

Sandwell Metropolitan Borough Council

Annual Governance Statement 2022/23



Foreword

We are pleased to present Sandwell Metropolitan Borough Council's Annual Governance Statement for 2022/23.

While we have recently come out of government intervention, we also recognise we still need to continue on our improvement journey.

While the Council is now working within a much stronger governance system, it will continue to take time and hard work to become fully established.

We have therefore taken the opportunity provided by the legal requirement to produce an Annual Governance Statement to take stock of our systems, to record the progress we have made and to be honest about the progress we still need to make.

We also welcomed the engagement of our Commissioners, Audit and Risk Assurance Committee and our external auditors Grant Thornton in scrutinising and challenging our systems and encouraging and supporting us to improve them further.

**Councillor Kerrie Carmichael,
Leader of the Council**

Date:

**Shokat Lal
Chief Executive**

Date:

1. Introduction

- 1.1 This Annual Governance Statement (the “Statement”) is a public facing assessment of the effectiveness of Sandwell Metropolitan Borough Council (the Council’s) governance framework during 2022-23. The Statement contains three main elements:
- (i) An explanation of the Council’s governance framework and context;
 - (ii) The Council’s review of the effectiveness of the governance framework in the reporting period based on internal and external data and assessments; and
 - (iii) The Council’s assessment of significant governance issues facing the Council and its action plan to manage and mitigate those issues.
- 1.2 Delivering good governance is a process of continuous review and improvement. This Statement provides a “snapshot” of the effectiveness of governance at the point of publication within the Council’s ongoing programme to review and improve its governance, as set out in its action plans.
- 1.3 This Statement meets the Council’s duty to prepare and approve an annual governance statement under regulation 6 (1) of the Accounts and Audit (England) Regulations 2015. The Statement will be approved by the Council’s Audit and Risk Assurance Committee under its delegated powers and signed by the Committee’s Chair and the Chief Executive.

Scope of responsibility

- 1.4 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. The Council also has a statutory best value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.5 In discharging this overall responsibility, the Council is responsible for putting in place robust arrangements for the governance of all its functions and the effective discharge of its duties and obligations, including the implementation of appropriate arrangements for the management and mitigation of risk. These arrangements are set out in this statement.
- 1.6 This statement is prepared to comply with the requirements of regulation 4(3) of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement to accompany the statement of accounts.

2. Governance

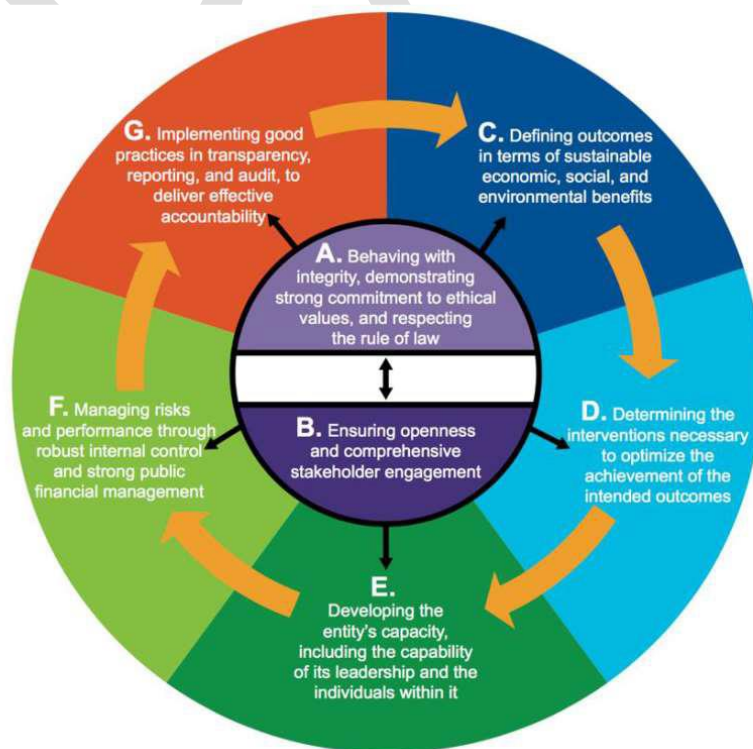
2.1 Governance is the term used to describe the system by which the Council directs and controls its functions and relate these to its communities. It is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

2.2 Good governance is vital in contributing to effective:

- (i) leadership and management;
- (ii) performance and risk management;
- (iii) stewardship of public money; and
- (iv) public engagement and outcomes for our citizens and service users.

2.3 Conversely, weak, or poor governance is likely to have a detrimental impact and the Council's ability to deliver best value.

The Council has a Local Code of Corporate Governance, in line with the latest principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework 'Delivering Good Governance in Local Government.' These principles have been adopted in this statement and details of how they operate in the Council are set out below –



- 2.4 The Council would advise that job titles and responsibilities referenced within this statement have, since the time period this statement covers, been subject to review and update. For purposes of clarity, the following table sets out titles used within the statement and the current designated post for purpose of this responsibility

2022/23 job title	Current job title
Director of Finance and Resources	Executive Director of Finance and Transformation
Director of Law and Governance	Monitoring Officer - Assistant Director, Legal and Assurance

3. Governance and Control Frameworks

- 3.1 The Council's governance framework comprises:

- (i) a suite of governance and strategic policies and documents;
- (ii) its systems and processes of governance; and
- (iii) the Council's culture and people that direct and control the authority and its activities and through which it engages with and accounts to Sandwell's communities.

