

Annual Governance Statement 2024/25



Foreword

We are pleased to present Sandwell Metropolitan Borough Council's Annual Governance Statement for 2024/25.

While we have recently come out of government intervention, we remain committed to our continued improvement and transformation in all that we deliver.

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 review 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 the Council's 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
Sandwell Council Leader

Date:



Shokat Lal
Chief Executive

Date:

What is Governance?

Governance describes the systems by which the Council directs and controls its functions and how these relate to its communities and stakeholders. 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.

Good governance is vital in contributing to effective:

- ✓ Leadership and management
- ✓ Performance and risk management
- ✓ Stewardship of public money and
- ✓ Public engagement and outcomes for our citizens and service users.

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



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 2024–25. 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 it faces 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 The Statement is 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.

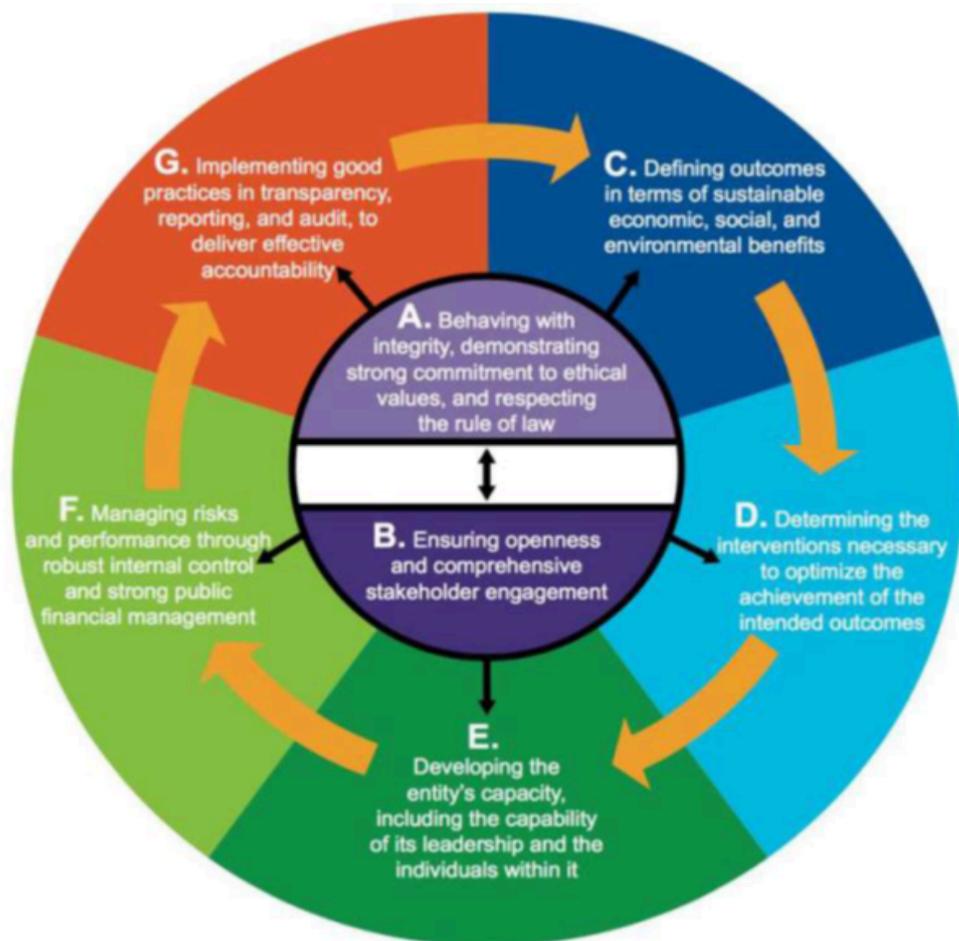
1.6 This Statement meets the Council’s duty to prepare and approve an annual governance statement under regulations 4 (3) and 6 (1) of the Accounts and Audit (England) Regulations 2015 and accompanies the Council’s Annual Statement of Accounts.



2. Governance

2.1 Governance describes the systems by which the Council directs and controls its functions and how these relate to its communities and stakeholders. 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 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 –



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 covering the Council together with the Sandwell Children's Trust (the Trust) due to the Council's ownership of the Trust.

