reference to inefficiencies, inadequate reporting functionality and prolonged processes to access necessary data, with inefficient "work around" solutions being applied.

The lack of a formal business case has meant that benefits relating to the transformation potential of the new system have not been clear and have not been at the forefront of the implementation. This has been compounded by a lack of corporate ownership of the project and engagement by services, with the project seen as Finance or HR related, and not an enabler for organisational transformation and improvement.

Instead a "lift and shift" approach has been adopted minimising the opportunities for change and improvement and the use of the functionality of the new system. Once the new system has gone live there is an intention to undertake "development sprints" to identify transformation opportunities. However, the system will have already been implemented by this time, limiting the potential for such improvements without incurring additional costs in enhancements to the system. The Council has also used funding set aside for these sprints to fund cost overruns during the implementation stage.

# KLOE A10: Introduction of new ERP System (cont'd)

The purpose of this KLOE was to consider the Council's management of the introduction of Oracle Fusion and understanding implementation delays and their impact.

## Project finances

The options appraisal set out the total costs as follows.

Description	Costs 2019/20 to 2023/24 £000
<b>EXPENDITURE</b>	
<b>Implementaiton Costs</b>	
Implementaton Suppprt	1,206
Development sprints	600
Internal project team	386
<b>Ongoing Costs</b>	
SaaS subscriptions	3,240
Managed service support partner	70
Archiving system	140
<b>Total costs</b>	<b>5,642</b>
<b>FUNDING</b>	
Earmarked reserve	2,625
Redirection of budgets for current system costs	2,458
Resources revenue budget	682
<b>Total funding</b>	<b>5,765</b>
Contingency	123

The earmarked reserve of £2.625m was to be used to cover implementation costs and included £600k for post go live activity (development sprints) and £363k as contingency, in addition to the £123k contingency identified via the original funding proposal.

An additional £605k was added to the reserve from COVID-19 emergency funding to fund additional costs incurred due to delays.

A breakdown of the planned allocation of the earmarked reserve is set out below.

Description	£
Oracle Subscriptions	438,000
Inoapps Implementation Contract	1,224,150
Development Sprints (4 x £150k)	600,000
Project Team/Contingency	362,850
Total funded by earmarked reserve	2,625,000
Covid Emergency Funding	605,000
<b>Total Funding</b>	<b>3,230,000</b>

The development sprint, project team / contingency and COVID-19 emergency funding are currently over committed by £7.8k. Additional costs have been incurred in relation to extension to EBS licences, use of additional support due to the delays to going live, and contract variations with Inoapps.

## Governance Arrangements

There is a programme board which includes officers from the Council and representatives from Inoapps, and a programme team including representatives from both organisations. The Council has established a programme management office (PMO).

The Board reporting includes risk and issues logs and highlight reports. During the pandemic and when renegotiating the contract position with Inoapps and the subsequent focus securing clarity from Inoapps on their position, these have not always received appropriate focus.

Due to changes in the Council's senior officers there has not been stability with those attending the project board. This includes the chair of the Board, which was originally the then Executive Director of Resources, followed by the then Chief Executive, and is currently chaired by the Director for Strategy and Change.

The contract includes a statement of works which defines key project roles. Whilst the Council has a defined programme lead and programme manger for the project, the changes to senior officers involved in the project have created confusion over who is in the Senior Responsible Officer role, both within the Council and within Inoapps. It is a position which remains unclear.

# KLOE A10: Introduction of new ERP System (cont'd)

The purpose of this KLOE was to consider the Council's management of the introduction of Oracle Fusion and understanding implementation delays and their impact.

## Governance arrangements (cont'd)

The Cabinet approved the decision to progress the new ERP system and appoint Oracle and Inoapps. There have been limited subsequent updates to Cabinet, with the portfolio holder receiving updates via director briefings.

## Contract management

The programme manager and PMO, supported by the programme lead, are responsible for managing the contract with Inoapps. Where a contract variation is proposed by Inoapps the PMO discusses with relevant Council stakeholders and is then passed to the Programme Board for approval. The programme lead then completes the change request which becomes an addendum to the original contract.

The impact of COVID-19 led to a review of the implementation timetable during Summer 2020, given its impact on for example system testing and training activity. At the same time Inoapps identified the need for significant contract variations, believing they had under-scoped the resources requisite to implement the project. The original contract was awarded on a time and materials basis. The Council, in negotiating revised contract terms with Inoapps moved to fixed price terms with payment based on Inoapps meeting specified milestones, which was agreed in November 2020.

## The role of Oracle

Inoapps are a platinum implementation partner to Oracle, and Oracle are the provider of the new system being implemented. Having purchased Oracle Fusion the Council has not been able to effectively escalate the implementation issues with Oracle, in order for Oracle to support a resolution.

## Organisational involvement

During the majority of the implementation stage of Oracle Fusion there has been ineffective engagement from across directorates and services. This has started to change, with greater Director ownership, but as already noted, there remains a need for greater senior leadership oversight.

## The current position

Since the fixed price contract was agreed, with Inoapps taking a greater commercial risk on implementation, and having under-scoped their original bid, there has been increasing tensions between the Council and their implementation partner and frustrations from the Council at the level of support being provided by Inoapps.

This has led to an "us and them" culture rather than a joint implementation focus. At the time of this review relationships between the Council and Inoapps had broken down, further impacting on the progress of the implementation stage.

The go live date for the new system was deferred from October 2019 to April 2019, and subsequently deferred to October 2020. There is currently no go live date pending the Council agreeing a way forward with Inoapps.

Because the go live date will not take place prior to 31 December 2021 when EBS, the current system, becomes unsupported, the Council has approached Oracle, who also provide the EBS, to negotiate temporary support from January 2022. Oracle are seeking a 12-month extension to EBS which the Council would like to reduce due to the impact on unplanned costs, but the lack of a firm go live date is not helpful to these negotiations.

We understand that a report is being prepared for Cabinet on 24 November which will set out the Council's options and include a cost benefit analysis of these options.

## Conclusions and recommendations

The risk to the Council of having no ERP system available from the 1 January 2022 is significant.

### The Council must prioritise corporate effort to:

- ensure that temporary support is agreed with Oracle for EBS continuity.
- have an honest and frank discussion with Inoapps and urgently agree a clear resolution on the way forward.
- review governance arrangements so that good practice (such as Managing Successful Programmes) is in place and embedded, including clarity on the SRO role and approach to risk management.
- review the resourcing and scope of the implementation to ensure that it is realistic, given current circumstances, focuses on outcomes as well as costs, and there is organisation wide engagement and ownership of the programme.
- confirm a realistic and achievable go live date.
- ensure for future major projects a full business case is developed and approved.

# KLOE B1: Chief Officers

The purpose of this KLOE was to consider the Council's compliance with JNC guidance in relation to the recent departure of certain chief officers.

## Background

The Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities is the national negotiating body for the pay and conditions of service of chief executives in England and Wales.

The JNC sets out the national conditions of service for chief officers of local authorities, which include model procedures in relation to performance management, capability, disciplinary and redundancy.

There is a different negotiating body for pay and conditions for other local government workers, the National Joint Council (NJC) for Local Government Services.

## KEY FINDINGS

The Council's former Executive Director of Resources received a complaint in relation to certain actions that were believed to be outside Council policies and procedures. The actions related to matters over 5 years old and appear to have been precipitated by a change in control of the labour group. The then Chief Executive, after undertaking a fact-finding exercise and reviewing the position, invoked the model JNC disciplinary procedure. The Executive Director was suspended in March 2020 and the Council engaged the LGA to undertake an independent investigation. Prior to the conclusion of this investigation the Council finalised its senior management review which created a new structure for the Council's leadership team, resulting in the deletion of all Executive Director roles and the creation of new Director roles. The Executive Director chose not to apply for a new Director role, which led to the officer being made redundant by the Council before the investigation by the LGA was completed.

The Council's former Chief Executive departed the Council very quickly in July 2021 as a result of the breakdown in their working relationship with the new Leader of the Council. A decision was made by the two individuals concerned that the Chief Executive would leave the Council by mutual agreement, before the JNC model procedure could be invoked.

Following the decision being made the Council took external legal advice on employment law and sought advice from the LGA and various options were retrospectively considered, including the Chief Executive remaining in post, the Chief Executive claiming constructive dismissal, early retirement and mutual agreement, with the latter being considered the best value for money option.

The prior to previous Chief Executive also left before the JNC model procedure was invoked. The context was a Standards investigation, and the officer chose to resign rather than progressing to the formal procedure

## Conclusions and recommendations

The Chief Executive and Leader are key roles in any Council, and their working relationship is critical to the effective running of the organisation. There are many examples in the local government sector where Chief Executives have left councils by mutual consent and not followed model procedures, for example, when there is a change in Leader.

However, given the context at the Council, the departure of the two previous Chief Executives in a similar manner will have contributed to the lack of trust and uncertainty in the organisation which is highlighted elsewhere in this report. This has been exacerbated by the departure of the Executive Director of Finance through a restructure

We also note that the speed of the decision for the former Chief Executive to leave, and the lack of other senior officer involvement (such as from the Monitoring Officer and Director of HR) and not taking legal advice prior to the decision being made created a risk that each party may have had a different interpretation of the outcome of the discussion and the decision being made.

The Council needs to consider how it can restore trust between officers and members. **The Council should ensure that at the very least, appropriate internal and external advice is sought should the departure of a chief officer by mutual consent is agreed.**



# KLOE B2: Senior leadership

The purpose of this KLOE was to consider the background to senior leadership changes and the impact of interim officers in place.

## Background

The Council has been through a period of significant change to its leadership, both in terms of senior officers and senior members. Following the local elections in May 2021 a new Leader was elected, who appointed a new Cabinet with effect from June 2021. Many of these Cabinet members had not previously held a Cabinet role, and some were fairly new to the role of councillor.

An interim Chief Executive has been in role since August 2021 and there has been significant changes to chief officers over the past year, with vacancies being filled by either external interims, or Council officers in acting up roles. These changes were driven in large part by a senior management review which concluded in October 2020, although we note that some chief officer departures were caused by unrelated circumstances. The changes are summarised in the table below.

Posts Prior to Senior Management Review	Leaving Date	Posts following Senior Management Review	Interim Status	Interim Start Date	Permanent status	Permanent start date
Chief Executive	Jul-21	Chief Executive	External interim	Aug-21	Vacant	n/a
Deputy Chief Executive	n/a	Deputy Chief Executive	Vacant	n/a	Vacant	n/a
Executive Director - Adult Social Care, Health & Wellbeing	Jul-19					
Director - Adult Social Care	Dec-20	Director - Adult Social Care	External interim	Apr-21	In role	July 2021
Director - Public Health	n/a	Director - Public Health	n/a	n/a	No change	n/a
Director - Prevention & Protection	n/a					
Executive Director - Resources	Sep-20					
Director - Law & Governance / Monitoring Officer	n/a	Director - Law & Governance / Monitoring Officer	n/a	n/a	No change	n/a
Director - Finance	n/a	Director - Finance	Acting up	Mar-20	In role	Aug 2021
Director - Business Strategy and Change	n/a	Director - Business Strategy & Change	n/a	n/a	Internal appointment	Dec 2020
Executive Director - Neighbourhoods	Dec-20					
Director - Homes &	Mar-21					
Director - Housing	n/a	Director - Housing	External interim	Apr-21	In role	July 2021
Director - Borough Economy	n/a	Director - Borough Economy	External interim	Apr-21	Appointed	Nov 2021
Director - Regeneration & Growth	Mar-20	Director - Regeneration & Growth	Acting up	Mar-20	In role	Sept 2021
Executive Director - Children's Services	Aug-21					
Director - Education & Skills	Apr-21					
Director - Children's Services	n/a	Director - Children's Services	Acting up, supported by external interim	Aug-21	Appointed	Nov 2021

Post created  
Post deleted

## Key findings

Other than the Chief Executive there are currently ten chief officer roles, of these four are recent external appointments, and two other external appointments have been made with these officers starting in November 2021. Three officers remain from the previous leadership team, two in the same role and one appointed to one of the new roles created by the review.

Two roles remain vacant: the Chief Executive and the Deputy Chief Executive, with the recruitment of the former recently initiated. The Council has decided to not recruit the Deputy Chief Executive and to review the need for this role.

In addition there is a Director of HR, which is not a permanent role and is being held by an external interim.

The impact of this recent period of change has been instability and uncertainty for the organisation. Whilst external interims are recognised positively for the experience they bring from working with other councils and having a “fresh pair of eyes” on some of the service challenges being faced, the wider organisation considers the use of interims as maintaining a holding pattern before permanent chief officers join. The Council will reach the position of having all roles filled by a permanent officers during November 2021, other than the two vacancies noted above.

The leadership of senior members and senior officers is critical to good governance and decision making, and more generally for the ability for the Council to deliver its services effectively and to progress its medium-to-long-term priorities.

All key stakeholders met during the course of this review recognised that the changes to senior officer and members has led to some immediate and positive changes. However, it was further recognised that the Council is at the start of a necessary improvement journey, and for these “green shoots” to deliver the widespread changes required, the Council’s leadership needs be relentless in its focus in delivering and embedding sustainable change. We note that these 'green shoots' only occurred on appointment of the current interim chief executive and we do not consider that they are embedded in the Council.

**Critical to this sustainable change will be the appointment of the right permanent Chief Executive, and the Council must ensure an effective recruitment process, including maximising the chances of attracting a pool of appropriate candidates. Should the appointment of a permanent Chief Executive not be successful the Council should seek to retain the current interim Chief Executive and move this to a full time contract.**

# KLOE B3: Complaints

The purpose of this KLOE was to consider the appropriateness of complaints made against senior officers and the responses to these complaints.

Page 64

## Background

The Council has arrangements in place setting out how to make a complaint that an elected member has failed to comply with the Council's Code of Conduct. This is in line with the Localism Act 2011 (the Act). The Council's Monitoring Officer, or in their absence or where there is a conflict of interest, the Deputy Monitoring Officer, administers the system for dealing with complaints. The arrangements set out the stages of a complaint should be dealt with: no further action, local resolution or requires investigation.

The Act requires the Council to appoint at least one Independent Person whose views must be sought before it takes a decision on whether an investigation should proceed. The Council has agreed to there being three Independent Persons, who attend the Standards Committee as observers.

There are separate arrangements in place for complaints against senior officers which follow national JNC model procedures, with the Council's Chief Executive (unless conflicted) deciding if the thresholds are met to instigate an investigation.

There are separate procedures for whistleblowing complaints, which do not form part of the scope of this review.

## KEY FINDINGS

The Council has had a history of complaints against members, many of which were not found to be circumstances that were in breach of the Code of Conduct. These complaints have been from other members, officers and members of the public.

We note that the Monitoring Officer has been subject to a number of complaints from members which have not met the threshold for investigation, and there is a perception that at least some of these complaints have been spurious and reflect a blame culture. We note that no complaint has been upheld against the monitoring officer. Similarly, in the case of other complaints against officers, rather than complaints relating to breaches of Council policies and procedures, they are based on the dislike of an individual or of an individual's response or actions during meetings.

This forms part of a wider culture and a deterioration in trust and respect between members, and between members and officers. This is arguably also reflected in a culture of written communications in relation to member enquiries. For example, in many instances officers want to have a written record of their response due to the culture of the organisation.

Again, due to the organisational culture, there is a perception that historically for some officer complaints, investigations have been undertaken due to concern of the consequences of deciding no further action was required.

The level complaints at the Council has been described as a "mini industry" which takes up valuable time and resource, should the complaints be spurious.

At its most recent meeting of the Standards Committee on 11 June 2021 an update was provided on live member complaints. There were twelve complaints, which had been received between July 2019 and May 2021, all alleging breaches of the Member Code of Conduct. Investigations had been invoked for all 12 and of these 7 had concluded there had been no breach, 2 had recommended local resolution, 2 could not be progressed (the member was no longer a councillor or the complainant did not engage in the process) with the outcome of one complaint outstanding.

There are signs that the new political administration has moved away from this culture, but this is not yet evident across the wider councillor group.

**The Council's senior leadership – both officer and member – must act to change the culture and organisational ethos in relation to complaints, and to restore balance and proportionality.**



# KLOE B5: Standards Committee

The purpose of this KLOE was to consider the appropriateness of the work undertaken by the Standards Committee.

## Background

In 2018, the Committee on Standards in Public Life conducted a review of local government ethical standards and invited the submission of comments and recommendations from local authorities and representative bodies. The Committee published its final report in January 2019, which included a recommendation that the Local Government Association (LGA) should draft a Model Code of Conduct.

The LGA Model Code of Conduct was drafted in consultation with representative bodies of councillors and officers of the local government. The final Code was published in December 2020. The LGA published a supplementary guidance document to support the Code in April 2021.

During the 2020-21 municipal year, the Council's Ethical Standards and Member Development Committee (the Standards Committee) undertook a wide-ranging review of the Members Code of Conduct and associated arrangements. This included the creation of an Ethical Standards Working Group which was established to guide improvement in the Council's Ethical Framework. Engagement with members included five engagement sessions in December 2020. These sessions covered:

- A review of the Member Code of Conduct, and members were supportive of the adoption of the LGA Code of Conduct, subject to an amendment to the interests of family members and close associates.
- The Council's revised social media policy which included ensuring that issues with social media were addressed and appropriate support provided to members.
- Members Interests to ensure that members were confident and clear in understanding disclosure of interests, their obligations, and how to deal with issues if they emerge. Members suggested that greater clarity around the issue of lobbying should be provided. Separately and in line with the recommendations within the LGA Model Code of Conduct, the Council's Gift and Hospitality arrangements were revised, and the limit was lowered from £100 to £50.
- Review of the arrangements for dealing with complaints under the Code of Conduct – these were amended to include an assessment criteria and indicative timescales for monitoring and clarity purposes, including reporting on the progress of the complaint in the case of delays.
- Duty to promote and maintain high standards of conduct, which focused on raising awareness of the role and work of the councillor and promoting high standards, particularly on the specifics relevant to individuals in their respective wards, towns and across the borough

For those members unable to attend these sessions a questionnaire was sent to ensure that all members could contribute. The feedback from the sessions was collated and presented to members at three further sessions held in February 2021.

## KEY FINDINGS

### March 2021 Standards Committee

At its meeting on 12 March 2021 the Standards Committee recommended the approval of :

- The revised Member Code of Conduct, and that these would be reviewed on an annual basis, alternating between a desk top review and a more detailed review.
- The revised arrangements for dealing with complaints under the Code
- The revised social media policy and that the Monitoring Officer be authorised to make any revisions/updates to the guidance which accompanies the social media policy, in consultation with the Chair of Standards Committee.
- The revised gifts and hospitality guidance
- The protocol for meetings to take place on a regular basis between senior officers, political group leaders and chief whips to talk about standards issues.
- The retention policy for Members' Register of Interests be set for as long as a person remains a Councillor, plus three months which represents the relevant limitation period for disclosure of information.
- A review of the recruitment process for Independent Persons be undertaken, in consultation with the Standards Working Group, and a further report submitted to a future meeting of the Standards Committee.
- a further report be submitted to the Ethical Standards and Member Development Committee/Standards Working Group in respect of DBS Basic Checks for elected Members.
- That a review of the composition of the Ethical Standards and Member Development Committee and operation be undertaken in the new municipal year

These were subsequently approved by full Council with effect from the 2021/22 municipal year

# KLOE B5: Standards Committee

The purpose of this KLOE was to consider the appropriateness of actions taken by the Standards Committee.

## KEY FINDINGS (Cont'd)

The Standards Committee also agreed that the member development programme be updated to include training on:

- the Code of Conduct;
- members' interests;
- gifts and hospitality;
- lobbying;
- arrangements for dealing with complaints;
- use of social media;
- promoting high standards, and
- that the induction programme for new members to be updated to include the same training, and to incorporate in member Personal Development Plans (PDPs) for any issues on an individual basis.

## Progress on actions

The new Code and associated guidance and arrangements have been in place since the start of the 2021/22 municipal year. The Monitoring Officer has not yet needed to update the social media policy.

The training on the Code of Conduct, lobbying, and gifts and hospitality has been completed. A working group of the Standards Committee is updating the member development programme and engaging members on their development needs, including those members who chair committees and are hold appointments to outside bodies.

The Standards Committee working group has completed its review of the recruitment of Independent Persons who attend the Standards Committee as observers. There are currently three Independent Person roles, with one currently vacant.

Changes to how complaints were reported were introduced at the 11 June 2021 meeting of the Standards Committee, to provide assurance that complaints are being dealt with in a timely way and to provide the Committee with updates on progress. Importantly, these updates are reported on the basis of anonymity, and allows the Committee to identify trends and issues based on the nature of complaints raised

A Standards Committee working group has been established to consider the need for DBS checks for members, which has not yet reported to its parent committee

## Reopening of old complaints

At its meeting on 11 June 2021 a member of the Standards Committee put forward a resolution to review all previous cases of complaints, to ensure appropriate processes had been followed and to identify any lessons learned. This was not approved due to there being unclear reasons on justifiable cause, and no advice having been sought on the implications of reopening cases which had concluded in line with the Council's policies and procedures.

## Conclusions and recommendations

The unsuccessful resolution to reopen closed complaints is an example of the challenge the Council has in moving on from the past, and as highlighted in relation to KLOE B4, in changing the culture and organisational ethos in relation to complaints, to restore balance and proportionality.

More generally, the recent actions being led by the Standards Committee are good practice and are important given the recent history of the Council. More critical than approving the updated Code and related arrangements will be member compliance, and the **member training and development programme must play a key role in ensuring members fully understand the expectations and standards relating to their role**. It will take time for the wider organisation to believe that change is happening and embedded, from observing consistency in member behaviour in line with the Code, and that are all respectful of those they work with and of the Council as a civic institution.

No meetings have yet taken place between senior officers, political group leaders and chief whips. **These meetings should take place to ensure that these stakeholders are able to discuss emerging issues and trends, recognise good behaviours and discuss how to manage behaviours not in line with the Code.**

# KLOE B6: Audit Committee

The purpose of this KLOE was to consider the actions undertaken by the Audit Committee during 2021 in relation to the review into the Wragge report.

## Background

In Autumn 2014 allegations about the then Deputy Leader were made on social media, which led to police involvement, a standards complaint being made against the Deputy Leader, which in turn led to an internal audit investigation and senior officers commissioning an independent investigation by Wragge and Co Solicitors. During the course of this investigation a complaint was made in relation to the solicitor conducting the review, which led to the Council engaging a QC to review the investigation.

The report from Wragge and Co (the Wragge report) was eventually finalised in April 2016. Following publication further standards complaints, investigation and legal action took place, including a judicial review on behalf of the (by then) former Deputy Leader. A further internal review was undertaken at the request of the then Leader into the circumstances surrounding the Wragge report and issues which subsequently emerged, which reported in June 2020 (the Cox report).

On the 18 March 2021 the Audit and Risk Assurance Committee (the Audit Committee) met to discuss the Cox report, based on a report from Audit and Governance Panel, which had been established by the Audit Committee Chair with the objective to provide a safe space to consider this long-standing governance matter and to make recommendations to the Audit Committee with a view to determine if the matter had been addressed sufficiently to enable closure, or whether there were further steps or actions necessary to enable the matter to be concluded.

The Audit and Governance Panel report recognised:

- that over recent years the Council has dealt with and continues to deal with a number of governance concerns and issues. Whilst some are historic in nature, a number have had a tendency to resurface periodically sometimes due to concerns over how they may have been addressed previously.
- in order to address these issues effectively and enable the council to move on and focus on its ambitious objectives as detailed within its corporate plan, considerable time and resources have been expended to examine the identified governance issues and related concerns.
- a number of matters have reached a point whereby the Council has to either been able to identify and address shortcomings, or despite its endeavours, it is unlikely that the council will be able to fully understand the history, chronology or be able to restore the council to its previous position. This can be for various reasons, such as key individuals no longer employed by the council.

- the Council needs to ensure that its conducts itself legally and consistently with recognised good governance principles and practices. The Council is required to consider serious allegations in respect of its conduct or behaviours which could give rise to action against it, reputational harm, or lost confidence. The Council is obliged to consider relevant arrangements in relation to which their legality or whether their ongoing continuance could expose the Council to harm or claims. However, the consideration of such allegations needs to be proportionate and in the public interest.

## KEY FINDINGS

The meeting of the Audit Committee on 18 March 2021 lasted almost six hours and adjourned before considering the matter in its entirety. The meeting was contentious with members being concerned about the late provision of papers and a lack of consensus on decisions (with the Audit Committee Chair taking the casting vote on a number of decisions). Due to the length of the meeting a decision on the final matter under discussion about the Wragge report was deferred. Following the committee meeting a complaint was raised against the monitoring officer. This has not yet been resolved.

Due to the pre-election period relating to the May local elections, the Audit Committee did not reconvene until 24 May 2021, where discussions were able to conclude.

The Chair and a number of other members of the Audit Committee changed in June 2021 for the new municipal year. The Audit Committee met on 24 June of 2021 and the minutes of the March and May meetings were presented for approval. However, members of the Committee did not approve the minutes as a correct record and requested that they be submitted to a future meeting for further consideration, with a potential for a further review to be undertaken.

At the next meeting of the Audit Committee on 16 September 2021 the minutes of the March and May meetings were approved with the central action to arrange for appropriate apologies to be made where this had been agreed as appropriate to individuals involved in the original Wragge review, and that the Monitoring Officer update the Committee when these apologies have been made.

# KLOE B6: Audit Committee

The purpose of this KLOE was to consider the actions undertaken by the Audit Committee during 2021 in relation to the review into the Wragge report.

## Conclusions and recommendations

The Wragge and Cox reports concerned significant governance related issues and, as the Audit and Governance Panel stated, the Council needs to ensure that it conducts itself legally and consistently with recognised good governance principles and practices. However, we note that:

- The matters relate to events in 2014.
- The matters have been subject to significant scrutiny since 2014 including a judicial review.
- The review in 2020 and the Audit Panel and Committee in 2021 took place when there were significant service issues within the Council and used a significant amount of member and officer capacity.
- The matters continue to divide opinions and have resulted in a further lengthy process to agree a resolution.

**Now that the Audit and Risk Assurance Committee has agreed the actions to bring this long-standing matter to resolution, it will be important that – as the Audit and Governance Panel recognised - the Council manages its position so that the matter does not resurface, so that it can move on and focus on its corporate objectives.**



# KLOE B7: Financial reporting

The purpose of this KLOE was to consider the Council's response to recommendations raised in our 2019/20 audit findings report.

Page 69

## Background

Our 2019/20 Audit Findings Report (AFR) highlighted a number of concerns about the Council's financial reporting in relation to the 2019/20 financial statements, including late submission of the draft accounts, incorrect working papers, the basis for provisions, a material error between cash and creditors, a material error on the cashflow forecast, and the basis for some asset valuations in particular in relation to leisure centres and the Public sixth form centre, and the impact of this on the Council's group accounts.

Our 2019/20 AFR noted that at that time we did not consider that these were sufficient to warrant a qualification of the VfM conclusion. However, should these matters reoccur in relation to the 2020/21 financial statements audit, we will issue a qualified VfM conclusion on financial reporting and consider the use of our wider reporting powers.

## KEY FINDINGS

Management created an AFR action plan in response to the recommendations made as part of our 2019/20 audit and an associated project team to take forward these actions. As some of the key recommendation related to asset valuations, interim resource has been allocated to the asset management and valuations teams to progress associated actions.

We have reviewed this action plan which includes an owner and finance lead relating to each recommendation. The plan also sets out the actions required, delivery timescale and updates on progress.

In total there were 22 recommendations of which 13 were high priority and 9 medium priority. The latest version of the action plan reviewed confirms that ten associated actions had been completed (five each for high and medium priority) with the remainder in progress, with some of these having an inter dependency with the introduction of the new Oracle Fusion ERP system. As such, the delays in implementing the Council's new ERP system have an impact on successfully completing some actions

Four of the recommendations did not include required actions in the action plan, and 5 had no target date for completion

The Council does not currently have a corporate asset management database, instead relying on spreadsheets. The Council is taking steps to procure an asset management system, with a report planned to the December Cabinet. This system will take 12 to 18 months to procure and implement.

Acting up arrangements due to the vacant Director of Finance role until August 2021 has contributed to capacity constraints in delivering financial reporting responsibilities.

## RELATED FINDINGS

Whilst the focus of this KLOE concerned the Council's annual financial statements, we identified the following in relation to other aspects of financial planning and reporting in the Council:

- There is not a comprehensive understanding across services of the make up and profile of individual budgets.
- There has not been a culture of undertaking financial benchmarking to help an understanding of unit costs.
- Budget management has been based on service bottom line rather than individual budgets.
- The Leadership Team has not received regular budget monitoring reports.
- Director and service engagement in the annual budget setting process has been limited

The above has been recognised and changes introduced by the new Director of Finance and interim Chief Executive, such as the introduction of financial benchmarking, "star chambers" for budget setting, and more regular budget monitoring by the Leadership Team.

## Recommendations

**Management should ensure that the AFR action plan sets out actions and completion dates in relation to all recommendations. It should also identify where the new ERP system implementation and the planned asset management system could cause delays or impacts on planned actions.**

**Management should ensure that the changes in relation to budget setting and budget management recently introduced are sustained, and take steps to manage any weaknesses not yet addressed.**

**Management should ensure the Finance team has appropriate skills and capacity to manage the Council's financial reporting responsibilities.**

# Appendices

# Appendix A: Improvement recommendations

This appendix summarises our improvement recommendations by KLOE.

Page  
#71

#	Improvement recommendations	Page #
<b>KLOE B4: Officer and member relationships</b>		
1.	Embedding the changes that have been made by the Leadership Team and those that are planned will be critical if the Council is to realise its strategic ambition and provide effective governance.	14
2.	Enhancement of the induction programme to new members of Cabinet, including on local government finance and their governance roles is recommended.	14
3.	The Council should ensure that corporate KPIs are agreed so that the implementation of the Corporate Plan can be effectively monitored.	15
4.	The forward plan of the Cabinet should be shared with the Audit Committee and Scrutiny Board to help structure their agenda planning.	15
5.	The Leadership Team should agree key medium-term financial objectives and principles. There should be effective ownership of the principles that underpin the budget setting process, for example the Council's approach to reserves, contingency and Minimum Revenue Provision (MRP).	15
6.	Senior officers and senior members must lead by example to ensure that the "tone from the top" consistently reflects these values and behaviours. This is critical in ensuring that the wider organisation recognises that changes have been made and that all people are confident in adopting these values and behaviours. This should build on recently introduced staff briefings to include a programme of staff engagement including "pulse" checks to benchmark and monitor progress on the organisation's wellbeing.	16
7.	The Council should ensure that the review of the member development programme is appropriate. In particular, thought should be given to how members with special responsibility roles are developed and supported. This should include succession planning for these roles.	16
8.	Further work is required to establish a formal performance management framework and agree a set of key corporate indicators for the Leadership Team to collectively manage, receive appropriate management information to monitor progress, and set out clear lines of accountability, responsibility, and delegated authority.	16
9.	The recent introduction of financial benchmarking will need to be sustained to create a culture of curiosity in services in how nearest statistical neighbours are performing, to support savings identification and to drive improvements	16



# Appendix A: Improvement recommendations (cont'd)

This appendix summarises our improvement recommendations by KLOE.

Page 72	Improvement recommendations	Page #
	<b>KLOE B4: Officer and member relationships (cont'd)</b>	
10.	The Council should continue its more outward looking approach is sustained and develop key local and sub-regional relationships.	17
11.	When investing in the communications team, the Council should also use this as an opportunity to ensure more effective internal communications, including with back-bench members.	17
12.	There is a need to ensure that members of scrutiny and audit committees are aware of their governance roles including how to interrogate reports and ask the right questions.	17
	<b>KLOE A1: Sandwell Children's Trust</b>	
13.	<p>The Council's senior leadership – both officer and member – should prioritise corporate effort and develop a clear strategy for working with SCT to ensure it remains on its improvement trajectory. This should include:</p> <ul style="list-style-type: none"> <li>• working with SCT to progress a multi-agency early intervention and prevention strategy.</li> <li>• ensuring SCT has an appropriately resourced and skilled placements team in place to effectively manage the care market.</li> <li>• conducting a review of KPIs to ensure they are effective for current circumstances.</li> <li>• undertaking financial benchmarking in relation to children's social care, and take a realistic and pragmatic view on the level of funding required.</li> <li>• reviewing the governance roles of officers and members in relation to SCT so that they are clear on their responsibilities, avoid duplication, ensure effective communication and that there is a collective understanding of the performance of SCT and how risks and issues are being managed.</li> </ul>	21
	<b>KLOE A2: Sandwell Leisure Trust</b>	
14.	The Senior Leadership - both officer and member - must take ownership of this issue, prioritise corporate effort and take urgent steps to either resolve the current position with SLT or consider the options for alternative provision should either party decide to terminate the current contract, to ensure the continuity of future leisure service provision and associated reputational impacts.	23
	<b>KLOE A3: Providence Place</b>	
15.	Where the Council considers similar transactions in future, those charged with making decisions must satisfy themselves that they fully understand the detail of the options being proposed. Council officers and their advisors have a responsibility to ensure that members making decisions do so having fully understood these complexities and risks.	25
16.	The Council should ensure that all future property or land acquisitions and disposals are clearly aligned with relevant Council property related strategies.	25

# Appendix A: Improvement recommendations (cont'd)

This appendix summarises our improvement recommendations by KLOE.

Page # 73

#	Improvement recommendations	Page #
<b>KLOE A4: SEND Transport</b>		
17.	<p>The Council's senior leadership – both officers and members – must place priority on agreeing the outcome of the SEND Transport procurement exercise to ensure a further contract extension is not required. This should include:</p> <ul style="list-style-type: none"> <li>• Not losing the significant progress made on the contract specification's focus on service quality.</li> <li>• Greater support, involvement, dialogue and oversight with the officer teams with responsibility for progressing the procurement.</li> <li>• Ensuring the contract provides the Council with effective management and oversight of the personal transport market.</li> </ul>	28
18.	<p>For the conclusion of the SEND Transport procurement and for all future major procurements, the Council should ensure that:</p> <ul style="list-style-type: none"> <li>• Record keeping and declarations of interest are undertaken in line with Council policies and procedures.</li> <li>• Decision making does not create real or perceived risks in relation to inappropriate procurement decisions.</li> <li>• Procurement timescales provide adequate time for both suppliers to submit high quality bids, and the Council to undertake appropriate evaluation, scrutiny and decision making. This timescale should include appropriate time in advance of the procurement for the council to undertake the necessary strategic thinking and planning required, and mitigate the risk of not making an award in the planned timescale</li> </ul>	29
<b>KLOE A5: Sandwell Land and Property</b>		
19.	<p>The Council should ensure that when considering establishing an arm's length company in the future there is a clear purpose for doing so and that those officers / members of the Council in company director roles are clear of their role and responsibilities in relation to that company.</p>	31
20.	<p>Where arms length companies already exist the Council should gain assurances that company directors fully understand their company roles and responsibilities, that the company administration is properly resourced and appropriate training is provided to company directors. The purpose of the company should be revisited on a regular basis to determine whether the company continues to be of benefit to the Council.</p>	31
<b>KLOE A6: MADE Festival</b>		
21.	<p>As part of the planned review of the scheme of delegation the Council should ensure that there is clarity of decision making on hosting events, and that the governance arrangements relating to such decisions are effective and clearly communicated.</p>	32

# Appendix A: Improvement recommendations (cont'd)

This appendix summarises our improvement recommendations by KLOE.

Page 74	Improvement recommendations	Page #
	<b>KLOE A7: Waste Service</b>	
22.	The Council should prioritise corporate effort to ensure that the recovery plans are approved and appropriate senior management oversight is given to monitoring their effective delivery.	35
23.	The Council should ensure robust contract management arrangements are in place, and review the Key Output Targets (KOTs) and work with Serco to ensure they are line with Council expectations and the data is available to allow effective monitoring of contract outcomes.	35
24.	The Council should ensure that the investments specified in the contract with Serco are made, such as a new vehicle fleet.	35
	<b>KLOE A9: Lion Farm</b>	
25.	The Council must ensure that the recent re-engagement with the developer results in agreeing a clear way forward, including an action plan and timescale so there is clarity on the responsibilities for the Council and developer in order to progress the finalisation of the secondary option agreement, or to be clear on the legal process for both parties extricating themselves from the agreement and the associated terms.	38
26.	The Council must ensure that it has taken all necessary steps to ensure that arrangements are in place so that all the issues identified in the external review are appropriately mitigated and managed.	38
27.	The Council should review its procurement regulations and consider updating them to include land sales, including options agreements, to ensure that best value can be achieved.	38
	<b>KLOE A10: Introduction of new ERP System</b>	
28.	<p>The Council must prioritise corporate effort to:</p> <ul style="list-style-type: none"> <li>• ensure that temporary support is agreed with Oracle for EBS continuity.</li> <li>• have an honest and frank discussion with Inoapps and urgently agree a clear resolution on the way forward.</li> <li>• review governance arrangements so that good practice (such as Managing Successful Programmes) is in place and embedded, including clarity on the SRO role and approach to risk management.</li> <li>• review the resourcing and scope of the implementation to ensure that it is realistic, given current circumstances, focuses on outcomes as well as costs, and there is organisation wide engagement and ownership of the programme.</li> <li>• confirm a realistic and achievable go live date.</li> <li>• ensure for future major projects a full business case is developed and approved.</li> </ul>	41

# Appendix A: Improvement recommendations (cont'd)

This appendix summarises our improvement recommendations by KLOE.

Page 75	Improvement recommendations	Page #
	<b>KLOE B1: Chief Officers</b>	
29.	The Council should ensure that at the very least, appropriate internal and external advice is sought should the departure of a chief officer by mutual consent is agreed..	42
	<b>KLOE B2: Senior Leadership</b>	
30.	Critical to this sustainable change will be the appointment of the right permanent Chief Executive, and the Council must ensure an effective recruitment process, including maximising the chances of attracting a pool of appropriate candidates. Should the appointment of a permanent Chief Executive not be successful the Council should seek to retain the current interim Chief Executive and move this to a full time contract.	43
	<b>KLOE B3: Complaints</b>	
31.	The Council's senior leadership – both officer and member – must act to change the culture and organisational ethos in relation to complaints, and to restore balance and proportionality.	44
	<b>KLOE B5: Standards Committee</b>	
32.	Member training and development programme must play a key role in ensuring members fully understand the expectations and standards relating to their role	46
33.	Meetings between senior officers, political group leaders and chief whips should take place to ensure that these stakeholders are able to discuss emerging issues and trends, recognise good behaviours and discuss how to manage behaviours not in line with the Code	46

## Appendix A: Improvement recommendations (cont'd)

This appendix summarises our improvement recommendations by KLOE.

Page 76	Improvement recommendations	Page #
	<b>KLOE B6: Audit Committee</b>	
34.	Now that the Audit and Risk Assurance Committee has agreed the actions to bring this long-standing matter to resolution, it will be important that – as the Audit and Governance Panel recognised - the Council manages its position so that the matter does not resurface, so that it can move on and focus on its corporate objectives.	48
	<b>KLOE B7: Financial Reporting</b>	
35.	Management should ensure that the AFR action plan sets out actions and completion dates in relation to all recommendations. It should also identify where the new ERP system implementation and the planned asset management system could cause delays or impacts on planned actions	49
36.	Management should ensure that the changes in relation to budget setting and budget management recently introduced are sustained, and take steps to manage any weaknesses not yet addressed.	49
37.	Management should ensure the Finance team has appropriate skills and capacity to manage the Council's financial reporting responsibilities.	49

# Appendix B: The scope of the auditor's work on value for money arrangements

Page 77

## Revised approach to value for money work for 2020/21

- On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of value for money.
- There are three main changes arising from the NAO's new approach:
  - A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
  - More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria
  - Auditors undertaking sufficient analysis on the local authority's value for money arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.
- The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements



© 2021 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



## Appendix 2: Governance Review Improvement Plan

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S1	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.				
S1.1	<b>Sandwell Leisure Trust</b> Governance arrangements in place to manage, develop and support the current and future delivery of leisure services across the borough, including the new Aquatic Centre:	Director – Borough Economy		Cabinet approval of way forward	Link to I14
S1.1.A	<ul style="list-style-type: none"> <li>Governance processes refreshed and in place</li> </ul>		End December 2021	Achieve improved health outcomes for Sandwell through an agreed medium-term financial plan	Complete
S1.1.B	<ul style="list-style-type: none"> <li>Appoint and retain external support to review SLT Business Plan submissions in line with contractual requirements</li> </ul>		December 2021	Arrangement in place for future delivery of leisure facilities	Complete - External support in place
S.1.1.C	<ul style="list-style-type: none"> <li>Following receipt and review of the revised SLT Business Plan for the coming 3-year period, to progress a recommendation and decision as appropriate.</li> </ul>		February 2022	Clear audit trail of decisions	The revised SLT Business Plan was received on 4 <sup>th</sup> January 2022. The review of the revised business plan is due within 10 working days of receipt of the plan.
S1.2.A	<b>Sandwell Children's Trust</b> Continue with robust governance arrangements in place ensuring the accountability of SCT to deliver improved outcomes for children and young people in Sandwell in line with the contract	Director – Children & Education	In place – Measure quarterly through reporting framework to ensure embedded	Improved performance on KPIs and Service Level Agreements in the contract	In place – to be measured quarterly to ensure action embedded  Link to I13

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S1.2.B	<b>Sandwell Children's Trust</b> Establish and maintain positive relationship between SMBC and SCT at senior officer and member level	Director - Children & Education	In place and Ongoing	Improved outcomes for children and young people in Sandwell	In place and ongoing.  Link to I13
S1.2.C	<b>Sandwell Children's Trust</b> Establish corporate approach to working with SCT on shared issues, such as corporate parenting and delivery of Early Help services	Director - Children & Education	September 2022	Refreshed Corporate Parenting Strategy and Early Help Strategy  Successful implementation of SMART action plans to deliver the strategies across the partnership	Link to I13
S1.3.A	<b>Waste Contract</b> Refocused and strengthened contract management meetings in line with contract requirements: <ul style="list-style-type: none"> <li>- Waste Board</li> <li>- Strategic Contract Meeting</li> <li>- Operational Contract Meeting <ul style="list-style-type: none"> <li>o Fleet Replacement Focused Steering Group</li> </ul> </li> </ul>	Director - Borough Economy	In place	Improvements in reporting of waste collection and street cleansing performance  Quality assurance around delivery of services for waste and street cleansing  Value for money assessed through benchmarking	In place and ongoing.  Would expect to see improvements in reporting performance within six months (June 2022)  Link to I22, I23, I24
S1.3.B	<b>Waste Contract</b> Review of the contract to refocus our communications and contract monitoring in areas of poor performance and to ensure the council receives the full provisions within the contract from Serco		March 2022	Improved performance in recycling rates	Commenced  Link to I23
S1.3.C	<b>Waste Contract</b>		April 2022		Commenced

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	Introduction of a more focused framework for contract monitoring				Link to I23
S1.3.D	<b>Waste Contract</b> To undertake the appointment of a representative to review contractor records, and undertake site visits as required to further enable the Council to monitor the performance of the contract within the market place		Commission exercise – March 2022  Completion – July 2022		Commenced - An outline of the council's requirements has been drafted during December 2022
S1.3.E	<b>Waste Contract</b> Resolution of Industrial Relations issues		December 2021	GMB agree that issues addressed and stand down industrial action	Resolved end December 2021
S1.4	<b>ERP System</b> Implement Cabinet approved action plan to deliver Oracle Fusion	Director - Finance Director - Business Strategy & Change		Oracle Fusion implemented within agreed timescales and budget	Cabinet decision 15/12/21
S1.4.A	<ul style="list-style-type: none"> <li>Terminate implementation partner contract with InoApps</li> </ul>	Director - Finance Director - Business Strategy & Change Director – Legal & Governance	In progress	Termination of contract completed	Commenced - Termination letter issued December 2021 after Cabinet decision on 15/12/21

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S1.4.B	<ul style="list-style-type: none"> <li>Procure new support provider to deliver Oracle Fusion</li> </ul>	Director - Finance Director - Business Strategy & Change	End March 2022	Oracle Fusion implemented within agreed timescales and budget	Commenced - Contractors on procurement framework to conduct baselining work to determine procurement timescale
S1.4.C	<ul style="list-style-type: none"> <li>Review operational team to ensure there are appropriate resources in place during implementation phase</li> </ul>	Director - Finance Director - Business Strategy & Change	February 2022	Any gaps in operational capacity identified and options developed for addressing gaps	Commenced
S1.4.D	<ul style="list-style-type: none"> <li>Project management training for all of project team, including Project Sponsors</li> </ul>	Director – Business Strategy & Change	PM methodology agreed - December 2022 Implementation of training - February 2022	All of project team attend project management training	Commenced  Link to I28
S1.4.E	<ul style="list-style-type: none"> <li>Implement robust project management arrangements</li> </ul>	Director - Finance Director - Business Strategy & Change	February 2022	Project management methodology refreshed and adopted, including risk management approach  SRO confirmed  Oracle Fusion implemented within agreed timescales and budget	Commenced  Link to I28
S1.5	<b>Lion Farm</b>				Link to I25, I26

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	Action plan to agree way forward and resolve matter	Director - Regeneration & Growth		Action plan in place that addresses recommendations of external review with achievable timescales. Implementation of action plan	
S1.5.A	<ul style="list-style-type: none"> <li>Brief Cabinet on options</li> </ul>		Completed December 2021		Completed
S1.5.B	<ul style="list-style-type: none"> <li>Presentation of proposal by developer to Cabinet</li> </ul>		Completed December 2021		Completed
S1.5.C	<ul style="list-style-type: none"> <li>Options appraisal report to Cabinet for approval of way forward</li> </ul>		12 January 2022		Commenced
S1.5.D	<ul style="list-style-type: none"> <li>Implement approved way forward</li> </ul>		As per action plan for approved option		Action plan in place with achievable timescales  Clarity of responsibility for both council and developer within action plan
S1.6	Develop and publish Regeneration Pipeline, including dates for delivery, and regularly report on progress	Director - Regeneration & Growth	March 2022	Comprehensive Regeneration Pipeline published to underpin significant regeneration and development in Sandwell in period 2022-2027.	Commenced
S1.7	Refresh decision making arrangements including role of Scrutiny	Director - Law & Governance	March 2022	Updated executive procedure rules (including Forward Plan), council procedure rules, scrutiny arrangements, updated scheme of delegation for officers, and	Commenced

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
				implementation of Phase 2 of ModGov and CIVICO.	
S2	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.				
S2.1	Refresh key corporate governance documents including:				
S2.1.A	<ul style="list-style-type: none"> <li>Procurement and Contract Procedure Rules to incorporate recommendations of this review including: <ul style="list-style-type: none"> <li>Review of procurement thresholds</li> </ul> </li> </ul>	Director - Finance	April 2022	<p>P&amp;CPR reviewed and incorporate key learning including policies, procedures, record keeping, timescales</p> <p>Future major procurements are conducted within appropriate timescales</p>	<p>Commenced</p> <p>Link to I18</p>
S2.1.B	<ul style="list-style-type: none"> <li>Financial Regulations</li> </ul>	Director – Finance	April 2022	Financial Regulations updated within timescale	Commenced
S2.1.C	<ul style="list-style-type: none"> <li>Scheme of Delegations (including delegated decision making on hosting events)</li> </ul>	Director - Law & Governance	March 2022	<p>Updated Scheme of Delegation approved for executive and council-side functions</p> <p>Clear thresholds on participation or income projection included in decision making delegation</p> <p>In the event that legacy issues arise, they are dealt with appropriately and learned from</p>	<p>Commenced</p> <p>Link to I1, I8, I21</p>

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S2.1.D	<ul style="list-style-type: none"> <li>Corporate approach to Project Management, including requirement of full business cases for major projects</li> </ul>	Director - Business Strategy & Change	February 2022	Clear frameworks in place and applied across the council	Commenced  Link to I28
S2.1.E	<ul style="list-style-type: none"> <li>Develop template for Corporate Projects which includes Options Appraisals and Business Case</li> </ul>	Director – Finance	January 2022	Comprehensive template in place that supports effective decision making at all levels	Commenced  Link to I15, I19, I28
S2.1.F	<ul style="list-style-type: none"> <li>Review the Sale of Land and Buildings Protocol in the Council’s Constitution and enhance content to improve clarity</li> </ul>	Director – Regeneration & Growth	August 2022	Clear protocol on Land Disposals and Options Agreements approved by Council	Link to I27
S2.1.G	Design and deliver Corporate Governance training for officers to include refreshed governance documents and contract management	Director - Law & Governance Director - Finance Director - Business Strategy & Change	July 2022	Attendance by all appropriate officers  Appropriate decision making at all levels	Link to I15, I19, I28
S2.2	Develop and implement Commercial Strategy:	Director – Finance			
S2.2.A	<ul style="list-style-type: none"> <li>Training for officers and workshops to develop strategy</li> </ul>	Director – Finance	February 2022	Attendance of all appropriate officers at training and involved in workshops	Commenced - CIPFA commissioned to provide external support and expertise to develop Commercial Strategy



Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S2.2.B	<ul style="list-style-type: none"> <li>Commercial Strategy developed</li> </ul>	Director - Finance	May 2022	Commerical Strategy agreed within timescale Identifies achievable income generating workstreams	
S2.2.C	<ul style="list-style-type: none"> <li>Business case for two workstreams developed</li> </ul>	Director - Finance	June 2022	Robust business case for workstreams delivered	
S2.3	<p>Develop a Corporate Asset Management Strategy which is aligned with relevant Council property related strategies, including:</p> <ul style="list-style-type: none"> <li>Aligning all decisions with Corporate Objectives including service area asset requirements based on business planning modelling with a robust risk assessment process to support the process.</li> <li>Building on the Work Place Vision (WPV) strategy currently being implemented, by continuing to monitor business property needs post-Covid.</li> <li>Developing a Property Maintenance Account which is fit-for-purpose, provides</li> </ul>	Director - Regeneration & Growth	September 2022	<p>Corporate Asset Management System procured and in place, and supporting flexible working</p> <p>Timely decisions made on disposal of surplus assets</p> <p>Value for money derived from use of council assets</p>	Link to I15, I16

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	<p>value for money, and is effectively managed.</p> <ul style="list-style-type: none"> <li>Aligning a fit-for-purpose ICT strategy which supports flexible working.</li> <li>Identifying and promptly disposing of surplus assets.</li> <li>Ensuring value for money from the council's investment portfolio.</li> </ul>				
S2.4	Develop a 30-year Housing Revenue Account Strategy, utilising sector expertise from Savills	Director - Housing	1 April 2023	30-year strategy developed	Commenced - Savills report received
S2.5	Refresh and embed the Corporate Procurement Strategy, ensuring that lessons from previous activity are incorporated and local spend is increased:	Director - Finance	July 2022	Achieving action plan in CPS  Outcomes identified in CPS	
S2.5.A	<ul style="list-style-type: none"> <li>Conduct spend analysis</li> </ul>	Director - Finance	July 2022	Spend analysis conducted and used to inform refresh of CPS	
S2.5.B	<ul style="list-style-type: none"> <li>Develop Social Value Policy</li> </ul>	Director - Finance	July 2022	Social Value Policy adopted by Council SVP aligns to Corporate Plan and Fairer Sandwell Principles	
S2.5.C	<ul style="list-style-type: none"> <li>Address capacity issues within the corporate Procurement Service to refresh and deliver the</li> </ul>	Director - Finance	January 2022	Procurement Team has appropriate skilled capacity	

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	Corporate Procurement Strategy				
S2.6	Embed management of key corporate contracts within the Performance Management Framework to ensure oversight of performance and link to the Corporate Plan	Director - Business Strategy & Change	March 2022	Key contract performance discussed at LT regularly  Report to Cabinet regularly	Commenced - contract KPIs to be included within the PMF as well as regular discussion at Leadership Team on contract performance
S3	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.				
S3.1	Review the council's values, codes and procedures to ensure they are fit for purpose and focus on building the organisation of the future	Chief Executive Director - Business Strategy & Change Director - Law & Governance Leadership Team	February 2022 to review Refresh – timescale TBD	Sign off by Cabinet and/or Council as appropriate	Commenced  Link to I6
S3.2	Develop and implement Member Development Programme to address knowledge and skills gaps, develop positive behaviours and focus on delivery of the Corporate Plan: <ul style="list-style-type: none"> <li>Involve more officers across the council to develop members' knowledge in key areas, and trust in officers.</li> </ul>	Ethical Standards and Member Development Committee  Executive  Director - Law & Governance	Updated programme developed - April 2022  Implementation from May 2022	MDP addresses both corporate and portfolio specific learning needs  Members take-up of development programme and offers of support  Compliance with Member Code of Conduct	Commenced - Member Working Group established Kick start conversation with members imminent  Cabinet member portfolio mentoring in place already, regular meetings, away day in January 2022.

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	<ul style="list-style-type: none"> <li>MDP needs to address both corporate learning and portfolio specific, and specific roles</li> <li>Corporate governance training provided to members of Cabinet and those in key governance related roles (specifically Scrutiny and Audit Committee roles, and those who sit on external Boards)</li> <li>Review induction process for new members to include local government finance and corporate governance roles and engagement with more officers (including junior officers)</li> <li>Include continuation of LGA Cabinet Member mentoring programme including subject specific for Cabinet portfolios</li> </ul>	Head of Leader's Office		<p>No issues identified in future external reviews/assurance</p> <p>Healthy and regular dialogue between senior leaders, groups and whips</p> <p>In the event that legacy issues arise, they are dealt with appropriately and learned from</p>	Link to K7, I1, I2, I7, I12, I20, I31, I32, I33, I34
S3.3	Develop a behaviour framework that sets out the expectations on managers and officers that is aligned with the appraisal framework, performance management and Officer-Member protocol	Director - Business Strategy & Change	April 2022	<p>No issues identified in future external reviews/assurance</p> <p>Behaviour framework developed and agreed</p>	Commenced

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S3.4	Develop a clear programme of management development aligned to the Behaviour Framework and Council's values to ensure managers have the knowledge and skills to exhibit the expected behaviours	Director - Business Strategy & Change	July 2022	Programme implemented  Managers attending  Engagement survey feedback that managers are demonstrating values and expected behaviours	Commenced
S3.5	Engage LGA to support officers and members to develop the relationship going forward. (Linked to values/behaviours/codes review)	Chief Executive Director - Law & Governance Head of Leader's Office	February 2022	Actions identified with LGA and implementation plan formed  Better understanding between officers and members of their respective responsibilities and roles. Increased confidence and appreciation of one another.	
S3.6	Continue with regular weekly meetings between Cabinet Members and Leadership Team to address knowledge gaps and facilitate discussion on key issues	Chief Executive Leader  Director - Law & Governance	Informal Cabinet every Wednesday	Positive outcome from Peer Review  Key topics covered in meetings  In the event that legacy issues arise, they are dealt	In place and ongoing  Link to I1, I33

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
		Cabinet Members & Leadership Team		with appropriately and learned from	
K4	The Council's leadership needs be relentless in its focus in delivering and embedding sustainable change, and use its past history as a reference point when focusing on improvement.				
K4.1	Develop Improvement Plan to address the recommendations and report on progress regularly: <ul style="list-style-type: none"> <li>- Leadership Team – monthly</li> <li>- Leader's Briefing – monthly</li> <li>- Cabinet – progress update monthly and formal reporting quarterly</li> <li>- External Audit – six months/annually</li> </ul>	Chief Executive	Plan approved - January 2022  Progress reported regularly	Improvement Plan approved by Full Council in January, following approval by Leader of the Council  Actions are SMART  Positive feedback from External Auditor/no gaps identified  Regular reporting to LT and Members	Commenced – Improvement Plan submitted to Council for approval 18/01/22
K4.2	Develop a Continuous Improvement Plan to ensure that we understand the lessons learned (e.g. when things go wrong) and embed the learning in our appraisals and performance management systems	Director - Business Strategy & Change	April 2022	Continuous Improvement Plan in place and adopted across the council Improvements made as a result of interventions set out in CIP	
K4.3	Develop and implement an improvement plan to address recommendations from CIPFA's Financial Management Review	Director - Finance	January 2023	Plan in place by end January 2022  All recommendations from CIPFA review implemented	CIPFA's report expected w/c 10/01/22  Link to I36

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
				Improvement of star rating	
K5	Critical to embedding the transformation and change required will be the appointment of the right permanent Chief Executive. The Council must ensure an effective recruitment process, including attracting a pool of appropriate candidates.				
K5.1	Conduct robust recruitment process for permanent Chief Executive designed to attract the best candidates	Director - Human Resources	March-May 2022	Chief Executive appointed following election	Systems in place to recruit to permanent CEX  Link to I30
K5.2	Implement Communications and Corporate Affairs Strategy – raising Sandwell’s national profile to showcase the good work of the council	Director - Business Strategy & Change	February 2022	National positive profile of Sandwell increased  High quality candidates apply for Chief Executive role	Commenced
K6	The Council should ensure that a corporate performance framework is agreed so that the implementation of the Corporate Plan can be effectively monitored, and there is collective corporate responsibility rather than silo working.				
K6.1	Develop and embed a corporate performance management framework that provides Leadership Team and members collective oversight of progress on the Corporate Plan, key operational level intelligence, organisational health and improvement activity	Chief Executive Director - Business Strategy & Change	March 2022	Corporate performance framework in place by target date  Leadership Team and members have access to regular reporting of key information that informs decision making to address performance issues  Collective management of key measures  Clear lines of accountability,	Corporate Plan in place, directorate business plans being developed to include/inform performance measures for Corporate Plan – session to agree these KPIs due January 2022  Initial discussions on customer experience and organisational health measures 01/12/21, further development to be reported in end January 2022  Link to I3, I6, I8, I22 I36



Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
				responsibility and delegated authority	
K6.2	Explore implementation of a corporate performance management system	Director - Business Strategy & Change	August 2022	Options appraisal and business case developed, aligned with budget plan	
K6.3	Develop, implement and monitor progress of Directorate and Service level plans to deliver the Corporate Plan	Director - Business Strategy & Change Leadership Team	March 2023	Directorate and Service Level Plans in place  Clear lines of accountability, responsibility and delegated authority	Service Plans to be introduced as corporate expectation for 2023/24  Link to I3, I8
K6.4	Ensure public consultation results are incorporated into Performance Management Framework, including on budget development	Director - Business Strategy & Change Leadership Team	March 2022	Key measures incorporated into PMF and influencing improvement actions	I8
K7	Members in key statutory roles, in particular in relation to Cabinet, scrutiny, standards and audit, need to be provided with effective development, training and support. The member development programme should be reviewed to ensure corporate governance forms part of the training for members with governance roles.				
S3.2	<i>Member Development Programme</i>				
S3.6	<i>Continue with regular weekly meetings between Cabinet Members and Leadership Team to address knowledge gaps and facilitate discussion on key issues</i>				
K7.1	Develop forward plan for All Member Briefings based on themes of work/areas for development	Director - Law & Governance	March 2022	Terms of reference for briefing meetings and agendas in place.	Commenced

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
				Maintain importance of informal and safe space.  More regular meeting pattern in place - balancing needs of responding to issues in a timely manner	
K8	The Council should develop and agree an action plan in relation to the statutory, key and improvement recommendations included in this report, ensuring that they are specific, measurable, attainable, realistic and time-bound.				
K4.1	<p><i>Develop Improvement Plan to address the recommendations and report on progress regularly:</i></p> <ul style="list-style-type: none"> <li>- <i>Leadership Team - monthly</i></li> <li>- <i>Cabinet - quarterly</i></li> <li>- <i>External Audit – six months/annually</i></li> </ul>				
I1	<p><b>Officer and Member Relationships</b> Embedding the changes that have been made by the Leadership Team and those that are planned will be critical if the Council is to realise its strategic ambition and provide effective governance.</p>				
S2.1.C	<p><i>Refresh key corporate governance documents including:</i></p> <ul style="list-style-type: none"> <li>• <i>Scheme of Delegations and decision-making framework (including delegated decision making on hosting events)</i></li> </ul>				
S3.2	<i>Develop and implement Member Development Programme to address knowledge and skills gaps, develop</i>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	<i>positive behaviours and focus on delivery of the Corporate Plan</i>				
S3.6	<i>Continue with regular weekly meetings between Cabinet Members and Leadership Team to address knowledge gaps and facilitate discussion on key issues</i>				
I1.1	Continue to adopt “Star Chamber” approach for Cabinet Members and Chief Officers as part of budget setting approach	Director - Finance	Summer 2022	Star Chamber sessions held in Summer 2022 Discussion inform development of robust MTFS	Agree schedule for setting MTFS 2023/24 to take place in 2022/23  Link to I5
I2	<b>Officer and Member Relationships</b> Enhancement of the induction programme to new members of Cabinet, including on local government finance and their governance roles is recommended.				
S3.2	<i>Member Development Programme:</i> <ul style="list-style-type: none"> <li>• <i>Induction programme</i></li> <li>• <i>Corporate governance training</i></li> </ul>				
I3	<b>Officer and Member Relationships</b> The Council should ensure that corporate KPIs are agreed so that the implementation of the Corporate Plan can be effectively monitored.				
K6.1	<i>Continue to develop and embed a corporate performance management framework that provides Leadership Team and members of collective oversight of progress on the Corporate Plan, key operational level intelligence and improvement activity</i>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
K6.3	<i>Develop, implement and monitor progress Directorate and Service level plans to deliver the Corporate Plan</i>	<i>Director - Business Strategy &amp; Change</i>			
14	<b>Officer and Member Relationships</b> The forward plan of the Cabinet should be shared with the Audit Committee and Scrutiny Board to help structure their agenda planning.				
14.1	Implement sharing of the Cabinet Forward Plan to Audit Committee and Scrutiny Board	Director - Law & Governance	Immediate	Chairs of ARAC and Scrutiny Boards receive Forward Plan and use it to determine future agendas	COMPLETED Scrutiny Boards receive the Forward Plan already but as from the start of Jan, ARAC Chair will also receive it.
15	<b>Officer and Member Relationships</b> The Leadership Team should agree key medium-term financial objectives and principles. There should be effective ownership of the principles that underpin the budget setting process, for example the Council's approach to reserves, contingency and Minimum Revenue Provision (MRP).				
11.1	<i>Continue to adopt "Star Chamber" approach for Cabinet Members and Chief Officers as part of budget setting approach</i>				
15.1	Continue to provide regular budget monitoring reporting: <ul style="list-style-type: none"> <li>• Leadership Team - monthly</li> <li>• Cabinet Member/Informal Cabinet/Leader's Briefing – monthly</li> <li>• Cabinet - quarterly</li> </ul>	Director - Finance	Achieved	Senior officers and members have oversight of budget position	Ongoing action - Monthly reporting to Leadership Team and Cabinet Member in place  Formal quarterly reporting to Cabinet
16	<b>Officer and Member Relationships</b> Senior officers and senior members must lead by example to ensure that the "tone from the top" consistently reflects these values and behaviours. This is critical in ensuring that the wider organisation recognises that changes have been made and that all people are confident in adopting these values and behaviours. This should build on recently introduced staff briefings to include a programme of staff engagement including "pulse" checks to benchmark and monitor progress on the organisation's wellbeing.				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S3.1	<i>Review the council's values, codes and procedures to ensure they are fit for purpose and focus on building the organisation of the future</i>				
I6.1	Build organisational health metrics into performance management framework, including 'pulse' checks on organisation's wellbeing	Director - Business Strategy & Change Director - Human Resources	March 2022	Leadership Team understand the organisational health of the council and implement action to address issues  'pulse' surveys held to capture intelligence on  IIP assessment takes place, and any issues identified addressed	Commenced  Organisational Health measures discussion held at LT on 01/12/21, reporting to commence end January 2022  Employee Engagement Survey 2022 in development  Link to K6
17	<b>Officer and Member Relationships</b> The Council should ensure that the review of the member development programme is appropriate. In particular, thought should be given to how members with special responsibility roles are developed and supported. This should include succession planning for these roles.				
S3.2	<i>Develop and implement Member Development Plan</i>				
18	<b>Officer and Member Relationships</b> Further work is required to establish a formal performance management framework and agree a set of key corporate indicators for the Leadership Team to collectively manage, receive appropriate management information to monitor progress, and set out clear lines of accountability, responsibility, and delegated authority.				
S2.1.C	<i>Refresh key corporate governance documents including:</i> <ul style="list-style-type: none"> <li><i>Scheme of Delegations and decision-making framework</i></li> </ul>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	<i>(including delegated decision making on hosting events)</i>				
K6.1	<i>Develop and embed a corporate performance management framework that provides Leadership Team and members of collective oversight of progress on the Corporate Plan, key operational level intelligence, organisational health and improvement activity</i>				
K6.3	<i>Develop, implement and monitor progress Directorate and Service level plans to deliver the Corporate Plan</i>				
K6.4	<i>Ensure public consultation results are incorporated into Performance Management Framework, including on budget development</i>				
I9	<b>Officer and Member Relationships</b> The recent introduction of financial benchmarking will need to be sustained to create a culture of curiosity in services in how nearest statistical neighbours are performing, to support savings identification and to drive improvements				
I9.1	Build benchmarking of financial and service performance into performance management framework	Director - Finance Director – Business Strategy & Change	March 2022	Benchmarking information included in regular reporting to Leadership Team and Members  Benchmarking used to inform focus of improvement activity	Financial benchmarking introduced in 2021  Service level performance benchmarking data to be included in PMF
I10	<b>Officer and Member Relationships</b> The Council should continue its more outward looking approach is sustained and develop key local and sub-regional relationships.				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
I10.1	Continue to develop the relationship with and actively participate in regional and sub-regional bodies (e.g. WM Combined Authority, Black Country LEP) to maximise opportunities for Sandwell	Cabinet Chief Executive Director – Regeneration & Growth	Review on a quarterly basis	Regular and active presence regionally and sub-regionally e.g. WMCA Board  Opportunities linked to Sandwell priorities maximised	Ongoing
I10.2	Raise Sandwell Council's profile through engagement with key partners and professional bodies at a national, regional and local level	Leadership Team	Review on a quarterly basis		Ongoing
I11	<b>Officer and Member Relationships</b> When investing in the communications team, the Council should also use this as an opportunity to ensure more effective internal communications, including with back-bench members.				
I11.1	Deliver the Communications Strategy and align resources to delivery	Director - Business Strategy & Change	March 2022	Local, regional and national profile of Sandwell increased  Residents' views on the council/services  Employee Engagement Survey results  Resources invested in internal communications and improved communications to backbench members	Commenced
I12	<b>Officer and Member Relationships</b>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	There is a need to ensure that members of scrutiny and audit committees are aware of their governance roles including how to interrogate reports and ask the right questions.				
S3.2	<i>Member Development Programme</i>				
113	<p><b>Sandwell Children's Trust</b>  The Council's senior leadership –both officer and member –should prioritise corporate effort and develop a clear strategy for working with SCT to ensure it remains on its improvement trajectory. This should include:</p> <ul style="list-style-type: none"> <li>•working with SCT to progress a multi-agency early intervention and prevention strategy.</li> <li>•ensuring SCT has an appropriately resourced and skilled placements team in place to effectively manage the care market.</li> <li>•conducting a review of KPIs to ensure they are effective for current circumstances.</li> <li>•undertaking financial benchmarking in relation to children's social care, and take a realistic and pragmatic view on the level of funding required.</li> <li>•reviewing the governance roles of officers and members in relation to SCT so that they are clear on their responsibilities, avoid duplication, ensure effective communication and that there is a collective understanding of the performance of SCT and how risks and issues are being managed.</li> </ul>				
S1.2.A	<b>Sandwell Children's Trust</b> <i>Continue with robust governance arrangements in place to hold SCT to account for delivering improved outcomes for children and young people in Sandwell in line with the contact</i>				
S1.2.B	<b>Sandwell Children's Trust</b> <i>Establish and maintain positive relationship between SMBC and SCT at senior officer and member level</i>				
S1.2.C	<b>Sandwell Children's Trust</b> <i>Establish corporate approach to working with SCT on shared issues, such as corporate parenting and delivering of Early Help services</i>				
114	<b>Sandwell Leisure Trust</b>				



Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	The Senior Leadership – both officer and member -must take ownership of this issue, prioritise corporate effort and take urgent steps to either resolve the current position with SLT or consider the options for alternative provision should either party decide to terminate the current contract, to ensure the continuity of future leisure service provision and associated reputational impacts.				
S1.1A-C	<i>Governance arrangements in place to manage, develop and support the current and future delivery of leisure services across the borough, including the new Aquatic Centre</i>				
I15	<b>Providence Place</b> Where the Council considers similar transactions in future, those charged with making decisions must satisfy themselves that they fully understand the detail of the options being proposed. Council officers and their advisors have a responsibility to ensure that members making decisions do so having fully understood these complexities and risks.				
S2.1.E	<i>Refresh key corporate governance documents including:</i> <ul style="list-style-type: none"> <li><i>Develop template for Corporate Projects which includes Options Appraisals and Business Case</i></li> </ul>				
S2.1.G	<i>Design and deliver Corporate Governance training for officers to include refreshed governance documents and contract management</i>				
S2.3	<i>Develop a Corporate Asset Management Strategy which is aligned with relevant Council property related strategies.</i>				
I16	<b>Providence Place</b> The Council should ensure that all future property or land acquisitions and disposals are clearly aligned with relevant Council property related strategies.				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S2.3	<i>Develop a Corporate Asset Management Strategy which is aligned with relevant Council property related strategies.</i>				
I17	<p><b>SEND Transport</b>            The Council's senior leadership –both officers and members –must place priority on agreeing the outcome of the SEND Transport procurement exercise to ensure a further contract extension is not required. This should include:</p> <ul style="list-style-type: none"> <li>•Not losing the significant progress made on the contract specification's focus on service quality.</li> <li>•Greater support, involvement, dialogue and oversight with the officer teams with responsibility for progressing the procurement.</li> <li>•Ensuring the contract provides the Council with effective management and oversight of the personal transport market.</li> </ul>				
I17.1	Plan in place to ensure new contract commences prior to expiry of current arrangements	Director - Children & Education	September 2022	Contract in place within timescales and incorporating focus on service quality and flexibility of provision to meet needs of children and young people  Governance arrangements in place for procurement and implementation of contract	Report to Cabinet 12/01/21 sets out approach for procurement
I17.2	ARAC Chair concludes fact-finding exercise and reports to ARAC	Director - Law & Governance	February 2022	Completion of fact-finding exercise and formation of recommendations	Commenced
I17.3	Implement recommendations from the Scrutiny review of existing and proposed provision of SEND transport	Scrutiny Director - Law & Governance Director - Children & Education	Vast majority Recommendations – implemented early 2022.	Recommendations implemented  SEND transport provision improved	Recommendations used to inform proposed approach to procurement in Cabinet report 12/01/22

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
I18	<b>SEND Transport</b> For the conclusion of the SEND Transport procurement and for all future major procurements, the Council should ensure that: <ul style="list-style-type: none"> <li>•Record keeping and declarations of interest are undertaken in line with Council policies and procedures.</li> <li>•Decision making does not create real or perceived risks in relation to inappropriate procurement decisions.</li> <li>•Procurement timescales provide adequate time for both suppliers to submit high quality bids, and the Council to undertake appropriate evaluation, scrutiny and decision making. This timescale should include appropriate time in advance of the procurement for the council to undertake the necessary strategic thinking and planning required, and mitigate the risk of not making an award in the planned timescale</li> </ul>				
S2.1.A	<i>Review of Procurement and Contract Procedure Rules</i>				
I18.1	Appropriate record keeping in place for procurement of SEND Transport contract	Director - Finance Director - Children & Education	Contract in place to start September 2022	Records of decisions made, and declarations of interest held on file	Procurement approach to be approved by Cabinet 12/01/22
I19	<b>Sandwell Land and Property</b> The Council should ensure that when considering establishing an arm's length company in the future there is a clear purpose for doing so and that those officers / members of the Council in company director roles are clear of their role and responsibilities in relation to that company.				
S2.1.E	<i>Refresh key corporate governance documents including:</i> <ul style="list-style-type: none"> <li>• <i>Develop template for Corporate Projects which includes Options Appraisals and Business Case</i></li> </ul>				
S2.1.G	<i>Design and deliver Corporate Governance training for officers to include refreshed governance documents and contract management</i>				
I20	<b>Sandwell Land and Property</b>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
	Where arms length companies already exist the Council should gain assurances that company directors fully understand their company roles and responsibilities, that the company administration is properly resourced and appropriate training is provided to company directors. The purpose of the company should be revisited on a regular basis to determine whether the company continues to be of benefit to the Council.				
I20.1	Refresh the existing arrangements for arms-length companies: <ul style="list-style-type: none"> <li>Identify existing arms-length companies, company directors and company administration,</li> <li>Conduct review to ensure appropriate resources are allocated to these organisations</li> <li>Implement annual reporting arrangements.</li> </ul>	Director - Law & Governance	July 2022	All directors/members are trained and attend meetings and are clear of their roles.  Annual reporting arrangements in place in relation to each of the companies	
I20.2	Incorporate training on company roles and responsibilities in senior officer development plan	Director - Human Resources Director - Business Strategy & Change	March 2022	All existing company directors have received appropriate training on their roles	
I21	<b>MADE Festival</b> As part of the planned review of the scheme of delegation the Council should ensure that there is clarity of decision making on hosting events, and that the governance arrangements relating to such decisions are effective and clearly communicated.				
S2.1.C	<i>Review Scheme of Delegation, and include delegated decision making on hosting events</i>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
I21.1	Decision making process and authority to be communicated with event organisers and stakeholders	Director - Borough Economy	Following agreement of Scheme of Delegation Then ongoing	Event organisers and stakeholders clear on decision making arrangements  Decisions made at appropriate level in a timely manner	Commenced - A specification for an online events portal for community event applications has been drafted in Dec 2021. Criteria for borough and community level events is under development in December 2021
I22	<b>Waste Service</b> The Council should prioritise corporate effort to ensure that the recovery plans are approved and appropriate senior management oversight is given to monitoring their effective delivery.				
S1.3.A	<i>Refocused and strengthened contract management meetings in line with contract requirements</i>				
I22.1	Waste and Recycling Recovery Plan – completion and implementation	Director - Borough Economy	June 2022	Approved by Waste Management Board  Regular monitoring and reporting on progress to WMB  Performance re: <ul style="list-style-type: none"> <li>• Complaints</li> <li>• Enquiries to contact centre</li> <li>• Fly tipping clearance</li> </ul>	Commenced - Agreed plan in place
I22.2	Street Cleansing Recovery Plan – completion and implementation	Director - Borough Economy	June 2022	Approved by Waste Management Board	Plan not yet received from Serco in December 2021

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
				Regular monitoring and reporting on progress to WMB  Performance re: <ul style="list-style-type: none"> <li>• Complaints</li> <li>• Enquiries to contact centre</li> <li>• Fly tipping clearance</li> </ul>	Date of next Waste Management Board is 27 <sup>th</sup> Jan 2022
I22.3	Include key contract performance measures in Corporate Performance Management Framework, as well as Performance re: <ul style="list-style-type: none"> <li>• Complaints</li> <li>• Enquiries to contact centre</li> <li>• Fly tipping clearance</li> </ul>	Director – Borough Economy	June 2022	Regular monitoring and reporting of progress	Link to S1.3.C & Link to S2.7
I22.4	Review of Waste Services and the Cleanliness and Appearance of the Borough by the Economy, Skills, Transport and Environment Scrutiny Board	Director - Borough Economy	The Waste Scrutiny Review to be reported to Cabinet in February 2022  Delivery of actions to be undertaken during the period from March to August 2022	Improved performance in street cleansing standards – reduced complaints  Increased monitoring of the Waste & Street Cleansing Contract  Reduced missed collections for waste and recycling  Future Scrutiny review to confirm improvements embedded	Commenced - The review report has been drafted and circulated for consultation during December 2022

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
I23	<b>Waste Service</b> The Council should ensure robust contract management arrangements are in place, and review the Key Output Targets (KOTs) and work with Serco to ensure they are in line with Council expectations and the data is available to allow effective monitoring of contract outcomes.				
S1.3.A	<i>Refocused and strengthened contract management meetings in line with contract requirements</i>				
S1.3.B	<i>Review of the contract to refocus our communications and contract monitoring in areas of poor performance and to ensure the council receives the full provisions within the contract from Serco</i>				
S1.3.C	<i>Introduction of a more focused framework for contract monitoring</i>				
I24	<b>Waste Service</b> The Council should ensure that the investments specified in the contract with Serco are made, such as a new vehicle fleet.				
S1.3.A	<i>Refocused and strengthened contract management meetings in line with contract requirements</i>				
I24.1	To manage the delayed Serco Fleet replacement programme in line with the requirements of the contract	Director - Borough Economy	By the proposed revised date of end January 2022	The delayed fleet replacement in line with the contractual requirements in terms of provision of vehicles	A list of replacement vehicles has been provided with delivery due during January 2022
I25	<b>Lion Farm</b> The Council must ensure that the recent re-engagement with the developer results in agreeing a clear way forward, including an action plan and timescale so there is clarity on the responsibilities for the Council and developer in order to progress the finalisation of the secondary option agreement, or to be clear on the legal process for both parties extricating themselves from the agreement and the associated terms.				
S1.5A-D	<i>Action plan to agree way forward and resolve matter</i>				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
I26	<b>Lion Farm</b> The Council must ensure that it has taken all necessary steps to ensure that arrangements are in place so that all the serious governance issues identified in the external report are appropriately mitigated and managed.				
S1.5.A-D	<i>Action plan to agree way forward and resolve matter</i>				
S1.7	<i>Refresh decision making arrangements</i>				
I27	<b>Lion Farm</b> The Council should review its procurement regulations and consider updating them to include land sales, including options agreements, to ensure that best value can be achieved.				
S2.1.A	<i>Review of Procurement and Contract Procedure Rules</i>				
S1.2.F	<i>Review the Sale of Land and Buildings Protocol in the Council's Constitution</i>				
I28	<b>Introduction of new ERP system</b> The Council must prioritise corporate effort to: <ul style="list-style-type: none"> <li>•ensure that temporary support is agreed with Oracle for EBS continuity.</li> <li>•have an honest and frank discussion with Inoapps and urgently agree a clear resolution on the way forward.</li> <li>•review governance arrangements so that good practice (such as Managing Successful Programmes) is in place and embedded, including clarity on the SRO role and approach to risk management.</li> <li>•review the resourcing and scope of the implementation to ensure that it is realistic, given current circumstances, focuses on outcomes as well as costs, and there is organisation wide engagement and ownership of the programme.</li> <li>•confirm a realistic and achievable go live date.</li> <li>•ensure for future major projects a full business case is developed and approved.</li> </ul>				
S1.4.A-D	<i>Actions options for moving forward and project management arrangements</i>				



Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
S2.1.D	<i>Corporate approach to Project Management, including requirement of full business cases for major projects</i>				
S2.1.E	<i>Develop template for Corporate Projects which includes Options Appraisals and Business Case</i>				
I28.1	Agreement with Oracle to extend all necessary EBS support	Director - Business Strategy & Change Director - Finance Director - Human Resources	End December	Agreement in place to provide EBS support to cover period of implementation of Oracle Fusion	Commenced - Contract extension for system support approved through delegated authority.  Agreements in place end of December 2021
I29	<b>Chief Officers</b> The Council should ensure that at the very least, appropriate internal and external advice is sought should the departure of a chief officer by mutual consent is agreed.				
I29.1	Induction training (within the Member Development Programme) for Leader and Cabinet Members on appropriate processes relating to the employment of Chief Officers, and in particular Statutory Officers	Director - Law & Governance Director - Human Resources	Updated programme developed - April 2022  Implementation from May 2022	Appropriate processes followed in the event of a departure of a chief officer by mutual consent	Link to S3.2
I30	<b>Senior Leadership</b> Critical to this sustainable change will be the appointment of the right permanent Chief Executive, and the Council must ensure an effective recruitment process, including maximising the chances of attracting a pool of appropriate candidates. Should the appointment of a permanent Chief Executive not be successful the Council should seek to retain the current interim Chief Executive and move this to a full-time contract.				

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
K5.1	<i>Conduct robust recruitment process for permanent Chief Executive designed to attract the best candidates</i>				
I31	<b>Complaints</b> The Council's senior leadership –both officer and member –must act to change the culture and organisational ethos in relation to complaints, and to restore balance and proportionality.				
S3.2	<i>Member Development Programme</i>				
I32	<b>Standards Committee</b> Member training and development programme must play a key role in ensuring members fully understand the expectations and standards relating to their role				
S3.2	<i>Member Development Programme</i>				
I33	<b>Standards Committee</b> Meetings between senior officers, political group leaders and chief whips should take place to ensure that these stakeholders are able to discuss emerging issues and trends, recognise good behaviours and discuss how to manage behaviours not in line with the Code				
I33.1	Emerging issues to be part of formal dialogue within regular 1-1s with key members (group leaders and chief whips, and other relevant members)	Chief Executive Director – Law & Governance	January 2022	Compliance with Member Code of Conduct  Appropriateness of complaints raised	Meetings have started
I34	<b>Audit Committee</b> Now that the Audit and Risk Assurance Committee has agreed the actions to bring this long-standing matter to resolution, it will be important that –as the Audit and Governance Panel recognised -the Council manages its position so that the matter does not resurface, so that it can move on and focus on its corporate objectives.				
S3.2	<i>Member development programme</i>				
I34.1	Work with the Chair of ARAC through Audit Committee Agenda meetings to manage the position	Chief Executive Director - Law & Governance	February 2022	Should matter arise in future, it is dealt with quickly	

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
		Director - Finance			
I35	<b>Financial Reporting</b> Management should ensure that the AFR action plan sets out actions and completion dates in relation to all recommendations. It should also identify where the new ERP system implementation and the planned asset management system could cause delays or impacts on planned actions				
I35.1	Review AFR Action Plan and ensure it addresses all recommendations, includes named leads, timescales and analysis of the impact of ERP System implementation and Asset Management System	Director - Finance	March 2022	Robust action plan in place, with interdependencies identified, in readiness for budget process 2022/23  External Audit satisfied that action plan addresses all recommendations	
I36	<b>Financial Reporting</b> Management should ensure that the changes in relation to budget setting and budget management recently introduced are sustained and take steps to manage any weaknesses not yet addressed.				
K4.3	<i>Develop and implement an improvement plan to address recommendations from CIPFA's Financial Management Review</i>				
I1.1	<i>Continue with 'Star Chamber' sessions for budget setting</i>				
I36.1	Regular budget monitoring reporting to Leadership Team and Cabinet, embedded within corporate performance management framework	Director - Finance	March 2022	Regular monitoring and reporting of progress	Reporting timetable to Leadership Team in place – monthly  To establish – reporting frequency to Cabinet  Link to K6.1, I5.1

Ref	Action	Responsible Lead	Delivery Date	Measure of Success	Commentary / Progress
137	<b>Financial Reporting</b> Management should ensure the Finance team has appropriate skills and capacity to manage the Council's financial reporting responsibilities.				
137.1	Comprehensive specialist technical training for whole of Finance Team	Director - Finance	March 2022	Training delivered  Minimal errors in 2021/22 Accounts as reported in the AFR	

# The Annual Audit Letter for Sandwell MBC

---

Year ended 31 March 2020

March 2022



# Contents

Page 114



## Your key Grant Thornton team members are:

Mark Stocks

Key Audit Partner

T: 44 (0)121 232 5437

E: mark.c.stocks@uk.gt.com

Zoe Thomas

Engagement Manager

T: +44 (0)121 232 5277

E: zoe.thomas@uk.gt.com

Matthew Berrisford

Assistant Manager

T: +44 (0)121 232 5352

E: Matthew.j.Berrisford@uk.gt

## Section

1. Executive Summary
2. Audit of the Financial Statements
3. Value for Money conclusion

## Page

3  
7  
12

## Appendices

- A Reports issued and fees

# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Sandwell Metropolitan Borough Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit and Risk Assurance Committee as those charged with governance in our Audit Findings Report on 21 December 2021

## Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

## Our work

---

**Materiality** We determined materiality for the audit of the group's financial statements to be £12m, which is 1.4% of the group's gross cost of services.

---

**Financial Statements opinion** We gave an unqualified opinion on the group's financial statements on 4 January 2021.

We identified significant issues with the financial statements. As a result our audit continued over an 18 month period. We have needed to deal with a number of financial reporting issues that have significantly delayed the audit and resulted in additional costs to the Council. A summary of our findings are set out overleaf. Action is needed by the Council to strengthen its financial reporting.

We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.

---

**Whole of Government Accounts (WGA)** Due to the late finalisation of the audit we were not required to make a submission to the NAO.

---

**Use of statutory powers** We did not identify any matters which required us to exercise our additional statutory powers in respect of the 2019-20 Audit year.

---

# Executive Summary

## Commentary on the Audit

On 4 January 2021 we issued an unqualified opinion on the accounts, the opinion included an emphasis of matter in relation to valuation uncertainty, due to the effects of Covid-19 and the Grenfell Tower fire on the valuation of land and buildings and property investments. This particular emphasis of matter was common for 2019/20 and reflects the view of the external valuers in a relatively uncertain property market as a consequence of the pandemic.

The external audit of the 2019/20 accounts was protracted. The audit commenced in September 2020 and draft audit findings reports (AFR) were presented to committee in March 2021, September 2021 with a final AFR in December 2021. The opinion was issued in early January 2022.

Remote working by both the council and audit teams as a consequence of COVID has contributed to delays, which is something that has been experienced in our audits up and down the country. However the protracted audit at Sandwell reflects underlying issues in the council's arrangements for producing the accounts and dealing with the audit process. In addition there were a number of specific issues that required management to consult more widely in order to resolve and reworking of a number of areas of the accounts. This process took some time and consequently we 'paused' the audit on a number of occasions to allow management to resolve matters, before restarting our work.

Some of the challenge and difficulties we experienced related to matters raised in the prior year where there has been insufficient time for management to address the matters, such as the underlying records and basis for the valuation of property plant and equipment.

More generally, management needs to produce a set of accounts which is supported by complete and reliable working papers, with entries that are understood and 'owned' by the finance team with clearly articulated assumptions and rationales, having appropriate regard and reference to accounting standards and the CIPFA code.

The accounts and supporting working papers should have a thorough and timely quality review and management signoff. Currently too much reliance is placed on the audit process for challenge and checks of the entries in the accounts. Management needs to improve both the quality of working papers as they were not adequate in a number of areas and also responses to audit queries and challenges, as all too often superficial responses were made resulting in follow up queries, adding to further delays.

In 2021 the Council has appointed a new S151 Officer and she has recognised that the finance team needs to be strengthened This was also highlighted by CIPFA in their report in January 2022.

As a consequence of the audit there were a number of adjustments to the accounts. CIES – the impact of the adjustments to the CIES has resulted in net decrease in deficit of £10.5m.

Key adjustments and issues are as follows:

- Property plant and equipment (PPE) has increased in value by £45m due to the changes in valuation of a number assets. As referenced later in the report, we have significant concerns around many aspects of the council's records and approach to valuation of property plant and equipment. Management has assured us that progress is being made to address our concerns including acquisition of appropriate software to improve record keeping. It will not be possible for management to address these matters for the 2020/21 audit as this has already commenced.
- Provisions – the accounts reflect a gross increase in short term provisions of £6.4m which relates specifically to unlodged business rates appeals for which there was no provision in the draft accounts. Management had originally determined that there was insufficient information on which to make a reasonable estimate. Following our challenge Analyse Local were able to provide some data that enabled management to make a reasonable estimate.



# Executive Summary

Page 17

- Impairment allowances: the debtors balance on the balance sheet is net of impairments allowances. These are for receivables, council tax, NNDR, Housing benefits and HRA. The basis of these allowances were not clearly understood by management and factors such as the impact of COVID on collectability had not been fully considered. For some 100% impairment allowance had been applied without a clearly articulated justification. Following audit challenge these balances were reassessed and a net adjustment of £4.7m made to these allowances. Overall we consider that the Council's arrangements for managing provisions and impairment allowances is poor. We also noted that a proportion of the debt and associated provision relating to housing benefit claims was omitted from the accounts in its entirety. Again we consider this to be poor practice.
- Cash/ Creditors - we identified a material error of £35m between cash and creditors on the balance sheet which arose due to an incorrect journal posting. There was no loss to the council from this adjustment. It is unusual in our experience to identify errors in cash or creditors of this magnitude. While this is a classification issue we would have expected the Council's quality control procedures to have identified this error either as part of the journal approval process or bank reconciliation sign off. This provides us with further concerns over controls surrounding management oversight and review.
- Group accounts – on consolidation of the SLP accounts the council needed to revalue the school land on the same basis as the council's assets. Following audit challenge and review by the internal valuer in consultation with the council's external valuer two significant changes in assumptions were made. The first in relation to the elements of the land that was valued as developed land (which has a significant impact on costs per square meter) and the treatment of academy land. These resulted in prior period adjustments to the accounts.
- Cashflow - there are material adjustments to the cashflow forecast due to the adjustments referenced above.
- Revenue grants credited to services increased by £13.4m (and charged to taxation reduced by the equivalent amount on the face of the CIES). This adjustment was because the council had not properly considered guidance on where the amounts should be reflected in the accounts. Further enhancements were made to the supporting note where there had been omissions in grants disclosed. This also resulted in a prior period adjustment.
- Opening/ Closing capital financing requirement (CFR) reduced by £56m (note 37). This adjustment arose because management was unable to fully justify the basis of the CFR, where the methodology had rolled forward and audit requested that the amount be recalculated from first principles using CIPFA guidance. We were satisfied that the restated amounts were correctly calculated. This also resulted in the prior period balances being restated.
- Prior period adjustments (PPA): as a consequence of the PPAS a third balance sheet is reflected in the restated accounts in line with accounting requirements.

In addition to these matters there were numerous adjustments made to disclosures to provide improved description of assumptions and explanations and corrections for typographical errors.

Overall, we consider that significant improvements are needed in the Council's financial reporting procedures.

---

# Executive Summary

Page 118

---

## Value for Money arrangements

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for the arrangements around children's services. We qualified our value for money conclusion in our audit report to the Council on 4 January 2022 due to this matter.

We noted in the Audit Findings Report that a number of governance issues have come to our attention during 2021. We consider that there is insufficient evidence to confirm that these matters impacted on 2019/20 and as such they are being dealt with as part of the 2020/21 audit.

---

## Certificate

We certified that we have completed the audit of the financial statements of Sandwell MBC in accordance with the requirements of the Code of Audit Practice on 25 January 2022.

---

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

**Grant Thornton UK LLP**  
March 2022

---

# Audit of the Financial Statements

Page 19

## Our audit approach

### Materiality

For our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the council and group's financial statements to be £12m, which is 1.4% of the group's gross cost of services. We used this benchmark as, in our view, users of the financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration of £0.1m.

We set a lower threshold of £600,000, above which we reported errors to the Audit and Risk Assurance Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council and group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of land and buildings</b></p> <p>The group revalue its land and buildings on a rolling five-yearly basis. Some assets are likely to be valued annually, such as some school buildings. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£2 billion) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• Evaluated the competence, capabilities and objectivity of the Council's valuation expert</li> <li>• Written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met</li> <li>• Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li> <li>• Engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation</li> <li>• Tested revaluations made during the year to see if they had been input correctly into the Authority's asset register</li> <li>• Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>	<p>In line with RICS guidance, the external valuers included reference to a material uncertainty in the final valuation report for both land and buildings and council housing and in relation to high rise buildings. The pension fund accounts also make reference to a material uncertainty in relation to property assets.</p> <p>There were a number of adjustments to the valuations during the audit, particularly relating to leisure centres and this resulted in adjustments to both the 2019/20 accounts and prior years.</p> <p>We have discussed with management and made recommendations this year and last for improvements in both the asset management system and the fixed asset registers.</p> <p>Significant amendments were made in the group accounts due to a change in valuation approach to land in the subsidiary company Sandwell Land and Property Ltd. Again this resulted in a prior period adjustment.</p>

# Audit of the Financial Statements

## Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of net pension liability</b></p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£759.7 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls</li> <li>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work</li> <li>• assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation</li> <li>• assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability</li> <li>• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary</li> <li>• undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• obtained assurances from the auditor of West Midlands Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>	<p>Our audit work has not identified any issues in respect of valuation of the net liability.</p>
<p><b>Management override of internal controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Evaluated the design effectiveness of management controls over journals,</li> <li>• Analysed the journals listing and determined the criteria for selecting high risk unusual journals,</li> <li>• Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration,</li> <li>• Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence, and</li> <li>• Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>	<p>Our audit work has not identified any issues in respect of management override of controls.</p>

# Audit of the Financial Statements

## Audit opinion

We gave an unqualified opinion on the Council and group's financial statements on 4 January 2022.

## Preparation of the financial statements

The audit was more protracted than expected. There were a large number of amendments made to the accounts which included prior period adjustments. In order to address concerns, management are seeking to strengthen the finance team and improve underlying records, including the systems to support management and recording of the Council's property plant and equipment. We will follow up our recommendations for improvement as part of the 2020/21 audit.

## Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit and Risk Assurance Committee in July 21 and again in December 2021. Our detailed recommendations are made in these Audit Findings Reports but the key matters and recommendations are summarised below.

### Property plant and equipment

We reported a number of matters on the approach to valuation and underlying record keeping of the Council's property assets. Our key recommendations included the following:

- Improve property asset management through implementation of more modern IT systems for both storing and updating information on the Council's property asset holdings. Records should be verified to primary information as part of this exercise to ensure underlying data is complete and accurate.
- Improve the asset registers, (which are used to inform the statement of accounts) by moving from an excel based system, to a more appropriate specialised system that is commensurate with the relative size and value of the council property stock.
- Better document the instructions, correspondence, challenge and checking of output of the external valuer.

## Arrears

Our review of impairments of receivables indicated that management had not recently properly reviewed the basis of provisions, having appropriate regard to their collectability, as expected under the code and IFRS9.

- We noted some HB arrears had been excluded from the accounts, and recommended management ensure they be included in the 20/21 accounts.
- Additional work was undertaken by management, at audit request, on the impairment of debt and the accounts were adjusted as a consequence.
- The provision for business rates appeals was also judged to be inadequate and was increased.

We recommended management build on this work in the 20/21 accounts and properly consider the impact of COVID 19 on the collectability of debt.

## Bank Reconciliation

A material error was identified on the bank reconciliation which was as a result of a journal error. We recommended that management should:

- simplify the reconciliation as the complexity is likely to have contributed to the error not being identified on management review.
- Consider the adequacy of controls over journals to ensure that journals are appropriately reviewed and approved.
- Review the controls and safeguards around payments to prevent postings being made that are outside set parameters.

## Grants

We noted that several of the council's grants had not been correctly classified within income in the accounts. We recommend that management considered this as part of the preparation of the 20/21 accounts.

## Capital financing requirement (CFR)

The council recalculated the CFR and concluded that it was materially misstated.

---

# Audit of the Financial Statements

## **Annual Governance Statement and Narrative Report**

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them along with the accounts in January 2022.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

## **Whole of Government Accounts (WGA)**

Due to the late completion of the audit, the WGA return was not required to be submitted.

## **Other statutory powers**

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. No powers have been exercised in relation to the 2019/20 financial year.

## **Certificate of closure of the audit**

We certified that we have completed the audit of the financial statements of [name of Council] in accordance with the requirements of the Code of Audit Practice on 25 January 2022.

---

# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report we agreed recommendations to address our findings.

## Overall Value for Money conclusion

We are satisfied that, in all significant respects, except for the matter we identified overleaf, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.



# Value for Money conclusion

## Value for Money Risks

Page 125

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Sustainable resource deployment: budget planning</b></p> <p>The sector faces continuing financial pressures due to the reductions in central government grants. The Council medium term financial plan (MTFP) highlights considerable uncertainties in funding beyond 2020/21 due to the new formula for funding settlement. Significant cuts in funding for older people are anticipated. The MTFP is currently assuming that the Council will have a broadly balanced position over the life of the plan. The latest budget report for 2019/20 is anticipating an overspend of £0.058m. £10.681 of earmarked reserves are anticipated to be utilised during the year, resulting in an overall overspend of £10.739m. Any overspend by the Children's Trust may provide a further budget pressure.</p> <p>Due to the continuing pressures and uncertainties in the sector we consider that this is a significant risk. We will consider your arrangements for managing and reporting your financial resources and the Council's arrangements for achieving savings.</p>	<p>As part of our work we have considered:</p> <ul style="list-style-type: none"> <li>• Budget reporting</li> <li>• Medium term financial plan</li> <li>• Children's and Adult social care budgets reserves</li> <li>• Capital</li> <li>• Impact of COVID-19</li> </ul>	<p>Our detailed findings are contained in the AFR.</p> <p>We have seen that the Council, even before COVID-19 is facing increasing cost pressures and is likely to require further focus on delivering savings, particularly in Adult social care and children's services. As with most councils COVID- 19 has impacted significantly operationally and financially. However management are currently forecasting that the impact is manageable, particularly as the central government grant is offsetting much of the additional cost and income pressures in 2020/21.</p> <p>The Council currently has good levels of balances relative to many other councils.</p> <p><b>Overall we are satisfied that the VFM risk identified in our 2019/20 plan has been mitigated.</b></p>

# Value for Money conclusion

## Value for Money Risks

Page 126

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Informed decision making: children’s services</b>                      The Council’s Children’s services were assessed as ‘inadequate’ in January 2018 and Children’s Trust was subsequently established. The most recent monitoring report in December 2019 highlighted that improvements had been made but the pace of change needed to accelerate. As the service continues to be assessed as ‘inadequate’ this presents a significant value for money risk.</p>	<p>As part of our work we have considered progress since our previous audit findings report in 2018/19.</p>	<p>The Ofsted inspection report of children’s services, published in January 2018, concluded that Children’s services in Sandwell were inadequate. There have been six monitoring visits since the last inspection. Ofsted have recognised that improvements in the service are being made but have noted that further progress is needed if the issues raised in their last inspection report are to be fully addressed.</p> <p>Having considered the findings and conclusions of Ofsted’s inspections and monitoring visits, together with the results of our audit work, we have concluded that there are weaknesses in the Authority’s arrangements for delivering services for children in need of help and protection, children looked after and care leavers.</p> <p>These matters are evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.</p> <p><b>We are unable to conclude that the risk has been mitigated in relation to children’s services</b></p>
<p><b>Informed decision making : providence place</b>                      In June 2019, the Department for Education approved the provision of a new, 750 place secondary free school in West Bromwich, to be delivered in partnership with Shireland Academy and the City of Birmingham Symphony Orchestra (CBSO). It is proposed that the Council sell the freehold interest of 1 Providence Place, West Bromwich, with vacant possession, along with a development plot to the DfE for £8.46m</p>	<p>We obtained the history of the Providence Place asset from the initial acquisition of the asset up to the decision to dispose. The council will incur a significant loss on disposal of the asset.</p>	<p>As Provident Place is being sold at its current market value and the decision to purchase it was made in 2014 <b>we do not consider that the sale impacts on our 2019/20 VfM conclusion.</b> However, due to the significance of the loss we have raised this matter with the Chief Executive to ensure that future purchases or sales of land and property are clearly aligned with a long term estate strategy. We have also made reference to this matter in our Governance review as part of the 20/21 audit.</p>

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

## Reports issued

Report	Date issued
Audit Plan	March 2021
Audit Findings Report	December 2021
Annual Audit Letter	January 2022

## Fees

	Planned £	Actual fees £
Statutory audit	153,136	253,300
<b>Total fees</b>	<b>153,136</b>	<b>253,300</b>

## Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £153,000 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Fee variations are subject to PSAA approval.

Area	Reason	Fee proposed
<b>Variation agreed February 2021</b>	Issues as set out in the audit plan	32,350
<b>Additional uplift</b>	Issues as reflected in the September AFR	57,814
<b>Further overrun</b>	Issues as reflected in the AFR addendum	10,000
<b>Total</b>		100,164

# A. Reports issued and fees continued

Page 128

## Fees for non-audit services

Service	Fees £
<b>Audit of subsidiary</b>	
<b>Sandwell Children's Trust</b>	27,250
<b>Sandwell Land and Property Ltd</b>	25,000
<b>Audit related services</b>	
- Housing Subsidy	28,000
- Teachers pension	6,000
<b>Non-Audit related services</b>	
- CFO highlights	12,500
- Agreed upon procedures Sandwell Children's Trust (annual certification of the expenditure in respect of the Trust's Improvement Grant for DfE)*	5,000

## Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to group. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with group's policy on the allotment of non-audit work to your auditor.



© 2020 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank

## Report to Audit and Risk Assurance Committee

17 March 2022

<b>Subject:</b>	Internal Audit Progress Report
<b>Director:</b>	Simone Hines Director of Finance & Section 151 Officer
<b>Contact Officer:</b>	Peter Farrow Audit Services and Risk Management Manager, <a href="mailto:peter_farrow@sandwell.gov.uk">peter_farrow@sandwell.gov.uk</a>

### 1 Recommendation

1.1 Review and comment upon the Internal Audit Progress Report.

### 2 Reasons for Recommendation

2.1 To inform the committee of details of the matters arising from internal audit work undertaken between April 2021 and January 2022.



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

Internal Audit operates across the council and helps it accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

### 4 Context and Key Issues

4.1 The Internal Audit Progress Report contains details of the matters arising from internal audit work undertaken between April 2021 and January 2022.

4.2 The purpose of the report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2021/22 Internal Audit Plan. The information included in the progress report will feed into and inform the overall opinion in the Internal Audit Annual Report issued at the year end.

4.3 It summarises the audit work undertaken between April 2021 and January 2022, this includes:

- the areas subject to review (auditable area)
- the level of audit need assigned to each auditable area (high, medium or low)
- the number and type of recommendations made as a result of each audit review.
- the number of recommendations accepted by management.
- the level of assurance given to each system under review.
- details of any key issues arising from the above.

4.4 It also highlights any key changes to the initial Internal Audit Plan.

### 5 Alternative Options

5.1 The purpose of the report is to inform the Audit and Risk Assurance Committee on progress against the 2021/22 Internal Audit Plan. As such, there is no alternative option.





## 6 Implications

<b>Resources:</b>	There are no direct resource implications arising from this report.
<b>Legal and Governance:</b>	Internal audit is a statutory service in the context of the Local Government Accounts and Audit Regulations (Amendment)(England) 2015. The Act states that: <i>“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”</i> . These Standards have been adopted by the council’s internal audit section.
<b>Risk:</b>	The agreed actions detailed in Internal Audit reports are designed to mitigate risks.
<b>Equality:</b>	It was not necessary to undertake an Equality Impact Assessment.
<b>Health and Wellbeing:</b>	There are no direct health and wellbeing implications from this report.
<b>Social Value</b>	There are no direct social value implications from this report.

## 7. Appendices

Appendix 1 - Internal Audit Progress Report

## 8. Background Papers

None



This page is intentionally left blank

# Internal Audit Progress Report as at 31 January 2022



## 1 Introduction

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2021/22 Internal Audit Plan.

The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Reasonable	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

<b>Fundamental</b>	Action is imperative to ensure that the objectives for the area under review are met.
<b>Significant</b>	Requires action to avoid exposure to significant risks in achieving the objectives for the area under review.
<b>Merits attention</b>	Action advised to enhance control or improve operational efficiency.

[ILO: UNCLASSIFIED]

For school reviews, the overall opinion is based on the following criteria to match the assurance categories awarded by Ofsted:

Inadequate	<ul style="list-style-type: none"><li>• Risk of objectives not being achieved due to the absence of key internal controls, with significant breakdown in the application of controls.</li></ul>
Satisfactory	<ul style="list-style-type: none"><li>• Reasonable framework of key controls exists, but could be stronger to support achievement of objectives, with occasional breakdown in the application of controls.</li></ul>
Good	<ul style="list-style-type: none"><li>• Effective framework of key controls ensures objectives are likely to be achieved and controls are applied but with some minor lapses.</li></ul>
Outstanding	<ul style="list-style-type: none"><li>• Robust framework of key controls ensures objectives should be achieved and controls are applied continuously.</li></ul>

The overall opinion for each of the school reviews is based upon the number and type of recommendations we make in each report, in line with the recommendation classifications for non-schools, i.e. fundamental, significant and merits attention.

[ILO: UNCLASSIFIED]

2 Summary of work completed between 1 April 2021 and 31 January 2022

Page 138

AAN	Assessment of Assurance Need Rating (High/Medium risk).
*	Awaiting Response (all longstanding responses will be brought to the attention of the committee throughout the year for monitoring purposes).
N/A	Not Applicable, review outside of normal risk-based auditing approach/customer request/grant claim.

Auditable Area	AAN rating	Recommendations			Total	Number accepted	Level of Assurance
		Fundamental	Significant	Merits attention			
<b>Reported previously</b>							
Covid-19 Compliance and Enforcement Grant 2020/21	N/A	-	-	-	-	-	N/A
Schools Financial Value Standard	N/A	-	-	-	-	-	N/A
Housing Benefit Subsidy Final Claim certification	N/A	-	-	-	-	-	N/A
Housing Benefit Mid-Year Subsidy Claim Estimate 2021/22	N/A	-	-	-	-	-	N/A
Discretionary Housing Payments Final Claim Certification	N/A	-	-	-	-	-	N/A
Discretionary Housing Payments follow up	Medium	-	-	1	1	1	Substantial
Bank Changes follow up	High	-	1	-	1	1	Reasonable
Income Management (including write offs)	Medium	-	3	-	3	3	Reasonable
Riverside, Rents	High	-	4	1	5	5	Limited
<b>Reported for the first time</b>							
Day to Day Repairs, Follow up	Medium	-	-	1	1	1	N/A
Facilities Management, Follow up	Medium	-	1	1	2	*	N/A
Benefits	High	-	2	3	5	5	Reasonable

[ILO: UNCLASSIFIED]

Auditable Area	AAN rating	Recommendations			Total	Number accepted	Level of Assurance
		Fundamental	Significant	Merits attention			
Budgetary Control	High	-	2	2	4	4	Reasonable
Treasury Management	High	-	-	3	3	3	Substantial
Capital Accounting	High	-	-	-	-	-	No assurance
Main Accounting System	High	-	2	-	2	*	Reasonable
Accounts Receivable	High	-	2	-	2	*	Reasonable

[ILO: UNCLASSIFIED]

### Audits underway as at 31 January 2022

• Data Protection and Security Toolkit Independent Review
• Procurement and Contract Compliance
• Disposal of Land
• Follow up of New Build Programme
• Refurbishment of Highrise Buildings
• Payroll
• Accounts Payable
• Council Tax
• Council Rents
• National Non-Domestic Rates
• Aquatic Centre

### 3 *Issues to bring to the committee's attention on work completed following its January 2022 meeting*

#### *Benefits*

The Benefits Team process housing revenue and rent allowance claims. In the last financial year, the Benefits team paid around 22,000 claims, this included claims for both council and private tenants that totalled around £84.5m.

As part of their monitoring checks, the Benefits Team examine the validity of claims that are over £1,500. From a sample of six claims examined no audit trail of the calculations had been retained, limiting evidence of what checks had been carried out and any issues that may have arisen. It was agreed that supporting documentation and sign off from a Lead Officer would be undertaken and retained.

The Council is also required to complete a subsidy claim to submit to the Department of Works and Pensions for housing benefit each year. As part of the subsidy claim some of the housing benefit payments must be moved manually. This includes adjustments due to partial weeks, where tenants have moved mid-week. The system however does not recognise this and puts them through as full week payments. An adjustment is therefore needed on the system. Again, it was requested that additional information should be held to provide further clarification of how the adjustments are calculated to be retained.

#### *Budgetary Control*

The General Fund Revenue Budget for the council is held on the General Ledger module of the Oracle financial system. Central control of the budget is managed by the council's Strategic Finance team and Budgetary Control is a key financial system.

Due to the increased workload in previous years accounting issues there has been a substantial delay in the closedown timetable which has meant statutory deadlines for the publication and finalisation of the closedown of accounts was impacted. It was agreed when

[ILO: UNCLASSIFIED]



these issues have been resolved accounts would be prepared in accordance with CIPFA deadlines. With regards to issues raised last year by the External Auditor on the volume of journal entries being significantly high, we noted that improvements in reducing these are still needed.

### *Main Accounting System*

The Main Accounting System (MAS) for the council resides on the General Ledger module of the Oracle Financial system. It records and consolidates all the financial transactions carried out. Our audit involved a review of the key controls over the MAS, including reconciliations, suspense accounts and the councils contract register.

Bank reconciliations highlight and evidence differences at a point in time between the bank balances shown on the general ledger, and the balances shown within the Councils' bank statements, as supplied by the bank. Due to the delay in the financial year 2020/21 accounts closedown and work pressures relating to this, there had been a delay in the cash income reconciliations completed. As at November 2021 they had only been completed up to July 2021.

The Council also has a central contract register, which is maintained and updated on a quarterly basis. On review of the contracts held on this register, we noted that some areas required updating as the register included contracts that were no longer in date. Therefore, highlighting that a more proactive approach to provide comprehensive data for the register would be beneficial to the management of the current register.

### *Capital Accounting*

The Council holds assets in the form of property, vehicles, equipment etc. It is important that assets are safeguarded and used efficiently in service-delivery, and that there are arrangements for the security of these assets.

Asset registers are utilised to record the assets held by the Council, to ensure the assets are identified and their location recorded within these registers together with their estimated value.

Unfortunately, we were unable to provide assurance at this time, due to the delay in the finalisation and sign off of the 2020/21 accounts, and the Council not yet having received any of the valuations for 2021/22 with work being in progress regarding the revaluation of assets, in year disposals and capital spend.

We did however note that the Council is at present, looking to procure a new system that will improve the asset registers held on spreadsheets into a more integrated system, that will help to provide relevant information to both Finance and Strategic Asset Management.

### *Accounts Receivable*

The accounts receivable module is used to raise invoices. This includes residential care, trade waste, rents for market pitches, business properties and bereavement services. A review was undertaken to ensure that an effective system was in place for raising invoices and managing debtors. This included the integrity and reliability of charging information recorded in the accounts, the collection of payments and the process to monitor and report the debtor position. Our audit highlighted that recommendations made in the previous year had still to be fully implemented. The recommendations we made include that the Corporate

[ILO: UNCLASSIFIED]

Debt Recovery/Write Off Policy has not been consolidated to include the Former Tenant Arrears and Housing Rents write off policies and that full recovery action had yet to be taken on outstanding invoices relating to the Black Country Partnership NHS Foundation Trust which had since dissolved.

#### *4 Other activities undertaken by Audit Services*

##### *CIPFA – Audit Committee Updates*

We continue to present the regular CIPFA Audit Committee Updates to the committee as and when they are published.

##### *Audit and Risk Assurance Committee – Terms of Reference*

We continue to review and update the Audit and Risk Assurance Committee Terms of Reference on an annual, basis.

##### *Internal Audit Plan*

The Internal Audit annual plan for 2022/23 is to submitted to, and agreed by the Audit and Risk Assurance Committee for approval.

##### *Audit and Risk Assurance Committee Annual Report*

Assistance was provided in the preparation of the Annual Report on the work of the Audit and Risk Assurance Committee that was presented at Council in October 2021.

##### *Internal Audit's role in investigating allegations of Fraud*

We continue to take part in investigations into allegations of potential fraud and where appropriate these are reported separately to the committee.

##### *Annual Governance Statement*

We play a key role in the preparation of the Annual Governance Statement which forms part of the annual published Statement of Accounts.

##### *Advice and Guidance*

We provide on-going advice and guidance to the council to assist with the continuous improvement of the overall control environment and to ensure compliance with relevant new legislation.

##### *Liaising with the External Auditors*

Where required, we continue to work with and assist the Council's External Auditors.

This page is intentionally left blank

## Report to Audit and Risk Assurance Committee

17 March 2022

<b>Subject:</b>	Internal Audit Plan 2022/23
<b>Director:</b>	Simone Hines Director of Finance/Section 151 Officer
<b>Contact Officer:</b>	Peter Farrow Audit Services and Risk Management Manager, <a href="mailto:peter_farrow@sandwell.gov.uk">peter_farrow@sandwell.gov.uk</a>

### 1 Recommendation

- 1.1 To review and approve the Internal Audit Plan 2022/23.

### 2 Reasons for Recommendation

- 2.1 To inform the Committee of the contents of the Internal Audit Plan for 2022/23 and to seek approval.



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

Internal Audit operates across the council and helps it accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

### 4 Context and Key Issues

- 4.1 The Internal Audit Plan sets out the intended internal audit programme of work for 2022/23.
- 4.2 The completion of the plan will help inform the Head of Audit's annual opinion on the adequacy and effectiveness of the council's governance, risk management and internal control framework.

### 5 Alternative Options

- 5.1 The purpose of the report is to inform the Audit and Risk Assurance Committee of the Internal Audit Plan for 2022/23. As such, there is no alternative option.

### 6 Implications

<b>Resources:</b>	There are no direct resource implications arising from this report.
<b>Legal and Governance:</b>	Internal audit is a statutory service in the context of the Local Government Accounts and Audit Regulations (Amendment)(England) 2015. The Act states that: <i>“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”</i> . These Standards have been adopted by the council's internal audit section.



<b>Risk:</b>	The agreed actions detailed in Internal Audit reports are designed to mitigate risks.
<b>Equality:</b>	It was not necessary to undertake an Equality Impact Assessment.
<b>Health and Wellbeing:</b>	There are no direct health and wellbeing implications from this report.
<b>Social Value</b>	There are no direct social value implications from this report.

## 7. Appendices

Appendix 1 - Internal Audit Plan 2022/23.

## 8. Background Papers

None



This page is intentionally left blank



## Internal Audit Plan: 2022/23



	Table of Contents
-	A quick guide to the audit planning process
-	A glossary of terms
1	Introduction
2	Assessing the effectiveness of risk management and governance
3	Assessing the effectiveness of the system of control
4	Assessment of assurance need methodology
5	The assessment of audit assurance needs
6	Developing an internal audit plan
7	Considerations required of the Audit and Risk Assurance Committee, council management and the Section 151 Officer
8	Information to support the internal audit plan
9	Internal audit plan

## A Quick guide to the audit planning process

### Step 1 – Audit universe/auditable areas and the council's scorecard priorities

Identify the audit universe (i.e. a list of themes and areas that may require auditing) using a variety of methods:

- Areas of potential risk identified through a variety of sources (including the strategic risk register) as having the potential to impact upon the council's ability to deliver the objectives of the Corporate Plan and its statutory responsibilities, captured through a strategic risk register.
- Key areas, such as the key financial systems work we do to help inform and support the work of the external auditors, grant claim certification etc.
- Areas where we use auditor's knowledge, management requests and past experience etc.



### Step 2 – Ranking

Assess each auditable area as high, medium or low assurance need using, where appropriate, the CIPFA methodology of materiality/business impact/audit experience/risk/potential for fraud.



### Step 3 – Three-year view

High need areas will be reviewed annually, medium need usually once in a three-year cycle where appropriate, while a watching brief will remain on the low need areas.



### Step 4 – Next year's plan

List the themes/areas and where appropriate the types of work that will be undertaken in 2022/23 in the internal audit plan.

[ILO: UNCLASSIFIED]

## A Glossary of Terms

### Governance

The arrangements in place to ensure that the council fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical manner.

### Control environment

Comprises the systems of governance, risk management and internal control. The key elements include:

- establishing and monitoring the achievement of the Corporate Plan
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement
- the financial management of the council and the reporting of financial management; and
- the performance management of the council and the reporting of performance management

### System of internal control

The totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

### Risk management

A logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating the risks associated with any activity, function or process in a way that will enable the organisation to minimise losses and maximise opportunities.

### Risk based audit

An audit that:

- identifies and records the objectives, risks and controls
- establishes the extent to which the objectives of the system are consistent with higher-level corporate objectives
- evaluates the controls in principle to decide whether or not they are appropriate and can be reasonably relied upon to achieve their purpose, addressing the organisation's risks
- identifies any instances of over and under control and provides management with a clear articulation of residual risks where existing controls are inadequate
- determines an appropriate strategy to test the effectiveness of controls i.e. through compliance and/or substantive testing; and
- arrives at conclusions and produces a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment

### Audit and Risk Assurance Committee

The governance group charged with independent assurance of the adequacy of the internal control environment and the integrity of financial reporting.

[ILO: UNCLASSIFIED]

## Internal audit

### Definition of internal auditing:

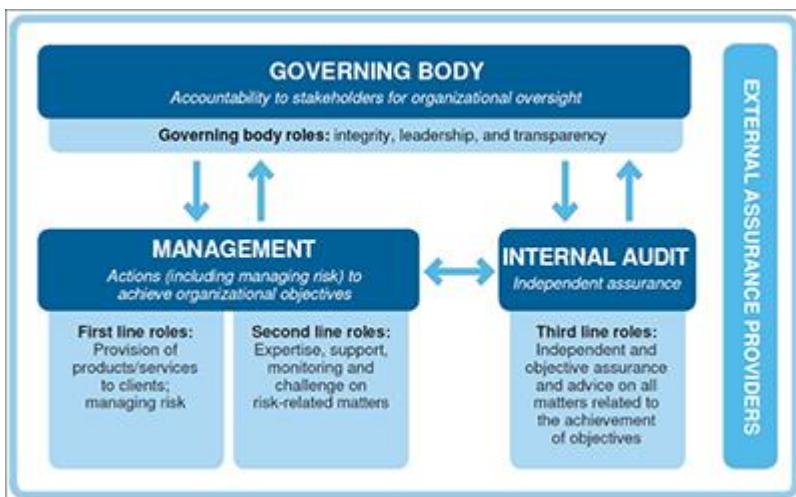
Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Source: Public Sector Internal Audit Standards

### Assurance

A confident assertion, based on sufficient, relevant and reliable evidence, that something is satisfactory, with the aim of giving comfort to the recipient. The basis of the assurance will be set out and it may be qualified if full comfort cannot be given. The Head of Audit may be unable to give an assurance if arrangements are unsatisfactory. Assurance can come from a variety of sources and internal audit can be seen as the 'third line of defence' with the first line being the council's policies, processes and controls and the second being management checks of this first line.

### The Three Lines of Defence model



[ILO: UNCLASSIFIED]

## 1 Introduction

The purpose of internal audit is to provide the Section 151 Officer and the Audit and Risk Assurance Committee with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the councils agreed objectives. To provide this opinion we need to review on a cyclical basis, the governance, risk management and operation of internal control systems within the council. Internal audit is not a substitute for effective internal control. The proper role of internal audit is to contribute to internal control by examining, evaluating and reporting to management on its adequacy and effectiveness.

There is a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards'. The council has an internal audit charter which was approved by the Audit and Risk Assurance Committee and defines the activity, purpose, authority and responsibility of internal audit, and establishes its position within the council. This document sits alongside the charter and helps determine how the internal audit service will be developed.

The purpose of this document is to provide the council with an internal audit plan based upon an assessment of the council's audit needs. The assessment of assurance need exercise is undertaken to identify the systems of control and determine the frequency of audit coverage. The assessment will be used to direct internal audit resources to those aspects of the council which are assessed as generating the greatest risk to the achievement of its objectives.

## 2 Assessing the effectiveness of risk management and governance

The effectiveness of risk management and governance will form part of our individual reviews, in order to gather evidence to support our opinion to the council. This opinion is reflected in the general level of assurance given in our annual report and where appropriate within separate reports in areas that will touch upon risk management and governance, and from those provided by other assurance providers including the External Auditors.

## 3 Assessing the effectiveness of the system of control

To be adequate and effective, management should:

establish and monitor the achievement of the council's objectives and facilitate policy and decision making

identify, assess and manage the risks to achieving the council's objectives

ensure the economical, effective and efficient use of resources

ensure compliance with established policies, procedures, laws and regulations

safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and

ensure the integrity and reliability of information, accounts and data

These objectives are achieved by the implementation of effective management processes and through the operation of a sound system of internal control.

[ILO: UNCLASSIFIED]



The internal audit plan contained within this report is our assessment of the audit work required to measure, evaluate and report on the effectiveness of risk management, governance and internal control.

### **The framework of assurance**

The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation, may comprise a variety of sources and not only the work of Audit Services.

However, Audit Services holds a role within the council as the only independent source of assurance on all internal controls. The work of Audit Services is therefore, central to this framework of assurance. Therefore, Audit Services attempt to acquire an understanding not only of the council's risks and its overall whole control environment, but wherever possible, all sources of assurance.

In this way, Audit Services will be able to indicate whether key controls are adequately designed and effectively operated, regardless of the sources of that assurance. This role includes responsibility both for attempting to assess the assurance available to the council from other sources, whether internal or external, and for implementing a plan of internal audit work to obtain the required assurance.

Audit Services report to the Audit and Risk Assurance Committee, which is responsible for assessing the quality of the assurance available to the council and concerns itself with the adequacy and effectiveness of the council's internal control environment as assessed.

This document is, in the large part, risk-based and reflects the requirement for assurance (as well as current audit knowledge and the requirement to follow up earlier work). This plan includes work undertaken directly by Audit Services, but will also, wherever possible, take into account and recognise assurance work undertaken by other parts of the council or by external organisations, the adequacy of which will be assessed on an on-going risk basis.

The annual internal audit report to the council will include an opinion on the overall adequacy and effectiveness of the council's control environment, and will, where appropriate, include reference to the assurance made available to the council by other providers as well as Audit Services.

## **4 Assessment of assurance need methodology**







Internal audit should encompass the whole internal control system and not be limited only to financial control systems, the scope of internal audit work should reflect the core objectives of the council and the key risks that it faces. As such, each audit cycle starts with a comprehensive analysis of the whole system of internal control that ensures the achievements of the council's objectives.

Activities that contribute significantly to the council's internal control system, and also to the risks it faces, may not have an intrinsic financial value necessarily. Therefore, our approach seeks not to try and measure the level of risk in activities, but to assign a relative assurance need value. The purpose of this approach is to enable the delivery of assurance to the council over the reliability of its system of control in an effective and efficient manner.

[ILO: UNCLASSIFIED]

## 5 The assessment of audit assurance needs

### Identifying the objectives of the Corporate Plan and the associated risks

	Best start in life for children and young people
	People live well and age well
	Strong resilient communities
	Quality homes in thriving neighbourhoods
	A strong and inclusive economy
	A connected and accessible Sandwell

The key risks to the council in meeting its objectives, as identified through its risk management process, at the time this plan was prepared, were:

Risk
Children's Social Care
Emergency Planning
Business Continuity Management
Compliance with the Data Protection Act, GDPR and the FOI Act
Medium Term Financial Strategy and Resource Allocation
Future Government Policies and Funding Sources
Budget Monitoring and Management
Cyber Security
Commonwealth Games Aquatic Centre
Oracle e-Business Suite
Special Educational Needs and Disabilities
Towns Fund Programme
New Operating Model
Equalities
Council's Improvement Plan
Health and Safety
Partner Organisations/Contractors Service Delivery
Climate Change
Interim and Future Management of Nine of the Council's Leisure Centres

[ILO: UNCLASSIFIED]



## Identifying the “audit universe”

To undertake the assessment, it is first necessary to define the audit universe for the council. The audit universe describes all the systems, functions, operations and activities undertaken by the council. Given that the key risk to the council is that it fails to achieve its core objectives, we have identified the audit universe by determining which systems and operations impact upon the achievement of the Corporate Plan and the objectives above. These auditable areas include the control processes put in place to address the key risks.

## Assessing the risk of auditable areas

Risk management is the process of identifying risks, evaluating their probability and potential consequences and determining the most effective methods of controlling or responding to them. The aim of risk management is to contribute to continued service improvement through improved risk-taking activities, reducing the frequency of loss events occurring, and minimising the consequences if they do occur.

Source: Sandwell MBC Corporate Risk Management Strategy

There are a number of key factors for assessing the degree of risk within the auditable area. These have been used in our assessment for each auditable area and are based on the following factors:

- Risk
- Business impact
- Materiality
- Audit experience
- Potential for fraud and error

## Deriving the level of assurance need from the risk values

In this model, these factors are translated into an assessment of assurance need. The risk ratings used are high, medium or low to establish the frequency of coverage of internal audit.

## 6 Developing an internal audit plan

The internal audit plan is based on management's risk priorities, as set out in the council's own risk analysis/assessment. The plan has been designed to, wherever possible, cover the key risks identified by this risk analysis.