- 3.2 The Council's governance framework enables it to:

- (i) monitor and measure the achievement of its strategic objectives;
- (ii) deliver and measure assurance of best value;
- (iii) act ethically and openly; and
- (iv) manage risk to a reasonable level recognising that no governance framework can eliminate all risk or give an absolute assurance of effectiveness.

Extent of control and influence

- 3.3 This statement reflects the governance framework in place across the wider Group (the Council and companies within the substantive control of the Council) including:

- (i) **Sandwell Children's Trust Limited (SCT)** – this is a trading subsidiary company wholly owned by the Council and was set up on 1 April 2018, following a government Statutory Direction under Section 479A of the

Education act 1996) to deliver children's social care services. The Council is the primary funder to the Company, with a Council director and elected member represented on the Trust's Board of Directors. There is a Service Delivery Contract (including a Service Support Agreement) between the Council and the Trust which sets out the contractual and governance arrangements between the parties.

- 3.4 In addition to the above, there is also a range of key services that are delivered through partnerships on behalf of the Council including with Serco, Sandwell Leisure Trust and Riverside Housing. Contracts are in place and monitored for these arrangements.

Purpose

- 3.5 The Governance Framework outlines the Council's culture and values and comprises the systems and processes by which the Council is directed and controlled and details those activities through which it accounts to, engages with and leads the community.
- 3.6 It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and ultimately the desired outcomes.
- 3.7 Risk management and internal control are a significant part of the Council's corporate Governance Framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of risk management and internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 3.8 The Governance Framework has been in place at the Council for the year ended 31 March 2023 and up to the date of the approval of the delayed Statement of Accounts.

Policy Framework

- 3.9 The **Council's Vision 2030** outlines ten Ambitions for the long-term future of the Borough of Sandwell –
1. Sandwell is a community where our families have high aspirations and where we pride ourselves on equality of opportunity and on our adaptability and resilience.
 2. We have excellent and affordable public transport that connects us to all local centres and to jobs in Birmingham, Wolverhampton, the airport and the wider West Midlands.
 3. Sandwell is a place where we live healthy lives and live them for longer and where those of us who are vulnerable feel respected and cared for.

4. We now have many new homes to meet a full range of housing needs in attractive neighbourhoods and close to key transport routes.
5. Our workforce and young people are skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy.
6. Our distinctive towns and neighbourhoods are successful centres of community life, leisure and entertainment where people increasingly choose to bring up their families.
7. Our children benefit from the best start in life and a high-quality education throughout their school careers with outstanding support from their teachers and families.
8. Sandwell has become a location of choice for industries of the future where the local economy and high performing companies continue to grow.
9. Our communities are built on mutual respect and taking care of each other, supported by all the agencies that ensure we feel safe and protected in our homes and local neighbourhoods.
10. Sandwell now has a national reputation for getting things done, where all local partners are focused on what really matters in people's lives and communities.



- 3.10 The Council had developed a corporate plan '**The Sandwell Plan – Big Plans**' for a Great Place that set out what the Council would do to deliver Vision 2030 and the 10 Ambitions over the next five years and was based upon six strategic outcomes. The driving theme behind the Plan was One Team: One Council, to reflect a culture of the organisation through strong leadership in an honest, open and transparent environment.

In 2024 the Council produced a new "Council Plan 2024-2027". The plan centres around four strategic themes:

- Growing up in Sandwell
- Living in Sandwell
- Healthy in Sandwell
- Thriving Economy in Sandwell

All underpinned by One Council One Team

4. Decision-making

The Constitution

- 4.1 The Council has a Constitution which sets out its rules for decision making and the checks and balances in place to ensure decision making is lawful, subject to

scrutiny and is open and transparent, including but not limited to:

- (i) An **ethical framework** with Codes of Conduct for both Councillors and officers and obligations to register and declare private interests and gifts and hospitality;
- (ii) Clear delineation of the **separation of powers** between those exercised by the Leader and Cabinet and by Full Council and the powers delegated to committees by Full Council set out in their terms of reference;
- (iii) **Access to information rules** requiring decision making and other formal meetings of Councillors are held with advance notice in public and public access to all relevant documentation, unless the Council can demonstrate it is in the public interest to withhold the information;
- (iv) **Financial Procedure Rules** to govern how public money delivers best value;
- (v) **Contract Standing Orders** to govern how the Council procures goods, services and works from external contractors; and
- (vi) A protocol on how Councillors and officers should work together (the **"Member-Officer Protocol"**):

4.2 The Full Council and the Leader and Cabinet have also agreed a **Scheme of Delegation** of executive and non-executive powers to officers. Corporate Directors are required to agree a scheme of delegation for the exercise of powers to officers within their directorates. The Leadership Team (see below) has agreed standard delegations to officers at tiers 3 and 4 of the officer structure.

