

Sandwell Metropolitan Borough Council Best Value Commissioners

Rt Hon Michael Gove MP
Secretary of State
Department for Levelling Up,
Housing and Communities
2 Marsham Street
London SW1P 4DF

20th June 2022

Dear Secretary of State,

We would like to take this opportunity to write to thank you for appointing us as best value commissioners at Sandwell Metropolitan Borough Council in the intervention that was announced in March of this year. Since being in post we believe the council is already showing signs of positive progress, but there is of course a lot more to be done.

We write to respond to the immediate task which you assigned to us in respect of that appointment, to provide you with regular progress reports on a six-monthly basis, with the first report due within the first three months following the launch of the intervention on 22 March 2022.

In launching the intervention, you also directed the council to “prepare, agree and implement an improvement plan, to the satisfaction of the Commissioners”. It was required that this plan include activities to implement all the recommendations of the Grant Thornton review, which formed part of the evidence base for the decision to intervene in Sandwell Council. As a minimum, this plan needed to cover the following components:

- a) actions to deliver rapid and sustainable improvements in governance, leadership, and culture in the authority.
- b) actions to secure improvement in relation to the proper functioning of the scrutiny and associated audit functions.
- c) actions to secure continuous improvement in all services.

The first phase of this plan has now been completed and approved by Sandwell’s full council on 7 June 2022. We have sent a copy of it along with this letter, as well as the original review by Grant Thornton.

Kim Bromley-Derry CBE DL
Managing Director Commissioner
Sandwell Metropolitan Borough Council

Jim Taylor
Assistant Commissioner
Sandwell Metropolitan Borough Council

Background

As you will know, it was the Grant Thornton value for money governance review, published in December 2021, which was one of the triggers for your decision to intervene in Sandwell Council. The review made 45 wide-ranging recommendations, three of which were statutory recommendations. The review provided evidence of historic mismanagement in parts of the council, and scrutiny and accountability arrangements that needed strengthening. However, it should also be noted that the external auditor also found that the council was at the beginning of an improvement journey and identified several “green shoots” of early progress.

A further review of the council was also carried out in early 2022, when the Local Government Association (LGA) conducted a corporate peer challenge review. They provided a range of recommendations for how the council could improve its work, including boosting its training and development offer for members and officers, establishing a new medium-term financial strategy, and revising the council’s constitution. However, they did also note progress that the council was already making. This included an increasingly outward looking culture and an organisational self-awareness of the areas that needed to be improved.

At a similar time, the Chartered Institute of Public Finance and Accountancy (CIPFA) also conducted a review into the council’s finances. They found a mixed picture of financial management at the council, with improvement particularly needed in modernising its finance processes, developing a new finance structure, and taking a more proactive approach to managing its budgets. They did also state that improvements on these areas were already underway, with the introduction of a new section 151 officer and noted that there had been a “clear indication of a change in both direction and ambition” at the council for the better.

Aims of the intervention

In announcing this intervention into Sandwell Council, you were clear in setting out what our roles as commissioners would be. Specifically, the explanatory memorandum that launched the intervention stated that we should “make sure that the authority has made sufficient improvement within the next two years to be able to comply with its best value duty on a sustainable basis”. The key word for us in this is sustainable. We need to ensure that any positive changes that we see are properly embedded and will endure regardless of changes in the council’s senior officer or member leadership.

There are a lot of very tangible changes that need to be made in the council in the immediate term, not least in addressing all the recommendations set out in the Grant Thornton, LGA and CIPFA reviews noted earlier. There were also additional requests, made by your department and others, in relation to the council looking at moving to a four yearly electoral cycle, as well as recruiting a new permanent chief executive.

It is of course important that the council addresses all these recommendations. But beyond this, we believe an important question that we need to answer is how we, as commissioners, will measure success, and crucially how we will know that the council’s improvements have

Kim Bromley-Derry CBE DL
Managing Director Commissioner
Sandwell Metropolitan Borough Council

Jim Taylor
Assistant Commissioner
Sandwell Metropolitan Borough Council

become sufficiently embedded such that we can recommend with confidence that the intervention should be ended.

With that in mind, we have identified below a list of 12 proxies for success that we will use to track progress throughout the intervention. Once these conditions have been met, we will consider the intervention in Sandwell Council to have been a success.