In establishing the plan, the relationship between risk and frequency of audit remains absolute. The level of risk will always determine the frequency by which auditable themes and areas will be subject to audit. This ensures that key risk themes and areas are looked at on a frequent basis. The aim of this approach is to ensure the maximum level of assurance can be provided with the minimum level of audit coverage.

It is recognised that a good internal audit plan should achieve a balance between clearly setting out the planned audit work and retaining flexibility to respond to changing risks and priorities during the year. As the year progresses, it is likely that the risks and organisational priorities will change, resulting in changes to the plan. This is an issue within the local authority environment at this moment, particularly as the sector emerges from Covid-19 and the pace of change and high level of uncertainty affecting the risk environment.

Auditor's judgement will be applied in assessing the number of days required for each audit identified in the plan.

The assessment of assurance need's purpose is to:

- determine priorities and establish the most cost-effective means of achieving audit objectives; and
- assist in the direction and control of all audit work

Included within the plan, in addition to audit days for field assignments are:

- a consultancy allocation, which will be utilised when the need arises, for example, special projects, investigations, advice and assistance, unplanned and ad-hoc work as and when requested
- a follow-up allocation, which will be utilised to assess the degree of implementation achieved in relation to recommendations agreed by management during the prior year; and
- an audit management allocation, which is used for management, quality control, client and External Audit liaison and for preparation for, and attendance at various meetings including the Audit and Risk Assurance Committee.

## 7 Considerations required of the Audit and Risk Assurance Committee, senior management and the Section 151 Officer

Are the objectives and key risks identified consistent with those recognised by the council?

Does the plan include all the themes which would be expected to be subject to internal audit?

Are the risk scores applied to the plan reasonable and reflect the council?

Does the plan cover the key risks as they are recognised?

Is the allocation of audit resource accepted, and agreed as appropriate, given the level of risk identified?

[ILO: UNCLASSIFIED]

## 8 Information to support the Internal Audit Plan

### **Communication of results**

The outcome of internal audit reviews is communicated by way of a written report on each assignment undertaken. However, should a serious matter come to light, this will be reported to the appropriate level of management without delay.

### **Resourcing**

The council has its own internal audit function. Where appropriate, staff are either professionally qualified, or sponsored to undertake relevant professional qualifications. All staff are subject to an appraisal programme, which leads to an identification of training needs. In this way, we ensure that the team is suitably skilled to deliver the internal audit service. This includes the delivery of specialist skills which are provided by staff within the service with the relevant knowledge, skills and experience.

### **Quality assurance**

Our processes comply with appropriate the Public Sector Internal Audit Standards, and, where required, working papers and reports are subject to thorough review by professionally qualified audit and accountancy staff.

[ILO: UNCLASSIFIED]

## Council Wide areas with Audit input

Auditable Area	Purpose
Fraud Investigations	As required by the council's Financial Regulations and on behalf of the Section 151 Officer – the carrying out of investigations into areas of suspected fraudulent activity across the council, including housing and related fraud.
Counter Fraud Activities	Where appropriate, to undertake a series of council wide pro-active fraud activities, including the maintenance of key anti-fraud and anti-money laundering policies and procedures, targeted testing of areas open to potential fraud, maintenance of the council's fraud risk register, hosting fraud awareness seminars and surgeries, hosting and chairing the Midland's regional fraud group and national benchmarking exercises.
National Fraud Initiative	In accordance with Cabinet Office requirements, to lead on the council's NFI data matching exercise.
Risk Management	To provide on-going support, advice and challenge to the risk management process at strategic, programme and directorate level across the council.
Annual Governance Statement	To assist in the preparation of the Annual Governance Statement.
Follow up of Agreed Actions	The follow up of key internal audit recommendations made across the council in 2021/22.
Development and Advice	To provide ongoing general controls advice and assistance where required.
Consultancy	To provide advice and guidance on special projects, unplanned and ad-hoc reviews as necessary.
Management	Day to day management of the internal audit, risk management and counter fraud service, quality control, client and External Audit liaison and preparation for and attendance at various Member and senior officer meetings.
Audit and Risk Assurance Committee	Preparation and presentation of papers for the committee. Providing training to committee members as and when required.

## 9 Internal Audit Plan - 2022/23

(ANA = Assessment of Assurance Need)

Area	ANA
<b>Value for Money Governance Review</b>	
A review, or reviews of the progress being made against key control areas identified within the 2021 Grant Thornton Value for Money Governance Report. This report covered a number of Key Lines of Enquiry including the Children’s Trust, Sandwell Leisure Trust, Special Educational Needs Transport, Providence Place, Lion Farm and Waste Services.	High
<b>Covid-19 related</b>	
To continue to support any remaining Covid-19 support schemes such as assisting in the various support grant processes, and certifying, where required Covid-19 related spend returns. In the coming year there may be an increased focus on post-payment assurance.	NA
<b>Key Financial Systems</b>	
Financial Management Code – a high-level update review of continued compliance with the code.	Medium
Accounts Payable	High
Accounts Receivable including write off processes	High
Payroll	High
Treasury Management	High
Main Accounting System	High
Budgetary Control	High
Benefits	High
Capital Accounting	High
Housing Rents	High
Council Tax	High
NNDR	High
<b>Other areas</b>	
Oracle e-Business Suite programme – a review of how the new business management system is being implemented.	High
Working with the Voluntary and Community Sector – with a focus on how the new grants process is operating.	Medium
Procurement and Contract Compliance – an annual high-level review of council spend to ensure compliance with legislation and the Procurement and Contract procedures rules.	High
Cyber Security - to continue to assess how cyber related risks are being managed.	High
GDPR – a review of how compliance with the NHS Data Protection and Security Toolkit.	Medium
Sandwell Towns Fund – a review of the governance, financial controls, risk and programme management arrangements within the programme.	Medium

Aquatic Centre - a general position update regarding the Aquatic Centre – in order to confirm that timescales and costs are on track.	Medium
Personal Budgets and Direct Payments – a review of the controls within Adult Social Care.	High
Appointeeship Unit – a review of the management of client accounts.	Medium
Disabled Facilities Grant Funding – arrangements for quantifying and assessing entitlement to disabled facilities grants are agreed and administered appropriately together with a review of the tendered contract and financial controls over the budget.	Medium
Riverside - a rolling programme of audits which will be agreed each year with the Director and Partnership Liaison Officer.	Medium
Value for Money reviews - during the year discussions will be held with senior management regarding the identification of potential value for money areas, where Audit Services could be of assistance in performing value for money reviews or offering advice.	-
School's - a cyclical review of the governance and financial procedures for council-maintained schools. This will be dependent upon and conducted in accordance with Government guidance around Covid-19	Medium
Events Governance – a review of the governance arrangements around key Council events.	Medium
Cash handling – a review of cash handling across the borough, including what cash is held where, and for what purpose.	Medium
Certifications – a range of certification exercises including Discretionary Housing Payment Claims, Housing Benefit Subsidy Claims and Contain Outbreak Management Fund.	NA
Mayors Charity Audit – if required	NA



This page is intentionally left blank



## Report to Audit and Risk Assurance Committee

17 March 2022

<b>Subject:</b>	Counter Fraud Update
<b>Director:</b>	Simone Hines Director of Finance and S151 Officer
<b>Contact Officers:</b>	<p>Oliver Knight Counter Fraud Lead <a href="mailto:Oliver_knight@sandwell.gov.uk">Oliver_knight@sandwell.gov.uk</a></p> <p>Peter Farrow Audit Services and Risk Management Manager, <a href="mailto:peter_farrow@sandwell.gov.uk">peter_farrow@sandwell.gov.uk</a></p>

### 1 Recommendation

1.1 Review and comment upon the Counter Fraud Update.

### 2 Reasons for Recommendation

2.1 To inform the committee of details of the recent areas of counter-fraud activity undertaken by the Council's Counter Fraud Unit.



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

3.1 Internal Audit and the Counter Fraud Unit operates across the Council and helps it accomplish its vision by bringing a systematic, disciplined approach to reducing the risk of fraud and helping to safeguard the council's assets.

### 4 Context and Key Issues

4.1 The Counter Fraud Report contains details of the recent areas of counter-fraud activity undertaken by the Council's Counter Fraud Unit.

### 5 Alternative Options

5.1 The purpose of the report is to inform the Audit and Risk Assurance Committee on the activity of the Counter Fraud Unit. As such, there is no alternative option.

### 6 Implications

<b>Resources:</b>	There are no direct resource implications arising from this report.
<b>Legal and Governance:</b>	The Counter Fraud Unit operates within the following legal framework: <ul style="list-style-type: none"><li>• The Fraud Act 2006</li><li>• POSHFA (Prevention of Social Housing Fraud Act 2013)</li><li>• PACE (Police and Criminal Evidence Act 1984)</li><li>• General Data Protection Regulations</li><li>• CPIA (Criminal Procedure and Investigations Act 1996)</li><li>• RIPA (Regulatory Investigation Powers Act 2000)</li><li>• HRA (Human Rights Act 1998)</li><li>• Council Tax Reduction Scheme 2013</li></ul>



The Counter Fraud Unit investigators are required to investigate in accordance with the Local Government Act 1972. The following sections from this Act are relevant:

- Section 151 – Duty to protect public funds: Every Local Authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of the officers has responsibility for the administration of those affairs.
- Section 222 – Right to prosecute: Where a local authority consider it expedient for the promotion or protection of the interests of the inhabitants of their area they may prosecute, defend or appear in any legal proceedings and, in the case of any civil proceedings, may institute them in their own name.
- Section 223 – Right to appear in court: Any member or officer of a local authority who is authorised by that authority to prosecute or defend on their behalf or to appear on their behalf in proceedings before magistrates' court shall be entitled to prosecute or appear in any such proceedings and to conduct any such proceedings.
- Section 111 – Right to act: Without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.



	<ul style="list-style-type: none"> <li>The right to question suspects and witnesses – Police and Criminal Evidence Act 1998 - PACE (Code C)</li> </ul>
<b>Risk:</b>	The actions detailed in the Counter Fraud Report are designed to mitigate risks.
<b>Equality:</b>	It was not necessary to undertake an Equality Impact Assessment.
<b>Health and Wellbeing:</b>	There are no direct health and wellbeing implications from this report.
<b>Social Value</b>	There are no direct social value implications from this report.

## 7. Appendices

- Appendix A – Counter Fraud Update Report
- Appendix B – School Fraud Awareness Bulletin
- Appendix C – Fraud Risk Register

## 8. Background Papers



# Counter Fraud Update

## March 2022

# 1 Introduction

The purpose of this report is to provide the Audit and Risk Assurance Committee with an update on the counter-fraud activities undertaken by the Council's Counter Fraud Unit.

The Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the Council's Anti-Fraud and Corruption Policy, which states:

'The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the council.'

## 2 Counter Fraud

### The Counter Fraud Unit

The Counter Fraud Unit, based with Audit Services, is responsible for carrying out investigations into areas of suspected or reported fraud. Both pro-active and re-active work is undertaken to detect, prevent and investigate fraud.

Officers within the unit are also responsible for the council's compliance with the Cabinet Office's National Fraud Initiative, identifying and sharing fraud trends and alerts, as well as processing requests for information from other law enforcement agencies to prevent and detect crime and protect the public purse.

### Anti-Money Laundering

The Counter Fraud Lead Officer is also responsible for supporting the council's Money Laundering Reporting Officer (MLRO) in their role. This includes the development of the Anti-Money Laundering Policy and procedures, the screening of money laundering concerns and producing Suspicious Activity Reports for the National Crime Agency in consultation with the MLRO.

Under the [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) offences exist for those participating in financial transactions whereby there is deliberate attempt to launder money or failure to report a suspicion of money laundering. Therefore, the council has a responsibility to report genuine concerns before processing transactions.

### 3 Counter Fraud Update

#### National Fraud Initiative (NFI)

The NFI programme is an exercise administered by the Cabinet Office. On a two-yearly basis data from participating organisations made up of public and private organisations is collated and cross match. Participating agencies receive data match reports for consideration and investigation. The data matches identify inconsistencies that may require further investigation and allows potentially fraudulent claims and payments to be identified. No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed.

In February 2021 data matches for the current exercise began to be received. To date 516 matches have been investigated and processed. This has led to identifying overpayments and errors amounting to £54,965 and an additional estimated saving of £268,000 based on the Cabinet Officer's notional savings calculations. These figures include £41,000 in overpaid benefit claims, 52 fraudulent housing applications being cancelled prior to the allocation of a tenancy and the termination of a council property tenancy which had been obtained fraudulently, allowing the property to be returned to the council's stock and made available for those with a genuine need.

#### Covid-19 Grant and Support Payments

In March 2020 the Department for Business, Energy and Industrial Strategy (BEIS) introduced Small Business Grants, Retail, Hospitality and Leisure Grants and Local Authority Discretionary Grants to support businesses affected by Covid -19. In total £58 million in this tranche of grants were awarded to business within the borough. Pre-and post-payment checks identified £65,000 in overpaid grants which are now the subject of recovery action and a further £530,000 worth of ineligible or potentially fraudulent claims were prevented before payment.

The council has now completed the post payment assurance checks outlined by BEIS to date, with no additional issues being identified.

Since October 2020, a further series of grants became available to local businesses. These grants, were aimed to support those affected by local and national restrictions, those impacted by the Omicron variant and some specific types of businesses. All these grants are the subject of due diligence checks, similar to that of the earlier Covid-19 grants. However, due to the timing and with ongoing experience, staff, systems and processes were better prepared than in March 2020. To assist with these grants the council has utilised third party software, developed to manage applications, check entitlement and aid with the award process.

Total number of grants paid (all types)	8,103	£35,810,807
Total number of grants overpaid and subject of recovery actions	29	£95,957

Some of the second phase grants are still being concluded, therefore an element of post payment assurance checks will remain.

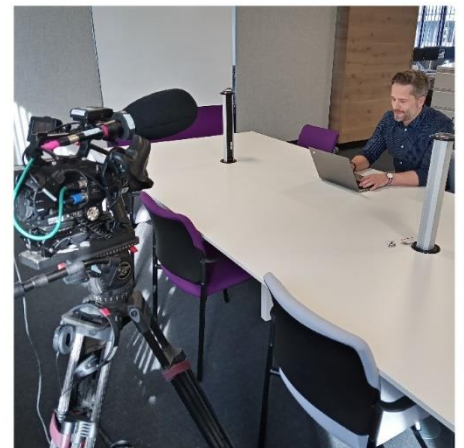


Due to the nature of fraud, it may often be found retrospectively and due to the urgency with which these grants were processed and paid there was a risk that some fraudulent payments may have occurred. However, the Counter Fraud Unit continue to work with BEIS, the Cabinet Officer (data matching) and other assigned business grant counter fraud partners, NAFN (National Anti-Fraud Network) and NATIS (National Investigation Service) to detect and investigate any potential fraudulent payments, criminal activity and organised crime. At this time 16 grant payments are the subject of ongoing investigations by the Counter Fraud Unit, with one matter currently progressing through the criminal court system and due to appear at Wolverhampton Magistrates Court later in March 2022.

## Fraud Squad

Some of the work carried out by the Counter Fraud Unit has this year featured on the BBC One TV series, Fraud Squad.

Proactive work such as this is a tactic aimed to increase the likelihood of frauds being reported, helping to deter fraudsters from targeting the council and demonstrating to council residents what we are doing as a council to tackle crime and protect public money.



The show was aired in January 2022 and can still be accessed via the BBC iPlayer@ [bbc.co.uk/programmes/m001433f](https://bbc.co.uk/programmes/m001433f)

## Sandwell School Fraud Awareness Bulletin

In December 2021 all Sandwell schools were provided with a fraud awareness bulletin. The purpose of which was to provide them with knowledge and advice from the lessons that have been learnt from a previous fraud investigation conducted by the council, as well as serving as a reminder for general good practices to avoid fraud and misuse of school funds.

The bulletin was aim at school Senior Leadership Teams and members of Governing Body. It also provided reporting mechanisms, should concerns of fraud occur. A copy of the document is attached to this report at *Appendix A*.



## Midland Fraud Group

The Counter Fraud Unit organise, host and chair the Midland Fraud Group. The group consists of the Heads of Fraud from councils across the Midlands. Its purpose is to identify fraud trends, share best practice and collectively combat fraud across a regional area. At the last meeting in February 2022 discussions were held on:

- Fraud within the Council Tax Reduction Scheme
- Post verification of Covid-19 grants, and
- Anti-Money Laundering

## Direct Payment Fraud Prosecution



In February 2022 the council secured a conviction against an individual who committed fraud against the Social Care Direct Payment scheme.

The investigation uncovered the misuse of funds, which were intended to assist with the care needs of another family member. Further offences, included the use of false bank statements, aimed to conceal of the misuse of funds when the Direct Payment package was reviewed by officers.

The individual was convicted for three offences under the Fraud Act 2006, which resulted in a £14,000 loss, having pleaded guilty to the offences at an earlier hearing. They were sentenced to a 4-month custodial sentence suspended for 12 months and ordered to pay £1,200 in prosecution costs.

## Fraud Risk Register

The Counter Fraud Unit maintain the Council's Fraud Risk Register which helps inform the counter fraud work undertaken, and the latest version can be found at Appendix B of this report.

This page is intentionally left blank



# School Fraud Awareness Bulletin

The purpose of this bulletin is to provide schools in Sandwell with knowledge and advice from the lessons that have been learnt from a recent fraud investigation conducted by the Council. It should be shared with the school's Senior Leadership Team and members of Governing Body. It is aimed to offer support and good practice around governance arrangements within schools and provide a toolkit to assist schools and their Governors, in order to understand what is required by school Governors when fulfilling their role by offering professional scrutiny and helping them identify areas of concern or potential fraud.

During the past several years Sandwell Council's Counter Fraud Unit were responsible for investigating a large-scale fraud carried out at a Sandwell school. The fraud included the involvement of individuals employed by the school at the time, who abused their position and duty to protect school finances. They were assisted by family members and tradespersons who acted as suppliers to the school.

Issues such as this are isolated incidents, but it demonstrates what can happen when internal employees exploit their responsibility. While it is not suggested that the Governors at the school concerned were responsible for not detecting the fraud, the hope is that with knowledge Governors in the future may detect any issues if something similar occurred again and know how to report their concerns.

Following a trial at Wolverhampton Crown Court, seven individuals were prosecuted for range of fraud offences (<https://bit.ly/3c4Txzu>). This included the school's former Headteacher and Secretary who received custodial sentences. In 2021 an order was made by the courts to recover an amount in excess of £500,000 from those responsible. The case attracted both local and national media attention. Aside from the financial loss, it had an impact on the school, its teachers and Governors who had to deal with the aftermath of the fraud and the subsequent investigation.

The abuse on the school's finances took a number of different forms, which included:

- The use of school cheques to buy personal luxury goods and antiques.
- Arrangements with suppliers, who would be overpaid for work provided at the school.

- Payment to suppliers for work never carried out at the school.
- The employment of relatives and associates at the school.
- Unaccounted loss and downturn of cash payments made into the school bank account.
- The disappearance of financial paperwork and hard drives from the school office.

## How a governing body can help prevent fraud

The role of a governing body is to provide an independent oversight of the management and operation of a school. Part of a governor's responsibilities is to challenge and support the school's senior leadership team. This includes asking pertinent questions and challenging key decisions about the school's financial management.

In order to conduct their role effectively it is important that there is transparency between those responsible for the school's finances and the governing body. Sufficient information and data should be provided to Governors, allowing them the opportunity to consider, challenge and question the information.

In any organisation there is a risk of fraud and schools are no different. The risk applies at all levels, however staff with responsibility, control and autonomy are those that if inclined can do the most damage. It should be acknowledged that the vast majority of employees are completely trustworthy, however on some occasions as is the case within all walks of life, anyone can be subject to pressure or temptation.

A lack of accountability and sufficient controls could provide the opportunity for someone tempted to commit fraud or theft. The role of a school's Senior Leadership and Governing Body is to ensure that these risks are minimised wherever possible.

The checklist below applies to both a school's Senior Leadership and Governing Body and it is hoped that in the majority of cases, the list below forms part of common practice during governing body meetings and other contact between school staff and Governors outside of those meetings.

## School and governing body checklist

When considering the lessons learnt from the investigation conducted by the council, schools and its governing body should be ensuring and/or asking themselves:

- Is there segregation of duties when ordering, making and authorising payments to suppliers?
- Is the Governing Body satisfied the school is meeting procurement rules, achieving best value and gaining competitive quotes in the correct format? It is appreciated the cheapest quote may not always be selected, but in such cases there should be justification for the selection of the supplier.
- Does the governing body take an active role in understanding what school finances are spent on? Especially in the case of significant spend or the

continued use of a supplier. i.e. Governors should try and take the opportunity to see building projects and large spend items. They should also request to have sight of regular lists of suppliers with high spend or frequent use.

- Is there a variety of suppliers who show an interest or who are approached for quotes for work to be done? Additional scrutiny should be exercised if patterns emerge of the same supplier continually bidding or being approached for work.
- Are staff and Governors able to raise concerns if there is a lack of work or goods provided following a procurement, or if the value for money does not meet the expected standard?
- Is there good communication and recorded information between the full governing body and any associated sub-committees in relation to significant spend, or the continued use of a specific supplier?
- Does the Governing Body review the school's financial management procedures annually? And in the circumstances that the procedures refer to named staff and/or staff positions, are the procedures updated to reflect staff changes when they occur to ensure the document is always up-to-date?
- Is due diligence toward suppliers conducted? This should apply to both new and returning suppliers, as they may have changed ownership but continue to trade under the same name.
- Are conflicts of interest recorded and declared appropriately? The school should have a robust 'Declaration of Interest' procedure in place for both staff and Governors. These should be reviewed, renewed and scrutinised on a regular basis.
- Has the school got a documented and readily accessible procedure in place for staff and Governors to report any concerns they may have?
- Is the amount of urgent or 'Chair's' action to make decisions and commit spend limited? When financial decisions are made under these circumstances, outside of governing body meetings, are they documented at the meeting that follows?
- Are Governors encouraged to participate in both internal and external training?
- Are minutes accurate and are they provided to Governors following meetings?
- Does the governing body participate in the completion of the annual Schools Financial Value Standard (SFVS)? A tool which should be used to evaluate if the Governing Body is meeting basic standards and identify potential gaps in skills and training. For further info see the [SFVS Guidance](#).

## What to do if you have a concern and who to report it to?

If you have serious concerns or think something is not right what should you do?

### Do

- Document the concerns you have. Capture details such as times, dates and others present who witnessed what you did.
- Act quickly. If your concerns are correct, reporting them quickly could prevent further loss and allow valuable evidence to be retained.
- Report your concerns. Ensuring to include as much details as possible, explain your reasons for your concerns and any evidence to support your concerns.

### Don't

- Be afraid to report your concerns or do nothing.
- Be tempted to investigate the matter yourself. This may prejudice any formal investigation, as well as compromise yourself.
- Accuse anyone directly. This could prejudice any subsequent investigation or risk the loss of valuable evidence.

## Who should you report concerns to?

If you suspect there is fraud or financial wrongdoing you can report your concerns to the school, the council or to the Department of Education.

### Reporting to the school

Use of your school's whistleblowing procedure, which each school should have in place.

### Reporting to Sandwell Council Counter Fraud Unit

- Email: [fraud\\_investigation@sandwell.gov.uk](mailto:fraud_investigation@sandwell.gov.uk)
- Use the online [Whistleblowing Tool](#)
- Or for further information see [sandwell.gov.uk/whistleblowing](http://sandwell.gov.uk/whistleblowing)

### Reporting to the school

Email: [fraud.reports@education.gov.uk](mailto:fraud.reports@education.gov.uk)

# Fraud Risk Register @ March 2022

Themes	Potential fraud type	Risk
Housing Tenancy	Subletting, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home	Red
Council Tax	Fraudulently claiming for discounts and exemptions such as the single persons discount, Local Council Tax Support	Red
Personal Budgets / Direct Payments	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple councils	Red
Procurement	Collusion (staff and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices	Red
Cyber Crime	Cyber enabled fraud and Use of cyber resulting in loss of service, resources as well as reputation harm	Red
Covid-19 Support Grants	Fraudulent grant applications for Covid-19 related support grants	Red
Money Laundering	Accepting payments from the proceeds of crime	Amber
Blue Badge	Fraudulent applications and misuse	Amber
Right to Buy	Providing false information in order to get a discount when purchasing a council house	Amber
Business Rates Fraud and Avoidance	Evading payment, falsely claiming rate relief, empty property exemption, charity status	Amber
Bank Mandate Fraud	Fraudulent request for change of bank details	Amber
Theft	Theft of council assets including cash and equipment	Amber
Grants	False grant applications, failure to use for its intended purpose	Amber
Payroll	Expenses, other claims, recruitment, ghost employees	Amber
Schools	School accounts, expenses, procurement, finance leases	Amber
Housing Benefit	Failing to disclose income or household members within a property	Amber
Discretionary housing and Council Tax hardship fund payments	False applications and fraudulent / exaggerated claims indicating significant hardship	Green
Sale of Land and Assets	Sale of council owned land and buildings	Green
Insurance	Fraudulent and exaggerated claims	Green
Bribery	Awarding of contracts, decision making	Green

Electoral	Postal voting, canvassing	Green
School Admissions	Fraudulent application to gain school place which a child may not be entitled to	Green
Manipulation of data	Amending financial records and performance information	Green
Welfare Assistance	Fraudulent claims, selling of equipment / goods received	Green



# Report to Audit and Risk Assurance Committee

17 March 2022

<b>Subject:</b>	Strategic Risk Register Update Report
<b>Director:</b>	Director of Finance Simone Hines
<b>Contact Officer:</b>	Audit Services Business Partner Narinder Phagura Narinder_phagura@sandwell.gov.uk

## 1 Recommendations

1.1 To note and comment on the strategic risks.







## 2 Reasons for Recommendations

2.1 Effective risk management is a key element of good corporate governance, as noted in the council's [Code of Corporate Governance](#), and is essential to the overall performance of the council in meeting its corporate plan objectives. Good risk management will ensure that resources are used efficiently and effectively and that assets and resources are protected against risk in the most efficient way.

