

Annual Governance Statement 2021/22



Date

Foreword

We are pleased to present Sandwell Metropolitan Borough Council's Annual Governance Statement for 2021/22.

We have now entered the second year of government intervention, and are working constructively with our Commissioners, against the targets for improvement we have established together.

But we also recognise we still have a long way to go on this journey.

While the Council is now working within a much stronger governance system, it will take time and hard work to become fully established. We still have significant gaps in capacity and capability to fill, and risks to be managed.

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 welcome 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**

**Shokat Lal
Chief Executive**

Date:

Date:

1. Introduction

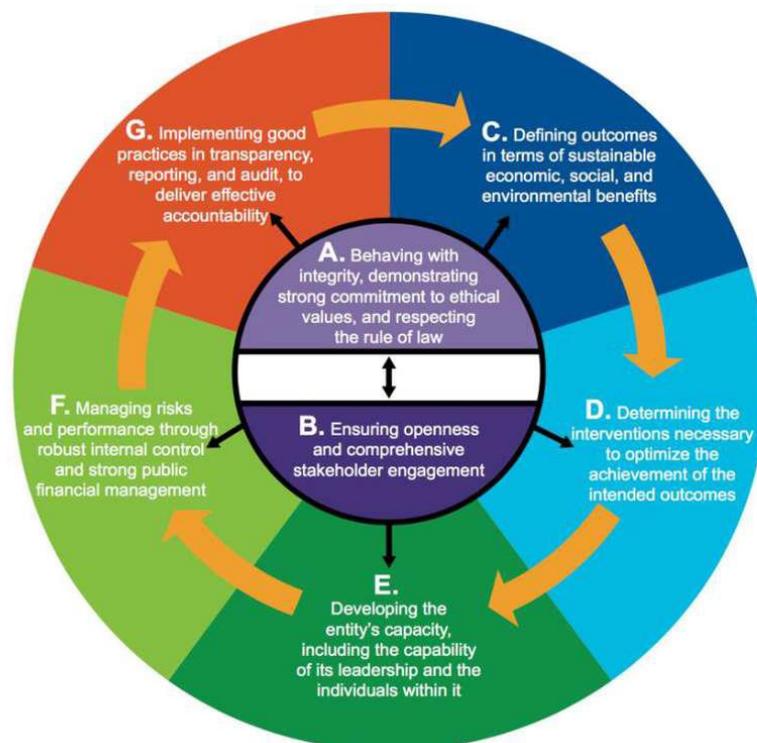
- 1.1 This Annual Governance Statement (the “Statement”) is a public facing assessment of the effectiveness of Sandwell Metropolitan Borough Council (the Council’s) governance framework during 2021-22. The Statement contains three main elements:
- (i) An explanation of the Council’s governance framework 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.
- 2.4 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 –



2.5 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.

2021/22 job title	Current job title
Director of Finance and Resources	Interim Director of Finance (note – the responsibilities will transfer to the new post of Executive Director of Finance and Transformation from May/June 2024).
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.

- (ii) **Sandwell Land and Property Limited (SLP)** – this is wholly owned by the Council, was set up in January 2011 as a holding company for school assets. The company has now been dissolved as the protection originally believed to be afforded by the transfer of school assets to the Company can now be achieved in a more effective way.

- 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 2022 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 has developed a corporate plan '**The Sandwell Plan – Big Plans**' for a Great Place that sets out what the Council will do to deliver Vision 2030 and the 10 Ambitions over the next five years and is based upon six strategic outcomes. The driving theme behind the Plan is One Team: One Council, to reflect a culture of the organisation through strong leadership in an honest, open, and transparent environment.

3.11 The Plan was refreshed in September 2021 to ensure the strategic priorities reflected the impact of the COVID-19 pandemic on our communities and the services they need.

OUR STRATEGIC OUTCOMES



THE BEST START IN
LIFE FOR CHILDREN
AND YOUNG PEOPLE



PEOPLE
LIVE WELL
AND AGE
WELL



STRONG
RESILIENT
COMMUNITIES



QUALITY HOMES
IN THRIVING
NEIGHBOURHOODS



A STRONG AND
INCLUSIVE
ECONOMY



A CONNECTED
AND ACCESSIBLE
SANDWELL



ONE COUNCIL
ONE TEAM

Decision-making

The Constitution

3.12 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**");

3.13 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.