4.3 In addition to the Constitution, the Council must comply with the general law as it governs local authorities and as interpreted by the courts. The constitutional rules are supplemented on an operational level by the Council's clear framework for forward planning of decisions and workflows to ensure high quality evidence-based decision-making. The Constitution can be found on www.sandwell.gov.uk and includes the scheme of delegation

The Leader and Cabinet

4.4 The Council has adopted the strong 'leader and cabinet' form of executive arrangement under the Local Government and Public Involvement in Health Act 2007 with a Cabinet of up to ten Councillors, meeting in public to make executive decisions on matters of strategy and borough-wide significance.

4.5 Each Cabinet Member also has a portfolio of responsibility for the delivery of services, which are aligned to each of the 10 Vision Ambitions, for which they are accountable.

4.6 The Leader has agreed a scheme of delegation of executive powers under which:

- (i) The Leader and Cabinet make significant decisions collectively, save in cases of urgency.
 - (ii) The Leader and Cabinet make all key decisions with a value over £500,000 or where there is a significant effect on two or more wards.
 - (iii) A Scheme of Delegation of all other “non-key” decisions are delegated to officers with powers dependent on their seniority and areas of responsibility.
- 4.7 The Constitution and the statutory framework governing local authorities reserve specific decision-making powers to the Full Council of all the Councillors. Most importantly, this includes the power to set the annual budget and Council tax and agree major policies. The Leader and Cabinet must make decisions within the budget and policy framework set by the Full Council.
- 4.8 Full Council appoints committees to makes decisions in specific areas, such as planning, licensing and audit. Each committee has terms of reference setting out their delegated powers. Full Council and committees also delegate powers to officers. Full Council agrees its Scheme of Delegation of Powers to officers at every annual Council meeting in May.
- 4.9 The Audit and Risk Assurance Committee is critical to the oversight of good governance as its remit includes receiving assurance on the Council’s financial management, internal control and anti-fraud measures, including the approval of the Council’s statement of accounts which includes this Statement.

Overview and Scrutiny

- 4.10 Full Council must appoint one or more member bodies to discharge statutory overview and scrutiny functions. The Council has 5 Scrutiny Management Boards –
- (i) Budget and Corporate Scrutiny Management Board
 - (ii) Children's Services and Education Scrutiny Board
 - (iii) Economy, Skills, Transport and Environment Scrutiny Board
 - (iv) Health and Adult Social Care Scrutiny Board
 - (v) Safer Neighbourhoods and Active Communities Scrutiny Board
- 4.11 Each Scrutiny Management Board agrees an annual work plan focusing on strategic priorities and adopts a “critical friend” approach towards the Leader and Cabinet. The most effective scrutiny occurs pre-decision and the Council’s Overview and Scrutiny committees now each have a pro-active work programme. However, if a Scrutiny Management Board wishes to review a Cabinet decision after it has been made, it can exercise its power of call in.
- 4.12 Each Scrutiny Board may make recommendations to the Leader and Cabinet on the decision, who are required to reconsider their decisions taking account of any scrutiny recommendations.

All Councillors

4.13 The Council's practices are underpinned by three overarching principles:

- (i) **Respect for others.** Councillors should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their sex, sexual orientation, gender reassignment, race, religion and belief, disability, age, marriage and civil partnership. They should respect the impartiality and integrity of the Council's statutory officers and its other employees.
- (ii) **Duty to uphold the law.** Councillors should uphold the law and, on all occasions, act in accordance with the trust that the public has entrusted in them.
- (iii) **Stewardship.** Councillors should do whatever they are able to do to ensure that the Council uses its resources prudently and in accordance with the law.

Conduct and behaviour of Councillors

- 4.14 The Council has a clear ethical framework based on the Standards of Conduct in Public Life (the Nolan Principles). The Monitoring Officer is the Council's lead officer for maintaining high standards of conduct in the authority reporting to the Ethical Standards and Member Development Committee. The Committee has an independent (non-voting chair) and a further independent person appointed under the Localism Act 2011 to provide advice to the Monitoring Officer, the Committee and individual Councillors subject to complaints.
- 4.15 There is a Code of Conduct for Councillors, including obligations to register and declare specific private interests at meetings (and not participate where required) and to declare gifts and hospitality from third parties. Councillors are required to receive training on the Code of Conduct and ethical standards.
- 4.16 The Council has a complaints procedure for the consideration of complaints that a Councillor has breached the Code of Conduct. The Monitoring Officer is responsible for handling complaints and may require a complaint to be investigated. The Monitoring Officer may refer an investigation to a hearing by the Ethical Standards and Member Development Committee to determine whether a Councillor has breached the Code of Conduct and, if so, the sanction.
- 4.17 A Code of Conduct for employees and disciplinary policy is in place with an obligation to declare and register private interests and gifts and hospitality from third parties.
- 4.18 The Council's Ethical Standards and Member Development Committee has an annual work plan and receives a regular report on the Ethical Framework providing details of the declarations and conduct in the reporting period to identify issues and patterns for the Monitoring Officer and Full Council to consider.

- 4.19 The Council is committed to creating and maintaining an anti-fraud culture and high ethical standards in the administration of public funds. Commercial relationships between the Council and third-party organisations or individuals are subject to a robust due diligence process.

Officers

- 4.20 The Council's officers are employed to advise Councillors on matters of policy and strategy and to implement decisions at operational level using delegated powers (agreed under the Scheme of Delegation). Officers manage the Council's staff and all other aspects of day-to-day operations. The Council's management structure can be found in the Constitution.
- 4.21 The Council's Member Officer Protocol provides practical guidance on how Councillors and officers work together positively, respecting their different roles in delivering the Council's priorities. The Protocol provides guidance on the boundaries between the roles and responsibilities of Councillors and officers and can be found the councils website.
- 4.22 The Council has appointed officers to discharge powers that must be assigned to an individual officer, collectively known as statutory officers. There are three principal statutory officers for governance purposes (known as the "golden triangle"):
- (i) **Head of Paid Service** is the Chief Executive, who is responsible for all Council staff to deliver the Council's services and functions;
 - (ii) **Section 151 Officer** is the Director of Finance and Resources, who is responsible for ensuring the proper administration of the Council's financial affairs and ensuring value for money; and
 - (iii) **Monitoring Officer** is the Director of Law and Governance, who is responsible for ensuring legality and promoting high standards of public conduct.
- 4.23 Both the s.151 officer and monitoring officer have a statutory duty to suspend a Council decision being made if they consider it is likely to result in unlawful expenditure in the case of the s.151 officer or an unlawful decision in the case of the monitoring officer. The s.151 officer must also ensure the Council sets a balanced budget each year and reports on the robustness of the Council's finances as part of the annual budget.
- 4.24 Other key statutory officers include:
- (i) **Director of Children's Services**, who is responsible for the safeguarding of all children and young people;
 - (ii) **Director of Adult Social Services**, who is responsible for safeguarding of vulnerable adults and meeting the needs of all adults with social care needs; and

- (iii) **Director of Public Health**, who has overall responsibility for the Council's duties to assess, protect and improve the health and wellbeing of the people in its area.

- 4.25 The Strategic Leadership Team (SLT) is the Council's senior officer group led by the Chief Executive and comprises the Council's Directors and other key officer invitees as required.
- 4.26 SLT has overall responsibility and accountability for the vision and culture of the organisation, the implementation and development of political strategies and priorities, the organisation and management of staff and delivery against the Council's priorities. Whilst SLT as a body has no formal delegated decision-making powers, its members agree to exercise their delegated powers in a consistent way across the Council and the rationale for doing so.
- 4.27 SLT provides a leading role in setting the culture of the authority and modelling standards of behaviour and performance, including ensuring it seeks and listens to feedback from staff and their representatives (trade unions).
- 4.28 Directors are personally accountable for the performance of services, compliance with Council policies and practices and systems of internal control within their directorate. The s.151 officer requires Directors to provide an annual letter providing assurance about their services and budget delivery and raise any concerns. These letters are reviewed by the s.151 officer and Finance for any concerns and issues and will be used in future performance management processes and will also provide supporting evidence when the Council undertakes a further self-assessment against the CIPFA Financial Management Code to demonstrate the Council has an effective framework of financial accountability. Each Directorate has a management structure to cascade information, guidance and decisions from SLT through the organisation and to allow for feedback back into SLT.
- 4.29 The Council has a framework for the training and development of members and officers at all levels to ensure it has the capacity to meet the demands of delivering the Sandwell Plan 2024-2027.
- 4.30 SLT and the Leader and Cabinet work collaboratively to deliver the Council's priorities and progress the development of policy through forward planning and cabinet reports. There are weekly joint briefing meetings and individual directors work with their respective Cabinet lead members, including consultation on the exercise of delegated powers and the development of future Cabinet reports within the portfolio. Outcomes from these meetings are fed into SLT and Cabinet and joint meetings to ensure cross-cutting issues are identified and addressed.

5. Putting the principles into practice in Sandwell

- 5.1 Sandwell Council is confident that its governance arrangements are robust. Following central government intervention and the appointment of independent Commissioners the Council has reviewed, with the assistance of external specialist organisations, its corporate arrangements and has implemented a schedule of changes. The Council recognises, however, that improvement and progress will need to continue and evolve in order that we continue to respond to extensive change and to meet rising government and customer expectations about the quality and responsiveness of services.
- 5.2 During 2022/23 the Council had an Improvement Plan in place that was monitored monthly by Leadership Team and quarterly by Cabinet, Audit and Scrutiny. The Council reported its progress to Central Government every six months. Significant progress has been made to deliver the actions within the Improvement Plan and the Council's progress has been recognised by the Commissioners and by our external reviewers (Grant Thornton, CIPFA and the Local Government Association (LGA)) who conducted follow up reviews in late 2022.
- 5.3 At the Cabinet meeting in March 2024, it was reported that following the latest Grant Thornton review in October 2023, the External Auditors were satisfied that the council had made appropriate progress against the three statutory recommendations, and these had been lifted. Also, at the same Cabinet meeting it was noted that following the latest report to the Secretary of State in December 2023, government ministers concluded that the Statutory Directions would be lifted, and the council has now come out of intervention as a result of the improvements that had been made.
- 5.4 The Council acknowledges the amount of work ahead to continue the Council's improvement. Key areas of focus are organisational culture, customer journey, transformation and delivering the Medium-Term Financial Strategy.
- 5.5 As indicated above, the Council's governance framework is consistent with the seven core principles of the CIPFA / SOLACE framework –

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Ensuring openness and comprehensive stakeholder engagement

Defining outcomes in terms of sustainable economic, social and environmental benefits

Determining the interventions necessary to optimise the achievement of the intended outcomes

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Managing risks and performance through robust internal control and strong public financial mismanagement

Implementing good practices in transparency, reporting and audit to deliver effective accountability

5.6 Key elements of Council systems and processes form part of the Group's Governance Framework and the table below sets out the evidence relied upon that provides assurance that the CIPFA/ SOLACE framework has been complied with –

Core Principles of the CIPFA/ SOLACE Framework	Governance Framework Providing Assurance	Assurances Received and Review of Effectiveness	Issues Identified for action
<ul style="list-style-type: none"> Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. Ensuring openness and comprehensive stakeholder engagement. Defining outcomes in terms of sustainable economic, social and environmental benefits. Determining the interventions necessary to optimise the achievement of the intended outcomes. Developing the entity's capacity, including the capability of its leadership and the individuals within it. Managing risks and performance through robust internal control and strong public financial management. Implementing good practices in transparency, reporting and audit to deliver effective accountability. 	<ul style="list-style-type: none"> The Constitution (including the Head of Paid Service, Monitoring Officer and Chief Financial Officer) Director of Public Health Corporate Plan Medium term financial plan Strategic risk register Scrutiny Function Codes of conduct Schemes of delegation Ethical Standards and Member Development Committee Audit and Risk Assurance Committee Internal and external audit Independent external reviews (Ofsted, ICO) Code of Corporate Governance Whistleblowing and Anti-Fraud and Corruption Strategy Information Governance Board Procurement and Contract Procedure Rules and Financial Regulations Modern.gov - Committee management information system Children's Trust Strategic Partnership, Operational Partnership and Improvement Board Customer Complaints and compliments system (My Sandwell portal) Schools Forum Health and Safety 	<ul style="list-style-type: none"> Grant Thornton – Value for Money Governance Review CIPFA's Financial Management Review LGA Corporate Peer Challenge Annual Statement of Accounts (delayed) External Audit – Audit Findings Report (delayed as a result of the above) Annual Internal Audit Report Audit and Risk Assurance Committee Annual Report Member and Executive Development Programmes Ofsted Annual Report of HMCI of Education, Children's Services and Skills Annual Local Government Ombudsman report Annual Fraud Report Sandwell Safeguarding Adult's Board and Children's Board Annual Reports Annual Scrutiny Report Investors in People Ofsted monitoring visits Sandwell Children's Trust Ltd Statement of Internal Control Staff surveys 	<p>As detailed later in this Statement, following a range of external reviews from 2021/22, primarily the Grant Thornton Governance Review, LGA Corporate Peer Challenge the CIPFA Financial Management Review and the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities, a number of statutory, key, improvement and other recommendations were made. These formed the basis of the Council's Improvement Plan which incorporated these recommendations. These were the key drivers for improving the Council's governance arrangements during 2022/23.</p>

Core Principles of the CIPFA/ SOLACE Framework	Governance Framework Providing Assurance	Assurances Received and Review of Effectiveness	Issues Identified for action
		<ul style="list-style-type: none"> Self-Assessment - Financial Management Code 	

5.7 As detailed later in this Statement, following a range of external reviews, primarily the Grant Thornton Governance Review, LGA Corporate Peer Challenge the CIPFA Financial Management Review and the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities, a number of statutory, key, improvement and other recommendations were made. These formed the basis of the Council's Improvement Plan which incorporated all these recommendations. This was the key driver for improving the Council's governance arrangements going forward.

5.8 In reviewing the Council's priorities and its implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

6. Key changes and challenges

6.1 The key changes to the Governance framework during 2022/23, or after the year end but prior to this statement being finalised include:

- Following national government intervention in March 2022, an interim Chief Executive was appointed as the Managing Director/Commissioner and was responsible for the oversight of the Council's Corporate Improvement Plan. A new Chief Executive was appointed by the Council in November 2022 and commenced with the Council in February 2023.
- A new senior management structure was approved by Full Council in October 2023. As of August 2024, recruitment to the new Executive Director posts is nearing completion.
- Following the Value for Money Governance Review conducted by Grant Thornton, Council approved an Improvement Plan in January 2022 which responded to the 37 recommendations of that report. This included three Statutory Recommendations. This Improvement Plan was revised and expanded in June 2022 to incorporate the recommendations from the LGA Corporate Peer Challenge (February 2022), the CIPFA Financial Management Review (February 2022) and Statutory Directions received from the Secretary of State for Levelling Up, Housing and Communities. A comprehensive assurance framework has been established to ensure not only progress in achieving the activity required, but that the necessary improvements had been embedded and were sustainable. This included regular monitoring, capturing evidence of impact, reporting to Audit and Risk Assurance Committee and Budget and Corporate Scrutiny

Management Board and inviting external reviewers to undertake follow-up visits. Further detail on the Council's Improvement Plan and framework is set out below.

