



Ministry of Housing,
Communities &
Local Government

James Blythe
*Deputy Director, Local Government
Stewardship and Interventions*

**Ministry of Housing, Communities &
Local Government**
2 Marsham Street
London SW1P 4DF

www.gov.uk/mhclg

Professor Steven Broomhead
Chief Executive
Warrington Borough Council
By email

8 May 2025

Dear Professor Broomhead,

Paul Najsarek, having undertaken an inspection of your Authority's compliance with its Best Value Duty, sent your Authority a Report on 24 February 2025 setting out the Inspection team's findings, in accordance with Section 13(3) of the Local Government Act 1999 (the '1999 Act'). I am now writing to invite your Authority, if it wishes, to make representations to the Secretary of State, under Section 15(9) of the 1999 Act, about that Report and about a proposed intervention package. This letter and that Report will be published on www.gov.uk.

The Secretary of State has carefully considered the Report and other relevant material, including findings from the government-commissioned CIPFA external assurance review of July 2023 and the Local Government Association's (LGA) Corporate Peer Challenge (CPC) of March 2024, and is satisfied that your Authority is failing to comply with its Best Value Duty under Section 3 of the 1999 Act. The Best Value Duty is defined in the 1999 Act in that a "best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This is described in more detail in the statutory guidance published on 8 May 2024. The Secretary of State is satisfied that the Authority is failing to comply with its Best Value Duty, specifically the themes of Continuous Improvement, Governance, Leadership, Culture, and Use of Resources as described in the statutory guidance.

The Secretary of State is minded to exercise powers of direction under Section 15(5) and 15(6) of the 1999 Act in relation to your Authority to secure its compliance with the Best Value Duty. The proposed package of measures which would be implemented through appropriate Directions is set out in the attached Annex, and would be overseen by the appointed Ministerial Envoys. As explained in the Annex, the package of intervention measures has been designed to accelerate and strengthen the improvement work needed at the Authority, including those in response to the recommendations made in the CIPFA review and the LGA's CPC report.

Your Authority is now invited to make such representations as it wishes about the Report and the Secretary of State's proposed Directions, in line with Section 15(9) of the 1999 Act. All

such representations should be sent by email to interventions@communities.gov.uk so as to be received on or before 22 May 2025. All correspondence received from the Authority by the Ministry since the start of the Inspection will also be considered as representations. They will then be carefully considered by the Secretary of State in making a decision as to whether to make any and, if so, what Directions.

I am copying this letter to the Authority's Section 151 Officer and Monitoring Officer.

Yours sincerely,

James Blythe

Deputy Director, Local Government Stewardship and Interventions

ANNEX

PROPOSED INTERVENTION PACKAGE

1. The Secretary of State is considering exercising powers of direction under section 15(5) and 15(6) of the Local Government Act 1999 (the '1999 Act') in relation to Warrington Borough Council ('the Authority') to secure its compliance with the Best Value Duty. This is on the basis of Paul Najsarek, supported by Richard Paver and Michael Hainge, having conducted a thorough investigation and produced a detailed report ('the Report'), which was submitted to the Secretary of State on 31 January 2025.
2. The Report describes some strengths in the Authority which the Inspectors found, including within certain services, like children's services, and public sector partnerships and community engagement.
3. However, the Report documents serious concerns across a number of areas which the Secretary of State considers amount to failings by the Authority of its Best Value Duty under Part 1 of the 1999 Act. These concerns have been identified in five of the seven best value themes: Continuous Improvement, Leadership, Governance, Culture, and Use of Resources. The Inspectors note that the Authority has been slow to deal with key recommendations from external reviews and reports over the past five years, including those from the Local Government Association (LGA), CIPFA, and former external auditors. They therefore are not confident that the Authority recognises the severity of the issues it faces and can make the necessary changes without external intervention.
4. In light of the conclusions and evidence in the Report, and other relevant materials including the CIPFA capital assurance review and LGA CPC report, the Secretary of State is minded to implement the statutory intervention package set out below. The Secretary of State believes the proposed intervention package is necessary and expedient for the Authority to secure compliance with its Best Value Duty. The proposed package has been designed to accelerate and strengthen the improvement work needed at the Authority, and to set in motion a cultural reset of the organisation that ensures the Authority is compliant with its Best Value Duty and achieves the best outcomes for its residents and service users.
5. The Secretary of State has set out the proposals to assist the Authority to formulate any representations it may choose to make. The Secretary of State acknowledges that, save in cases of urgency, the Authority has a statutory right to make representations if the Secretary of State is considering making a Direction. The Secretary of State will carefully consider those representations in deciding whether to make any and, if so, what Directions. The Secretary of State specifically reserves the ability to make further or revised Directions after implementing this, or any, intervention package (if that is what the Secretary of State decides to do).