3.14 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 [here](#) and includes the [Scheme of Delegation](#).

The Leader and Cabinet

3.15 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.

- 3.16 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
- 3.17 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.
- 3.18 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.
- 3.19 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.
- 3.20 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

- 3.21 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
- 3.22 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.

- 3.23 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

- 3.24 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

- 3.25 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.
- 3.26 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.
- 3.27 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.

- 3.28 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.
- 3.29 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.
- 3.30 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

- 3.31 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 [here](#)
- 3.32 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 [here](#)
- 3.33 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.
- 3.34 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.

3.35 Other key statutory officers include:

- (i) **Director of Children 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.

3.36 Leadership Team (LT) 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.

3.37 LT 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 LT 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.

3.38 LT 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).

3.39 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 LT through the organisation and to allow for feedback back into LT.

3.40 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, Vision 2030 and operational services. The appraisal system cascades the "golden thread" between the priorities in the Sandwell Plan and Vision 2030 into individual officers' performance objectives and development needs.

3.41 LT 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 LT and Cabinet and joint meetings to ensure cross-cutting issues are identified and addressed.

4. Putting the principles into practice in Sandwell

- 4.1 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.
- 4.2 The Council has an Improvement Plan in place that is monitored monthly by Leadership Team and quarterly by Cabinet, Audit and Scrutiny. The Council reports 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.
- 4.3 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.
- 4.4 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

- 4.5 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
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> <p>B. Ensuring openness and comprehensive stakeholder engagement.</p> <p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p> <p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p> <p>F. Managing risks and performance through robust internal control and strong public financial management.</p> <p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p>	<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 • Self-Assessment - Financial Management Code 	<p>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 of these recommendations. This will be the key driver for improving the Council's governance arrangements going forward.</p>

4.6 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 is the key driver for improving the Council's governance arrangements going forward.

- 4.7 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.

5. Key changes and challenges

5.1 The key changes to the Governance framework during 2021/22, or after the year end but prior to this statement being finalised include:

- The Leader of the Council resigned in September 2021, and the Statutory Deputy Leader assumed the role in accordance with legislative provisions until November 2021, when a new Leader and a new cabinet were appointed.
- A senior management restructure was completed during the year which was designed to meet the needs of the organisation as outlined in the Corporate Plan – “Big Plans for a Great Place.” Following the departure of the Chief Executive in July 2021, an interim Chief Executive was appointed in August 2021. Following national government intervention in March 2022, the 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 authority in February 2023.
- A new senior management structure was approved by Full Council in October 2023. As of December 2023, recruitment to the new Executive Director posts is underway.
- 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.
- Completion of the review and update of the Member Code of Conduct was completed in 2021. The review included arrangements for dealing with complaints, social media policy for Elected Members, and gifts and hospitality.
- 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 Commission's 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.
- Update of the emergency plan taking account of the experiences during Covid-19.
- Self-assessment against the CIPFA Financial Management Code.

Covid-19 Considerations (during 2021/22)

- 5.2 In 2020/21 and 2021/22 the Council, as with all other local authorities and Sandwell Children's Trust, continued to adapt the ways in which it worked to address Covid-19 in terms of its governance arrangements, safeguarding the borough's residents, supporting Sandwell businesses, and assisting with the roll out of Central Government Covid-19 related announcements, initiatives and policies. The Council's approach to governance during Covid-19 was clearly set out and shared with Councillors, the key aspects of which included:

- The Sandwell Covid-19 Local Outbreak Management Plan which outlined the locally led system for Sandwell to protect and promote health and wellbeing during the pandemic. This was further updated in April 2021 to include new challenges that had since been presented.
- Sandwell Strategic Incident Management Team (SIMT) which was responsible for the day-to-day Covid-19 response and linked into regional governance structures including the Strategic Coordinating Group and Public Health England.
- The deployment of the Council's Emergency Committee as the primary decision-making body during the initial lockdown period.
- Enhanced delegated decision-making arrangements that enabled the Council to respond to the outbreak within agreed decision-making parameters.
- Changes were also made to Financial Regulations during the emergency period, all of which later reverted to pre Covid-19 arrangements.

