

Liverpool City Council

In December 2020, Max Caller MBE was appointed to carry out an independent assessment of LCC's compliance with its Best Value Duty in relation to the authority's planning, highways, regeneration and property management functions and the strength of associated audit and governance arrangements. Prior to this, Merseyside Police had been undertaking investigations into suspicions of fraud, bribery, corruption, and misconduct in public office in the same areas of council business.

The independent inspection report was published in March 2021, setting out that the council had failed in numerous ways to comply with its Best Value Duty:

- The Inspection uncovered major gaps in what would be normal documentary evidence to support the decisions and actions of the council at both Member and Officer level.
- In the functions subject to the Inspection, compliance with the council's Standing Orders, regulations and the overriding legislation was found to not be part of the culture of the organisation.
- The Inspection identified failures to comply with the rules relating to Key Decisions, Scrutiny, Exempt reports, and probity, with no action taken to address this.
- Evidence was found that some middle ranking officers were aware of what was happening and tried to draw attention to the risks and losses incurred by the council. In some parts of the council those concerns could not be seen in the round because of structures/resource limitations/reporting lines and in other parts, there was evidence that those Officers were not supported and exposed to aggressive challenge.

In June 2021, the Secretary of State appointed Commissioners to Liverpool City Council for a period of three years to exercise functions in four areas: highways, regeneration, property management and the appointment and dismissal of statutory officers, including the role of Assistant Director Governance, Audit and Assurance. The Secretary of State also used the powers under the Local Government Act 2000 to provide for the council to hold full council elections for the first time from 2023; and for a reduced number of Councillors elected on the basis or predominantly single member wards.

Nottingham City Council

In August 2020, a Public Interest Report was published by the council's external auditors, Grant Thornton, regarding concerns over the governance and risk management arrangements associated with its energy company, Robin Hood Energy. A rapid external assurance review was subsequently conducted by Max Caller CBE which highlighted serious governance failings, poor risk management and the pursuit of commercial ventures that had resulted in a significant budget gap and low level of reserves.

The Secretary of State appointed an independent Improvement and Assurance Board in January 2021, chaired by Sir Tony Redmond, intended to offer the council advice, expertise, and challenge as it sought to address these failings.

In December 2021, the council discovered unlawful accounting practices associated with its Housing Revenue Account covering the period 2014/15 to 2020/21 and totalling £15.86m. In response to this, a S114 Notice and S5 Notice were issued, and independent reports were commissioned from an LGA Associate and CIPFA to understand the scale of the unlawful expenditure and decision-making processes that ultimately led to this situation arising.

The independent inspection report was published in March 2022, setting out how the council had failed to comply with its Best Value Duty, recognising:

- A deeply concerning picture of serious historic financial and governance failings.
- Failure of the Council and its wholly-owned company Nottingham City Homes (NCH) to maintain the integrity of the HRA ringfence, albeit it was not concluded that the unlawful accounting practice found was a deliberate mechanism to divert funds from the HRA to support the General Fund.
- NCH operating without strategic oversight of the council.
- Evidence of cultural failings and a reluctance to escalate issues appropriately, leading to the situation remaining unchallenged over several years.
- The scale of the unlawful expenditure was likely to be more substantial than originally thought, with CIPFA estimating at the time that it could be up to £40 million.

In September 2022, the Secretary of State appointed Commissioners to Nottingham for a period of two years to exercise all functions associated with:

- the governance and scrutiny of strategic decision making by the Authority.
- the strategic financial management of the Authority under section 151 of the Local Government Act 1972.
- the appointment and dismissal of statutory officers.

Slough Borough Council

Slough Borough Council is a unitary authority and was one of a small number of local authorities to request exceptional financial assistance during the COVID-19 pandemic. In June 2021 Government agreement to extend this support was given in principle, subject to the conduct of an external assurance review of Slough's financial position and wider governance arrangements. The Chartered Institute of Public Finance and Accountancy (CIPFA) led on the financial aspects of the review. Jim Taylor, former Chief Executive of Salford City Council, Trafford Council and Rochdale Borough Council, led on governance.

The independent inspection report was published in October 2021, setting out how the council had failed to comply with its Best Value Duty, recognising:

- The scale of current and potential liabilities faced by Slough relative to the size of the council's revenue budget, and the potential for this scale to grow further, particularly in relation to council-owned companies.
- The unprecedented level of savings that would need to be made over the period of its Medium-Term Financial Plan, and the difficulty the council would find in deliver substantial savings from statutory services which account for some two-thirds of the council's budget.
- The poor track record of the council in delivering savings, and the reliance on £400m of major asset disposals to deliver the savings required.
- An overreliance on interim officers, and lack of understanding among Members of their role and how some meetings should be conducted, which had been compounded in some instances by poor-quality advice to Members.
- The absence of effective scrutiny, transparency, and public consultation.
- A lack of corporate capacity at both Member and Officer level to achieve the change required.
- Inadequate internal processes.
- Signs of distrust among and between councillors and senior officers.

In December 2021, the Secretary of State appointed Commissioners to Slough for a period of three years to exercise functions in four areas:

- All functions associated with the governance and scrutiny of strategic decision making by the Authority.
- The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority.
- All functions associated with the oversight of collection of revenues (Council Tax and Business Rates) and the distribution of benefits (Housing Benefit and Council Tax Support) by the Authority.
- All non-executive functions relating to the appointment and dismissal of persons to positions designated as statutory officers.

In July 2022, the intervention was expanded by the Secretary of State to include all functions to define and recruit to the Senior officer structure.

Sandwell Metropolitan Borough Council

In August 2021, the council's external auditors, Grant Thornton, initiated a value for money governance review into Sandwell's arrangements for securing economy, efficiency, and effectiveness in its use of resources. The final report was issued in December 2021 and provided evidence that the council had failed to comply with its best value duty, referencing:

- deteriorating senior officer and senior member relationships over a number of years, resulting in a breakdown in trust, respect, and confidence between those holding governance roles.
- poor progress in resolving service and governance issues, with a significant amount of time being spent responding to internal allegations and complaints rather than focusing on improvement.
- repeated instances of poor procurement decisions and commercial decision-making.
- reliance on interim staff or acting-up arrangements in senior officer roles.
- a lack of officer empowerment and the involvement of senior members in key decision making affecting the agility of the council to make prompt decisions, where necessary.
- a lack of longer-term planning.

In March 2022, the Secretary of State appointed Commissioners to Sandwell for a period of two years to exercise:

- All functions associated with the governance and scrutiny of strategic decision making by the Authority.
- All non-executive functions relating to the appointment and dismissal of persons to positions designated as statutory officers.

Thurrock Council

Concerns about the scale of financial and commercial risks potentially facing Thurrock Council were first raised by The Bureau of Investigative Journalism in 2018. Since that time, concerns continued to be raised regarding the council's approach to financial management, and allegations were made by third parties about the processes applied to the operation of the council's commercial strategy.

In September 2022, the Secretary of State announced the intention to intervene in Thurrock Council for a period of three years to address serious concerns about the financial management of the council and the risk this posed to local services. Essex County Council were appointed to the role of Commissioner and powers granted to them to oversee the financial functions of Thurrock Council. Essex County Council were also appointed as Best Value Inspector in order to assess whether there was best value failure in other functions of the Council.

In December 2022, the acting Director of Finance at Thurrock issued a S114 Notice, citing that the council would need to seek Exceptional Financial Support from the Department for Levelling Up, Housing and Communities (DLUHC) for the financial year 2022/23 and to support budget setting for 2023/24, with a gross budget pressure of £469m identified for 2022/23 at that time.

The independent inspection report was published in June 2023, setting out how the council had failed to comply with its Best Value Duty, recognising:

- A high risk appetite to investment, based on borrowing, which went beyond that of similar sized council.
- The scale of financial challenge facing the council, and the council not having a track record in delivering transformational change in the context of reducing financial resources.
- The council's historic lack of strategic planning and long-term decision-making.
- Repeated failures in the delivery of major projects.
- Weaknesses in corporate working practices and a lack of working between Senior Management and Members.
- Significant weaknesses in the council's formal decision-making and the scrutiny function contributed to, at least in part, by a lack of transparency with Members.
- Significant weaknesses in internal control.

Woking Borough Council

In January 2023, Government commissioned a non-statutory External Assurance Review covering Woking Borough Council's governance, finance, and commercial issues, following concerns raised from engagement with the council since May 2022.

The council made the Government aware of further developments in their commercial and finance arrangements in April 2023 which resulted in further fieldwork being undertaken by the review team in April and May 2023.

The external assurance review was published in May 2023 and set out how the council had failed to comply with its Best Value Duty:

- Historic investment and borrowing decisions were assessed as disproportionate to the council's ability to manage complex commercial activity.
- The council lacked the commercial skills and capacity to identify a longer-term strategy to resolve its commercial arrangements.

In response to this, the Secretary of State announced the intention to intervene at Woking, with the intervention being in place for five years. The appointed Commissioners will exercise all functions associated with:

- the governance and scrutiny of strategic decision making by the Authority.
- the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority.
- commercial decision-making, regeneration, property management, procurement, and the management of commercial projects by the Authority.
- the governance, scrutiny and transparency of strategic decision making by the Authority.
- the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability.
- the appointment and dismissal of statutory officers and the definition of recruitment to, and performance management of, the senior officer structure of the council.

In June 2023, the S152 Officer and Interim Director of Finance issued a S114 Notice, reporting that the council has a deficit of £1.2bn and just £16m in core funding available in the 2023/24 financial year.

London Borough of Croydon

In October 2020, a Public Interest Report was published by the council's external auditors, Grant Thornton, regarding concerns over the financial position and related governance arrangements of the council. A rapid external assurance review was subsequently conducted which highlighted an inability within the council to manage demand for services and a lack of financial discipline to keep its delivery within budget. The report also highlighted serious governance failings, poor risk management and the pursuit of commercial ventures that had resulted in a significant budget gap and low level of reserves.

In November 2020, the Director of Finance issued a S114 notice. Two further S114 Notices have been issued since, the latest in November 2022.

In February 2021, the Secretary of State appointed an independent Improvement and Assurance Board, chaired by Tony McArdle, intended to offer the council advice, expertise, and challenge as it sought to address these failings. The panel have reported periodically on their work and progress since March 2021.

In January 2023, the council requested exceptional financial support. This was granted by Government in the form of capitalisation directions (enabling qualifying revenue expenditure to be treated as capital) and allowing the Croydon the ability to raise its share of council tax by 14.99%.