3.4 The Children's Trust is a trading subsidiary company wholly owned by the Council which 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.



3.5 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.

3.6 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.

Governance Framework

3.7 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.

3.8 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. Risks and control measures are subject to review in a range of forums overseen by the Performance Board and reported to Strategic Leadership Team and Audit and Risk Assurance Committee.

3.9 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 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 delivery of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, their impact should they be realised and to manage them efficiently, effectively and economically.

3.10 The Governance Framework has been in place at the Council for the year ended 31 March 2025 and up to the date of the approval of the delayed Statement of Accounts.



Policy Framework

3.11 In 2024, the Council produced a new “Council Plan 2024–2027”. The plan centres around four strategic themes:



All underpinned by a One Council One Team foundational theme.



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 **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 Regulations**, which provide the framework for managing the authority's financial affairs.

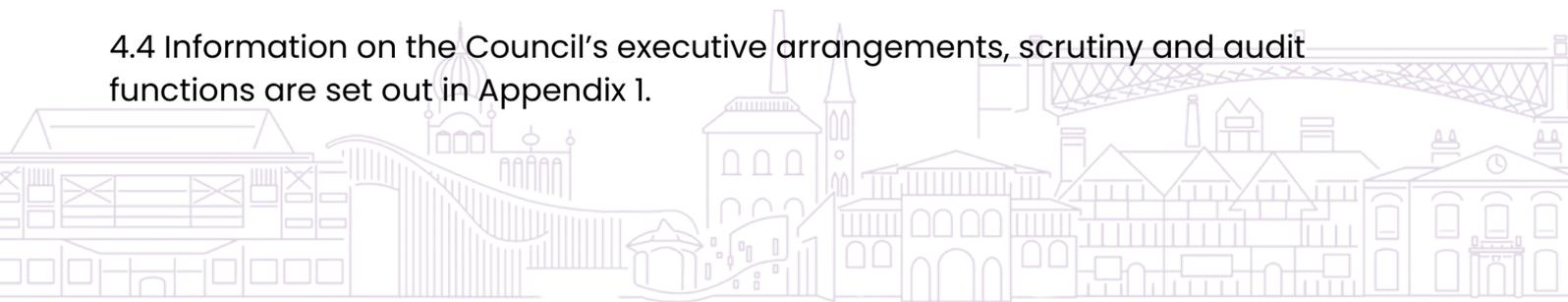
(v) **Contract Standing Orders** to govern how the Council procures goods, services and works from external contractors.

(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. Executive Directors are required to agree a scheme of delegation for the exercise of powers to officers within their directorates. The Strategic 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.

4.4 Information on the Council's executive arrangements, scrutiny and audit functions are set out in Appendix 1.



Councillors

4.5 The borough is made up of 24 wards each represented by 3 Councillors, giving a total of 72 Councillors. Councillor conduct and behaviour is required to comply with a **local code of conduct** and the **Nolan Principles** (See Appendix 2).

Councillor behaviours and 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 efficiently in compliance with its statutory obligations.

Officers

4.6 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 Executive Director of Finance and Transformation, 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 Assistant Director - Legal and Assurance, who is responsible for ensuring legality and promoting high standards of public conduct.

4.7 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 and adequacy of reserves as part of the annual budget.



4.8 Other key statutory officers include:

- (i) **Director of Children and Education Services**, who is responsible for the safeguarding of all children and young people;
- (ii) **Director of Adult Social Care**, 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.

