

Report to Cabinet

7 February 2024

Subject:	Improvement Plan Progress – Grant Thornton Follow-up Report 2023
Cabinet Member:	Leader of the Council Cllr Kerrie Carmichael
Director:	Chief Executive Shokat Lal
Key Decision:	No
Contact Officer:	Strategic Lead – Service Improvement Kate Ashley Kate1_ashley@sandwell.gov.uk Lead Officer – Service Improvement Dawn Webster Dawn_webster@sandwell.gov.uk

1. Recommendations

- 1.1. That Cabinet receive Grant Thornton’s Value for Money Governance Review Follow Up Review Report of December 2023.
- 1.2. That Cabinet note that the Council’s response to the recommendations in Grant Thornton’s report will be incorporated into the refresh of the Improvement Plan in 2024.


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. Their report made three statutory recommendations, which the council are legally required to respond to and address. These were incorporated into the council’s Improvement Plan approved in June 2022.



- 2.2 As part of the council’s assurance framework for the Improvement Plan, Grant Thornton reviewed progress in a follow-up review in Autumn 2022. At that point, Grant Thornton retained the three statutory recommendations and made four new key recommendations and improvement recommendations against the Key Lines of Enquiry of the Value for Money Governance Review. These recommendations were built into the refreshed Improvement Plan approved by Cabinet in March 2023.
- 2.3 Grant Thornton have conducted a further follow-up review in Autumn 2023 to determine the council’s progress in addressing the statutory recommendations made in 2021, as well as the key and improvement recommendations of their 2022 follow-up review. This external perspective is a key source of evidence of the council’s improvement journey under government intervention.
- 2.4 The Improvement Plan is a ‘live’ document and is updated on a quarterly basis to reflect progress and incorporate new activities. The recommendations made by Grant Thornton in their 2023 follow-up review will be incorporated into the Improvement Plan to ensure that the council’s improvement journey continues to address the key issues arising.

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

	<p>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.</p>
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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 reissued their full report in December 2022 to include four additional improvement recommendations to the council.

4.1.5 In their first follow-up review in Autumn 2022, Grant Thornton recognised the significant progress made on a number of their original recommendations. At this point, the statutory recommendations remained in place with a further four Key Recommendations and 25 improvement recommendations. In some cases, these recommendations built on those made in 2022 and recognising the progress made on the council's improvement journey to date. The council's response to these 29 new recommendations and the four additional recommendations from the updated 2021 report (a total of 33 recommendations in 2022) was reported to Cabinet in March 2023. The actions required to address the recommendations were incorporated into the refresh of the Improvement Plan at the same time.



4.1.6 The follow-up review of December 2023 considered progress against the three statutory recommendations and the 33 key and improvement recommendations made in 2022. The scope of Grant Thornton's review included 13 of the 18 original key lines of enquiry (KLOEs) – five KLOEs had been considered concluded in 2022 and therefore were not reported in the follow-up review of Autumn 2023.

4.2 Key Findings and Recommendations

4.2.1 From their follow-up review in Autumn 2023 (Appendix 1), Grant Thornton have determined that they are “*satisfied that the Council has made appropriate progress against the three statutory recommendations, and these can now be lifted*”.

4.2.2 With regards to the 13 KLOEs reviewed at this point, Grant Thornton found “*no evidence of any significant weaknesses for ensuring that the Council makes informed decisions and properly manages risk*”.

4.2.3 In their December 2023 report, Grant Thornton have made four key recommendations. Context for these recommendations are included in Grant Thornton's report, and are set out here for ease of reference:

1. The Council must ensure that the changes in train relating to transformation are concluded so that the transformation strategy, transformation business cases, and associated cultural and behavioural changes become successfully embedded and result in identifying and realising the organisational changes and savings required, so that the Council remains financially sustainable in the medium-term. This includes ensuring that the Property Transformation Programme leads to decisions being taken on asset disposals that ensure associated savings targets in the MTFP are realised.
2. The Council should place renewed focus on its efforts to improve the full customer experience, and this is demonstrated by improved customer metrics, and having appropriate data available to measure all customer related KPIs.



3. The Council should retain corporate focus and attention on key service and operational risks, in particular the implementation of Oracle Fusion, place based working with SCT and the effective management of SCT's operational and financial challenges, industrial action in the waste service, putting a clear plan in place for the subsidy to SLT being eliminated, financial statement production and reducing reliance on the level of interim appointments in the finance team.
4. The Council will need to manage the risks associated with the Senior Management restructure, including organisational change fatigued and resistance, the loss of corporate memory and the retention of key staff during this period of change. The successful appointment of the new Executive Directors will be critical for the Council's ongoing improvement journey and the Council will need to ensure it maintains the pace of improvement and returns to a stable state following the conclusion of the restructure.

4.2.4 Grant Thornton's findings and the lifting of the Statutory Recommendations represents a significant milestone in the council's improvement journey towards ending government intervention, and is further evidence that the council continues to improve over time.

4.2.5 The key recommendations and the further 26 improvement recommendations made by Grant Thornton in their 2023 report will be integral to reframing the council's improvement journey to ensure it continues to focus on key issues and that improvements made remain sustainable. These recommendations 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 Grant Thornton'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

<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.</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>
Risk:	<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> <p>A risk register is being 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:	<p>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 be built in consideration of the impact on equalities</p>



	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.
Corporate Parenting:	There are no Corporate Parenting implications of this report.

7. Appendices

1. Grant Thornton Value for Money Governance Review Follow-up Report, December 2023

8. Background Papers

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



- Reports to the Secretary of State for Levelling up Housing and Communities:
 - June 2022 Reports
 - [Sandwell Council Report to Secretary of State for Levelling up, Housing and Communities, June 2022](#)
 - December 2022 Reports:
 - [Sandwell Council Report to Secretary of State for Levelling up, Housing and Communities, December 2022](#)
 - [Sandwell Council Commissioners: second report to Secretary of State for Levelling up, Housing and Communities, December 2022 \(published March 2023\)](#)
 - [Ministerial response to second letter \(March 2023\)](#)
 - June 2023
 - [Sandwell Council Commissioners: third report to Secretary of State for Levelling up, Housing and Communities, June 2023 \(published July 2023\)](#)
 - [Ministerial response to third letter \(July 2023\)](#)
- Improvement Plan Progress Reports:
 - To Council:
 - [12 December 2023](#)
 - [13 June 2023](#)
 - [13 December 2022](#)
 - To Cabinet:
 - [December 2023](#)
 - [September 2023](#)
 - [June 2023](#)
 - [March 2023](#)
 - [December 2022](#) including LGA Corporate Peer Challenge Progress Review Report Nov 2022
 - [September 2022](#)
 - To Audit and Risk Assurance Committee
 - [September 2023](#)
 - [June 2023](#)
 - [March 2023](#)
 - [January 2023 \(External Review Reports\)](#)
 - [November 2022](#)
 - [September 2022](#)



- [June 2022](#)
- To Budget and Corporate Scrutiny Management Board
 - [September 2023](#)
 - [June 2023](#)
 - [March 2023](#)
 - [November 2022](#)
 - [September 2022](#)

- External Review Reports
 - [Grant Thornton Value for Money Governance Review Follow-up Report 2022](#)
 - [Grant Thornton Value for Money Governance Review December 2021 – reissued October 2022](#)
 - [LGA Corporate Peer Challenge Progress Review Report 2022](#)
 - [LGA Corporate Peer Challenge Report February 2022](#)
 - [CIPFA Financial Management Report January 2022](#)

