



Office for Local Government

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19 December 2023

Dear Chief Executive,

Early warning system and new metrics

I am writing to outline our next steps to establish a new early warning system, and to flag the updates we have made today to the Local Authority Data Explorer.

Early warning system

As I set out in my letter to you of 26 October, we want Oflog to find new ways to spot and address early warning signs of potential serious failure in local authorities.

In recent years there has been a small but significant number of cases of serious failure of leadership, governance or culture in a local authority. Some of these might have been avoided if the problems had been identified and addressed at an earlier stage. We have been discussing with a range of colleagues in the sector, including the Local Government Association (LGA), how Oflog can best help prevent such cases.

We intend for Oflog's early warning system to complement and work with (not duplicate nor conflict with) other mechanisms for warning and support in the wider local government ecosystem – including external auditors, the LGA's Corporate Peer Challenges, the work of teams in DLUHC and other government departments, and regulators of particular services such as the CQC and Ofsted.

Our plan is to create an early warning system with two principal components. The first component will involve desk-based collection and analysis of data and soft intelligence, seeking to identify which local authorities might be at risk of serious failure of leadership, governance or culture. The second component will involve 'Early Warning Conversations': discussion with and visits to local authorities identified as potentially at risk. If the local authority is not already subject to formal intervention or inspection from DLUHC, we will help identify the type and degree of risk and make recommendations for improvement.

I want to clarify some important points about what our early warning system will not do:

- Oflog will not be making any judgement about the necessity of formal intervention. That role will remain with DLUHC through the existing Best Value framework.
- For local authorities that consider themselves to have financial problems, Oflog should not be the first port of call: they should continue to contact DLUHC to discuss their options. The Oflog early warning system will instead be seeking to identify authorities

who have not flagged to central government that they are at risk of serious failure, but whom we think nevertheless might be at risk.

- Oflog's early warning system will of course not spot every potential failure; but we hope it will add value nevertheless.

Oflog's early warning system will evolve as we grow, experiment and learn from feedback. It will start small. We intend to run pilot exercises of the Early Warning Conversations process in one or two local authorities over the next few months. Oxfordshire County Council has kindly agreed to participate in the first exercise. We will then launch the first 'proper' Early Warning Conversations in mid-2024. We currently expect to conduct roughly four to six Early Warning Conversations over the course of financial year 2024-25.

Alongside setting up its own early warning system, Oflog will work with Government and the LGA to shape the overall ecosystem of warning mechanisms (including those led by Government and the LGA) to be as effective as possible.

As ever, please do contact us at Oflog@levellingup.gov.uk if you have questions or concerns.

Local Authority Data Explorer update

I would like to thank everyone who provided constructive feedback to Oflog on our latest set of draft metrics for the Local Authority Data Explorer, both through the workshops and in writing. We received feedback from nearly half of all local authorities. Today we have published 10 metrics on the Data Explorer and a summary of the feedback, which can be found [here](#). We are still considering the feedback on the other metrics, and will provide a further update on that work in 2024.

We will continue to update and expand the Data Explorer to provide a holistic view of local government services.

Yours faithfully,

A handwritten signature in black ink that reads "Josh Goodman". The signature is written in a cursive, slightly informal style.

Josh Goodman
Chief Executive