

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

June 2023

Dear Secretary of State,

We wrote to you on 20 December 2022 to update you on the statutory intervention at Sandwell Metropolitan Borough Council (the Council). In your Directions of 22 March 2022, you assigned us the task of providing you with six-monthly progress reports. This letter is our third report to you.

We are of the view that in summary, there has been significant hard work and again considerable progress made at the Council in the past six months. There is still some work to be done to further embed improvement and to demonstrate that this is sustainable, but we consider the Council continues to make progress on the right path.

In this report we update you on –

1. Our view of the Council's letter to you and progress against our priorities from the second report
2. Our view of the Council's current position in relation to our '12 proxies for success' as set out in our letter of 20 June 2022.
3. Our views on next steps for the intervention.

1. Our view of the Council's letter to you and progress against our priorities from the second report

In this section we will summarise our views on the Council's letter to you, which captures its progress against the single improvement plan, as well as progress against our key priorities from our last report in December 2022. Our assessment on the progress of the improvement work as a whole since the intervention's beginning are measured against our 12 proxies for success and are detailed in section two.

As in our last report, we are content with the Council's own assessment of its progress: the plan continues to be both not only comprehensive but also a live document, with the self-awareness that we commented on in December being sustained. The governance structures in place to monitor progress have been further strengthened by the introduction of a comprehensive monitoring tool,

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which enables a more dynamic approach to highlighting and responding to work areas that require remedial action or additional levels of assurance. Robust oversight is provided by monthly delivery progress reporting to senior officers and on a quarterly basis to Cabinet.

We have seen significant progress on the single improvement plan since our last report; in that report we also highlighted the areas we wanted to see prioritised over the following six months. We are pleased to report that substantial progress has also been achieved on nearly all of these priorities, including the crucial handover and settling in process of the new Chief Executive - Shokat Lal - since February 2023. Other key workstreams such as the work on improving the Customer Journey and designing, agreeing and implementing new organisational values have progressed well, and are further detailed under our proxies below. Some of the culture work was paused while the new Chief Executive settled in, but have since restarted in conjunction with the Equality, Diversity and Inclusion (EDI) work. The only priority where more progress is required is that of linking the transformation programmes to the Medium Term Financial Strategy (MTFS) and the resolution of closing accounts for 2020/21. This remains in our list of key priorities for the next six months, as further detailed below.

A key challenge for the Council from our second report was to see the development of a mechanism for ensuring that 'improvements' move from the stage of being in a separate plan of 'one-off' intervention, to an embedded part of business as usual. We also wanted to see evidence that the changes being made are now firmly linked into the corporate plan and the performance management framework. We believe this has progressed well: work is transferring into mainstream business as usual with the development of a 'golden thread' between improvement activity, performance and delivering outcomes now emerging.

We have continued to challenge the Council to satisfy our proxies for success and to have the right processes, governance and behaviours in place to ensure that change is sustainable. This is to ensure that continuous improvement and delivering best value are to be cornerstones of the Council's future, beyond the intervention. We are pleased that the Council has adopted a more robust approach to evidence-based decision making to help achieve this effectively.

Sandwell has both established sound foundations for its improvements and built on them a robust set of structures to withstand change and adversity: what remains is to test this resilience, to demonstrate the ability to learn from any oversights and to grow in confidence on handling this without Commissioner support.

2. Our current view of the Council's current position in relation to our '12 proxies for success' as set out in our letter of 20 June 2022

In this section we go into more detail in marking the progress as measured against our '12 proxies for success' as originally set out in our first report to you in June 2022.

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.

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Shokat Lal joined the Council as Chief Executive on 6 February 2023. He has forged a respectful working relationship with the Leader and Cabinet. Mr Lal has visited many areas of the borough with ward Councillors and has to date quickly gained respect from all Councillors. The new Chief Executive has the full support of the commissioners and our view is that he has made a successful start to his tenure. We remain of the view that the Council is in need of more focus on senior strategic capacity and Mr Lal is planning to address this in the coming few months. The first stage of this process is to appoint a new Assistant Chief Executive to help support and enhance the enabling services in the Council's corporate core.

2. *The Council has demonstrated that it has an absolute focus on its residents and customers and is responsive to their needs and demands.*

The Council now recognises that its customer service has previously been weak and as a result has developed a customer journey plan to address this deficit and to secure improvement. This places residents and customers at the fore front of the Council's decision making, governance and service delivery. The Council has developed a set of service standards which will provide clear expectations for residents and customers regarding the responsiveness and quality of services to meet their needs. These now need to be finalised and published to enable key stakeholders to benchmark progress.

We have seen a significant improvement and clear process mapping is taking place. There is now a greater focus on data gathering and analysis, not just the quantitative, which we feel is necessary and which was previously missing. However, there is still insufficient detail about gathering and learning from the qualitative data and we want to see more detail on this together with integrated thinking. We therefore want to see the Council capturing and analysing the qualitative data, particularly where things have gone wrong and where there are lessons to be learned. This could be communicated to the Council, for example from resident complaints, Member and MP enquiries, and resident surveys.

This shift will require not only a mechanism to capture and analyse data, but also a cultural shift so that officers of the Council recognise the opportunity for learning and continuous improvement. To this end we are seeing this focus from the new Chief Executive who is routinely asking his leadership team what is being done to ensure the same thing does not happen again and we are seeing the leadership team starting to proactively take this ethos back to their directorates. However, we have not yet seen enough evidence of this being embedded throughout the organisation or being part of how Sandwell lives and learns. We consider that without this essential element of self-reflection, the Council is not only missing an opportunity to learn from mistakes but risks ongoing improvement.

Having said this, Customer Journey is now seen as a corporate priority, establishing a robust framework, resources and performance improvement programme that should see visible improvements for customers, MPs and Councillors during 2023/24. The programme has a dedicated project manager and team and is being overseen by the Customer Journey Programme Board. Scrutiny Committee are actively involved in shaping this work.

The Customer Journey Programme is ambitious and multi-faceted. The Council are developing a Customer Experience Strategy, the programme also includes procuring a new telephony system as well as reviewing current technology and its customer processes so that they are responsive and

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efficient. This work includes a complete refresh of the Council internet interface, contact details, and information and guidance pages.

The Council has also established a pilot Community Hub model for face-to-face contact for those who are digitally excluded or otherwise struggling to engage with the Council and there is a review of the Council's contact centres model and a network of warm centres developed across the borough underway in order to enhance work to respond to the cost of living crisis.

As part of the work to improve responsiveness and resident focus, the Council is fundamentally reviewing, with support from the LGA, its current Neighbourhood/Locality working model. The intention is to carry out a full review over the summer and members and officers have already looked at models of best practice and visiting other local authorities (Rotherham and Nottingham), this approach would closely align to the customer journey work.

The programme will make the necessary improvements to customer service to ensure residents experience a seamless service when they need to contact the Council.

We have seen significant progress in the responsiveness of the Council in Freedom of Information (FOI) compliance within timescales and Subject Access Request (SAR) compliance within timescales with performance much closer to target. This has been achieved by using the Council's performance management framework. Performance information and insight, including the results of consultation and engagement, is being used by Senior Leadership to set strategic direction and respond to issues. This approach has led to action being prioritised for example on the customer journey and targeted work to improve response rates on the Subject Access Requests (SARs) and Freedom of Information requests (FOIs). This work now focused on responsiveness to complaints and the range of enquiries presented to the Council as part of business as usual.

Resident satisfaction via resident engagement surveys over the past year demonstrate high levels of satisfaction from a statistically relevant cohort. Since December, the Council have put in place a framework for resident engagement along with a commission for delivery of regular resident surveys and budget consultation for the next three years. An evidence bundle, which included performance information and the outcomes from residents' consultation, has informed refreshed business plans and Corporate Plan for 2023 onwards.

There have been improvements in performance of the Corporate Plan and performance management framework (particularly improvement plan measures specifically referring to outcomes for children and young people and health inequalities).

3. The Council is showing signs of having greater political stability.

The Leader of the Council has now been in place since November 2021, with minimal changes to Cabinet Members during the period. Following the May 2023 Local Elections, the Leader has remained in place with one new Cabinet Member appointed and two changes in portfolio for two Cabinet members. In our opinion, alongside consistency in chairing arrangements and membership of Scrutiny and Audit Committees, this represents significant stability in political arrangements within the Council.