1. The council has ensured that a new permanent chief executive has been recruited successfully and is in post and supported by a stable and effective senior leadership team.
2. The council has demonstrated that it has an absolute focus on its residents and customers and is responsive to their needs and demands.
3. The council is showing signs of having greater political stability.
4. The council has ensured that there are effective scrutiny arrangements and functions in place for council decisions, and that members and officers demonstrate that they understand and respect their roles in council business.
5. All the recommended actions from the LGA, CIPFA and Grant Thornton reviews have been progressed, or a concrete plan is in place to action them.
6. The council has developed an organisational culture, at all levels, where staff are enabled and empowered to constructively challenge and improve ways of working.
7. The structure of the council fits within a bigger corporate plan and is designed in such a way to enable it to meet its wider objectives.
8. The council has demonstrated that it is developing and deepening relationships with external partners across the region and sector.
9. The decisions made by the council are done so via well understood and transparent channels and supported by evidence.
10. The council has demonstrated that it is focused on continuously improving in all areas and has robust processes in place to collect and analyse data on its delivery, and to manage its performance effectively.
11. The council has demonstrated that it is financially resilient and makes investment decisions in the context of a longer-term financial plan.
12. The council has considered properly and decided as to whether to move to a four yearly electoral cycle.

It is worth noting that many of these descriptions are about the *way* that Sandwell Council operates, as opposed to *what* it is delivering. We believe that this is the correct emphasis because it is only by setting up the right processes, governance, and behaviours that the council can make these changes stick. However, what ultimately matters are how these changes relate to the *outcomes* for Sandwell's residents. That is why we will be working with the council to ensure that all of these changes link back to its corporate plan, performance management framework, and single improvement plan in order to support the council to deliver on its priorities over the years to come.

Kim Bromley-Derry CBE DL
Managing Director Commissioner
Sandwell Metropolitan Borough Council

Jim Taylor
Assistant Commissioner
Sandwell Metropolitan Borough Council

A plan to improve

As noted earlier in this letter, the council has now created a single improvement plan, which was unanimously adopted by Sandwell Full Council on 7 June 2022. This plan encompasses actions in relation to all the recommendations in the reviews carried out by Grant Thornton, CIPFA and the LGA. It should be noted that this is only phase one of the plan, and it is something that will be refined and improved further by the council over the coming months. It is our view that the plan is ambitious and comprehensive in tackling the key areas that the council needs to improve.

For each of the recommendations that make up the council's single improvement plan, it has now identified named lead officers that are responsible as well as timescales for delivery. There are also measures of success that allow the council to track the impact of this activity and ensure its actions are addressing the issues identified by the Grant Thornton, LGA and CIPFA reviews. Actions within the single improvement plan have also been embedded within directorate business plans, giving clear lines of accountability for their delivery, and ensuring resources can be focused on priority areas. Work is also underway to increase the council's strategic capability and the pace of improvement even further.

Progress is being monitored by the leadership team monthly and reported to cabinet every quarter to ensure that senior officers and members have oversight of delivery against the single improvement plan. This will continue until all actions have been completed, or changes have been embedded into business as usual. Grant Thornton, the LGA and CIPFA will also all conduct follow-up reviews on the progress against the plan before our next report to you in December.

During the development of the single improvement plan we are pleased to note that there has been positive engagement with MPs, all council members, as well as key external partners such as the West Midlands Combined Authority and Sandwell Children's Trust. Council staff have also been included through both staff groups and a staff co-production network, which has informed the scope and style of the plan.

Early signs of improvement

While the single improvement plan was only formally approved by Sandwell Full Council on 7 June, work has been ongoing for some time to bring about improvements to the way the council operates. It is worth highlighting that there had been a wide-ranging change of senior officer leadership at the council in the past year. A total of six new members of the senior leadership team arrived in post from July to November 2021, which followed a long period of senior officer leadership instability. It is our view that this has already brought about a positive change in the way the council operates.

Thanks in part to these changes in the senior officer group at the council, but also to the hard work at all levels of the organisation, a range of improvements have already been made since the investigation by Grant Thornton in autumn 2021. Although by no means exhaustive, a few that we would like to highlight are set out below.