Overall purpose and approach

6. The starting point is the evidence, which highlights serious concerns. In particular, the Report includes the following:

- a. On **Continuous Improvement**: The Authority has demonstrated “resistance” in its response to external challenge processes over recent years. Inspectors describe an “institutional behaviour” whereby the Authority fully accepts the findings from external reports and then fails to implement the recommendations. As a result, Inspectors are not confident the Authority has the “will or capacity” to implement the recommendations from their inspection, or that the Authority’s challenges will be addressed without “external support”.
- b. On **Leadership**: Inspectors describe the political and officer leadership were “defensive and lacked transparency in their ways of working” when faced with an assertive and challenging opposition from 2021. There is a lack of strategic direction and a “low-challenge culture”, where members are highly deferential to officers. The commercial programme has grown incrementally “without clear strong overall oversight and without a clear strategy”, and the Authority’s priorities are not aligned with its revenue budget and commercial programme challenges.
- c. On **Governance**: The Council’s commercial programme has been marked by “a lack of transparency and accountability”, with key decision-making “disproportionately influenced by a small group of officers”. Despite concerns raised by external bodies, including two adverse Value for Money opinions and the resignation of the now former external auditor due to escalating risks, meaningful reforms have not been implemented. Some recent investments have been found incompatible with CIPFA codes, statutory investment guidance and, in one case, Public Works Loan Board (PWLB) eligibility criteria. The absence of audited accounts since 2018/19 further leaves the Council in a precarious position.
- d. On **Culture**: The Inspectors describe a culture where “members are highly respectful of powerful officers and there is a defensiveness to internal and external scrutiny”. This culture has contributed to a high-risk commercial programme that exceeds the expertise and capacity of even the most senior officers and external reviewers, leaving the Authority “in a very exposed position”.
- e. On **Use of Resources**: The Authority manages a complex, high-risk borrowing and investment programme without an agreed strategy or the required expertise, with detailed knowledge confined to a few senior officers. The Authority is facing “an increasingly precarious revenue budget position with rapidly diminishing reserves”, compounded by the lack of external audit since 2018/19, which may lead to a restatement of reserves. While the Authority acknowledges its financial challenges, it continues to hope that national funding policy will resolve its Medium-term Financial Strategy (MTFS) shortfalls. The Inspectors are clear that the Authority’s challenges “need greater urgency to resolve”.

7. The July 2023 **CIPFA capital assurance review** found that the Authority’s portfolio of debt-funded investments is “very large and uniquely complex”, and raised concerns with decision-making, governance and oversight. It identified the need for improved

classification and management of the investments, and further scrutiny of loans and their compliance with regulations. Eight recommendations were made.

8. The March 2024 **LGA Corporate Peer Challenge (CPC)** highlighted financial risks, and raised significant concerns around the Authority's scrutiny, accountability and transparency. It made ten recommendations, including the delivery of CIPFA's recommendations. The Authority intended to report their action plan addressing the LGA's recommendations to Cabinet in October 2024, however there is no clear evidence that this has happened.
9. The Secretary of State considers that given the evidence of serious concerns in relation to these areas, as revealed by the Report and other relevant materials, a broad and supportive intervention package is necessary and expedient to address the circumstances of the Authority.