- At the Cabinet meeting in March 2024, it was reported that following the latest Grant Thornton review in October 2023, the External Auditors were satisfied that the council had made appropriate progress against the three statutory recommendations, and these had been lifted. Also, at the same Cabinet meeting it was noted that following the latest report to the Secretary of State in December 2023, government ministers concluded that the Statutory Directions would be lifted, and the council has now come out of intervention as a result of the improvements that had been made.
- The Council has completed a review of its Scrutiny arrangements. A change programme arising from the review has been implemented and progress is being embedded and monitored.
- A holistic review of governance arrangements commenced in March 2022, following the review of corporate decision making by the Council's external auditor and the Local Government Association.
- A Towns Deal Superboard was dissolved and three local boards were established to oversee the delivery of the Towns Fund Programme and the projects within the town deal areas, respectively.
- An Equalities Commission was set up to provide further understanding and assurance on equalities across the Council. A dedicated Equality, Diversity and Inclusion service was established in 2022 to support delivery of the Commissions ambitions. The EDI (Equality, Diversity and Inclusion) Strategic Roadmap and Action Plan was introduced in 2022.
- Implementation of a Corporate Performance Management Framework from April 2022, covering Council performance against a suite of measures and progress in delivering outcomes in the Corporate Plan. Regular reporting to senior officers, Cabinet and Scrutiny Committees has seen an increased level of corporate oversight of key issues and action taken as a result, such as the Customer Journey Programme.
- Establishment of a Cyber Board to ensure that the Council has an awareness of, identifies, monitors and manages any cyber related risks.
- Development and approval of a Climate Change Strategy 2020-2041 for Sandwell.
- Statutory Officers Group was established to provide a forum for the Chief Executive and Head of Paid Service, Director of Law and Governance and Monitoring Officer and Section 151 Officer to discuss issues and matters arising in relation to their respective statutory roles, functions, duties, powers and responsibilities. The group continues to meet with political group leaders and secretaries with a focus on the Council's governance infrastructure.
- The launch of 'My Councillor' portal – a platform to efficiently progress Councillor casework across the Council commenced in March 2021. This continues to provide members with an electronic casework system and is scheduled to be reviewed as part of the Council's commitment to improving relationships with its customers.
- The Council's Contract Procedure Rules and Financial Regulations were reviewed and revised following feedback from an independent CIPFA

review. Changes were approved by Council in September and November 2022.

- Self-assessment against the CIPFA Financial Management Code.

7. 2022/23 Review of Effectiveness

- 7.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control.
- 7.2 The review of effectiveness is informed by the work of Councillors and senior officers within the Council who have responsibility for the development and maintenance of the governance framework, Internal Audit's annual report, the Audit and Risk Assurance Committee, the Ethical Standards and Member Development Committee, the Governance and Constitution Review Committee, the Scrutiny function and reports made by the Council's external auditors and other review agencies and inspectorates (all of which are publicly available through the Council's website).
- 7.3 During the previous year (2021/22) the Council had several external reviews primarily the Grant Thornton Governance Review, LGA Corporate Peer Challenge, the CIPFA Financial Management Review and the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities. Where appropriate, the continuing progress made following these reviews has also informed the annual review of effectiveness for 2022/23.
- 7.4 A key component of the review of effectiveness is through the work of the Council's Audit and Risk Assurance Committee and during the year the Committee continued helping to ensure that the Council had a modern, effective and risk focussed Committee. The Committee maintained its focus on the Council's risk management arrangements, gaining an increased assurance that the Council was managing its strategic risks effectively and maintained a strong working relationship, through regular meetings with the Council's External Auditors Grant Thornton, the Internal Auditors and Senior Officers.
- 7.5 Several recommendations regarding the way the Committee operates were made in the Grant Thornton Value for Money Governance review and these were incorporated into the Council's Improvement Plan and continue to be monitored. In their report following their return visit in October 2022, Grant Thornton noted that in relation to the Audit and Risk Assurance Committee they "found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks". All recommendations from Grant Thornton's initial Governance Review and their follow up visit have now either been embedded within business as usual or have been addressed.