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This is evidenced through positive results from officer and member surveys regarding scrutiny arrangements. We now see Cabinet and Council reports which enable evidenced based decision making. A greater confidence in decision making is apparent, with the Cabinet now so confident and mature in their decision making that they see Scrutiny calling in any decisions and pre-decision scrutiny as a positive and constructive.

The improving culture and work on member and officer relationships has resulted in a reduction in the number of complaints about Councillor and officer behaviour. There are now none. The Council has now published a new Member Induction Programme and new Member Handbook in May together with a new Member Development Programme developed in partnership with the LGA.

Although over twenty new Councillors joined the Council in the May 2023 Local Election, we believe this has further consolidated political stability within the Council.

There is now a Governance Action Plan and EDI Strategic Roadmap and Action Plan in place.

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.*

Since our last report to you in December, we have seen evidence that improvements made to the constitution and the scrutiny process are beginning to become embedded. Decisions on longer term issues, for example, the Housing Revenue Account 30-year Plan and the Friar Park Masterplan are good examples to further build upon. Indicators to measure the quality of decision making are now part of the Council's performance management framework.

Scrutiny committees are well managed, and we have observed focused meetings with appropriate work plans. Feedback from officers and members on their experiences of the scrutiny process is being collected and highlighted at senior leadership meetings. This feedback has been very positive to date. Two good examples of where scrutiny has worked well are Scrutiny committee recommendations to improve the approach to outcomes for children and families, and also a focused approach to effective challenge regarding the Council's SEND provision.

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.*

The Council's improvement plan contains action against all of the recommendations from LGA, CIPFA and Grant Thornton reviews, and these are tracked and reviewed through an improvement board on a monthly basis. There is currently significant progress against all these recommendations which is reported to Council's Cabinet on a quarterly basis.

In relation to the three Statutory Recommendations, significant progress has been made. Regarding the first recommendation, progress has been appropriately revised following turbulence in the utilities markets causing significant utilities inflation in relation to Sandwell Leisure Trust (SLT) for the transfer

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of services to a Local Authority Trading Company, with alternative new contractual arrangements now being established with SLT.

A contract Monitoring framework for the Waste Collection Contract is progressing well and is embedded in the performance management framework reporting. Review of the Contract is complete.

A support provider is in place and implementation commenced for the new ERP (Oracle Fusion) with Project Management and Governance arrangements established.

A key milestone has been reached in relation to the Lion Farm development following an expert determination process and has now moved from being tracked through the Improvement Plan to be managed through the Council's business as usual governance arrangements.

A Regeneration Strategy and Pipeline has been developed to underpin significant regeneration in Sandwell which was approved by Cabinet 23 March 2022. This is now published and available on the Council's website.

Under the second statutory recommendation, the first phase of the review of the constitution has been completed with approval granted to the revised Procurement and Contract Procedure Rules, thresholds for decisions, Sale of Land and Buildings Protocol, Scheme of Delegations agreed by Full Council.

Corporate Governance Training is in place with a programme of training and development commenced in September 2022 on effective decision-making, good governance, and revised contract procedure rules. The next phase of Corporate Governance Development is being planned for roll out during from June 2023.

An initial Commercial Strategy was approved in April 2023 with a Corporate Asset Management Strategy approved by Cabinet in November 2022.

Following the third statutory recommendation, New Member induction arrangements are in place with a Member Development Programme being regularly reviewed by Ethical Standards and Member Development Committee.

A consolidated programme of fundamental training for managers on Corporate Governance matters has commenced. A broader Management Development Programme will be rolled out from September 2023 following the approval of the Workforce Strategy.

Extensive engagement was held to inform the One Team Framework (Values and Behaviours) which was approved in March 2023. The values and behaviours were launched in March, with a wider communication programme commencing in June 2023.

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.

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Since our last report the Council has now launched 'The One Team Framework'. These organisational values and behaviours have demonstrated that the Council has moved to the next stage of its organisational culture change programme.

Staff have been instrumental in developing the One Team Framework, facilitated by an internal network of Culture Champions. The five new organisational values and associated behaviours set out an ambition to be one team '*united and working together with a shared purpose of achieving great results*'. We feel that the values and behaviours which have been developed are right for Sandwell and its journey. They focus on the customer, are inclusive and ambitious and at the same time encourage accountability. The Chief Executive is to hold face to face briefings with managers in June to further embed the One Team Framework, followed by all staff sessions in July.