Statutory intervention package

10. The proposed intervention package is designed to accelerate and strengthen the improvement work needed at the Authority. It recognises the scale of the challenge and how much improvement is necessary at pace for the Authority to deliver its Best Value Duty. The aims of the proposed intervention package are to support the Authority to:
 - a. Provide the additional scrutiny, external challenge, advice and monitoring needed to oversee the improvements.
 - b. Establish a more member-led organisational culture.
 - c. Address systemic weaknesses in the Authority's governance functions, to secure improvements in transparency, scrutiny and formal decision making.
 - d. Deliver financial sustainability, including by closing any short- or long-term budget gaps and reducing the Authority's exceptionally high level of external borrowing and high dependency on high-risk commercial income.
 - e. Increase corporate grip of the Authority's risk management and ensure compliance with all relevant rules and guidelines relating to the financial and debt management of the Authority.
 - f. Strengthen the commercial decision-making, property management, and management of commercial projects functions of the Authority to address the serious failings in these areas over recent years and ensure conformity with the Best Value Duty, thereby delivering improvements in outcomes for the people of Warrington and the public purse.
 - g. Agree as necessary any changes needed to the Authority's operating model and redesign of council services to achieve value for money and financial sustainability.
 - h. Ensure the Authority can play an effective role with partners, including in the Devolution Priority Programme.
11. In order to assist the Authority in achieving the necessary improvements, the Secretary of State is minded to appoint a team of Ministerial Envoys who the council will be directed to work with under s15(5), some of whom will have the power to exercise specific functions of the Authority under 15(6) of the 1999 Act. The primary decision-making will still be

undertaken by the Authority and the Secretary of State will make clear to appointees that they will be expected to only step in and use these functions as a last resort. It is proposed the Authority will be directed to cooperate with the Ministerial Envoys, and to allow them all reasonable access to the Authority's premises, documents, employees or members in support of their work.

12. The intervention package is formed of actions your Authority would be directed to take, and powers to exercise Authority functions which three of the Ministerial Envoys will have. The proposed Directions would be in place for five years, reflecting the severity of the challenge at Warrington.
13. In the event that the Ministerial Envoys are dissatisfied with the progress, engagement or commitment of the Authority in relation to this intervention package, they will report this to the Secretary of State; upon which the Secretary of State will consider what further measures may be necessary to secure the Authority's compliance with its Best Value Duty. Equally, if the Ministerial Envoys are satisfied that the Authority is improving at a rate faster than anticipated, the Secretary of State will consider de-escalation.

Directions to the Authority

14. The proposed Directions set out actions which the Authority must undertake to effect the changes needed as well as supporting and facilitating the work of the Ministerial Envoys.
 - a. Prepare and agree an Improvement and Recovery Plan to the satisfaction of the Ministerial Envoys, within 6 months, with resource allocated accordingly. This should integrate relevant contents and recommendations of the Best Value Inspection report, published on 8 May 2025, and the July 2023 CIPFA Capital assurance review, published on 8 May 2024. The plan should set out measures to be undertaken, together with milestones and delivery targets against which to measure performance, to deliver rapid and sustainable improvements in finance, commercial, property management and governance functions, thereby securing compliance with the Best Value Duty. The Improvement and Recovery Plan should include at a minimum:
 - i. An action plan to achieve financial sustainability and to identify and close any short and long-term budget gaps across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan.
 - ii. An action plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable.
 - iii. A comprehensive and strict debt reduction plan, including a strategy for asset disposals and a review of commercial investments, demonstrating how overall capital financing requirement and external borrowing will be reduced over a realistic but expedient timescale, reducing debt servicing costs.
 - iv. An action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority including PWLB lending criteria and an updated minimum revenue provision (MRP) policy.