Strategic Leadership Team

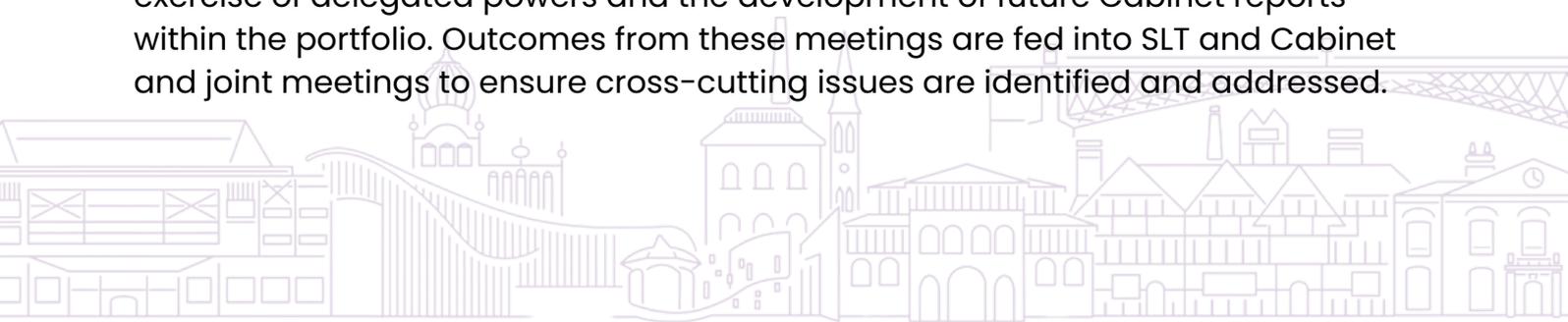
4.9 The Strategic Leadership Team (SLT) is the Council's senior officer group led by the Chief Executive and comprises the Council's Directors and other key officer invitees as required. SLT has overall responsibility and accountability for the vision and culture of the organisation, the implementation and development of political strategies and priorities, the organisation and management of staff and delivery against the Council's priorities. Whilst SLT collectively 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.

4.10 SLT plays the leading role in setting the culture of the Council and modelling standards of behaviour and performance, including ensuring it seeks and listens to feedback from staff and their representatives (Trade Unions).

4.11 All Executive Directors, Directors and Statutory Officers are accountable for service performance and compliance with Council policies and practices and internal control systems in their directorate. Each provides an annual letter and undertaking to the S.151 Officer on financial control. This is used for ongoing monitoring and to support future self-assess against the CIPFA Financial Management Code.

4.12 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.

4.13 SLT and the Leader and Cabinet work collaboratively to deliver the Council's priorities, progressing 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.

5.2 The Council recognises that improvement and progress will need to continue and evolve in order that we can respond effectively to extensive sector change, meet rising Government and customer expectations and ensure the quality and responsiveness of services.

5.3 Key elements of Council systems and processes from 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
<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 • Corporate Performance Management Framework and regular public reporting • 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"> • MHCLG continued to engage with the Council during 2024 in order to monitor continued progress and were satisfied of the Council's continued progress (following the Council coming out of intervention in March 2024). • Annual Statement of Accounts • External Audit – Audit Findings Report and Value for Money Assessment • 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 Counter 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

5.4 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 2024/25, or after the year end but prior to this statement being finalised include:

- An expanded and refreshed review of internal governance structures and frameworks to ensure robust and effective governance arrangements are in place. This work takes the form of a full review of the Constitution based on a move to a clearer, improved form and approach, combined with consolidation of internal structures. Taken collectively these actions are designed to ensure effective accountability across all aspects of decision-making and operation, whilst ensuring agility of operation and practice within the organisation.
- A comprehensive Corporate Performance Management Framework is in operation and continues to be developed as the Council matures and embeds a positive approach to performance and accountability and ensures a continued sustainable model.
- Improved maturity and recognition of current and emerging strategic risks combined with appropriate actions to ensure the Council responds in a timely manner.
- In October 2024 the Regulator of Social Housing published a Regulatory Judgement in relation to the recently adopted Consumer Standards. The regulator reached a conclusion that there were serious failings in delivering the outcome of the Safety and Quality Consumer Standard, and that significant improvement was needed. Following this a Housing Improvement/Transformation Programme was established in order to remedy the issues raised.
- Establishment of a Procurement Board in 2024 comprising senior and key statutory officers to oversee all major procurement initiatives, review and oversee admittance of activities to the Corporate Procurement Pipeline. The board also oversees the development and implementation of procurement and contract management strategies and works to ensure all procurement activities align sector best practice and ensure value for money and social value objectives are met.



7. 2024/25 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 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, Internal Auditors and Senior Officers.