2.2 The role of the ARAC is to provide assurance to the Council that it has a system of governance, risk management and internal control in place and that the adequacy and effectiveness of these arrangements continue to inform decision making throughout the emergency and recovery period.



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

		The report details the key strategic risks that need to be managed to ensure that they do not negatively impact on the delivery of the Corporate Plan objectives.
		
		

### 4 Context and Key Issues

- 4.1 This report updates the Committee on the profile of the key risks currently faced by the Council since they were last reported in November 2021.
- 4.2 The risk register is a live document and reflects the Council's risk profile at the time of preparing this report in February 2022. The risks undergo ongoing review to ensure they remain appropriate and are correctly assessed in order to aid informed decision making and resource allocation.
- 4.3 The Strategic risk register does not include all of the risks faced by the Council. Other risks are captured within directorate, programme and project risk registers in line with the Council's risk management framework.
- 4.4 The review and assessment of each strategic risk, has been discussed with the risk owners and discussed with the Leadership Team and Cabinet Members. A summary of the strategic risk register is included at appendix A. The following changes are noted since the last update to the Committee:
- Risks 55 and 59- Implementation of External Review Recommendations and Corporate Governance respectively have been closed and consolidated into a new risk 59a- Improvement Plan- see 4.5 below.
  - Risk 56- Towns Fund Programme- the assessment of this risk has reduced from 12 (red) to 9 (amber) as a result of the work done in developing and progressing the business cases for the 16 projects within the programme.



- Risk 60- Health and Safety- the assessment of this risk has been reduced from 8 (amber) to 4 (green) due to the embedment of the ongoing measures in place to manage this risk.

4.5 In addition to the above, new risks have been identified for inclusion in the risk register as follows:

- Risk 59a- Council’s Improvement Plan. This new risk has been included to reflect and consolidate the recent correspondence received by the Council from the Secretary of State from the Department for Levelling Up, Housing and Communities, as well as the findings and recommendations arising from recent reviews including the Grant Thornton – Audit Findings Report 2019/20, Grant Thornton - Value for Money Governance Review 2021, CIPFA Financial Management review and the LGA Peer review.
- Risk 62 – Climate Change
- Risk 63 - Transition of Service from Sandwell Leisure Trust.

4.6 An update on these risks, including the measures in place to mitigate them are included within appendix A.

## 5 Alternative Options

5.1 Whilst this report does not require a decision and therefore, alternative options do not need to be considered, when measures are being considered for the mitigation of each of the strategic risks, this takes into account any alternative options available.

## 6 Implications

<b>Resources:</b>	The authority’s budget planning process incorporates financial and other resources required to manage the authority’s risks and deliver the priorities within the corporate plan.
<b>Legal and Governance:</b>	There are numerous standards applicable to the management of risk within the local authority sector. Included amongst these is guidance from CIPFA/Solace, the British Standards Institute (BSI) and a set of joint standards published by the Institute



	of Risk Management (IRM), Alarm (The public sector risk management association) and AIRMIC (Association of Risk Managers in Industry and Commerce). Evidence that robust management of the authority's strategic risks is being undertaken demonstrates compliance with these standards. The management of COVID related risks will also take into account central government directives and regulatory guidance to ensure these are complied with.
<b>Risk:</b>	The report itself is an update of the key risks facing the Council.
<b>Equality:</b>	As a decision is not being sought in this report, it is not necessary to undertake an Equality Impact Assessment. However, when measures and decisions are being considered for the mitigation of risks, risk owners must take into account any equalities impact and whether an equalities impact assessment is required. The Council recognises that its workforce is instrumental in assisting the organisation in managing the strategic risks noted within this report (as set out in Appendix A) and thereby delivering the Council's priorities. As such, the Council must ensure that equalities implications and how they affect the workforce as well as the wider community are considered and underpin all decisions and risk mitigating actions.
<b>Health and Wellbeing:</b>	The management of risk takes into account where appropriate, the implications on health and wellbeing of our communities.
<b>Social Value</b>	The actions and decisions that are being considered for the mitigation of the strategic risks, will take into account the meeting of the Council's social value commitments.

## 7. Appendices

Appendix A – Strategic risk register summary as at February 2022



## 8. Background Papers

None



This page is intentionally left blank





1. Best start in life for children and young people



2. People live well and age well



3. Strong resilient communities




4. Quality homes in thriving neighbourhoods




5. A strong and inclusive economy





6. A connected and accessible Sandwell


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
4 07/12	<p><b>Children's Social Care</b></p> <p>If the Council does not put in place robust arrangements and receive appropriate assurances to ensure that the Sandwell Children's Trust (SCT) addresses the areas of poor or inconsistent performance, as outlined by Ofsted (and as required by the Statutory Direction served on the Council on 6 October 2016), with rigour and pace, then the Council will fail in its responsibilities to:</p> <ul style="list-style-type: none"> <li>• Safeguard vulnerable children</li> <li>• Promote and improve the outcomes of children in its care</li> <li>• Manage any adverse financial consequences arising from the failure to create favourable outcomes for children within the resources available to it</li> <li>• Improve the continued adverse affect on the Council's reputation.</li> </ul> <p>Risk Area – Children's Services Risk Owners – Director of Children and Education <b>Objectives impacted: 1 and 3</b></p>	12 (red)		12 (red)	8 (amber)	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>• Performance against KPIs and the improvement plan has been good with areas continuing to improve.</li> <li>• The most recent Ofsted inspection of the Fostering service, rated all areas as 'Good', demonstrating a positive direction of travel.</li> <li>• Completion of case file audits and learning from the audit and the resultant activity is used to ensure practice improvement.</li> <li>• Improvements in staffing levels over recent weeks have resulted in an increase in the number of Social Workers and Advanced Practitioners that have commenced employment or will be starting over the coming weeks.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>• Actions continue to be taken to recruit and retain social workers to fill vacant positions.</li> <li>• Ongoing preparations for a full Ofsted inspection</li> <li>• Implementation of actions in respect of SCT, arising from the recent Grant Thornton- Value for Money Governance Review 2021, including continuation of robust governance arrangements and joint working on areas such as Early Help and Corporate Parenting.</li> <li>• Contract review commencing 1 April 2022.</li> <li>• Review of the KPIs with a view to updating them in line with recent Ofsted monitoring and focussed visits and areas of improvement identified through data analysis.</li> </ul>	Operational Partnership and Strategic Partnership Boards Key Performance Indicators Ofsted monitoring visits Improvement Board Sandwell Local Safeguarding Children's Board Annual Report Grant Thornton – Value for Money Governance Review 2021





Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
6a 10/07	<p><b>Emergency Planning</b></p> <p>If the Council does not put in place effective arrangements to plan and mitigate against national, regional or local emergencies as defined by Part 1 of the Civil Contingencies Act 2004 (CCA) then this will result in:</p> <ul style="list-style-type: none"> <li>Actual or anticipated failure to adequately protect vulnerable persons</li> <li>Failure to support the emergency services</li> <li>Loss of public confidence in the Council</li> <li>Failure to fulfil Civil Contingencies Act responsibilities</li> </ul> <p>Risk Area – Neighbourhoods and Communities</p> <p>Risk owner – Director of Borough Economy</p> <p><b>Objectives impacted: All</b></p>	8 (amber)		8 (amber)	4 (green)	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Continued governance arrangements and regular communications in place to oversee and support the Council's response to managing transmission of Covid-19</li> <li>Participation in the West Midlands Local Resilience Forum (LRF).</li> <li>Contribution to the Community Risk Register (CRR) via the Risk Assessment Working Group. The CCR which is approved by the LRF, informs the capabilities and plans required of partners.</li> <li>Emergency plans in place including the Sandwell Emergency Plan; Rest Centre Plan; Humanitarian Assistance Centre Plan; Sandwell Flood Plan; Reservoir Plan; Extreme Weather Plan; Black Country Excess Deaths Plan; Sandwell Borough Evacuation Plan; and the Emergency Transport Plan.</li> <li>Emergency plans under review including Media Crisis Plan; Recovery Management Plan and Local Emergency Mortuary arrangements.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>A training, testing and exercising programme has been approved by the Leadership Team and this will be delivered in 2022/23.</li> <li>An update on emergency preparedness will be offered to Scrutiny and Cabinet.</li> </ul>	Community Risk Register Risk assessments Emergency Committee Post incident reports Test exercises


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
6b 04/18	<p><b>Business Continuity Management (BCM)</b></p> <p>If the Council does not develop, review, monitor and test plans and capabilities that seek to maintain the continuity of key functions in the event of an unplanned disruptive incident, then it will be unable to perform critical business functions which will impact the provision of Council services and result in potential financial loss and loss of public confidence in the Council.</p> <p>Risk Area – All Council services Risk owner – Director of Borough Economy</p> <p><b>Objectives impacted: All</b></p>	9 (amber)		9 (amber)	6 (green)  April 2022	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Business continuity plans are in place to mitigate the denial of; staff (e.g. illness, industrial action), ICT (e.g. software failure, cyber attack), facilities (e.g. building closure), stakeholders (e.g. suppliers, partners). These business continuity plans identify the criticality of each council service and the arrangements in place to restore services in the event of an unplanned incident.</li> <li>The pandemic has continued to provide some assurances around the robustness and effectiveness of the continuity of key functions over the last 18-24 months, whereby Council wide business continuity plans have been tested through a shift to working remotely.</li> </ul> <p><b>Further actions</b></p> <p>All plans are being updated to incorporate organisational structure changes and working practice changes. It is envisaged this will be completed by April. Thereafter, test exercises will be conducted to provide assurance on the adequacy of the arrangements in place.</p>	<p>Emergency Committee</p> <p>Resilience team reports to Leadership Team</p> <p>Post incident reports</p> <p>Test exercises including cyber exercise</p>

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
21a 06/15	<p><b>Compliance with the Data Protection Act 2018 (DPA 2018), the General Data Protection Regulations (GDPR) and Freedom of Information Act 2000 (FOIA)</b></p> <p>If the Council does not ensure it has a robust framework in place to comply with the DPA 2018 (which includes GDPR) or FOIA then it faces significant external action from the Information Commissioner's Office for failing to undertake its statutory duty. Further, failing to comply will result in negative public reaction and reputational damage, significant monetary penalties, loss of confidential data and potentially legal action.</p> <p>Risk Area – Legal &amp; Governance Risk Owner- Director of Law and Governance <b>Objectives impacted: 3</b></p>	12 (red)		12 (red)	8 (amber)  March 2023	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>The Information Governance Board which is chaired by the Senior Information Risk Owner (SIRO) meets monthly to monitor progress of the information governance (IG) workplan.</li> <li>IG framework sets out the Council's policies, requirements, standards and best practice that apply to the handling of information.</li> <li>Information Asset Registers capture the information held by the Council service areas.</li> <li>Information champions for each directorate disseminate, feedback, facilitate and co-ordinate IG activity.</li> <li>Annual completion of and compliance with the NHS self- assessment toolkit -NHS Digital which demonstrates the Council processes in place to meet the requirements of the NHS's data protection standards and sharing arrangements.</li> <li>Annual data protection and cyber security training for all staff.</li> <li>The Council's data retention policy has been reviewed and updated and was approved by Cabinet on 23 February 2022.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>A programme of work to ensure compliance with the approved policy and Information Governance Framework will be commenced in the coming weeks across all directorates. The planned work, which will include working with Elected Members, will be completed over the next 12 months.</li> </ul>	<p>Information Governance Board</p> <p>Information asset registers</p> <p>Information Commissioner's Office</p> <p>Internal Audit review 2019/20</p> <p>Information incident log</p> <p>Cabinet Report and Resolutions</p>


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
27 06/09	<p><b>Medium Term Financial Strategy (MTFS) and Resource Allocation</b></p> <p>Local Government continues to operate in an uncertain financial environment arising from reducing central government funding, increasing demand for services and Covid-19. If the Council is unable to identify sufficient savings and put in place the necessary policies, processes and actions to manage pressures and manage its plans, then this will impact on the Council's ability to effectively discharge its statutory responsibility to set a balanced budget for future years.</p> <p>Risk Area – Finance &amp; Resources Risk owner- Director of Finance <b>Objectives impacted: All</b></p>	12 (red)		12 (red)	8 (amber)	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Local government settlement announced for one year.</li> <li>Draft budget proposals were presented to the Budget and Corporate Scrutiny Board on 9 February prior to finalisation of a balanced budget for 2022/23.</li> <li>All services have identified savings targets totalling £14.6m for implementation in 2022/23.</li> <li>Directorate and service business plans in place</li> <li>A review by CIPFA on the Council's financial management and governance arrangements was recently completed, noting that the Council is a progressive two-star (out of five) authority. The review also looked at financial resilience and concluded that the Council is financially stable and in recent years has been able to contribute towards reserves through achieving a balanced budget or an underspend.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>Finalisation and approval of the 2022/23 budget and approval by Council in March 2022.</li> <li>As some of the funding streams for 22/23 are one-off or time-limited, there is likely to be a need for additional savings to be identified in 2023/24.</li> <li>Further details on central government's proposed funding reform and consultations are awaited and will be considered in 22/23 to assess the impact on the MTFS.</li> <li>Finalisation and implementation of the action plan developed following the CIPFA review.</li> </ul>	Budget and Corporate Scrutiny Board External Audit CIPFA financial management review

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
27a 06/21	<p><b>Future Government Policies and Funding Sources</b></p> <p>If the government does not provide local authorities clarity over the future plans for health and social care reforms, the public health grant, Better Care Fund, future years funding and continuing, with one year funding settlements then this inhibits local authorities to effectively manage medium term/ three year plans and put in place the necessary processes and actions to manage future pressures. This will impact on the Council's ability to deliver sustainable services to the people of Sandwell and effectively discharge its statutory responsibility to set a balanced budget for future years</p> <p>Risk Area – Finance Risk owner- Interim Chief Executive</p> <p><b>Objectives impacted: All</b></p>	16 (red)		16 (red)	8 (amber)	<p><b>Current and Ongoing Controls</b></p> <p>This risk was identified as a consolidation of previous risks within the strategic risk register and the Covid-19 risk register in respect of a national funding solution for children's social care; risks around the government only providing local authorities with one year settlements, the health and social care reforms; government funding for school place planning and future funding for public health and the Better Care Fund.</p> <p>Due to the uncertainties that are currently prevalent around all of these funding sources, the risk is regularly monitored and continues to be assessed as very high.</p> <p><b>Further actions</b></p> <p>The Council continues to horizon scan and consider the impacts of potential government initiatives and policies on future funding sources and demand for council services.</p> <p>The Department of Levelling Up, Housing and Communities (DLUHC) is expected to consult on reforms to Local Government in Spring 2022 and this will inform the review of the Medium Term Financial Plan and budget setting process for 2022/23.</p>	


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
27b 10/21	<p><b>Budget Monitoring and Management</b></p> <p>If the Council does not put in place effective arrangements to monitor and manage the current year's budget to ensure that planned savings are achieved and efficiencies realised, then it will result in overspends and the resilience of the Council's finances.</p> <p>Risk Area – Finance &amp; Resources</p> <p>Risk owner- Director of Finance</p> <p><b>Objectives impacted: All</b></p>	9 (amber)		9 (amber)	6 (green)  April 2022	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>The financial management and monthly budgetary control processes in place</li> <li>Regular reporting of financial performance to Budget Board, Scrutiny and Cabinet.</li> <li>The pressures for 2021/22 are expected to be managed through the centrally held Covid grant funding from 2020/21 and additional grants received for 2021/22. It is anticipated that the Covid funding available will be sufficient to offset any cost pressures and income reductions. As such, this is informing the current assessment of this risk as amber. The overall forecast outturn for the year is an underspend after use of Covid funding to offset spend and income pressures.</li> <li>As noted above, a review by CIPFA on the Council's financial management and governance arrangements was recently completed and an action plan is being developed to address the recommendations made.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>The budgetary position for Quarter 3 is being reported to Budget and Corporate Scrutiny Board in March 2022.</li> <li>Finalisation and implementation of the action plan developed following the CIPFA review. This will include a review of budget monitoring processes and reporting and is being supported by an Interim Finance Improvement Manager to provide additional capacity to progress the action plan.</li> </ul>	<p>Budget and Corporate Scrutiny Board</p> <p>CIPFA financial management review</p> <p>External Audit</p> <p>Annual Internal Audit review-budgetary control</p>


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
42a 02/17	<p><b>Cyber Security</b></p> <p>If the Council does not have a co-ordinated approach and understanding of its existing cyber security controls or those available to it, together with an analysis of identifiable gaps, then this could expose the Council to cyber-attack resulting in:</p> <ul style="list-style-type: none"> <li>The inability of the Council to deliver services, particularly critical services for a significant period of time</li> <li>The loss of corporate and sensitive personal data (including bank details)</li> <li>Enforcement action</li> <li>Significant financial loss and</li> <li>Reputational damage</li> </ul> <p>Risk Area – Information Governance and ICT</p> <p>Risk Owner – Director of Business Strategy and Change</p> <p><b>Objectives impacted: All</b></p>	12 (red)		12 (red)	8 (amber)  September 2022	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Cyber Board in place which monitors progress against the cyber improvement plan.</li> <li>Quarterly updates on all work undertaken to the Leadership Team and Corporate Scrutiny Board.</li> <li>Training for all staff through the implementation of the meta-compliance annual training</li> <li>Regular communications continue to be sent to employees around the risks of remote working, password security, etc.</li> <li>Attendance at national C-Tag forums and West Midlands Warning, Advice and Reporting Point (WARP) where members can receive and share up-to-date advice on information security threats, incidents and solutions.</li> <li>Adoption of the Active Cyber Defence tools provided by the National Cyber Security Centre</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>New Windows 10 refresh being tested before deployment to all employees during 2022.</li> <li>Replacement of the Council's Storage Area Network, including procurement of additional ransomware protection tools.</li> <li>Replacement of the Council's server platform.</li> <li>Completion of Multi Factor Authentication pilot and subsequent deployment in 2022.</li> <li>Development of a second data centre to enhance business resilience.</li> <li>Procurement of new contact centre telephony to replace unsupported hardware and software.</li> <li>Certification of the Public Services Network which remains in deferred status at present.</li> </ul>	Cyber Board LGA Cyber Assessment NHS Digital PSN certification




Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
50 01/18	<p><b>Sandwell Aquatic Centre</b></p> <p>If the Council fails to deliver this project to scope, timescales and cost, then this will result in significant reputational damage to the Council.</p> <p>Risk Area – Regeneration Risk Owner – Director of Regeneration and Growth</p> <p><b>Objectives impacted: 2, 5 and 6</b></p>	8 (amber)		8 (amber)	4 (green)  Summer 2023	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Project governance and management arrangements in place</li> <li>Work on site continues to progress well with handover of the site to the Council from the main contractor Wates expected in April 2022.</li> <li>The project remains on target to be delivered on time and on budget prior to the 2022 Commonwealth Games.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>Continued construction work on project to be completed for Commonwealth Games and thereafter to prepare the building for opening to the public in the summer of 2023.</li> </ul> <p>Given current market pressures in the construction industry the risk of this project remains Amber.</p>	Project Board Commonwealth Games Organising Committee





Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
53 04/18	<p><b>Oracle e-Business Suite (previously Business Management System)</b></p> <p>If the appropriate project governance arrangements are not put in place to ensure that the project is delivered to time, scope and budget, then this may result in:</p> <ul style="list-style-type: none"> <li>• The Council's business system being unsupported</li> <li>• Inability to transform services that would enable processes to be more efficient</li> <li>• Non compliance/ misalignment with other Council policies and projects such as Organisational development, the digital strategy, Work Place Vision and the IT transformation programme.</li> </ul> <p>Risk Area – Finance &amp; Resources</p> <p>Risk Owners – Director of Finance</p> <p><b>Objectives impacted: All</b></p>	12 (red)		12 (red)	8 (amber)  June 2022	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>• Project management and governance arrangements are in place including a Project Board, team, plan, project sponsor and a project manager.</li> <li>• The project has experienced significant delays as well as significant cost overruns and a number of issues have been highlighted in the Grant Thornton governance review and this continues to reaffirm the current risk assessment.</li> <li>• As a result of the above, a fundamental review of the governance arrangements of the Programme to ensure there are appropriate resources in place is being completed.</li> <li>• Project management training for all of the project team, including Project Sponsors is also being delivered.</li> </ul> <p><b>Further actions</b></p> <p>Implementation of the actions agreed from the Value for Money Governance Review for this project including:</p> <ul style="list-style-type: none"> <li>• Termination of the implementation partner contract with InoApps.</li> <li>• Procurement of new support provider to deliver Oracle Fusion</li> <li>• SOCITM have been engaged to provide support to refresh the programme governance arrangements and review the Benefit Realisation and Readiness Assessments. This will begin in March.</li> </ul>	Project Board Grant Thornton – Value for Money Governance Review 2021

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
54 05/21	<p><b>Special Educational Needs and Disabilities (SEND)</b></p> <p>If the Council is not able to appropriately support children with Special Educational Needs and Disabilities within the budget available, the impact on their life chances will be affected, the Council will likely be subject to increased Tribunals, and the Council's reputation will be adversely impacted.</p> <p>Risk Area – Children's Services</p> <p>Risk Owners — Director of Children and Education</p> <p><b>Objectives impacted: 1 and 3</b></p>	12 (red)		12 (red)	8 (amber)  September 2022	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>• Programme Board and project team established to deliver new framework to ensure new SEND Transport contracts are in place for September 2022</li> <li>• The new framework will encompass recommendations from Children's Services and Education Scrutiny Board review and Grant Thornton's, Value for Money Governance review ensuring the focus remains on quality of provision for children and their families but builds in financial and service resilience for the Council.</li> <li>• An action plan is in place and is being closely monitored to ensure it delivers on the outcomes required.</li> <li>• The Council's Children's Services and Education Scrutiny Board carried out a review into SEND transport which was considered by the Board. Recommendations were made to Cabinet and responses have been received covering the commissioning of SEND Transport for the end of the current extended contract period, matters relating to the longer-term delivery of SEND Transport and other, more general, recommendations on the topic.</li> <li>• Reviews into the procurement process for SEND transport have also been conducted by the Council's Internal Audit service and also by the Council's, Audit and Risk Assurance Committee (ARAC). The Council's external auditors Grant Thornton also considered this as part of their recent Value for Money Governance Review.</li> </ul>	<p>SEND Strategic and Operational Groups</p> <p>SEND Transport Working Group</p> <p>Scrutiny Board</p> <p>Audit and Risk Assurance Committee</p> <p>Internal Audit Review</p> <p>Grant Thornton – Value for Money Governance Review 2021</p>

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
55 03/21	<p><b>Implementation of External Audit Recommendations</b></p> <p>If the Council does not put in place and successfully implement an action plan on a timely basis to address the recommendations made by the Council's external auditors in its Audit Findings Report (AFR), then this may result in future audits providing a qualified opinion, additional audit costs being incurred and reputational harm to the Council.,</p> <p>Risk area- All areas</p> <p>Risk owner – Director of Finance</p> <p><b>Objectives impacted – All</b></p>	9 (amber)	n/a	Closed	n/a	<p><b>Current and Ongoing Controls</b></p> <p>The risk has been consolidated into strategic risk 59a regarding the Council's improvement plan.</p>	

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
56 04/21	<p><b>Towns Fund Programme</b></p> <p>If the Council fails to get submit and get approval for the towns fund programme by identifying suitable projects, preparing robust full business cases then this will result in the inability to regenerate our town centres, create sustainable economic growth and create long term economic prosperity, and also reputational harm to the Council.</p> <p>Risk area- Regeneration and Growth</p> <p>Risk owner – Director of Regeneration and Growth</p> <p><b>Objectives impacted – 2, 3, 4, 5 and 6</b></p>	12 (red)		8 (amber)	6 (green)  24 March 2022	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Robust governance in place to oversee the programme including a Town Deal Board (superboard) and three Local Boards aligning to the town deal areas.</li> <li>The Council is the Accountable Body for the Town Deal funding. The Director of Regeneration and Growth chairs a Towns Fund Accountable Body Officers Group (which is also attended by the Director of Finance and officers from procurement and legal as well as all project leads) to review risks and provide a forum for resolution of issues, as well as seeking assurances on the management of risk.</li> <li>Regular engagement with advisors from DLUHC</li> <li>Programme management arrangements in place including appointment of a permanent programme manager, programme risk register and project risk registers for agreed business cases.</li> <li>Towns Fund Assurance Panel in place</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>Finalisation of the remaining 13 projects full business cases and submission of project summary documents by 24 March 2022.</li> </ul>	<p>Town Deal Board</p> <p>Department Of Levelling Up, Housing and Communities (DLUHC)</p> <p>Audit and Risk Assurance Committee</p> <p>Deep Dive Jan 2022</p> <p>Scrutiny Reviews</p> <p>Towns Fund Assurance Panel</p>