- v. An action plan to reconfigure the Authority's services commensurate with the Authority's available financial resources.
 - vi. An action plan to strengthen the Authority's financial and commercial functions, and to secure improvements in risk management, internal audit and governance, including a suitable scheme of delegations.
 - vii. 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 and the appointment of an independent chair of the audit and corporate governance committee.
 - viii. A corporate plan that aligns with the Authority's revised MTFS and reflects the actions that are needed to strengthen the finance, commercial, property management and governance functions.
 - ix. To devise and implement a plan for a programme of training and cultural change which ensures both Members and Officers understand their respective roles and the way in which the Authority and its activities are regulated and governed.
 - x. An action plan to resolve the significant external audit backlog including providing sufficient resources to do so.
- b. Within one month of the date of these Directions, initiate a full and open recruitment exercise for a suitable permanent appointment to lead the improvement work in the Authority and progress against these Directions. For the avoidance of doubt, an existing employee of the Authority may be appointed to the position provided that such person is a suitable permanent appointment to that position.
 - c. To report to the Ministerial Envoys on the development and delivery of the Improvement and Recovery Plan after the first three months, and six months and thereafter at six-monthly intervals, or at such intervals as the Ministerial Envoys may direct.
 - d. Develop a plan to ensure that the Authority has sufficient skills, capabilities and capacity to deliver the Improvement and Recovery Plan, within a robust officer structure, including appropriate commercial expertise and capacity.
 - e. To review, in the first 24 months, the roles and case for continuing with each subsidiary company and investment of the Authority. For the companies that it is agreed to continue, ensuring that the Directors appointed by the Authority are appropriately skilled in either technical or company governance matters to ensure each Board functions effectively under the terms of an explicit shareholder agreement and a nominated shareholder representative.
 - f. To work with the Local Government Association to agree a suitable timetable for a follow up review to their 2024 Corporate Peer Challenge report.
 - g. To undertake in the exercise of any of its functions any action that the Ministerial Envoys with power to exercise functions 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 Ministerial Envoys with power to exercise

functions, give rise to the risk of further failures by the Authority to comply with the best value duty.

- h. To allow the Ministerial Envoys at all reasonable times, such access as appears to the Ministerial Envoys to be necessary:
 - i. to any premises of the Authority;
 - ii. to any document relating to the Authority; and
 - iii. to any employee or member of the Authority.
- i. To provide the Ministerial Envoys, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Ministerial Envoys may reasonably require from time to time to carry out their functions and responsibilities under these Directions.
- j. To pay the Ministerial Envoys reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
- k. To provide the Ministerial Envoys with such assistance and information, including any views of the Authority on any matter, as the Ministerial Envoys with power to exercise functions may reasonably request.
- l. To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

Directions to the Ministerial Envoys with power to exercise functions

15. The Ministerial Envoys with power to exercise functions shall be able to exercise:

- a. All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority.
- b. All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority.
- c. 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:
 - i. 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 and reducing dependency on high-risk commercial income;
 - ii. 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;
 - iii. scrutiny of all in-year amendments to annual budgets;

- iv. the power to amend budgets where Ministerial Envoys with power to exercise functions consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty;
 - v. providing advice and challenge to the Authority on the preparation of sustainable and affordable capital, investment, treasury management and commercial strategies; a strict debt reduction plan; and a revised minimum revenue provision (MRP) policy;
 - vi. providing advice and challenge to the Authority on a suitable scheme of delegations for financial decision making;
 - vii. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
- d. All functions associated with commercial decision-making, property management, procurement and the management of commercial projects by the Authority.
- e. All functions associated with the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability.
- f. All functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as senior officers and statutory officers, and the designation of those persons as statutory officers, to include:
- i. The functions of designating a person as a statutory officer and removing a person from a statutory office.
 - ii. 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.
- i. 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.
- j. All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions.