

Report to Audit and Risk Assurance Committee

19 January 2023

Subject:	Improvement Plan Progress – External Review Reports
Director:	Managing Director Kim Bromley-Derry
Key Decision:	No
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1. Recommendations

- 1.1. That Audit and Risk Assurance Committee considers Grant Thornton’s reissued Value for Money Governance Review Report and the Follow Up Review Report.
- 1.2. That Audit and Risk Assurance Committee considers the LGA Corporate Peer Challenge Progress Review and the CIPFA FM Model Re-assessment Report.

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.

2.3 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. The LGA Corporate Peer Challenge and Grant Thornton Governance Review follow up reports were reported to Cabinet on 7 December 2022 and 21 December 2022 respectively. The council received the CIPFA report in January 2023.






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.

	Best start in life for children and young people
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	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 4.1.4 as it had not concluded at the time.

4.2 Governance Review - 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 LGA Corporate Peer Challenge – Background and Scope

4.3.1 The LGA's Corporate Peer Challenge was conducted in late January/early February 2022 and focused around five areas which are recognised as critical to councils' performance and improvement:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management; and
- Capacity for improvement

4.3.2 The Peer Challenge Team also took an in-depth look at children's services and the place agenda.

4.3.3 The Peer Challenge report included nine recommendations, and a raised a series of improvement points for longer term consideration. As with the recommendations of the other reviews, these have been incorporated into the development of the Improvement Plan.

4.3.4 The LGA conducted a follow-up review in October 2022 with particular focus on the progress against their recommendations.

4.4 LGA Corporate Peer Challenge – Key Findings

4.4.1 The feedback report from the LGA (Appendix 3), recognises the significant progress that has been made in a number of key areas to the good governance and management of the council. The LGA 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.

4.4.2 The LGA have not made any new recommendations, but have raised a series of improvement actions which will be incorporated into the refresh of the Improvement Plan.

4.4.3 The main points raised by the LGA are aligned to the Improvement Plan themes and are summarised below:

4.4.3.1 Key points raised by the LGA in relation to Corporate Oversight and Strategic Direction were that:

- Much greater stability can now be seen both politically and managerially
- Cabinet and Leadership Team are working increasingly well together



- Praise for the Leaders' and Chief Executives' styles and approaches
- Staff feel much better communicated with from the corporate level
- There is an absence of a whole organisation view of the scale of the financial challenge facing the council
- External partners are seeing the council now being much better engaged
- Cabinet is building a track record of taking difficult decisions and are showing a commitment and willingness to face the further tough decisions
- The injection of additional capacity in key areas has helped to drive improvement
- There needs to be a stocktake around the level of available resource, pace and capacity going forward.

4.4.3.2 Key points raised by the LGA in relation to Governance and Decision-Making were that:

- An inclusive process has taken place to develop the changes to the Constitution
- One of the most noticeable changes in recent months is a much-improved set of relationships between officers and elected Members.
- There is an emerging risk around the organisational responsiveness to the customer and to casework issues brought forward by Elected Members
- Members have valued the training offered through the Member Development Programme
- Scrutiny is going from strength to strength
- Mature engagement between the Leader, Cabinet, Committee Chairs and officers is providing for good planning and work programming across the different committees
- There is a sense of a 'maturing politics' within the council

4.4.3.3 Key points raised by the LGA in relation to Customer Journey and Organisational Culture were that:

- There is a long way to go in the work on the customer journey and organisational culture
- The customer journey, Equalities Diversity and Inclusion, and organisational culture are major pieces of inter-related work that are



fundamental to future success. They require a clear plan and sense of deliverability.

4.5 CIPFA Review – Background and Scope

- 4.5.1 CIPFA were commissioned by the council to undertake a review of the financial management and governance arrangements using the Financial Management Model to contribute to the development of the council's financial management operation and arrangements. It assessed the council's financial management capability, its internal processes, and operations. It also examined how the council plans its future financial management.
- 4.5.2 The report from CIPFA received in January 2022 set out that the council was financially stable and in recent years has been able to contribute towards reserves through achieving a balanced budget or an underspend, but that the authority has previously lacked ambition and innovation and has a very traditional approach to financial management.
- 4.5.3 The scoring process generated an overall star rating between one and five, five being the highest. Sandwell achieved an overall rating of two stars and was considered to be a progressive two-star authority with an encouraging direction of travel. CIPFA made 14 recommendations which were incorporated into the single Improvement Plan.
- 4.5.4 CIPFA completed a Financial Management Model Re-assessment Review in December 2022. The report is included at Appendix 4.

4.6 CIPFA Financial Management Model Re-assessment Review – Key findings

- 4.6.1 The CIPFA Financial Management Model Re-assessment Report sets out that Sandwell has improved from a progressive 2* rating to a 3* rating.
- 4.6.2 Findings are arranged within the report according to CIPFA's model topic headings: Leadership, People, Processes and Stakeholders. All of these topic headings received increased individual scores.



4.6.3 Key points raised were that:

- Positive progress was evident and represents a step change in under a year, which is to be commended
- Finance is seen as a key function and priority and there is a positive commitment to the finance improvement programme
- The Director of Finance is well-respected
- The MTFs is now much stronger
- The budgetary process has improved
- The emphasis on business partnering has been broadly welcomed
- There is a coherent agenda and programme of financial reform
- There is clearer evidence of strategic and operational awareness

4.6.4 CIPFA raised a series of areas for the council to continue to focus on. These will be incorporated into the refresh of the Improvement Plan.

4.7 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 the external reviews from Grant Thornton, LGA and CIPFA as part of the assurance as to the likelihood of those risks materialising. Audit & Risk Assurance Committee received the last update on the risk register in November 2022.

4.1.3 The Risk Register will be reviewed as part of the regular programme management of the Improvement Plan, and the impact of the follow-up review reports on risk scores will be reported to Audit and Risk Assurance Committee as part of the next quarterly update.

6 Implications



<p>Resources:</p>	<p>Resources to deliver the Improvement Plan have been allocated from within existing commitments in the majority of cases. Where one-off funding is required to deliver improvements, this will either be funded from the Improvement and Capacity Fund or from earmarked reserves created from 2021/22 underspend position. Allocation of this funding was approved by Council with the Improvement Plan on 7 June 2022.</p> <p>Where funding is required for longer-term change, this will be incorporated into the Medium-Term Financial Strategy.</p> <p>There are no land or building implications associated with the Improvement Plan as a whole.</p>
<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. 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</p>



	<p>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> <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.
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.
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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
3. LGA Corporate Peer Challenge Progress Review November 2022
4. CIPFA FM Model Re-assessment Report January 2023

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](#)
- [LGA Corporate Peer Challenge Report](#) February 2022
- [Sandwell Council Improvement Plan](#)
- Approval of Sandwell Council Improvement Plan [Report to Council 7 June 2022](#)
- Grant Thornton Value for Money Governance Review Follow-up Report - [Report to Cabinet 21 December 2022](#)
- Quarterly Monitoring Reports to Cabinet:
 - 7 [December 2022](#) including LGA Corporate Peer Challenge Progress Review Report Nov 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](#)