Kim Bromley-Derry CBE DL
Managing Director Commissioner
Sandwell Metropolitan Borough Council

Jim Taylor
Assistant Commissioner
Sandwell Metropolitan Borough Council

- The council has successfully delivered the £80m Sandwell Aquatic Centre on time and on budget, and which is being handed over to the Commonwealth Games Organising Committee. The council and partners will oversee the logistics at and around the centre for the duration of the games and there is also a comprehensive legacy programme in place.
- The Towns Fund business cases for Smethwick and Rowley Regis have been approved by the Department for Levelling Up, Housing and Communities without amendment or qualification. In total, these will release £42.2m and have required the council to work closely and collaboratively with key local partners, including the NHS, Sandwell College and the Canal and River Trust.
- The council has been working with the Department for Education (DfE) on proposed new secondary and primary school provision and there is now an agreed education and skills pipeline with investment of c. £90m secured from the DfE and the Towns Fund.
- Sandwell now routinely and proactively contributes to regional strategy, and engages with regional partners, such as the West Midlands Combined Authority, and Transport for West Midlands, as well as health partners. The mayor of the combined authority has also invited the leader of Sandwell Council to take on a policy portfolio at the combined authority covering inclusive communities, which has now been ratified.
- The council budget was balanced for financial year 2022/23 without the use of reserves for the first time in a number of years. The council's contribution to its general reserve was also increased.
- Decisions on the key service issues highlighted by Grant Thornton have been taken by cabinet and strategies for improving these are being implemented including strengthening delivery for waste and leisure services among others.
- A performance management framework has been developed that underpins the delivery of the council's corporate plan. It also provides the senior officer and member leadership teams with collective oversight of progress towards the corporate plan's strategic outcomes.
- A new procurement for special educational needs and disabilities (SEND) transport has been initiated, incorporating lessons learned from previous procurements.

Political considerations and member culture

One of Grant Thornton's three statutory recommendations in their 2021 review related specifically to member culture and behaviour in the council. We are therefore particularly pleased to report that there are signs that member culture change is being implemented in a considered and collaborative way. The number of member-member standards complaints has reduced, and an indicative timeline for the redevelopment of the council's values has been set for autumn 2022. In partnership with the LGA, the member development programme is being redeveloped and delivered to new members following the May elections. Given the recent elections, the council and its partners have recognised the importance of capitalising on the fresh start that a new intake of members (and cabinet make-up) presents.

Kim Bromley-Derry CBE DL
 Managing Director Commissioner
 Sandwell Metropolitan Borough Council

Jim Taylor
 Assistant Commissioner
 Sandwell Metropolitan Borough Council

Four out of the eight cabinet positions in the council have changed following the May elections, including one newly elected councillor. We look forward to seeing how the updates to member development impact their induction and how this interacts with the increased stability achieved by Councillor Carmichael since her election as leader in November 2021. The recent LGA corporate peer challenge noted the positive impact that the new leader's "inclusive and collegiate" approach had already helped to bring about.

The last two full council meetings have also demonstrated that all parties locally have been willing to unanimously agree on key strategic issues that influence the council and its operation. We also believe that there is evidence of improved communication and collaboration between the council and the local MPs, as shown by the development of the Towns Fund business cases, as well as regular and constructive meetings between the local MPs and the managing director commissioner of the council.

In the explanatory memorandum published at the launch of this intervention, the council was required to consider moving to a four yearly electoral cycle. This is now due for an initial discussion at full council in July, with a final decision expected in October 2022.

Concluding thoughts

The council's single improvement plan seeks to address the range of serious issues in the way Sandwell has been run over a number of years, as highlighted by the Grant Thornton, LGA and CIPFA reviews. Since being appointed as commissioners in March of this year, we have witnessed and seen evidence that the early improvements identified by those reviews have continued to develop. This has been thanks to the attention, commitment, effort and willingness of the officers and members of the council to do things differently to improve outcomes for residents. The collaborative work required to pull together the single improvement plan within a short amount of time demonstrates that the foundations for consistent and sustainable improvement are being put in place.

We are still at the early stages of this intervention and we know that there are many challenges ahead. However, we are pleased to report that we have experienced and witnessed a culture of renewal within the council, and one that is forward looking and positive. Significant work is already underway, and we believe that the council is demonstrating its commitment to change its way of working, and to improve outcomes for the residents of Sandwell. We look forward to updating you further in our December letter to you, at which stage we anticipate describing further improvement.

Yours sincerely,

Kim Bromley-Derry CBE DL
Managing Director Commissioner

Jim Taylor
Best Value Commissioner

Kim Bromley-Derry CBE DL
Managing Director Commissioner
Sandwell Metropolitan Borough Council

Jim Taylor
Assistant Commissioner
Sandwell Metropolitan Borough Council