

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

23 January 2023

Dear Secretary of State,

We write further to our letter of 20 December 2022 in which we updated you on the statutory intervention at Sandwell Metropolitan Borough Council (the Council).

In that letter we advised you that the report from the Chartered Institute of Public Finance and Accountancy (CIPFA) - following the further review of the Council undertaken by them in October/November 2022 - was still awaited. CIPFA's final report has now been received and we enclose a copy for your attention.

In summary, we find the CIPFA report extremely encouraging. In particular, we note that the Council has improved from a score of 1.81 in January 2022, which equates to a progressive 2* rating to a score of 2.36 in December 2022, which equates to a 3* rating (using the CIPFA Five Star FM Model). On the scoring, CIPFA say '*Indeed, few further improvements should take Sandwell Council towards a strong 3* score.*' This demonstrates exceptional progress in a short period of time. The positive changes CIPFA report on reflect our experience of significant improvement in the finance function at the Council.

We are very encouraged to see CIPFA report that finance is seen as a '*...priority from a leadership, financial management and financial governance perspective*'. There are a number of significant areas of progress which CIPFA recognise including the impact of finance leadership improving financial planning, awareness and better quality engagement with budget holders; a developed budget setting process; a coherent agenda on financial reform and improved discussions with the Cabinet about priorities and corporate plan priority gaps.

It is also encouraging to see CIPFA recognise the impact the Council's upcoming prioritised workstreams will also have on financial management at the Council – particularly work on culture, values and behaviours and the customer journey (as highlighted in our letter of 20 December 2022).

We note CIPFA's emphasis on the need for all staff to be financially aware and for staff to receive the right training to be empowered and supported in their finance functions. In the coming months we will want to see an emphasis on this as well as demonstrated sustainability of the Council's financial functioning. We expect this sustainability to be bolstered by further

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

Jim Taylor
Assistant Commissioner
Sandwell Metropolitan Borough Council

permanent recruitment and the evolution of the improvement plan into a 'business as usual' process of ensuring value for money.

Our letter of 20 December 2022 detailed our views on the Council's progress towards our proxy 11 – that *'the Council has demonstrated that it is financially resilient and makes investment decisions in the context of a longer-term financial plan'*. We were pleased to note CIPFA's significantly improved scoring of the Council on delivery accountability and enabling transformation in particular – key areas along with the medium term financial strategy and plan we have seen develop.

In the coming months we will want to see the Council begin to deliver on its transformation programme and further develop the processes and capabilities needed to ensure effective financial management beyond the intervention. As with other areas, we want to see the Council develop that mechanism for moving from the stage of making 'improvements' to a culture where ensuring ongoing value for money is an embedded part of business as usual.

We are confident that the Council has the mechanisms in place to ensure CIPFA's report will be carefully considered and the recommendations acted upon.

We look forward to updating you further on the intervention in June 2023, as planned.

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