

Report to Cabinet

21 December 2022

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

1. Recommendations

- 1.1. That Cabinet receive and consider Grant Thornton’s Value for Money Governance Review Report and the Follow Up Review Report.
- 1.2. That Cabinet consider the council’s response to the recommendations in Grant Thornton’s reports which will be incorporated into the refresh of the Improvement Plan in 2023.

2. Reasons for Recommendations

- 2.1 Grant Thornton conducted a Value for Money Review of the council’s governance arrangements in Autumn 2021. Their report was received by Cabinet on 15 December 2021 and Council on 18 January 2022. At the time of publication, Grant Thornton had yet to conclude one of the key









lines of enquiry. This line of enquiry has now been concluded, and therefore Grant Thornton have reissued the original report to include their findings and additional recommendations.

- 2.2 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. As part of the council's assurance framework for the Improvement Plan, the LGA, Grant Thornton and CIPFA conducted follow-up reviews in Autumn 2022 to evaluate the council's progress on implementing the specific recommendations from those individual reviews.
- 2.3 The LGA Corporate Peer Challenge review has previously been reported to Cabinet on 7 December 2022. Grant Thornton's follow-up review in Autumn 2022 examined the council's progress in addressing the recommendations set out in their report of December 2021. The council is currently awaiting the report from CIPFA's return visit.
- 2.4 As the Improvement Plan addresses the recommendations of all three external reviews, the council will incorporate the findings from the three follow-up visits into a refresh of the Improvement Plan. New recommendations will be incorporated into the Plan in a co-ordinated manner to enable the council to continue on its improvement journey. The refreshed Improvement Plan will be considered by Cabinet in Spring 2023.

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.



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|  | 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 Governance Review – Background and Scope

4.1.1 Grant Thornton’s Value for Money Governance Review was conducted in the Autumn of 2021. The scope of the review covered seventeen key lines of enquiry, split into two categories:

- Services and Management; and
- Meetings, Complaints and Relationships.

4.1.2 In their original report, Grant Thornton made a series of 45 recommendations, made up of:

- 3 Statutory Recommendations
- 5 Key Recommendations
- 37 Improvement Recommendations

4.1.3 These recommendations, along with those from the LGA Corporate Peer Challenge and CIPFA’s Financial Management Review, were incorporated into the council’s single overarching Improvement Plan.

4.1.4 At the time of publishing the original report in late November 2021, Grant Thornton had not completed their investigation into the line of enquiry relating to the ‘Governance and Legal Support to Director of Public Health’. This line of enquiry was concluded in Autumn 2022, and Grant



Thornton have reissued their full report to include their findings, conclusions and recommendations for the council.

4.1.5 Grant Thornton have conducted a follow-up review in Autumn 2022 to understand how the council has improved its governance arrangements that were the focus of their 2021 review. Particular focus was on progress made against the recommendations that had been incorporated into the council's Improvement Plan. Grant Thornton also considered how the council uses community engagement to inform its strategic planning and decision-making processes. The follow-up review did not include that key line of enquiry referred to in paragraph 4.1.2 as it had not concluded at the time.

4.2 Key Findings and recommendations

4.2.1 In the reissued full report (Appendix 1), Grant Thornton set out their findings, conclusions and recommendations with regards to the 'governance and legal support to the Director of Public Health'. These have not made an impact on the overarching findings of the original report or on the statutory recommendations made to the council in December 2021. Grant Thornton have made four additional improvement recommendations to the council in response to their findings on this matter.

4.2.2 The follow-up review (Appendix 2) found that the council had continued to build on the initial improvements recognised by Grant Thornton in their original report, and has made significant progress on a number of their recommendations:

- Statutory Recommendation 1 - It is imperative that senior officers and senior members take effective corporate grip of long-standing service issues highlighted by the findings in this report (including SLT, SCT, the waste service, the ERP system, and Lion Farm) and prioritise corporate effort in managing the issues identified and embed the solutions into the Council.:
 - The Council has greater corporate grip over improvement, performance and decision making
 - Cabinet is demonstrating a commitment to making tough decisions
 - Skills and capacity gaps in relation to key priorities have been recognised and steps taken to manage them