The good relationships between Members and officers were acknowledged in the external review reports we attached to our last report. There are now no cases of Member/officer or Member/Member grievances or conduct cases.

A range of meetings are in place to facilitate a healthy and regular dialogue which includes meetings with between Statutory Officers and Group Leaders and Chief Whips, and cross-party working groups.

Following the Local Elections in May 2023, the updated Member Development Programme and new Member Induction Programme (the second iteration of this programme from last year) has started to be delivered, which is encouraging positive relationships between officers and Members.

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.*

The Council performance management framework is maturing and has now reported three 'quarters' of progress. Performance information and insight, including the results of consultation and engagement, is being used by senior leadership to set strategic direction and respond to issues. This approach has led to the prioritisation of workstreams such as the customer journey, resulting in significantly improved response rates to Subject Access Request and Freedom of Information requests.

There is now a framework for resident engagement along with a commission for delivery of regular resident surveys and budget consultation for the next three years. Departmental business plans and the Corporate Plan for 2023 onwards have been refreshed, based on feedback and an evidence base. The Council is now less reliant on the 'Single Improvement Plan' and is beginning to demonstrate a golden thread of Corporate Plan, performance management framework and a 'feedback loop' to better inform service delivery for residents.

The refreshed Corporate Plan and business plans, along with a newly developed set of service standards, will continue to develop insight and grow the Council's performance culture. As we reported under Proxy One, the Council is looking to enhance its strategic capacity to help deliver on its Corporate Plan.

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8. *The Council has demonstrated that it is developing and deepening relationships with external partners across the region and sector.*

The Council has continued to positively contribute to a range of partnership arrangements including, the West Midlands Combined Authority. The Leader is now portfolio holder for Communities, and Council officers and Members are fully engaged at all levels.

The Council now takes a more proactive approach to working with partners, as demonstrated by its work on the cost of living crisis. For example, the Council convened a 'Cost of Living Emergency Summit' in March 2023, bringing together more than sixty public, private and voluntary sector partners to coordinate efforts to support the community through the crisis. The summit demonstrated a commitment to working together from across all our partners to problem solve and collaborate and resulted in a series of partnership wide commitments.

We have continued to see the Council's presence in the region improve. We now see regular and active attendance and participation at meetings with external partners through more high-profile regional work and credible external engagement.

Engagement with MPs and external partners have been key to projects such as the West Midlands transport strategy, preparation for and delivery the legacy of the Sandwell Aquatics Centre, work with the NHS on the Metro Midland Hospital and Towns Fund. We see this trajectory continuing with early work to develop and deliver the DLUHC Levelling Up Partnership.

The Council's Leader meets regularly with Mayor Andy Street from the West Midlands Combined Authority and the Council and Leader now have a noticeable presence within the West Midlands. The Council is now seen as relevant to the region and is trusted to deliver by working in partnership.

We have also seen relationships with Sandwell's Children's Trust improve significantly with a new contract agreed recently and continued increased engagement with the Voluntary and Community Sector. Trust reports are routinely considered appropriately as part of Scrutiny arrangements.

We have also seen increased work with private sector partners such the Infinium waste energy plant development in the borough. This is a private sector investment of £500m which has been Council facilitated and involved significant partnership working.

As we noted in our previous report, this progress is significant when the Council's previous position and the reviews at the beginning of the intervention are considered. We are seeing the recent positive foundation built on which are continuing to strengthen the Council's position and standing within the region and wider.

Our meetings with local MPs have emphasised that improvement is ongoing, but with the need to continue to focus on customer journey, responsiveness and to demonstrate the conditions are in place for improvement to be sustained.

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9. *The decisions made by the Council are done so via well understood and transparent channels and supported by evidence.*

Reporting and decision making is showing evidence of sustainability, with rigorous, clear, well evidenced reports being presented, containing options for the way forward. There is a joint understanding of the agenda between Directors and the Cabinet portfolio holders.

We believe that political stability (as covered in Proxy three) is often tested in circumstances where the Council is required to make challenging decisions. We have already seen difficult decisions taken regarding Brandhall and voluntary sector grants and more recently regarding charging for green waste collections and parking charges. The political priority has been to create financial stability which can result in challenging decision to reduce, change, or charge for services. By making these decisions based on the presented evidence the Leader and Cabinet have demonstrated considerable focus to ensuring a balanced budget and MTFs in the face of opposition.

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.*

The Council has developed a performance management framework which is regularly monitored and reviewed by the Council's Leadership Team and Council's Cabinet. This work shows increased awareness of where improvement is required and what action is necessary. This now feeds back into other planning arrangements such as service level business plans and corporate plans.

In order to support this reporting, the comprehensive monitoring tool has been developed by the Council which includes a progress status rating for all actions within the Improvement Plan, and this approach has been adopted for monitoring delivery of the Corporate Plan. The monitoring tools provide quick reference around which actions are on track for delivery, as well as highlighting areas that may require remedial action or additional levels of assurance.

Progress against each theme of Improvement Plan is contained within the Improvement Plan Annual Report to Full Council. The Annual Report includes milestones achieved since June 2022, the next areas of focus, and commentary on the Council's progress against measures of success. This provides information on the impact of any improvements.

We can report that continuous improvement and lessons learnt activity is underway throughout the Council. Examples include continuous improvement in the scrutiny function and lessons learnt concerning SEND transport and a case study into supporting residents around damp and mould.

A Continuous Improvement Framework and Lessons Learnt Framework are also now in development and are intended to provide a set of standards, tools, techniques and guidance. The intention is for these to be prepared and reported to Leadership Team for the first time in June 2023.

11. *The Council has demonstrated that it is financially resilient and makes investment decisions in the context of a longer-term financial plan.*

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The Council's CIPFA rating has improved from 2* in January 2022 to 3* in January 2023, yet there is still work to develop capacity and capability in this area. There is a focus on developing financial acumen and skills through up-skilling budget holders and embedding a finance business partnering approach.

There is an agreed budget in place that supports the Corporate Plan priorities and an agreed Medium-Term Financial Strategy (MTFS).

The approach to Transformation is developing and with the additional planned work, outcomes from this process will better support year three of the MTFS. The linking of these two plans remains one of our key priorities for the Council's improvement over the next six months.

12. *The Council has considered properly and decided as to whether to move to a four-yearly electoral cycle.*

As reported in our letter to you in December 2022, we consider this question was properly considered by the Council, that a comprehensive report was properly considered and debated. For this reason, we consider this proxy fully satisfied.

3. Our views on next steps for the intervention

We consider progress against our '12 proxies for success' has been significant in the first fifteen months of the intervention. We have seen the Council's Leader, Members, directors and officers continue to make good progress towards the significant challenge before them and continue to work hard and work together to deliver the improvements achieved so far.

The encouraging progress we reported in December was also reflected in the independent views of Grant Thornton, CIPFA and the LGA. Progress has continued, and we are still seeing the triangulation between our views and the work the Council is prioritising. There is still work to do in the key areas listed above, particularly to evidence that the improvements of the past fifteen months are both embedded and sustainable, but we are seeing a Council substantially better placed to demonstrate this is the case.

Over the coming months we believe a particular focus needs to be made in relation to:

- a) developing the strategic capacity of the organisation: this will require a further shift from transactional improvement to a strategic impetus for improvement.
- b) Further work on implementation of the culture and values work.
- c) A comprehensive transformation programme linked to delivering the Council's MTFS.
- d) The 2020/21 accounts approved by auditors and a clear timetable for the approval of the 2021/22 accounts.

We are mindful of your consideration that any aspect of your Directions should only be in place long enough to achieve the stated objectives of the intervention, and your expectation that, on the appointment of a permanent Chief Executive, we would begin to 'step back' from the Council. We

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believe that we have now reached that stage and recommend that we begin the incremental reduction in our time at the Council. Consequently, over the next six months we will be spending fewer days in Sandwell, providing that the current trajectory is sustained. Our next report will make definitive recommendations about the end date of the intervention, setting out our reasons and including clear evidence as to why the public could be expected to have confidence in the Council in meeting best value duty sustainably.

In order to support the Council make the transition out of intervention, we will begin to challenge Sandwell to start thinking about what exit looks like from its perspective. The recommendations in our next report will therefore also include our view regarding any ongoing support, governance arrangements and assistance that we believe necessary post-intervention to provide assurance that the improvement is both sustainable and embedded.

We look forward to updating you on the Council's progress within the next six months.

Yours sincerely,

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