- 5.3 A Reset and Recovery Board was established in June 2020 with agreed Terms of Reference overseeing the emergency response (which included the establishment of a temporary food hub and welfare hub to support the most vulnerable) and the rest and recovery programme of activity. The Reset and Recovery programme involved new ways of working with officers working remotely and delivering services virtually where appropriate.
- 5.4 Some front-line services initially ceased or were delivered with reduced frequency. These were only restarted once a full risk assessment and reset request had been completed and signed off by the Council's health and safety team and Public Health team and approved by the Reset and Recovery Board. This process continued until 2022 when national restrictions and guidance relating to managing Covid-19 were relaxed.
- 5.5 Following the enactment of the provisions in the Coronavirus Act 2020 introduced in May 2020 on remote meetings, a full range of Council meetings took place using these powers and were streamed and made available on the Council's website.
- 5.6 Development of a Covid-19 risk register interfacing with the Council's strategic risk register ensured that the Council was aware of and took account of the key Covid-19 risks. The register was regularly presented to the Audit and Risk Assurance Committee during 2020/21 and at the request of the Committee was later merged into the Council's Strategic risk register.
- 5.7 The Corporate Plan was refreshed with learning and recovery from the impacts of Covid-19 being a key theme that runs through the plan.

6. 2021/22 Review of Effectiveness

- 6.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control.
- 6.2 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).
- 6.3 During 2021/22 the Council also 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, these have also informed the annual review of effectiveness.
- 6.4 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 and Covid-19 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.
- 6.5 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

- 6.6 Commissioners' monitor the Council's progress in delivering the Improvement Plan. Regular meetings take place between Commissioners, the Chief Executive, Leadership Team and statutory officers. Commissioners also meet with the Leader, Cabinet Members as required.
- 6.7 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 is due to be submitted to the Secretary of State in early January 2024.

- 6.8 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.
- 6.9 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.
- 6.10 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.
- 6.11 In their most recent report published in July 2023, 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.
- 6.12 The Commissioners' fourth report is being prepared currently and is due to be submitted to the Secretary of State in early January 2024.

Internal Audit

- 6.13 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.
- 6.14 The Internal Audit Opinion for 2021/22 given in their annual report, was that as a result of a number of the key governance issues raised during the year, predominantly those detailed in the Grant Thornton Value for Money review with its accompanying statutory and key recommendations, and the action taken by the Government in appointing commissioners to the Council, Internal

Audit were unable to provide reasonable assurance for 2021/22 that the Council had fully adequate and effective governance processes. However, from the work they completed they were able to provide reasonable assurance that both risk management and internal control processes remained adequate.

- 6.15 They also noted that they had issued several 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 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.
- 6.16 However, they also commented that during the year a number of activities and actions had been put in place as part of the Council's improvement journey, including an appointed Commissioner alongside a new Leadership Team, and a Single Improvement Plan pulling together the recommendations from a number of recent key independent and external reviews (including Grant Thornton's Value for Money Governance Review, CIPFA's Financial Management Review and the LGA's Corporate Peer Challenge). Following the improvement actions the Council subsequently put in place, in 2022/23 Internal Audit were able to give reasonable assurance that the Council had adequate and effective governance processes.

External Audit

- 6.17 As referred to elsewhere in this Statement, following delays in the completion and sign-off of the 2020/21 Statement of Accounts in August 2023, the Council's External Auditors Grant Thornton were also still auditing the Statement of Accounts for 2021/22 and once completed, this should also provide an independent audit opinion of the financial statements.
- 6.18 Also, during the 2021/22 year the External Auditors issued their comprehensive Value for Money Governance review with its statutory, key and improvement recommendations, all of which have helped inform and drive the Council's Improvement Plan. Further reference is made to these throughout this statement.

