

DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Levelling Up, Housing and Communities (“the Secretary of State”) has carefully considered the following in respect of Thurrock Council (“the Authority”):

- i. The Authority’s exceptional level of external borrowing and approach to managing this borrowing and the Authority’s finances more widely.
- ii. The feedback report of the Local Government Association (LGA) Corporate Peer Challenge of Thurrock Council (10 to 13 January 2022).
- iii. Discussions between Ministers and Officials of the Department for Levelling Up, Housing and Communities and Members and Officers of Thurrock Council.

2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 (“the 1999 Act”).

3. The Secretary of State considers the matter sufficiently urgent to forego the period of representation in section 15(9) of the 1999 Act. He considers it necessary and expedient, in accordance with his powers under section 15(5) and (6) of the 1999 Act, to immediately direct the Authority as set out below in order to secure the Authority’s compliance with the requirements of Part I of the 1999 Act, in particular:

- To deliver financial sustainability by closing any short- or long-term budget gaps and reducing the Authority’s exceptionally high level of external borrowing;
- To ensure compliance with all relevant rules and guidelines relating to the financial management of the Authority;
- To ensure that a strategic and systematic approach to risk management, with appropriate scrutiny and governance of the decision-making processes and procedures, is adopted and embedded across the Authority;
- To address the culture of poor financial management and governance of its commercial portfolio.

4. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs:

- i. the Authority to take the actions set out in Annex A to these Directions;
- ii. that the functions of the Authority specified in Annex B to these Directions shall be exercised from the date of these Directions by the

Commissioners acting jointly or severally; the Commissioners being persons nominated by the Secretary of State for the purposes of these Directions as long as those nominations are in force;

iii. that, from the date of these Directions, the Authority shall comply with any instructions of the Commissioners in relation to the exercise of the functions specified in Annex B, and shall provide such information and assistance as the Commissioners may require for the purpose of exercising the functions specified in Annex B.

5. These Directions shall remain in force until 1 September 2025 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Signed on behalf of the Secretary of State for Levelling Up, Housing and Communities.

Maxwell Soule
Senior Civil Servant in the Department for Levelling Up, Housing and Communities

Date: 2 September 2022

ACTION THE AUTHORITY IS REQUIRED TO TAKE

In this Annex, the following expressions have the following meanings –

“the Authority” includes the Leader of the Council, Cabinet Members, any committee or sub-committee; and any other person who has responsibility for the matter in question.

The actions to be taken by the Authority are:

1. Prepare and agree an Improvement Plan to the satisfaction of the Commissioner (which may include or draw upon improvement or action plans prepared before the date of these Directions), within 3 months, with resource allocated accordingly, to include at a minimum:
 - a. An action plan to achieve financial sustainability and to close any short and long-term budget gaps identified by the Authority across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan;
 - b. An action plan to ensure the Authority’s capital, investment and treasury management strategies are sustainable and affordable;
 - c. A strict debt reduction plan, and an updated minimum revenue provision (MRP) policy in line with all relevant rules and guidelines;
 - d. An action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority; and
 - e. A suitable scheme of delegations for financial decision-making.
2. To report to the Commissioner on the delivery of the Improvement Plan at 6 monthly intervals, or at such intervals as Commissioner may direct.
3. To undertake in the exercise of any of its functions any action that the Commissioner may reasonably require to avoid so far as practicable incidents of poor financial governance or financial mismanagement that would, in the reasonable opinion of the Commissioner, give rise to the risk of further failures by the Authority to comply with the best value duty.
4. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:
 - a. to any premises of the Authority;
 - b. to any document relating to the Authority; and
 - c. to any employee or member of the Authority.

5. To provide the Commissioner, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;
6. To pay the Commissioner reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
7. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request.
8. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of these Directions.

FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONER

In this Annex –

“the Authority” includes the Leader, Cabinet Members, any committee or subcommittee; and any other person who has responsibility for the matter in question.

The Commissioner shall exercise:

1. All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority;
2. 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, to include:
 - a. providing advice and challenge to the Authority on the preparation and implementation of a detailed action plan to achieve financial sustainability and to close any short and long-term budget gaps identified by the Authority across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan;
 - b. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, strictly limiting future borrowing and capital spending;
 - c. scrutiny of all in-year amendments to annual budgets;
 - d. the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority’s ability to fulfil its best value duty;
 - e. providing advice and challenge to the Authority on the preparation of sustainable and affordable capital, investment and treasury management strategies; a strict debt reduction plan; and a revised minimum revenue provision (MRP) policy;
 - f. providing advice and challenge to the Authority on a suitable scheme of delegations for financial decision-making;
 - g. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.