Internal Audit

7.4 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 that were in place during the year. From 1 April 2025 these have been replaced by the Global Internal Audit Standards – within the framework set out by CIPFA in their Application Note – Global Internal Audit Standards in the UK Public Sector

7.5 The Internal Audit Opinion for 2024/25 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.

7.6 They also noted that they had issued seven limited assurance reports during the year.



7.7 During the 2024/25-year Internal Audit completed 20 pieces of work where a level of assurance was given, these were split as follows –

Level of Assurance	Number of Reviews
Substantial	5
Reasonable	8
Limited	7
None	-

7.8 Key issues and progress in responding to internal audit management actions is, where appropriate, reported to SLT following review by the Performance Board as part of the corporate performance management framework to ensure oversight and escalate issues where required

7.9 The Council's internal management and operational structures continues to demonstrate an increasing maturity and awareness in responding to pre-planned and reactive audit activities. Robust and effective actions are consistently taken in response to individual audits adding greater assurance to oversight arrangements and improving the effectiveness of subsequent monitoring of audit recommendations.

External Audit

7.10 In previous years there have been significant delays in finalising financial accounts, due to technical accounting issues, resource issues and delays to external audit work.

7.11 The issues faced by the Council have been experienced by local authorities across the country, with a significant backlog in the publication of audited accounts of local bodies. To deal with the backlog of outstanding unaudited accounts across local bodies, on 31 July 2024, the Ministry of Housing, Communities and Local Government (MHCLG) announced their intention to implement a series of 'backstop' deadlines, by which audits of outstanding accounts must have been completed.



7.12 The legislation includes backstop dates up to and including financial year 2027/28 in order “to allow full assurance to be rebuilt over several audit cycles”.

The backstop dates are:

- Financial year 2022/23: 13 December 2024 – which the Council met
- Financial year 2023/24: 28 February 2025 – which the Council met
- Financial year 2024/25: 27 February 2026
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028

7.13 To comply with the anticipated backstop legislation, time did not allow for a full audit to take place of the Council’s 2022/23 or 2023/24 accounts, and the council’s external auditor, Grant Thornton, applied the backstop for both financial years. Grant Thornton’s audit opinions were issued with a disclaimer of opinion. Effectively this means that the auditor was not able to gain the assurance necessary to give an unmodified opinion by the backstop date. In plain terms, a disclaimer means that the auditor was unable to form an opinion. In this instance, the reason for this was the limitation of scope imposed by statute (not by the local authority). A disclaimer due to the backstop does not of itself indicate a local authority failing.

7.14 A full audit of the 2024/25 accounts is expected to be completed by the backstop date of 27 February 2026.

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

7.15 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.

7.16 The interim S.151 Officer left the Council in May 2024, and a new Executive Director of Finance and Transformation took up the role of S.151 Officer 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.

7.17 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

7.18 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

7.19 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 their own external auditors. For 2024/24 their audit opinion was:

- The financial statements give a true and fair view of the state of the company's affairs as of 31 March 2025 and of its loss for the year then ended
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The Trust's Internal Auditors also provided reasonable assurance that the Trust had adequate and effective governance, risk management and internal control processes

7.20 The Children's Trust has accumulated financial deficits through increased expenditure beyond that allocated through the annual contract sum process. In 2024 the Council and Trust Board engaged an external review to analyse spending patterns and forecast future expenditure requirements. This review has since been completed and a series of actions put in place. Whilst the Trust continued to operate with a deficit during the 2024/25 financial year, the Council continued to provide cash advances and provided a letter of comfort that the Trust be reported as a going concern.

7.21 Reporting in the 2024/25 accounts outlines the scale of the financial deficit and the s.25 Report of the Chief Finance Officer within the Medium-Term Financial Strategy of February 2025 highlighted the intent to resolve this issue within 2025/26 as part of the planning for the 2026/27 budget and beyond. In response, a three-year contract sum has been agreed from 2025/26, along with an additional sum in each of the three years in order to offset the cumulative deficit by 2027/28. The Trust is expected to manage its finances within this sum and to ensure that any overspends incurred in any particular year are offset in full by underspends in other years within the three-year contract period.

7.22 The statutory duty to provide children's social care services 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.

7.23 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 several recommendations.

7.24 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.