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

- 6.19 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.
- 6.20 A new Director of Finance joined the Council in August 2021. They subsequently left the Council in September 2023, and an interim s.151 Officer was appointed

in September 2023. 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.

- 6.21 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

- 6.22 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. During the 2021/22 year, a key area of focus on fraud risks was around pre and post payment assurance checks for the distribution of the various Covid-19 business support grants.

Sandwell Children's Trust Limited

- 6.23 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 2021/22 an unqualified opinion was provided.
- 6.24 The Trust's Internal Auditors provided reasonable assurance that the Trust had adequate and effective governance, risk management and internal control processes.
- 6.25 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.
- 6.26 The Contract between the Council and the Trust stipulates the Trust must ensure that children's social care services are assessed by Ofsted as 'Requires Improvement' by 2020 and 'Good' by 2022. Due to Covid-19, during 2020 the relief clause within the Contract was enacted by the Council in respect of this measure because of Ofsted confirming that regulatory inspections were being suspended and would not take place again until 2021. However, a remote focussed visit by Ofsted was undertaken on 3 and 4 March 2021 to look at how social care services were being delivered during the pandemic. This found that:

“Both Sandwell Borough Council and Sandwell Children’s Trust have risen to the challenge of the COVID-19 pandemic. They have been able to demonstrate continued and enhanced partnership working across the Borough. The trust has managed to ensure that many of the most vulnerable children have been visited in their own homes, and, in partnership with schools, it has continued to identify and support those most in need.”

6.27 However, it also found that weaknesses in some areas identified in previous inspections remained and required addressing.

The Financial Management Code

6.28 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.

6.29 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

6.30 The ongoing review of the Council’s constitution and decision-making processes has continued during 2021/22 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.

6.31 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.

6.32 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.

Previous Governance Issues from 2020/21

6.33 Governance issues which were originally identified back in 2020/21 and reported in the 2020/21 Annual Governance Statement are listed in summary below. Due to the passage of time since they were first identified, where such issues were still appropriate, they have been absorbed into the governance and wider key lines of enquiries included by Grant Thornton in their Value for Money Governance Review, and which form the basis of the Council's Improvement Plan.

- Children's Services
- Resilience of the Medium-Term Financial Plan
- Records Retention
- Technology Modernisation Programme
- Grants to Voluntary Sectors
- Inclusive Economy Deal
- Sandwell Land and Property Limited
- External Audit Recommendations
- Financial Management Code
- Equalities
- Legacy Issues Impacting on Governance
- Performance Management Framework

7. Significant Governance Issues

- 7.1 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

- 7.2 In December 2021 Grant Thornton issued their Value for Money Governance review making the following recommendations:

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, in particular in relation 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.

7.3 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

7.4 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.

7.5 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.

7.6 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.

- 7.7 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. In their letter to the Secretary of State in December 2022, the Commissioners stated that they were reassured by the continued commitment from members, leaders, and staff to deliver the improvement plan. They recognised that significant progress had been made as a result but cautioned that there remained a lot of work to be done.
- 7.8 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.
- 7.9 The Improvement Plan is regularly refreshed through a documented Change Control process. This enables 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 enables actions to be closed when completed, or transition from implementation to monitoring/assurance activity. These changes are implemented on a quarterly basis and reported to Cabinet.

8. Future Assurance

- 8.1 As part of the governance and assurance arrangements for the Improvement Plan, the Audit and Risk Assurance Committee, Budget, Corporate Scrutiny Management Board and Cabinet review will continue to monitor the progress of the Improvement Plan and utilise the plan for work programming purposes.
- 8.2 The Improvement Plan will continue to be in place until all actions have either been implemented, with assurance of effectiveness, or have been incorporated into business-as-usual approaches. As a first step towards this, the Council's Corporate Plan was refreshed in June 2023 to incorporate the ongoing activity from the Improvement Plan so that the Council can move towards a single plan covering all key strategic priorities.
- 8.3 As we look towards the Council coming out of intervention, our corporate approach to ongoing external assurance mechanisms is being designed/considered. This will incorporate bringing together findings external regulatory frameworks as well as seeking peer challenge and sector-led support on an appropriate basis.