Commissioners' Progress Reports

- 7.6 Commissioners' monitored the Council's progress in delivering the Improvement Plan. Regular meetings took place between Commissioners, the Chief Executive, Leadership Team and statutory officers. Commissioners also met with the Leader, Cabinet Members as required.
- 7.7 The Commissioners report to the Secretary of State on the Council's progress every six months. Reports have been published in December 2022, March 2023 and July 2023. Their fourth report was submitted to the Secretary of State in December 2023.
- 7.8 The first Commissioners' report to the Secretary of State observed the need for very tangible changes to be made in the Council in the immediate term reflecting the then early stages of the intervention with a recognition that "there are many challenges ahead". It was acknowledged that the Council had adopted a single improvement plan which encompassed actions in relation to all the recommendations in best value, governance and financial reviews. In turn, Commissioners had developed twelve "proxies for success" intended to use to evaluate progress during this intervention period.
- 7.9 Commissioners pointed to several early indicators of welcome progress including the arrival of new officers, the willingness of Sandwell's Cabinet and Councillors to start to respond to the recommendations from the reviews and very early signs of culture change.
- 7.10 The Commissioners second report to the Secretary of State provided commentary on improvements they have seen at the Council since June 2022 and made further comment on follow up reviews conducted by Grant Thornton, CIPFA and the Local Government Association. The Commissioners also confirmed the Council's appointment of a permanent Chief Executive. The Commissioners submitted an addendum to the report to account for the CIPFA review being finalised after the report was submitted.
- 7.11 In their July 2023 report, Commissioners concluded that there was cautious optimism for the improvement journey of the Council. Commissioners found the Council's leadership at political and officer level, had shown grip and determination to improve at pace and that if the level of focus, energy and commitment observed was maintained, then the required progress would be made. Commissioners in turn signalled their beginning to step back from the Council and have challenged Sandwell to demonstrate its ability to take forward its improvement independently.
- 7.12 Following the Commissioners' fourth report in December 2023, government ministers concluded that the Statutory Directions would be lifted, and the Council has now come out of intervention because of the improvements that had been made.

Internal Audit

- 7.13 Internal Audit reviewed itself against the governance arrangements set out in the CIPFA Statement on the Role of the Head of Internal Audit and the Council can confirm that the arrangements conform to these requirements and general compliance with the Public Sector Internal Audit Standards.
- 7.14 The Internal Audit Opinion for 2022/23 given in their annual report, was that Internal Audit were able to provide reasonable assurance that the Council had adequate and effective governance, risk management and internal control processes.
- 7.15 They also noted that they had issued four limited assurance reports during the year. Similarly, there had continued to be delays in the finalising and signing-off of the Council's Statement of Accounts including (at the time) for both 2020/21 and 2021/22. This had a subsequent effect in delaying the receipt of the Annual External Auditor's Reports, which can be used to help inform the annual internal audit opinion and in the ability to produce the Annual Governance Statement in a timely manner.
- 7.16 During the 2022/23 year Internal Audit completed 27 pieces of work where a level of assurance was given, these were split as follows.

Level of Assurance	Number of Reviews
Substantial	7
Reasonable	16
Limited	4
None	-

External Audit

- 7.17 As referred to elsewhere in this Statement, following delays in the completion and sign-off of the 2020/21 Statement of Accounts, in August 2024, the Council's External Auditors Grant Thornton finalised their audit of the Statement of Accounts for 2021/22.

CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

- 7.18 The Council is required to confirm whether its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government. The Statement sets out five principles which define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them.

- 7.19 The Director of Finance left the Council in September 2023 and an interim s.151 Officer was appointed in September 2023. The interim s.151 Officer left the Council in May 2024, and a new Executive Director of Finance and Transformation took up their role under the new senior management structure. A review of the role of the Council's s.151 Officer against the CIPFA Statement on the Role of the Chief Finance Officer will be undertaken.
- 7.20 The Chief Finance Officer has been involved in preparing this statement and is satisfied that no matters of significance have been omitted from it.

Managing the risk of Fraud and Corruption

- 7.21 The Council has embedded effective standards for countering fraud and corruption through the adoption of and adherence to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Code is based on five principles and having considered these, the Council is satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Sandwell Children's Trust Limited

- 7.22 The Sandwell Children's Trust became fully operationally on 1 April 2018. The Trust while owned by the Council has day-to-day operational independence with regards to its management and the delivery of children's social care services and is managed by a board of non-executive and executive directors. The Trust's accounts are audited separately by external auditors and for 2022/23 an unqualified opinion was provided.
- 7.23 The Trust's Internal Auditors provided reasonable assurance that the Trust had adequate and effective governance, risk management and internal control processes.
- 7.24 The statutory duty to provide children's social care services, however, remains with the Council. As such, comprehensive governance arrangements including Operational and Strategic Partnership Boards and a Service Delivery Contract and are in place to enable the Council to monitor progress of the Trust, consider performance and operational issues on a regular basis and hold the Trust Board to account.
- 7.25 Following their inspection of Children's Services in May 2022 Ofsted concluded that services 'require improvement to be good'. This represented significant progress as Children's Services had been rated inadequate by Ofsted for more than a decade. They praised improved governance and effective relationships between the council and Trust, noting that the new Chief Executive at the Trust had worked effectively with senior leaders to set a clear strategic pathway which had already changed the culture and begun to improve services for vulnerable children and families. However, their report did highlight areas for further improvement, particularly around supporting children out of neglectful situations quicker, and planning the transition into care more effectively.

7.26 In July 2023 Ofsted and the Care Quality Commission undertook an Area SEND inspection of the Sandwell Local Area Partnership. The inspection outcome was that the local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND). They highlighted that the local area partnership must work jointly to make improvements and made a number of recommendations.