- Evidence of greater senior officer involvement in key service challenges
- Statutory Recommendation 2 - The Council must ensure that the learning in relation to commercial decisions, procurement and contract management highlighted in this report are understood through the organisation.:
 - Clear evidence that the council is making better procurement and commercial decisions
 - Significant progress made on the ERP systems replacement
 - Review of key elements of the Constitution completed
 - Evidence of improved corporate ownership and working relationships between the council and key partners, along with focus on service quality and improved outcomes.
- Statutory Recommendation 3 - Senior leadership, both officers and members, must demonstrate that they can continue to work together effectively, that they operate in line with the Council's values, codes, policies and procedures, and that there is zero tolerance to inappropriate behaviours. This includes changing the organisational culture in relation to complaints so that they restore balance and proportionality:
 - Greater stability at political and senior officer level, with positive working relationships between Cabinet and Leadership Team
 - Mature engagement between Leader, Cabinet, Committees and senior officers leading to good planning and work programming across committees, and commitment to the council's improvement journey
 - Evidence of improved focus and engagement with regional and national bodies

4.2.3 Grant Thornton recognise that challenges remain for the council on its improvement journey, and that building on the foundations laid over the last 12 months will be vital. The refresh of the Improvement Plan to incorporate the findings of this review and the results of the organisational culture values and behaviours work will be key to ensuring sustainable improvement.



4.2.4 A further four Key Recommendations have been identified from the Follow-up Review. Along with the new Improvement Recommendations from the reissued original report, these will be incorporated into the refresh of the Improvement Plan and will provide further direction for the next stage of the council's improvement journey.

4.3 Risk Management

4.1.1 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 and Audit & Risk Assurance Committee.

4.1.2 Within the Improvement Plan Risk Register, a number of risks identified GT's follow up report as part of the assurance as to the likelihood of those risks materialising. The Risk Register will be reviewed as part of the regular programme management of the Improvement Plan, and the impact of the follow-up report on risk scores will be reported to Cabinet as part of the next quarterly update.

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, and therefore the report is a public document. The council must also provide a management response that sets out how it intends to act upon the recommendations made in the report. There are no alternative options to consider.

6 Implications

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| 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 |
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| | <p>approved by Council with the Improvement Plan on 7 June 2022.</p> <p>Where funding is required for longer-term change, this will be incorporated into the Medium-Term Financial Strategy.</p> <p>There are no land or building implications associated with the Improvement Plan as a whole.</p> |
| <p>Legal and Governance:</p> | <p>The Governance Review was conducted under Sections 20 and 21 of the Local Audit and Accountability Act 2014, and the council is legally required to demonstrate that action is being or will be taken to address issues raised in the report.</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 delivery of the Improvement Plan and achievement of the desired outcomes will meet the remainder of the Directions.</p> <p>Ultimately, the changes made through the Improvement Plan will enable the council to effectively deliver its strategic priorities and ensure it is delivering value for money for Sandwell.</p> |
| <p>Risk:</p> | <p>If the Council fails to take appropriate action to meet the requirements set out in the government Direction, or the Commissioners appointed by the Secretary of State do not have sufficient confidence that appropriate actions are being taken to implement and sustain the required improvements, then the council risks not having appropriate arrangements in place to comply with its best value duty under Part 1 of the 1999 Act. This could lead to further government intervention, increased costs and damage to reputation.</p> |



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| | 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. |
| 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. |
| Climate Change | 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. Green in everything we do is one of the Fairer Sandwell principles running throughout the Corporate Plan. Any improvements to the council's governance structures will strengthen the council's ability to embed this principle and further the climate change agenda. |



7. Appendices

1. Grant Thornton Value for Money Governance Review December 2021 – reissued October 2022
2. Grant Thornton Value for Money Governance Review Follow-Up Report December 2022.

8. Background Papers

- Value for Money Governance Review December 2021:
 - Report to [Cabinet 15 December 2021](#)
 - Report to [Council 18 January 2022](#):
 - [Grant Thornton Report Governance Review](#)
 - [Governance Review Improvement Plan](#)
- [Sandwell Council Improvement Plan](#)
- Approval of Sandwell Council Improvement Plan [Report to Council 7 June 2022](#)
- Quarterly Monitoring Reports to Cabinet:
 - [December 2022](#)
 - [September 2022](#)
- Improvement Plan Progress Reports:
 - To Audit and Risk Assurance Committee
 - [November 2022](#)
 - [September 2022](#)
 - [June 2022](#)
 - To Budget and Corporate Scrutiny Management Board
 - [November 2022](#)
 - [September 2022](#)