7.25 Since the initial preparation of the Annual Governance Statement for 2024/25, Sandwell Children's Trust has been subject to a further Ofsted inspection during October 2025. The outcome of that inspection has now been confirmed with an updated rating of 'Good' for the Trust. In their assessment Inspectors reported that children and families who needed it received effective help and support and social workers acted quickly when children needed protection. Responses to domestic abuse and exploitation concerns were well coordinated and children who are looked after by Sandwell were living in safe, stable homes and have strong relationships with social workers. Children's own views help to shape care plans, their health needs are prioritised, and education outcomes were improving. Inspectors also highlighted that sustained leadership, strong partnerships, with improvements were delivering positive outcomes across all areas of children's social care services.



7.26 For care experienced young people, inspectors recognised significant progress with a few areas identified for improvement. Most young people experienced positive relationships with personal advisers and benefit from a comprehensive local offer. Leaders were already making further improvements in this area, making sure that all young people are fully aware of their rights and entitlements and building on the good work that was recognised.

7.27 Leadership was highlighted as a key strength, with clear strategic direction and governance. A strong learning culture was noted in the Trust, with an embedded practice model and workforce strategy that supports professional growth and stability. Equity, diversity and inclusion remains a priority, and staff describe leaders as visible, approachable, and supportive, contributing to a positive organisational culture.

7.28 The Council continues to work closely with the Trust to ensure the improvements identified from the inspection are maintained and developed.

The Financial Management Code

7.29 The Council has previously undertaken 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** – 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** – 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.

7.30 The self-assessment found the Council complied 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 ongoing implementation will be reviewed during 2025/26.



Constitution Review

7.31 The review of the Council's constitution and decision-making processes continued during 2024/25. A new model Constitution has been introduced comprising the following sections –

Part 1 – Introduction.

Part 2 – Decision Making & Decision Makers.

Part 3 – Scrutiny & Open Government.

Part 4 – Governance & Ethics.

7.32 Much of the Constitution has now been updated, including changes to Cabinet, Executive Member and Officer delegation. New Contracts, Procurement and Financial are in development taking account of the requirements of the Procurement Act 2023; a review of the Scrutiny function around pre decision making and policy development took place during Autumn 2025, and a new Scrutiny Protocol and Scrutiny Procedure rules have since been adopted by Full Council. Updates to the Council's decision-making arrangements including the forward plan and report templates and report writing have now been implemented, with an ongoing development programme introduced for officers on the requirements for completing reports for all decision-making and scrutiny member bodies.

7.33 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. The Council has a newly elected Councillor induction programme which is subject to annual review and refresh to best meet the needs of those new to the Councillor role.

7.34 The form and content of development programmes take account of national sector best practice with ongoing engagement with the Local Government Association (LGA), Centre for Governance and Scrutiny (CfGS) and similar sector forums to ensure training is appropriate, whilst ensuring all Councillors have access to and are engaged in regional and national networks, again ensuring best practice and knowledge are shared.



8. Significant Governance Issues

8.1 Following the end of government intervention in March 2024, the Improvement Plan programme ended. Sustained improvement in governance controls, structures and activity had been embedded into existing arrangements. Where actions on the Improvement Plan remained 'open' at the close of the programme, these were mapped to existing plans and governance arrangements (for example local, business, and corporate plans) and recorded in an Assurance Plan. This Assurance Plan was 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 journey to becoming an outstanding organisation.

8.2 To provide assurance that the council continued to address the recommendations made by Grant Thornton, a progress report was presented to the Audit and Risk Assurance Committee in December 2024. There were no concerns raised by the committee when this report was presented.

8.3 Throughout the reporting cycle for 2024/25, no items have needed to be escalated for review and discussion. For anything that was a concern, action was already being undertaken, either through business planning or other governance mechanisms. Therefore, continuation of the current process and Assurance Plan into 2025/26 was considered duplication of activity and the process was closed from 30 March 2025.

Governance Review and Reset

8.4 The governance landscape for the Council comprises the constitution, wrap around policy suite, inward and outward facing forums, boards and member / officer boards, the procedures processes and systems through which decisions are applied and implemented, and associated systems which monitor compliance.

8.5 The effectiveness of structures and processes are key components of governance. These include member committees and bodies together with a wide range of internal officer boards. Both elements have evolved over several years and have not been subject to strategic review and reset during that period.

8.6 An initial review of the current governance landscape highlighted what could be seen as a confusing and complex environment. This is formed of multiple structures with often overlapping responsibilities aligned with historic operating structures. The review identified bureaucracy, unclear reporting lines and accountability, and slow decision-making results.



8.7 The Council has established a Governance Board as part of its wider Transformation programme to oversee and develop the Council's governance arrangements, which will:

- have overall responsibility for ensuring that the principles within the Code of Corporate Governance are adhered to;
- ensure that the Council's values are kept to the fore in all decisions and actions;
- ensure good decision making takes place through availability of information and clear accountabilities;
- have robust strategic risk management processes in place to protect the Council, colleagues, and for the residents, businesses and communities of Sandwell; and
- comply with the Council's regulatory obligations.

8.8 The Council has a Protocol for Member/Employee Relations. The protocol seeks to reflect the principles underlying the respective Codes of Conduct which apply to Members and Officers.

8.9 The shared objective of these Codes is to enhance and maintain the integrity (real and perceived) of local government and the Codes, therefore, demand very high standards of personal conduct. Much work has been undertaken in recent times to improve this, and work will continue to further develop this.

8.10 There is a need to strengthen management compliance with regulations (both internal and external) and procedures. Through a variety of routes, including the work of the internal and external auditors, instances were identified where management had not consistently met this requirement. The need to do so will be constantly re-enforced and will form a key part of the governance review.

8.11 With several key and senior officers leaving the Council, alongside constrictions in the recruitment marketplace, the Council has had to bring in a number of interim officers and consultants in specialist areas in order to help achieve its objectives. There is a need to ensure that by using such an approach, that this translates to successful outcomes. There also needs to be a move to recruit permanent officers into these posts as soon as possible.

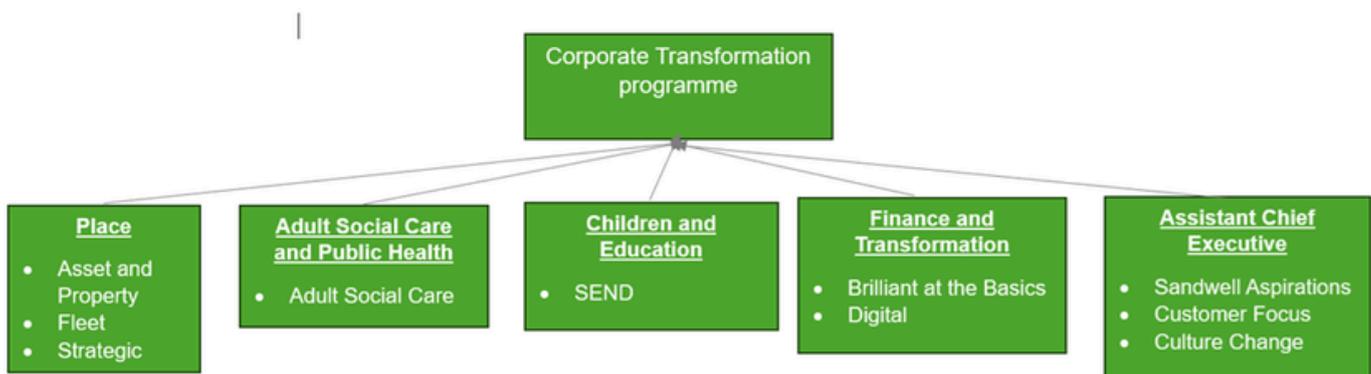


8.12 The Council established its Corporate Transformation Programme in 2024 as part of its intervention improvement plan to address financial sustainability and service performance challenges.

Following the successful completion of Governance and Decision Making, Oracle Fusion, Value Realisation and Waste Management, an independent review of the programme identified the need to reset the programme to strengthen prioritisation, accountability, and delivery focus.

8.13 There is a Corporate Transformation Board charged with oversight of the delivery of the Transformation Programme. This is supported by several programme working groups and lead officers who report through to the Board. The way in which the overarching board and wider programme operates is currently in the process of being refreshed to ensure a consistent project management approach is followed across each theme.

