

Report to Audit and Risk Assurance Committee

15 November 2022

Subject:	Improvement Plan Progress and Risk Register
Director:	Managing Director Kim Bromley-Derry
Contact Officer:	Strategic Lead – Service Improvement Kate Ashley Kate1_ashley@sandwell.gov.uk Senior Lead Officer – Service Improvement Rebecca Jenkins Rebecca_jenkins@sandwell.gov.uk

1. Recommendations

- 1.1. That Audit and Risk Assurance Committee considers and comments upon the progress of the Improvement Plan and the Risk Register up to 3 November 2022.
- 1.2. That any recommendations or comments are reported to Cabinet at their meeting on 7 December 2022 for their consideration.
- 1.3. That the Committee considers any additional areas of focus for its work plan.

2. Reasons for Recommendations

- 2.1 This report provides a quarterly update on progress against the Improvement Plan agreed by Council on 7 June 2022. The Improvement Plan incorporates all recommendations from the Grant Thornton Governance Review, the LGA Corporate Peer Challenge and







the CIPFA Financial Management Review, as well as the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities.



- 2.2 On 28 June 2022, Audit and Risk Assurance Committee received the Improvement Plan and accompanying risk register and requested regular updates on progress. The last progress report and risk register was received by this Committee in September 2022.
- 2.3 As part of the governance and assurance arrangements for the Improvement Plan, Audit and Risk Assurance Committee and Budget and Corporate Scrutiny Management Board will review progress of the Improvement Plan and utilise the plan for work programming purposes. Both Committees are due to consider progress at their meetings in November. Any recommendations or comments Audit and Risk Assurance Committee wish to make to Cabinet can be presented for Cabinet’s consideration on 7 December 2022.

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

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

	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

4 Context and Key Issues

4.1 Background

- 4.1.1 The council's external auditors Grant Thornton conducted a Value for Money Review into the council's governance arrangements over the period August to October 2021 and reported their findings of this review to Full Council in January 2022. In response, Council approved a Governance Improvement Plan in January 2022 to address the recommendations made by Grant Thornton and the proposed reporting mechanisms to ensure progress is managed effectively.
- 4.1.2 Since the approval of this Governance Improvement Plan findings were received from the CIPFA Financial Management Review, LGA Corporate Peer Challenge along with the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities.
- 4.1.3 A single Improvement Plan was agreed by Council on 7 June 2022 which addresses the recommendations from all the external reviews and the Statutory Directions. The Improvement Plan provides the organisation with a clear direction for sustainable improvement under six thematic headings. The single Improvement Plan has superseded the Governance Improvement Plan.
- 4.1.4 To ensure that senior officers and members have oversight of delivery against the Improvement Plan, Council approved that progress will be monitored by Leadership Team monthly and reported to Cabinet quarterly. This will continue until all actions have been completed, or changes have been embedded into business as usual.
- 4.1.5 At the meeting of the Audit and Risk Assurance Committee on 28 June 2022, the Chair of the Committee outlined that a distinct approach to the Improvement Plan had been agreed with the Chair of the Budget and Corporate Scrutiny Management Board to avoid overlap with



oversight. Primarily the Audit and Risk Assurance Committee will focus on the assurance and risk management of the plan whereas the Scrutiny Board will focus on challenging policy and performance.

- 4.1.6 This report is the second quarterly update to Audit and Risk Assurance Committee on overall progress of the Improvement Plan and the third update to Audit and Risk Assurance Committee on the Improvement Plan risk register. At that meeting, the Committee requested that future reports include a focus on progress against the recommendations that specifically relate to the Audit and Risk Assurance Committee.
- 4.1.7 The reporting period for the quarterly Improvement Plan monitoring closes on 3 November 2022 which is after the publication date for papers for the Audit and Risk Assurance Committee meeting on 15 November 2022. To ensure that Audit and Risk Assurance Committee receive the latest updates on the Improvement Plan, some of the supporting appendices to this report will be included as late papers with the agreement of the Audit and Risk Assurance Committee Chair.

4.2 Specific Recommendations from External Reviews relating to Audit

- 4.2.1 The Statutory Directions set out that the Council must secure improvement in relation to the proper functioning of the scrutiny and associated audit functions.
- 4.2.2 In the Value for Money Governance Review, Grant Thornton set out specific recommendations relating to audit as follows:
- **Key Recommendation 7:** 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
 - **Improvement Recommendation 12:** Officer and Member Relationships – 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 the right questions
 - **Improvement Recommendation 14:** Officer and Member Relationships – the forward plan of the Cabinet should be shared



with the Audit Committee and Scrutiny Board to help structure their agenda planning

- **Improvement Recommendation I34:** Audit Committee – now that the Audit and Risk Assurance Committee has agreed the action to bring this long-standing matter to resolution [review into the Wragge Report], 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

4.2.3 The CIPFA Financial Management Review and LGA Corporate Peer Challenge did not make any direct recommendations around the role and function of audit.

4.3 Audit Actions within Improvement Plan

4.3.1 The recommendations from the Grant Thornton review were built into the Improvement Plan. The Plan contains a workstream focusing on the role and function of scrutiny and audit within the decision-making theme.

4.3.2 In relation to audit, the Improvement Plan sets out actions around managing the position on historic issues through Officers working with the ARAC Chair, and the completion of ARAC recommendations in relation to governance issues raised around SEND Transport.

4.3.3 A measure of success within the Improvement Plan is for there to be evidence that audit input is driving assurance and improvement across the Council.

4.4 Improvement Plan Progress

4.4.1 A comprehensive monitoring tool has been developed to monitor progress of the Improvement Plan. This tool includes both a risk rating for each main action within the Improvement Plan and a progress status rating for all actions. The Improvement Plan Monitoring Tool will be contained within Appendix 1. The monitoring tool provides quick reference around which actions are on track for delivery, as well as highlighting areas that may require remedial action or additional levels of assurance.



4.5 Progress against each theme of Improvement Plan will be summarised within Appendix 2. This includes an overall status rating, a description of workstream progress, commentary on progress against milestones and achievements. This includes the progress update on the key recommendations for audit set out in 4.2.2.

4.6 Statutory Recommendations

4.6.1 The Value for Money Governance Review made three statutory recommendations that the council has a legal obligation to respond to. These recommendations are incorporated into the single Improvement Plan and are embedded across each of the six themes.

4.6.2 To provide an overview of progress against these three specific recommendations, Appendix 3 extracts the key actions that respond to each of the recommendations.

4.7 Reporting Framework and Governance

4.7.1 To ensure that senior officers and members have oversight of delivery, Council approved the reporting mechanism for the Improvement Plan in June 2022. This set out that progress will be monitored by Leadership Team monthly and reported to Cabinet quarterly until all actions have been completed, or changes have been embedded into business as usual. The diagram included at Appendix 4 sets out the governance framework.

4.7.2 Two quarterly updates on progress of the Governance Improvement Plan were provided to Cabinet in April 2022 and July 2022. The first quarterly update to Cabinet on the single Improvement Plan was considered on 28 September 2022.

4.7.3 The report to Council seeking approval of the Improvement Plan stated that existing member-led committees, such as the Governance & Constitution Review Committee, Audit & Risk Assurance Committee and Scrutiny Committees, will be used for decision making and maintaining oversight of the actions and implementation of the Improvement Plan.

4.7.4 The Governance & Constitution Review Committee and cross-party Working Group have been integral to the development and review of



the governance documents, ahead of decisions taken by Council in July and due later this year.

- 4.7.5 Audit & Risk Assurance Committee received an introduction to the Improvement Plan and the Improvement Plan Risk Register in June 2022, and received a quarterly progress report and the risk register in September 2022. This report forms the second quarterly update to Audit and Risk Assurance Committee.
- 4.7.6 Budget & Corporate Scrutiny Management Board has included several elements of the Improvement Plan on their work programme as well as regular reports on overall progress. Budget & Corporate Scrutiny Management Board received a report on overall progress of the Improvement Plan in September 2022, and will receive the second quarterly update in November 2022.
- 4.7.7 Any recommendations or comments from Audit & Risk Assurance Committee and Budget & Corporate Scrutiny Management Board will be included in the report to Cabinet in December 2022.
- 4.7.8 The government Directions require reporting on the delivery of the Improvement Plan at six monthly intervals to the Secretary of State from the council and the Commissioners. The next report is due in December 2022. In December, Council will consider a recommendation from Cabinet to approve a letter to the Secretary of State along with details of the Council's progress against the Improvement Plan.

4.8 Risk Management

- 4.8.1 The Improvement Plan Risk Register underpins the council's strategic risk relating to the council's Improvement Plan (59a 02/22) and is currently rated as an overall Amber risk. The risk register is reported monthly to Leadership Team and quarterly to Cabinet.
- 4.8.2 The current risk register will be provided at Appendix 5. The main risks are associated with:
- **Resources** – for delivery of key components of the plan including the performance management framework, asset management system implementation and culture change programme. The financial resources required have been identified and were approved by Council in June.



- **Organisational Culture** – If the organisational culture doesn't change, this will limit the improvements that can be made. A theme within the Improvement Plan focuses on organisational culture. It includes plans for a comprehensive engagement programme with staff and members to define a collectively owned culture. We will then embed the conditions for this culture to thrive.
- **Communication** – to ensure everyone is aware of their respective roles and responsibilities. Communication is taking place through a range of methods including briefings, live events, and regular messages.
- **Constitutional Changes** – key corporate governance documents are being reviewed and the first set were approved in July with others to follow in November and December. Once approved, these policies provide an important foundation for improvement.
- **Performance Management Framework** – to ensure that we can effectively monitor progress and evidence improvement. Each theme includes an outline of how success will be evidenced. Processes for monitoring progress are in place, and processes for capturing and using evidence of improvement will be developed.
- **Historic Issues** – if there is a continued focus on and resource directed towards historic issues this will hinder improvement. The improvement plan contains actions to bring historic issues to a conclusion and embed lessons learnt.

4.9 Changes to the Improvement Plan

- 4.9.1 The Improvement Plan is intended to be a live document updated to take account of progress and relevant changes.
- 4.9.2 The Improvement Plan report to Council in June 2022 set out that changes (which may include the addition of new workstreams or objectives, or the amendment of timescales for delivery of actions) will be tracked through programme management mechanisms and that Cabinet will retain oversight of changes through regular formal reporting.
- 4.9.3 Changes are considered by Leadership Team at on a quarterly basis. Appendix 6 will contain details of all the changes made to the Improvement Plan this quarter. This quarter, a number of assurance actions have been added to the Improvement Plan. These have been included where core actions within a workstream are now complete, but



there is a need to ensure that the approach becomes embedded and is sustained.

4.10 External Reviews

4.10.1 External assurance continues to play a part in our improvement journey. The council has invited Grant Thornton, LGA and CIPA to monitor our progress in addressing the recommendations in their reviews. Grant Thornton and the LGA conducted their follow-up review activities over September and October 2022 and CIPFA will conduct their review in November 2022.

4.10.2 The external review findings and reports are expected to be received in forthcoming months. In their initial feedback from their return visit, the LGA recognised the significant progress that has been made in a number of key areas to the good governance and management of the council, but also stressed that the council is on a journey that will take time and there is still a long way to go to embed the improvements required. The LGA's formal report will build on this initial feedback and identify any further recommendations for the council to consider.

4.10.3 A further update to the Improvement Plan will take place in early 2023 once the council has had the opportunity to reflect on the findings from Grant Thornton, LGA and CIPFA as a result of their Autumn 2022 follow-up visits, and the outcomes of the culture listening exercise.

5 Implications

Resources:	Resources to deliver the Improvement Plan have been allocated from within existing commitments in the majority of cases. Where one-off funding is required to deliver improvements, this will either be funded from the Improvement and Capacity Fund or from earmarked reserves created from 2021/22 underspend position. Allocation of this funding was approved by Council with the Improvement Plan on 7 June 2022.
-------------------	---



	<p>Where funding is required for longer-term change, this will be incorporated into the Medium-Term Financial Strategy.</p> <p>There are no land or building implications associated with the Improvement Plan as a whole.</p>
<p>Legal and Governance:</p>	<p>On 22 March 2022, The Secretary of State for Levelling Up, Housing and Communities issued Directions under Section 15(5) and (6) of the Local Government Act 1999 (the 1999 Act) in order to ensure that the council can comply with the requirements of Part 1 of the 1999 Act. Failure to comply with these Directions may lead to further intervention measures for the council.</p> <p>The regular reporting development and approval of this Improvement Plan will mean that the council has achieved one of the elements within the Directions within the specified timescales.</p> <p>The delivery of the Improvement Plan and achievement of the desired outcomes will meet the remainder of the Directions.</p> <p>Ultimately, the changes made through the Improvement Plan will enable the council to effectively deliver its strategic priorities and ensure it is delivering value for money for Sandwell.</p> <p>Audit and Risk Assurance Committee’s consideration of progress of the Improvement Plan and the risk register, contributes to the governance and assurance framework of the Improvement Plan.</p>
<p>Risk:</p>	<p>If the Council fails to take appropriate action to meet the requirements set out in the government Direction, or the Commissioners appointed by the Secretary of State do not have sufficient confidence that appropriate actions are being taken to implement and sustain the required improvements, then the council</p>



	<p>risks not having appropriate arrangements in place to comply with its best value duty under Part 1 of the 1999 Act. This could lead to further government intervention, increased costs and damage to reputation.</p> <p>A risk register will be maintained for the duration of the Improvement Plan which will underpin the council's strategic risk relating to the council's Improvement Plan (59a 02/22). This is reported monthly to Leadership Team, quarterly to Cabinet, and will be regularly reported to Audit and Risk Assurance Committee.</p>
Equality:	The successful delivery of the Improvement Plan will require the development and review of many of the council's policies and procedures. These changes will build in consideration of the impact on equalities throughout the development and will include an Equality Impact Assessment where appropriate.
Health and Wellbeing:	The underpinning objective of the Improvement Plan is to ensure the council is able to achieve the strategic priorities as set out in the Corporate Plan. These priorities focus on improving the health and wellbeing of our residents and tackling health inequalities in a multi-faceted way. Therefore, any improvements to the council's governance structures will strengthen the council's ability to deliver services that will improve the health and wellbeing of Sandwell.
Social Value	Within the Improvement Plan, the council is committed to developing its Social Value Policy in conjunction with the refresh of the Procurement & Contract Procedure Rules. Through strengthening our asks of contractors through this Social Value Policy and linking them to the Corporate Plan objectives, the council will be able to maximise its social value return.

6 Appendices



- Appendix 1** - Improvement Plan Monitoring Tool October 2022
- Appendix 2** - Improvement Plan Theme Progress Summary October 2022
- Appendix 3a** – Audit Recommendations October
- Appendix 3b** - Statutory Recommendations Reporting October 2022
- Appendix 4** - Improvement Plan Governance Diagram
- Appendix 5** - Improvement Plan Risk Register October 2022
- Appendix 6a** – October Changes to the Improvement Plan
- Appendix 6b** – Change Control October

7 Background Papers

Improvement Plan Quarterly Monitoring Reports

- Cabinet September 2022
- Budget and Corporate Scrutiny Management Board September 2022
- Audit and Risk Assurance Committee September 2022

Sandwell Council Governance Improvement Plan

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

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

Appendices:

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

