

<b>Report title:</b> Failing Councils – What can we learn?	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 14 December 2023	<b>For:</b> Discussion
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<b>County Divisions affected:</b> All Essex	

## **1. Purpose of report**

- 1.1 This item will provide the Committee with background information relating to lessons learned from local authorities that have experienced significant financial challenges and been subject to statutory intervention in recent years. It will summarise common themes identified and consider any associated risks for this Council.

## **2 Background**

- 2.1 Since 2018, an increasing number of local authorities have experienced financial failure which has seen an increasing number of s151 officers issuing S114 reports. In response the Government has directed formal interventions, appointing ‘commissioners’ to take over certain functions of the councils in question. Lessons learned from these interventions can be drawn from Best Value Inspections and reports written by both commissioners and external auditors.

## **3 Intervention in local government**

- 3.1 In England, the Government has powers to intervene in the running of a local authority, which permit the takeover of any local functions by the Secretary of State or their appointee (called a commissioner). If the Secretary of State is not satisfied that an authority is exercising its best value duty properly then he or she may intervene. Each intervention typically begins with appointment of commissioners and the issue of formal directions. Usually, commissioners can exercise powers in parallel to the local authority, and they generally seek to minimise the number of formal decisions they take. The powers of commissioners can be increased or decreased over time and most often an intervention will last for an initial period of three years.

- 3.2 The Secretary of State cannot exercise these powers unless he or she is satisfied that the authority is failing to meet the duty of best value. Sometimes – as in Thurrock – the Secretary of State is satisfied without needing to commission an inspection. In other cases a Best Value inspection may precede an intervention and if this evidences that the authority is failing to comply with the best value duty, Government will set out proposals for an intervention. Although this often means the appointment of Commissioners, it may direct the council to carry out certain actions such as preparing and implementing an improvement plan or making certain appointments.
- 3.3 Where commissioners are appointed the breadth of commissioner responsibilities has varied between the interventions undertaken.
- 3.4 The local authorities subject to these interventions include Northamptonshire County Council, Liverpool City Council, Slough Borough Council, Nottingham City Council, London Borough of Croydon, Thurrock Borough Council and most recently Woking Borough Council and Birmingham City Council.
- 3.5 The slides attached as an appendix will be presented to the Committee at the meeting and set out findings from the lesson learned reports issued to date. This will allow the opportunity for discussion.

#### **4 List of Appendices**

Power Point Presentation: Failing Councils – What can we learn?