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
57 06/21	<p><b>New Operating Model</b></p> <p>If the Council does not put in place effective arrangements to support new working styles for employees this could result in a detrimental impact on the health, well-being and motivation of employees as well as having a negative impact on the productivity and attendance of the workforce and effective delivery of key frontline services.</p> <p>Risk area- Transformation</p> <p>Risk owner – Director of Business Strategy and Change</p> <p><b>Objectives impacted - All</b></p>	6 (green)		6 (green)	6 (green)	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Staff, Managers and Trade Unions actively engaged and contributing to the new operating model.</li> <li>Regular communication and engagement with all stakeholders is ongoing.</li> <li>Existing HR policies and procedures are in place that provide the safety net and guidance, and where appropriate, a review of corporate policies in relation to working from home with amendments made as appropriate to ensure the right support is available to employees in the new operating model, is also underway.</li> <li>Clear and managed health and safety policies and practices and risk assessments being in place.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>Consideration of a corporate solution and policies to support ongoing working from home.</li> <li>Roll out of the employee engagement survey 2022 in February 2022, analysis, reporting and action planning.</li> </ul>	Work Place Vision Board Employee Engagement Survey 2022


Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
58 06/21	<p><b>Equalities</b></p> <p>If the Council fails to meet its legal obligations in respect of the Equalities Act 2010 and the Public Sector Equality Duty ensuring fairness is adhered to and is unable to demonstrate and evidence compliance with its obligations, then this will result in potential legal consequences for non compliance, reputational harm to the Council as well as potential impact on recruitment and retention.</p> <p>Risk area- Legal</p> <p>Risk owner – Director of Law and Governance</p> <p><b>Objectives impacted - 5</b></p>	9 (amber)		9 (amber)	6 (green)  March 2023	<p><b>Current, Ongoing Controls and Further actions</b></p> <ul style="list-style-type: none"> <li>An Equalities Commission has been set up with agreed Terms of Reference and Chair following the restructure of Cabinet. The Commission will report to the Leader of the Council and the interim Chief Executive.</li> <li>Three Stakeholder Groups, also with Terms of Reference have been set up including an Ethnic group; LGBT+ group and a Disabilities stakeholder group.</li> <li>A fourth group in respect of Women is being set up following request from Trade Unions.</li> <li>Funding has been secured for five full time posts and the recruitment process is underway. A number of posts have been filled and recruitment exercises are underway for the remaining posts.</li> <li>An action plan has been developed based on feedback provided by employees across the Council along with gaps identified in the workforce diversity data as well as best practice put forward by other public-sector organisations.</li> <li>A robust governance framework to help monitor and review the objectives and actions in the plan are also in place.</li> <li>An Equalities Calendar has been developed and implemented that details many EDI events to raise awareness of the agenda.</li> <li>Various events such as Black History Month, LGBTQ+ History Month have been successfully delivered leading to improved awareness and understanding.</li> <li>The council is engaging with WMCA in relation to its Race Equalities taskforce.</li> </ul>	Employee Engagement Survey 2022 Equalities Commission

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
59 04/21	<p><b>Corporate governance</b></p> <p>If the Council fails to undertake and conduct its business in accordance with necessary governance principles and practices to ensure that its actions remain lawful and consistent with best practice and are sufficiently open and transparent, then this will result in challenges being made to the Council, reputational harm and loss of confidence in the Council</p> <p>Risk area- Governance</p> <p>Risk owner – Director of Law and Governance</p> <p><b>Objectives impacted – All</b></p>	12 (red)	n/a	Closed	n/a	<p><b>Current Controls and Further Actions</b></p> <p>The risk was directly linked with risk 055 and as such has also been consolidated into strategic risk 59a regarding the Council's improvement plan.</p>	
59a 02/22	<p><b>Council's Improvement Plan</b></p> <p>If the Council does not put in place and successfully implement an improvement plan to address the concerns raised by the Secretary of State in respect of the Council's best value duty and the recommendations made by the recent external reviews carried out by the Council's external auditors, Grant Thornton, CIPFA and the LGA Peer Review then</p>	n/a	n/a	12 (red)	8 (amber)  September 2022	<p><b>Current Controls</b></p> <p>This new risk has been included to reflect and consolidate the recent correspondence received by the Council from the Secretary of State from the Department for Levelling Up, Housing and Communities, as well as the findings and recommendations arising from recent reviews including the Grant Thornton – Audit Findings Report 2019/20, Grant Thornton - Value for Money Governance Review 2021, CIPFA Financial Management review and the LGA Peer review.</p> <p><b>Further actions</b></p>	<p>Grant Thornton- Audit Findings Report 2019/20</p> <p>Grant Thornton – Value for Money Governance Review 2021</p> <p>CIPFA Financial Management and Governance Review 2021</p>

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
	<p>this may result in a loss of confidence in the Council's corporate governance arrangements, government intervention, future audits providing a qualified opinion, a lack of trust in the Council's ability to deliver its corporate priorities and reputational harm to the Council.</p> <p>Risk area- All services</p> <p>Risk owner – Interim Chief Executive</p> <p><b>Objectives impacted - All</b></p>					<p>A consolidated improvement action plan is being developed and finalised. The Plan will include:</p> <ul style="list-style-type: none"> <li>• Establishment of an Improvement Board.</li> <li>• A member and officer development programme of training.</li> <li>• Robust recruitment process for the appointment of a permanent Chief Executive.</li> <li>• Refresh of the council's constitution which includes key corporate governance documents such as the Procurement and Contract Procedure Rules; Financial Regulations and the Scheme of Delegations.</li> <li>• Adopting a corporate approach to Project Management, including requirement of full business cases for major projects; developing templates for corporate projects which include options appraisals and business case.</li> <li>• Development of a Corporate Asset Management Strategy</li> <li>• Development of a Performance Management Framework</li> <li>• Review of the Council's values, codes and procedures to ensure they are fit for purpose</li> <li>• Development of a behaviour framework that sets out the expectations on managers and officers</li> <li>• Implementation of the Communications and Corporate Affairs Strategy</li> </ul> <p>Progress against the Plan will be regularly monitored by the Council's Leadership Team and reported to the Executive.</p>	<p>LGA Peer Review 2022</p> <p>Audit and Risk Assurance Committee</p>



Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
60 04/20	<p><b>Health and Safety</b></p> <p>If the Council does not allocate resources and put effective arrangements in place to support, protect its residents and workforce and the people they come into contact with then there is a potential risk to health, wellbeing and life, resulting in negative reputational impact and also potential for future litigation claims against the Council.</p> <p>Risk Area – Human Resources</p> <p>Risk Owner – Director of Business Strategy and Change</p> <p><b>Objectives impacted: All</b></p>	8 (amber)		4 (green)	4 (green)	<p><b>Current and Ongoing Controls</b></p> <ul style="list-style-type: none"> <li>Monitoring through staff surveys and manager briefings the levels of wellbeing in the workforce and the borough.</li> <li>A suite of preventative measures which include the wellbeing hub for employees with information and assistance on various matters including mindfulness, stress management, physical activities, etc.</li> <li>Support measures the Council has put in place to ensure that people are signposted to pathways to seek self help and therapy as required. This includes existing mental health strategies such as CAMHS, providing capacity and funding through grants to the voluntary community sector to ensure local provision is available for all.</li> <li>A corporate Health and Safety Management Board has been established to provide leadership team a clear oversight of organisational performance on Health and Safety and the actions being taken to promotion of health and safety in the workplace.</li> </ul>	Staff surveys Team briefs HR data

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
61 10/21	<p><b>Partner Organisations / Contractors Service Delivery</b></p> <p>The Council works closely with partners and contractors to provide services to its residents and businesses.</p> <p>In the event Partner organisations or contractors do not provide the required level of service to the public this may result in:</p> <ul style="list-style-type: none"> <li>• Efficient / good value for money / high quality services not being delivered</li> <li>• Enforcement action</li> <li>• Significant financial loss and</li> <li>• Reputational damage</li> </ul> <p>Risk Area – All Services</p> <p>Risk Owner – Interim Chief Executive and Leadership Team</p> <p><b>Objectives impacted: All</b></p>	12 (red)		12 (red)	8 (amber)	<p><b>Current Controls</b></p> <ul style="list-style-type: none"> <li>• Partnership governance arrangements in place for key partners including Sandwell Children’s Trust, Sandwell Leisure Trust, Serco, Riverside.</li> </ul> <p><b>Further Actions</b></p> <ul style="list-style-type: none"> <li>• Identification of the Council’s key partners</li> <li>• Establishment of a partnership group to ensure oversight of effective contract management? Review of the current arrangements in place for each key contractor to ensure they remain fit for purpose and that the partnership objectives are aligned to the refreshed corporate plan.</li> <li>• Annual review and update of contract key performance indicators.</li> <li>• Ensure smooth transition of leisure services from Sandwell Leisure Trust.</li> </ul>	Grant Thornton – Value for Money Governance Review 2021 CIPFA Financial Management and Governance Review 2021 LGA Peer Review 2022

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
62 01/22	<p><b>Climate Change</b></p> <p>Failure to achieve the Council's commitments in relation to Climate Change, including the pledge to make Council activities (corporate buildings (excluding housing and commercial estate), fleet, schools and street lighting) net-zero carbon by 2030 may result in:</p> <ul style="list-style-type: none"> <li>• reputational damage</li> <li>• financial impact</li> <li>• increased demand for Council resources (in the event of extreme weather) and</li> <li>• a loss in public confidence.</li> </ul> <p>In addition, managing the effects of climate change will also have significant financial impact which the Council will need to address.</p> <p>Risk Area – All Services Risk Owner – Director of Regeneration and Growth <b>Objectives impacted: All</b></p>	n/a	n/a	12 (red)	8 (amber)	<p><b>Current Controls</b></p> <ul style="list-style-type: none"> <li>• Climate Change strategy 2020- 2041 in place which sets out the 2030 target for the Council.</li> <li>• Member steering group in place to oversee implementation of the climate change action plan.</li> <li>• Climate change champions in place (officer level) and a Cabinet Member and member advisor champions in place.</li> </ul> <p><b>Further Actions</b></p> <ul style="list-style-type: none"> <li>• Development of an action plan for implementing the strategy is being presented to Cabinet for approval on 23 March 2022.</li> <li>• Development of programme governance arrangements.</li> <li>• Consideration of commissioning an impact study on Sandwell of a rise in temperature of 1.5 degrees.</li> <li>• Climate Change Programme Board (represented by service managers from across the Council) to be established with initial meeting in April 2022 to lead on measures within the action plan.</li> <li>• Delivery of the action plan once approved by Cabinet. The delivery of the action plan is the key measure that determines the current risk assessment. The deliverability of the Plan is heavily dependent upon future government initiatives and the availability of financial resources which will be the key driver in achieving the Council's 2030 target.</li> </ul>	Climate Change Programme Board Member Steering Group

Risk Ref	Risk Title and Description	Previous risk score (Nov 2021)	Movement in risk score	Current risk score (Feb 2022)	Target risk score and date	Progress to Date (incl. current risk mitigating controls and further actions to be taken to manage risk)	Key Sources of Assurance
63 02/22	<p><b>Interim and Future Management of Nine of the Council's Leisure Centres</b></p> <p>The Council works closely with its partner Sandwell Leisure Trust and has terminated its management agreement governing this delivery through a Cabinet report, and notice served on 18<sup>th</sup> February 2022. There is a risk of service loss during the transitional period while a new operational model is established, along with the risks below:</p> <ul style="list-style-type: none"> <li>• value for money / high quality services not being delivered</li> <li>• Significant financial loss and</li> <li>• Reputational damage</li> </ul> <p>Risk Area – Leisure and Sport</p> <p>Risk Owner – Director of Borough Economy and Leadership Team</p> <p><b>Objectives impacted: All</b></p>	n/a	n/a	12 (red)	8 (amber) Dependent upon operational model agreed and transition plan timescale agreed with SLT it is anticipated that this risk will reduce by end April 2022	<p><b>Current Controls</b></p> <ul style="list-style-type: none"> <li>• Partnership working with SLT around communications and transition planning.</li> <li>• Series of workshops for Cabinet to progress an options report on 23<sup>rd</sup> March for Cabinet.</li> <li>• Retained consultant support around legal and leisure support.</li> <li>• Preparation of supporting information for options consideration.</li> <li>• Quotes for step in arrangements to provide management of leisure centres in the event that SLT departs during the transition period.</li> </ul> <p><b>Further Actions</b></p> <ul style="list-style-type: none"> <li>• Progress transition planning and communications with SLT.</li> <li>• Prepare full transition plan with inclusion of all data requirements from SLT</li> <li>• Prepare associated Cabinet reports for options and subsequent implementation of preferred option.</li> </ul>	Grant Thornton – Value for Money Governance Review 2021 CIPFA Financial Management and Governance Review 2021 LGA peer Review 2022

**Sandwell Metropolitan Borough Council**  
**March 2022**  
**Forward Plan list of decisions to be taken by the Executive and**  
**Notice of Decisions to be taken in private session**

Representations to a decision being taken in Private Session, where indicated must be e-mailed to [Democratic\\_services@sandwell.gov.uk](mailto:Democratic_services@sandwell.gov.uk) or in writing to Democratic Services, Sandwell Council House, Oldbury, B69 3DP.

The Council defines a Key Decision as:

- (a) an executive decision which is likely to result in the Council incurring expenditure which exceeds that included in any approved revenue or capital budget or the limits set out within an approved borrowing or investment strategy and was not the subject of specific grant; or
- (b) an executive decision which is likely to result in the Council incurring expenditure, the making of savings or the generation of income amounting to:
  - £250,000 or more where the service area budget exceeds £10m;
  - £100,000 or more where the service area budget is less than £10m; or
- (c) an executive decision which is likely to be significant in terms of its effect on communities living or working in an area comprising two or more wards of the Borough

All items listed in the Executive Notice will be listed as a key decision using the above criteria. Business items which are not defined as a Key Decision may be referred to the Cabinet for information and/or decision but will not be listed in the Executive Notice.

Items listed in the notice of Executive Decisions to be taken in Private Session will list the relevant exemption information as related to the Local Government Act 1972 12A as amended by the Local Government (Access to Information) (Variation) Order 2006 set out as follows:-

1. Information relating to any individual.
2. Information that is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes:-
  - to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
  - to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The Cabinet/Members of the Executive are as follows:- Councillors Ahmed, Bostan, Carmichael, Crompton, Hartwell, Millard, I Padda, Piper and Simms.

The following items set out key decisions to be taken by the Executive in public session:-

	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
1	<p><b>Community Vaccination Champions</b></p> <p>Contact Officer: Katie Deeley/Anna Blennerhassett</p> <p>Director: Lisa McNally – Director of Public Health</p>	<p>Adults, Social Care and Health (Cllr Hartwell)</p>	<p>23 March 2022</p>		



	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
2	<p><b>Care Home Fees – Standard Rate 2022/23</b></p> <p>Contact Officer: Daljit Bhangal</p> <p>Director: Rashpal Bishop – Director of Adult Social Care</p>	<p>Adults, Social Care and Health (Cllr Hartwell)</p>	<p>23 March 2022 (private item)</p>		
3	<p><b>Liberty Protection Safeguards</b></p> <p>Contact Officer: Donna Patel/Graham Terry</p> <p>Director: Rashpal Bishop – Director of Adult Social Care</p>	<p>Adults, Social Care and Health (Cllr Hartwell)</p>	<p>23 March 2022</p>		

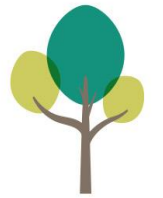


	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
4	<p><b>Integrated Health and Social Care Centre Co-operative Working Agreement</b></p> <p>Contact Officer: Paul Moseley/Christine Guest</p> <p>Director: Rashpal Bishop – Director of Adult Social Care</p>	<p>Adults, Social Care and Health (Cllr Hartwell)</p>	<p>23 March 2022</p>		





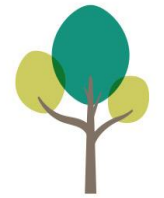
Title/Subject		Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
5	<p><b>Temporary Accommodation Elm Tree Primary Academy at Connor Education Centre, West Bromwich</b></p> <p>Contact Officer: Martyn Roberts</p> <p>Director: Michael Jarrett, Director of Children and Education</p>	Children and Education (Cllr Simms)	23 March 2022		
6	<p><b>School Organisation Plan 2021/22</b></p> <p>Contact Officer: Martyn Roberts</p> <p>Director: Michael Jarrett – Director of Children and Education/Simone Hines – Director of Finance</p>	Children and Education (Cllr Simms)	23 March 2022	Tbc	<p>Report</p> <p>Appendices</p> <p>School Organisation Plan 2021/22</p>



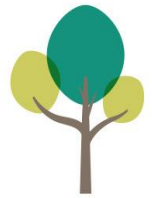
	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
7	<p><b>Ormiston Sandwell Community Academy – Proposed Expansion</b></p> <p>Contact Officer: Martyn Roberts</p> <p>Director: Michael Jarrett – Director of Children and Education</p>	Children and Education (Cllr Simms)	23 March 2022		
8	<p><b>Children’s Social Care – Social Workers’ Pay</b></p> <p>Contact: Michael Jarrett</p> <p>Director of Children and Education, Michael Jarrett</p>	Children and Education (Cllr Simms)	23 March 2022		Report



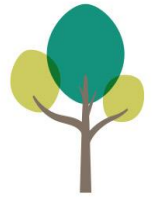
Title/Subject		Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
9	<p><b>Domestic Abuse Strategy</b></p> <p>Contact Officer: Maryrose Lappin</p> <p>Director: Alice Davey – Director of Borough Economy</p>	Community Safety (Cllr Piper)	23 March 2022		
10	<p><b>Sandwell Community Safety Strategy 2022-26</b></p> <p>Contact Officer: Tessa Mitchell</p> <p>Director: Alice Davey – Director of Borough Economy</p>	Community Safety (Cllr Piper)	23 March 2022		



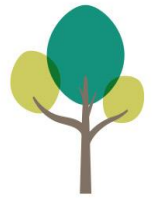
Title/Subject		Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
11	<p><b>Free Swimming 2022-23</b></p> <p>Contact Officer: Gemma Ryan</p> <p>Director: Alice Davey – Director of Borough Economy</p>	Culture and Tourism (Cllr Millard)	23 March 2022		
12	<p><b>Leisure – Future Delivery Arrangements</b></p> <p>Contact Officer: Gemma Ryan</p> <p>Director: Alice Davey – Director of Borough Economy</p>	Culture and Tourism (Cllr Millard)	23 March 2022		



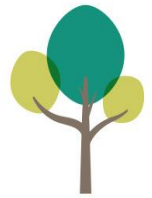
	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
13	<p><b>City Region Sustainable Transport Settlement and Local Transport Capital Programme 2022/23</b></p> <p>Contact Officer: Andy Miller</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Environment (Cllr Bostan)	23 March 2022		
14	<p><b>Corporate Climate Change Action Plan</b></p> <p>Contact Officer: Jo Miskin</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Environment (Cllr Bostan)	23 March 2022		



Title/Subject		Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
15	<p><b>Vehicle tyres and related services</b></p> <p>Contact Officer: Gary Charlton</p> <p>Director: Alice Davey – Director of Borough Economy</p>	Environment (Cllr Bostan)	23 March 2022		
16	<p><b>Vehicle and grounds maintenance equipment spare parts and workshop</b></p> <p>Contact Officer: Gary Charlton</p> <p>Director: Alice Davey</p>	Environment (Cllr Bostan)	23 March 2022		



Title/Subject		Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
17	<p><b>Purchase of grounds maintenance plant and machinery</b></p> <p>Contact Officer: Gary Charlton</p> <p>Director: Alice Davey</p>	Environment (Cllr Bostan)	23 March 2022		
18	<p><b>Review of Revenues and Benefits and Housing Operating Model</b></p> <p>Contact Officer: Simone Hines</p> <p>Director: Simone Hines – Director of Finance</p>	Finance and Resources (Cllr Crompton)	23 March 2022		

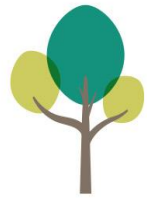


	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
19	<p><b>Revenues and Benefits Policy Framework 2022/23</b></p> <p>Contact Officer: Ian Dunn</p> <p>Director: Simone Hines – Director of Finance</p>	Finance and Resources (Cllr Crompton)	23 March 2022		

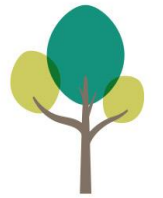




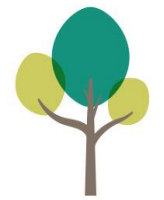
	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
20	<p><b>Provision of 15 new council homes at Hawes Lane, Rowley Regis</b></p> <p>Contact: Alan Martin</p> <p>Director: Tony McGovern – Director of Regeneration and Growth/Gillian Douglas – Director of Housing and Communities</p>	Housing (Cllr Ahmed)	23 March 2022		
21	<p><b>Refurbishment of Thorn Close</b></p> <p>Contact Officer: J Rawlins</p> <p>Director: Gillian Douglas – Director – Housing and Communities</p>	Housing (Cllr Ahmed)	23 March 2022		Report



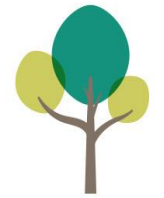
	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
22	<p><b>Appropriation of Grafton Lodge, Grafton Road, Oldbury from General Fund into Housing Revenue Account</b></p> <p>Contact Officer: Lee Constable</p> <p>Director: Tony McGovern, Director – Regeneration and Growth</p>	Regeneration and Growth (Cllr I Padda)	23 March 2022		



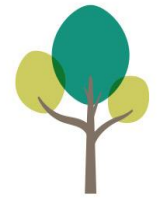
	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
23	<p><b>Memorandum of Understanding between SMBC and Chance Heritage Trust re Heritage related regeneration in the Borough</b></p> <p>Contact Officer: Tony McGovern</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Regeneration and Growth (Cllr I Padda)	23 March 2022		



	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
24	<p><b>Proposed Regeneration Pipeline of Investment in Borough 2022 to 2027 plus the Business Recovery/Support Action Plan</b></p> <p>Contact Officer: Tammy Stokes</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Regeneration and Growth (Cllr I Padda)	23 March 2022		



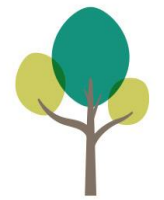
	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
25	<p><b>AIM for GOLD – Funding Agreement Variation</b></p> <p>Contact Officer: Gareth Owens/Jenna Langford</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Regeneration and Growth (Cllr I Padda)	23 March 2022	N/A	Funding Variation Agreement



	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
26	<p><b>Disposal of Former Gas Showroom Site Lombard Street West/High Street West Bromwich</b></p> <p>Contact Officer: Stefan Hemming</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Regeneration and Growth (Cllr I Padda)	23 March 2022		
27	<p><b>Acquisition of Site Harvest Road, Rowley Regis</b></p> <p>Contact Officer: Stefan Hemming</p> <p>Director: Tony McGovern – Director of Regeneration and Growth</p>	Regeneration and Growth (Cllr I Padda)	23 March 2022		



	Title/Subject	Cabinet Portfolio Area	Decision Date	Pre-decision Scrutiny to be carried out? (Board and date)	List of documents to be considered
28	<p><b>Review of the Council’s Surplus Property Assets</b></p> <p>Contact Officer: Chris Hilton</p> <p>Director: Tony McGovern, Director of Regeneration and Growth</p>	Regeneration & Growth (Cllr I Padda)	23 March 2022 (private item)	tbc	<p>Report</p> <p>Surplus Assets List (to be annexed to Cabinet paper)</p>



The following items set out key decisions to be taken by the Executive in private session:-

Title/Subject	Cabinet Portfolio Area	Decision Date	Reason for Exemption	List of documents to be considered
<p><b>Review of the Council's Surplus Property Assets</b></p> <p>Contact Officer: Chris Hilton</p> <p>Director: Tony McGovern, Director of Regeneration and Growth</p>	Regeneration & Growth (Cllr I Padda)	23 March 2022	Commercial sensitivity	Report Surplus Assets List (to be annexed to Cabinet paper)
<p><b>Care Home Fees – Standard Rate 2022/23</b></p> <p>Contact Officer: Daljit Bhangal</p> <p>Director: Rashpal Bishop – Director of Adult Social Care</p>	Adults, Social Care and Health (Cllr Hartwell)	23 March 2022	Information relating to financial or business affairs	