8.14 Although the MTFS is balanced through 2026/27, material funding gaps from 2027/28 create a defined requirement for the programme to deliver timely and measurable savings. The refreshed programme is intended to provide clearer outcomes, strengthened governance, and improved assurance over delivery and financial impact.



Refreshed Corporate Transformation Programme 2025

8.15 The recommendations resulting from the independent review are being progressed with the intention of embedding the refreshed structure and programme over the coming 6-month period providing a focused and auditable roadmap to strengthen programme control and support the Council's financial sustainability.



8.16 There were also delays and large contract overspends on several major capital housing projects. This aligns with longer term issues experienced with ensuring integration of Housing Services within the wider organisation, including consistency of policy, practice, and procedure. Interventions have been identified by the Council's Strategic Leadership Team and continue to be applied to Housing Services to ensure compliance.

8.17 Several plans have now been put in place to help remedy these issues as part of the Housing Transformation Programme. Identified actions and resourcing requirements are detailed within the plans with structured monitoring of delivery and compliance in place as an additional assurance mechanism. An update on this programme was presented to the Council's Audit and Risk Assurance Committee in both September 2024 and November 2025. Following receipt of the assessment opinion for the Regulator of Social Housing these findings were reported to SLT and Cabinet in late 2024 and an Improvement Plan put in place.

8.18 There is a need for the Council to review its governance and monitoring arrangements for overseeing group and associated companies. This includes those operating at arms-length where they continue to play a key shared role in the Council's provision of services.

8.19 An action plan to address the above issues is included at Appendix A to this Statement.



“ 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. ”



Councillor Kerrie Carmichael
Sandwell Council Leader

Date:



Shokat Lal
Chief Executive

Date:



Appendix 1 – Political Leadership and Scrutiny

1. The Leader and Cabinet

1.1 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.

1.2 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.

1.3 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/or a Cabinet member makes 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.

2. Full Council and Decision Making

2.1 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.

2.2 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. Audit and assurance

3.1 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.



5. Overview and Scrutiny

4.1 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.

4.2 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.

4.3 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.



Appendix 2 – Conduct, standards and behaviour

1. Councillors

1.1 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.

1.2 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.

1.3 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.

1.4 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.

1.5 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.

1.6 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.



2. Officers

2.1 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.

2.2 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 on the Council's website.



Action Plan – Annual Governance Statement 2024/25

Appendix 3

Ref	Governance issue as identified in the 2023/24 AGS (published February 2025)	Action	Responsible Officer	Update as at July 2025	Update as at January 2026
1	Governance review and reset	Establish a process to fully map the council's governance arrangements, to understand and evaluate what changes are necessary, and in doing so to enable these to be delivered sustainably to ensure the smooth, efficient, and effective operation of the organisation.	Monitoring Officer December 2025	A comprehensive methodology has been established to map existing governance arrangements. Extensive review, discovery and survey work has been undertaken to date and a baseline position established of existing governance arrangements and structures. New principles and models of operation and assurance have been produced, designed to ensure governance and control framework structures are robust, effective and agile to meet the changing needs of the organisation.	Completed
2	Member/Officer Relationships	To continue to develop strong Member Officer working relationships in line with the Protocol for Member/Employee Relations.	Monitoring Officer December 2025	A range of interactive sessions have been held involving all members and officers, externally facilitated by the local Government Association (LGA). Feedback from LGA facilitators has been positive and recognising the positive, respectful and strong relationships between members and officers, whilst also demonstrating clear awareness of the differing roles and responsibilities.	Continuing

Action Plan – Annual Governance Statement 2024/25

Appendix 3

Ref	Governance issue as identified in the 2023/24 AGS (published February 2025)	Action	Responsible Officer	Update as at July 2025	Update as at January 2026
3	Management compliance with regulations and procedures	Establish a council wide assurance and accountability framework for senior management to ensure compliance with regulations and procedures.	Chief Executive Executive Director – Finance & Transformation Monitoring Officer December 2025	A range of assurance and accountability frameworks establish and operate to oversee and ensure compliance. The Monitoring Officer, Head of Paid Service and S.151 Officer meet regularly through the Statutory Officers Group to assess compliance and identify emergent issues. Regular engagement is undertaken with the Head of Audit to identify compliance with audit recommendations and to identify additional opportunities to improve monitoring arrangements to ensure compliance.	Continuing
4	Organisational structure and efficiency	To complete the senior management restructure, and to ensure that it is operating in an effective manner and meeting the requirements of new and emerging executive orders.	Chief Executive December 202	Phase 2 of the senior management restructure has now been approved by relevant member bodies following consultation with all staff impacted by the proposals. Implementation is underway and largely implemented across Finance and Transformation and the Place Directorates. Recruitment to roles within the Assistant Chief Executives suite of services commenced July 2025. Arrangements for the Adults Social Care and Public Health, along with the Education and Children’s Services Directorates will be progressed by the respective Executive Directors over the coming months.	Phase 2 of the senior management restructure has been completed and stage 3 is now in progress with postholders taking up their positions in January 2026.

Action Plan – Annual Governance Statement 2024/25

Appendix 3

Ref	Governance issue as identified in the 2023/24 AGS (published February 2025)	Action	Responsible Officer	Update as at July 2025	Update as at January 2026
5	Transformation Programme	To continue to monitor and deliver the various elements within the Transformation Programme.	Executive Director - Finance & Transformation March 2026	<p>The Council has an ambitious and wide-ranging transformation programme that is supported by robust and effective monitoring and evaluation arrangements. These include several programme boards each supported by a clear action and implementation plan against which progress on delivery is assessed.</p> <p>In May 2025 the programme was reviewed resulting in revised governance recommendations. These are being developed for implementation throughout 2025/26.</p>	The Corporate Transformation Programme continues to operate under robust governance arrangements, with revised structures following a May 2025 review being implemented during 2025/26 to strengthen prioritisation, accountability and delivery, and to ensure the programme is focused on delivering timely, measurable savings and clear outcomes in response to emerging funding gaps from 2027/28, supporting the Council's long-term financial sustainability
6	Housing transformation	To ensure that the actions and resourcing requirements within the Housing Transformation Plan, and from the outcome of the Regulator of Social Housing's judgement, are monitored and delivered in accordance with agreed timescales.	Executive Director – Place April 2026	A robust improvement transformation plan has been established for the Council's housing functions. Actions and key milestones for delivery are subject to regular, incisive monitoring through relevant governance boards and structures, including corporate performance reporting frameworks. In addition, member oversight is assured through cyclical reporting to Cabinet, Audit and Risk Assurance Committee and the Budget and Corporate Scrutiny Management Board	Progress continues to be made in implementing the actions in the improvement plan.

Action Plan – Annual Governance Statement 2024/25

Appendix 3

Ref	Governance issue as identified in the 2023/24 AGS (published February 2025)	Action	Responsible Officer	Update as at July 2025	Update as at January 2026
7	Use of interim postholders and consultants	Review current arrangements for the use of all key interim post holders and consultants to ensure that outcomes against cost are clearly defined and are being delivered. Ultimately to move to recruit into key posts.	Strategic Leadership Team February 2026	Regular reports are now submitted to SLT on the scope of use of interim postholders. The agreement and implementation of phase two of the strategic leadership review programme will enable the necessary changes to service structures, reporting spans and lines of management to now be made at pace, ensuring clear, robust and effective management arrangements and moving towards permanent recruitment to key roles, reducing reliance on interim appointments.	With the implementation of phase 2 confirmed and phase 3 of the senior management restructure nearing completion – this will result in a reduction in the use of interim officers.
8	Governance and monitoring arrangements for overseeing group and associated companies.	There is a need for the Council to review its governance and monitoring arrangements for overseeing group and associated companies. This includes those operating at arms-length where they continue to play a key shared role in the Council's provision of services.	Executive Director – Finance & Transformation Monitoring Officer November 2025	A comprehensive methodology has been established to map existing governance arrangements. Proposals will come forward during September 2025 to introduce a new Companies Governance Protocol and supporting structures to ensure effective oversight of companies more aligned with sector norms and best practice. Further proposals will also come forward at the same time to introduce a new Partnerships Register and Partnerships Protocol to act provide additional structure and assurance.	A proposal is due to come forward in January which will to see a new mechanism introduced in line with CIPFA best practise.