The Financial Management Code

7.27 The Council undertook a self-assessment exercise against the new Financial Management Code. The Code includes the following core principles by which authorities should be guided in managing their finances:

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- Accountability – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making.
- Adherence to professional standards is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit and inspection.
- The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

7.28 The self-assessment found the Council to be in compliance with the Code. However, there were a limited number of matters where areas for improvement were identified. As a result of this, an action plan was prepared and its implementation continued throughout the year.

Constitution Review

7.29 The ongoing review of the Council's constitution and decision-making processes has continued during 2022/23 and this work will continue during up to 2024. The review to date has introduced changes to Cabinet, Executive Member and Officer delegation, a refresh of the Financial Regulations and Procurement and Contract procedure Rules; a review of the Scrutiny function around pre decision making and policy development; update to the Council's decision-making arrangements including the forward plan and report templates and report writing.

7.30 All elements of the constitution will have been reviewed by 2024. The review is

being overseen by the Governance and Constitution Review Committee with the opportunity for all Councillors to be involved in the construct of any changes.

- 7.31 New Member and Executive Development Programmes have been delivered that have informed by the needs of Members and focus on their development, training and support requirements from both a corporate and personal Councillor perspective. A newly elected Councillor induction programme was introduced in 2021 and has been subject to annual review and refresh to best meet the needs of those new to the Councillor role.

8 Significant Governance Issues

- 8.1 Based on the outcome of several external reviews, as already referenced throughout this statement, culminating in the Council's Improvement Plan, this is a summary of the key areas where issues were identified, and action is being taken to make the necessary improvements.

Value for Money Governance review

- 8.2 In December 2021 Grant Thornton issued their Value for Money Governance review making a number of recommendations, which remained relevant throughout 2022/23:

Statutory Recommendations

- 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 Recommendations

- 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.

- 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.
- 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.
- Members in key statutory roles, particularly relating 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.
- The Council should develop and agree an action plan in relation to the statutory, key and improvement recommendations, ensuring that they are specific, measurable, attainable, realistic and time bound.

8.3 A range of Improvement Recommendations were also made across the following key lines of enquiry:

- The Children's Trust
- Sandwell Leisure Trust
- Providence Place
- Sandwell Educational Needs Transport
- Sandwell Land and Property Company
- MADE Festival
- Waste Service
- Governance and Legal Support re: DPH
- Lion Farm
- Introduction of new ERP system (Oracle)
- Chief Officers
- Senior Leadership
- Complaints
- Officers and Members relationships
- Ethical Standards and Member Development Committee
- Audit and Risk Assurance Committee
- Financial Reporting

8.4 CIPFA were also 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.

8.5 The report from CIPFA received in January 2022 set out that the Council was financially stable and in recent years had been able to contribute towards

reserves through achieving a balanced budget or an underspend, but that the authority had previously lacked ambition and innovation and had a very traditional approach to financial management. The scoring process generated an overall star rating between one and five, five being the highest. The Council achieved an overall rating of two stars and considered to be a progressive two-star authority with an encouraging direction of travel. In total CIPFA made 14 recommendations.

- 8.6 Following the various external reviews an Improvement Plan was agreed by Council in June 2022. The Improvement Plan incorporated all of the 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. Risk management was also embedded within the Council's programme management of the Improvement Plan and a risk register has been developed which underpins the Council's strategic risk relating to the Improvement Plan.
- 8.7 The implementation of the recommendations in the Improvement Plan has been recognised as the key driver in enabling the Council to improve its governance processes going forward.
- 8.8 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 findings from the follow-up visits from Grant Thornton, the LGA and the CIPFA FM Model Re-assessment Report were received in December 2022/February 2023. They indicated that good progress was being made, with CIPFA identifying that Sandwell had moved to a 3-star rating since their initial review less than a year before. Progress has been reported through the appropriate routes.
- 8.9 The Improvement Plan was regularly refreshed through a documented Change Control process. This enabled the Plan to be a living document and incorporate key areas for improvement, such as those arising from the external reviews follow up visits. It also enabled actions to be closed when completed, or transition from implementation to monitoring/assurance activity. These changes were implemented on a quarterly basis and reported to Cabinet.

Future Assurance

As part of the governance and assurance arrangements the Council has developed a new Council Plan 2024-2027 to incorporate the ongoing activity from the Improvement Plan so that the Council could move towards a single plan covering all key strategic priorities.

- 8.10 Following the end of government intervention in March 2024, the Improvement Plan programme has ended as a separate governance process.

- 8.11 Sustained improvement activity has been embedded into existing arrangements. Where actions on the Improvement Plan remain 'open' at the close of the programme, these have been mapped to existing plans and governance arrangements (for example - local, business, and corporate plans) and recorded in an Assurance Plan. This Assurance Plan will be built into the quarterly corporate performance management reporting arrangements for 2024/25 to ensure continued oversight of key workstreams whilst ensuring that the council continues its improvement journey.

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year except for those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.



Shokat Lal
Chief Executive

Date:



Councillor Kerrie Carmichael
Leader of the Council

Date: