



## Department for Levelling Up, Housing & Communities

Gavin Jones  
Chief Executive  
Essex County Council

*By email*

**Lee Rowley MP**  
*Parliamentary Under-Secretary of  
State for Local Government and  
Building Safety*

**Department for Levelling up,  
Housing and Communities**  
Fry Building, 2 Marsham Street  
London SW1P 4DF

[www.gov.uk/dluhc](http://www.gov.uk/dluhc)

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Dear Gavin,

### **Thurrock Council Intervention**

Thank you for sending me Essex County Council's (ECC) first Commissioner report of 5 December on the progress of the intervention in Thurrock Council, and the update letter on the Best Value Inspection of 13 December, which set out your key findings and priority recommendations from your work so far.

I am very grateful for the work that ECC are doing, both as Commissioner and Inspector, to support Thurrock Council as it comes to terms with its financial position and best value failings. Your reports make clear that the scale and complexity of the financial challenges in Thurrock are unprecedented in the sector, and I do not underestimate the extensive work, which you have already begun, that will be needed to secure improvements at the Council for the residents of Thurrock.

The first Finance Commissioner report and BVI update letter set out the significant financial failings at the Council as a result of the Authority's commercial investment strategy, and lack of proper financial controls. They provide a clear rationale for expanding the existing Directions, to give Commissioners powers over: Thurrock Council's governance function; functions associated with the Council's operating model and redesign of Council services; the appointment, dismissal and organisation of the Authority's staff; and oversight of an effective performance management framework for senior officers. In relation to the proposed powers over the Authority's governance function, we would request that you conduct an audit of the Authority's governance, an update on which should be included in the Commissioner's next report to the Secretary of State.

Having considered the evidence, the Secretary of State will today announce that he is minded to issue further Directions to this effect, to provide you with the powers required to drive forward improvement. He is also minded to issue additional Directions to Thurrock Council, to instruct the Authority to produce an enhanced

“improvement and recovery plan” to the satisfaction of Commissioners; to take steps to ensure that the role of Accountable Body to the Thames Freeport is exercised to the satisfaction of the Commissioners; and to undertake any action the Commissioners may require to avoid incidents of poor governance. The Secretary of State is inviting representations on this proposal from all interested parties by 7 February 2023.

The Secretary of State has also reviewed the model of the Thurrock intervention as a whole and is minded to propose a further change to the Directions to appoint a Managing Director Commissioner. This appointment is intended to strengthen the intervention model, and to increase Thurrock Council’s capacity to deliver its improvement plan.

I would also like to recognise the work of the leader of your Council, Councillor Kevin Bentley, in assisting the intervention so far. I welcome this support, because we know from previous interventions that it is vital for sustainable improvement to be member led. The Secretary of State intends to acknowledge and formalise the ECC Leader’s role in the intervention through an updated Explanatory Memorandum which will accompany the proposed new set of Directions, subject to consideration of any representations received. We hope that this will prove a useful tool for ECC in its work, to ensure that appropriate delegations of responsibility are enacted, and any actual or perceived conflicts of interest are managed sensitively.

The Secretary of State and I look forward to receiving your full Best Value Inspection report in February.

Officials will write separately to Ian Wake, acting Chief Executive of Thurrock Council, to set out the proposed changes to the relevant Directions, and to invite the Authority’s representations. Thank you once again for your continued and extensive work to support Thurrock Council in its improvement journey. I would be grateful if you could convey my thanks to the wider Commissioner and Best Value Inspection teams in ECC.

Please find attached to this letter a document which sets out new Directions pertaining to the intervention, should the proposed changes be formalised.

I am copying this letter to Councillor Kevin Bentley.

Yours sincerely,

**LEE ROWLEY MP**

## PROPOSED CHANGES TO THE DIRECTIONS

## ANNEX A

### 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 and Recovery Plan to the satisfaction of the Commissioner, within 6 months, with resource allocated accordingly. This should include and draw upon the existing Improvement Plan produced in December 2022, per the Directions issued to the Authority on 2 September 2022. The plan is to set out measures to be undertaken, together with milestones and delivery targets against which to measure performance, in order to deliver rapid and sustainable improvements in governance, leadership and culture in the Authority, in the Authority’s exercise of its overview and scrutiny functions and in its performance of services, thereby securing compliance with the best value duty. The Recovery Plan should 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.
  - f. An action plan to reconfigure the Authority’s services commensurate with the Authority’s available financial resources.
  - g. A plan to ensure that the Authority has personnel with sufficient skills, capabilities and capacity to deliver the Improvement and Recovery Plan, within a robust officer structure.
  - h. An action plan to strengthen the Authority’s governance function, to secure improvements in transparency and formal decision making. This should include measures to improve the Authority’s scrutiny function, including the taking and recording of formal decisions.

- i. Arrangements to secure the proper resourcing and functioning of the system of internal controls, including risk management and internal audit.
  - j. Arrangements to provide assurance, to the satisfaction of Commissioners, on the exercise of your role of Accountable Body to the Thames Freeport.
2. To report to the Commissioner on the delivery of the Improvement and Recovery 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 governance, 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.
9. To take steps to ensure that the role of Accountable Body to the Thames Freeport is exercised to the satisfaction of the Commissioners. This should be reflected in your Improvement and Recovery plan.

**FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONER**

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

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

“Senior positions” are defined as direct reports to the Chief Executive and their direct reports, and their Group Managers – tier one, tiers two and three.

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.
3. All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority.

4. All functions associated with the council's operating model and redesign of council services to achieve value for money and financial sustainability.
5. All functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers, to include:
  - a. The functions of designating a person as a statutory officer and removing a person from a statutory office.
  - b. The functions under section 112 of the Local Government Act 1972 of:
    - i. appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and
    - ii. dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
6. All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff to those positions.
7. All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions.