



Thurrock Council Commissioners

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Deputy Prime Minister and Minister of State
Ministry of Housing, Communities & Local Government
Fry Building
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1 May 2025

Dear Deputy Prime Minister and Minister of State,

Thank you for the response to our previous report, and for confirming the appointment of Denise Murray as Finance Commissioner. In your response, you requested that our next report provides an assessment with evidence of the extent to which Thurrock Council is meeting the Best Value Duty. The statutory intervention in Thurrock Council is due to end on 1 September 2025. With this in mind, this report provides our view as Commissioners on the Council's current position and what further support may be required beyond this date.

Our recent reports have outlined the significant progress the Council has made to date. Taking into account the further improvements since our last report was submitted in November 2024, this report uses the *Best value standards and intervention: a statutory guide for best value authorities* published in May 2024 to assess whether and in which areas Thurrock Council is now meeting its Best Value Duty or still failing to do so.

Since our last report was submitted, the Government has published the *English Devolution White Paper* and the Greater Essex area, including Thurrock Council, has subsequently been confirmed on the Devolution Priority Programme and invited to submit proposals for local government reorganisation (LGR). Both of these major transformation programmes provide significant opportunities for Thurrock Council and its residents. However, we would highlight that it is vital that the Council retains its focus and commitment to improvement despite these other pressures, and ensures it has the leadership vision and capacity in place to drive forward all three of these significant programmes simultaneously. Furthermore, it is important that any LGR proposals that come forward will be able to demonstrate that they contribute positively to the future financial sustainability of any new unitary authority that includes the existing Thurrock Council.

Executive Summary

Since the beginning of the intervention in September 2022, the Council has engaged positively with Commissioners and taken seriously its commitment to recovery and improvement. Progress within the first year was limited, due primarily to a long period of financial discovery with regular movements in the Council's understanding of its true financial position. This was combined with a significant limitation in organisational capacity impacting its ability to move at pace in terms of organisational improvement.

The Administration continues to own the recovery agenda and is taking steps to reengage with its communities through a series of initiatives including open "town hall" style events, campaigns such as "A fresh start for Thurrock" and "Thurrock Cares," as well as community

Gavin Jones, Lead Commissioner
Dr Dave Smith, Chief Executive and Managing Director Commissioner
Denise Murray, Finance Commissioner

action at Coalhouse Fort and a localisation pilot. Whilst this is welcomed and is encouraged, there is still a lot of work to do to rebuild trust between the Council and its communities. This is set against a backdrop of further years of very difficult political decisions that will need to be taken to reduce the structural debt that the Council has.

The additional pressure of LGR could distract politicians from focussing on the necessary recovery work, but to date they have stood firm on their recovery efforts; this is despite considerable broader political pressure surrounding LGR within Greater Essex. To support the continuous development of the Council's political leadership, LGA-supported political mentoring for Cabinet is underway, both for individual Portfolio Holders and for Cabinet as a collective group, and Commissioners would encourage Members to fully embrace this opportunity.

With enhanced financial leadership capacity, much good work has been done to address historic financial accounts and governance issues. However, there are still a number of open posts across finance and the system of internal controls that have proven difficult to fill, and inevitably this could hamper further progress.

The Council was able to set a balanced budget for the 2025/26 fiscal year, but it could not have done so without Exceptional Financial Support (EFS) facilitated by government. The 2025/26 Budget highlighted that there remains a structural deficit of £8 million and that the overall debt position is estimated to rise to over £ 1.1billion by the end of 2025/26. Tackling this financial problem will require tough political decisions in the future over service choices and an ambitious but well considered and resourced transformation plan.

There remains a weakness in the authority's approach to risk management and it has not yet been embraced across the Council as an essential organisational capability. Additionally, the capacity pressures across Internal Audit means that this is an area that remains underdeveloped, with a limitation of audit scope for 2024/25, although a 3-year Internal Audit plan has now been produced.

Capacity remains a significant issue for Thurrock Council. Whilst some progress has been made around efficiency, this will not be enough to strategically reshape the Council to ensure it becomes fit for the future, whether it continues to stand alone or is merged into a larger unitary through LGR. In part, this could be achieved through implementing in full its proposed operating model, although this is still underdeveloped, and it is crucial that this now progresses at pace. A new operating model should be the catalyst for an ambitious transformation plan and the Council has taken the view that it needs to access some external strategic capacity to support with its implementation and to build an impactful transformation plan. To ensure that the Council can secure and manage a strategic partnership of this nature, it will need to invest in its contract management capability. Any contract will need to specify the Council's requirement clearly, to ensure that it is able to secure Value for Money from its chosen partner.

Despite ongoing good work, the Council is still some way from achieving its Best Value Duty and it will take time for the improvements to become sustainable and part of the organisational culture. Achieving Best Value cannot be a "moment in time" but enough strength, depth and cultural change will be needed to ensure changes are deeply embedded and cannot easily be rolled back. There are still too many areas of fragility in the Council's recovery and still some major areas of work yet to be done. It is our view that the Council has not yet sufficiently demonstrated that it has the capacity and capability to sustain its own journey of continuous improvement without external involvement. For this reason and referring to evidence within this report, Commissioners are recommending that the Minister should consider extending the length of the intervention beyond September 2025 and that there should be a phased

approach to refining the model and winding down the intervention over this period. The Minister may wish to consider whether any period of extension to intervention should be aligned to the LGR timetable.

The Council's Leadership capability, both politically and managerially, has improved throughout the intervention and Commissioners are of the view that the Managing Director Commissioner (MDC) model has been invaluable in creating the drive and focus for improvement. However, as part of this phased approach, there will be a time when it would be appropriate for the Council to recruit its own full time Chief Executive and move away from the MDC model. If the Minister is minded to extend the intervention period beyond September 2025, Commissioners would recommend that a timeline should be agreed where the Council recruits its own Chief Executive at which point the MDC role ceases, factoring in time for a smooth transition during this period. The Minister will also wish to consider the timing of this change in line with any possible decisions around LGR.

The remainder of this report is structured around the seven Best Value themes and provides evidence of progress and areas of work still needed. Appendix 1 also provides an assessment against the Directions. This outlines our view that while work is ongoing in the specified areas, none the Directions have yet been achieved in full.

Leadership

Poor leadership and a destructive culture were at the root of the failings at Thurrock Council, and it is pleasing to be able to report that there has been much improvement in this area, both politically and organisationally. Relationships between senior officers and Members have generally become more mutually respectful and collaborative.

During the early days of the intervention, it was clear that there was a significant issue around the political maturity of some Members in terms of their understanding of their stewardship roles and how to interact effectively with officers. This was in part compounded by poor quality reports from officers and a lack of transparency where information was, in some circumstances, withheld from Members. Whilst there have been significant improvements through, for example, more collaborative relationships between members and officers as well as a training offer for officers to improve the quality of reports, the Council's political and organisational leadership must continue to model the right behaviours and call it out where it falls short. We have had constructive discussions with the political leadership on this point who have committed to treat this as a priority and have demonstrated this in recent months.

Following a period of some stability across the political leadership, since our last report, the leaders of the two largest parties have now stepped down from their roles and a new Leader of the Council will be confirmed at the Annual Council meeting in May. We would like to thank both Cllr John Kent and Cllr Andrew Jeffries for their positive engagement with Commissioners and the improvements made during their time as Leaders of the Council. While this creates some initial instability, a change in political leadership over time is a routine process for a political organisation, and not necessarily an indicator of Best Value failure. However, we would expect to see the organisation deliver a smooth and seamless transition to the new leadership arrangements and the new Leaders to continue driving forward the necessary improvement activity at pace. Cllr Lynn Worrall has just been elected as the new Leader of the Labour Group whilst the new Leader of the Opposition Group, Cllr George Coxshall, has been in post since March. We have worked closely with both in their role as Deputy Leaders of their respective parties and have seen evidence of their determination and commitment to recovery through their inputs at our commissioner chaired Recovery Boards. We will want to

see them providing the strong, effective, collaborative and transformative leadership required for this next phase.

The Cabinet have been engaging positively with a programme of individual and team mentoring provided through the LGA, and Commissioners strongly support this work to continue to strengthen the political leadership of the Council. This is particularly important as there are more difficult political decisions to be made both now and in the future which will require strong leadership and resilience from a collegiate and effective Cabinet.

In terms of organisational capacity, the Council approved a new leadership structure in August 2023 which has facilitated investment in corporate capacity and capability. Most recruitment to this new structure has taken place through late 2023 and early 2024. Since that time, with an increase in capacity and fresh ideas, there has been an upturn in the pace and breadth of improvement. The initial Best Value Inspection (BVI) report highlighted the lack of joined up strategic leadership at the Council resulting in a siloed organisation. With a new cadre of senior officers and with a now enhanced Senior Leadership Team (SLT), it is important that the Council continues to spend time investing in both SLT and the wider cohort of leaders, so that they are able to offer more collegiate leadership to the organisation. Work with the Leadership Centre focused on this has been fruitful to date. SLT have been working effectively together in recent months, taking a more cohesive, corporate approach to discussions, with recent changes in personnel continuing to have positive impacts. This team development work has recently started to broaden out to include the next two tiers of leadership and this is to be encouraged. Learning together as a broader leadership cohort will help sustain and power further necessary improvement across the Council.

A recent staff survey reflected signs of increasing trust between the senior leadership and officers, although it also reflected that there was still more work to do. Importantly, the Council needs to clarify its action plans in this area and report progress back to staff, a very important step in building future trust across the whole organisation.

The MDC model has played an important role in the Council's progress since its implementation. It has helped to create a greater sense of collaboration between Commissioners and the organisation and has contributed to creating a sense of momentum. For Thurrock, and for other interventions using this model, there is a broader question around when may be an appropriate point within the intervention for this model to come to an end. From the Commissioners' perspective in Thurrock, as the Council continues to make significant recovery progress at pace and as it further embeds these improvements, there will need to be a time when it should revert to a more traditional Chief Executive model. The Minister will want to give some thought as to the best time for this to be considered in Thurrock in light of upcoming decisions on LGR. Commissioners would recommend that there is enough time ahead of this change in the model of intervention to enable a smooth transition between the MDC and a Chief Executive.

Use of resources/financial sustainability

The Council has continued an appropriate pace of progress since the last report and increasing identification and grip on the risks embedded with the historic accounts, financial strategy and associated budget delivery. This gives Commissioners a degree of confidence that with the continued strong leadership and the right capacity in finance, improvements can be built on and sustained.

The Council is making good progress on improving financial management and oversight. To ensure transparency and accountability in its operations, regular reporting has been established, communication of clear financial goals, detailed budget build, active cash flow

monitoring and an update of the financial regulations and scheme of delegation underway. However, the Council must ensure that the financial management, reporting and regulation arrangements in place, to govern the strategic and operational management of its budgets, investments, funding, assets and companies, are in accordance with CIPFA's Financial Management Code.

Steps have been taken to further develop and strengthen the models that underpin the key financial strategies such as the Medium-Term Financial Strategy, Capitalisation Direction, asset disposal, divestment and debt & servicing costs. This has resulted in revisions to the Council's estimated level of Capitalisation Direction, with an increase from £520million (2024) to £691million in the latest iteration. With appropriate use of specialist expertise and independent assurance when needed, the Council continues to pursue asset sales which will become more challenging as it transitions to its operational estate, deliver its divestment strategy and pursue litigation where appropriate and in the interests of their residents. The Council will need to ensure the assumptions are sufficiently robust and where necessary sensitivity tested to assess the Council's resilience to variations, flexibility to adapt to changing circumstances and facilitate informed future decision-making.

The Council has published its statement of accounts for the four financial years 2020/21 to 2023/24. However, until an outstanding material objection on the 2020/21 accounts is resolved, these historic accounts will remain open. The delays in the conclusion of the historic accounts and open Value for Money work relating to these historic periods will have a knock-on risk for the 2024/25 audit and current / future years accounts. The Council will need to be proactive in their engagement with the external auditors, in the development of an audit plan which seeks to minimise the ongoing risks and uncertainty and ascertain early the auditors' view on policies such as Minimum Revenue Provision (MRP) and judgements, where complex estimates and subjective evaluations are involved.

In view of the above, the estimated CD of £691million is subject to no further adverse discoveries or material changes to the assumptions being required by the external auditors.

The 2025/26 budget was passed by Council at its meeting in February and included £18million of savings, efficiencies and income generation. The budget was balanced with £72million of Exceptional Financial Support from the government, £64m of which is attributed to debt servicing costs and £8m contribution to the annual operational deficit. There is a robust internal governance process in place for tracking and reporting savings progress against targets and identifying alternatives as may be required. In the previous financial year, the Council has demonstrated the effectiveness of this process and its good track record of delivering savings. However, many of the savings are tactical in nature, streamlining processes or cutting spending on specific items within a department, and options for further savings of this nature will be limited.

The medium-term financial strategy forecast the financial landscape facing the Council to 2028/29 (after the application of CD as outlined above, and 100% delivery of 2025/26 budget assumptions) a budget gap or recurrent savings requirement rising to £41million. This represents more than 20% of the Council's core spending power and an ambitious savings target for an authority of this size. The Council is due to commence the rolling refresh of its medium-term financial strategies, which will need to reconcile the ambitions set out in the Corporate Plan, operating model and full elimination of the operational deficits. Given the scale of the financial challenge, the Council will need to accelerate and resource its transformation programme, adopting a 'One Council' approach with collaboration between different departments, services, and partner organisations to deliver a fundamental rethinking of how services are provided and operating costs sustainably reduced.

The ring-fenced accounts should not be overlooked. Local authority housing is under severe financial pressures with the need to address investment into the existing stock, increased regulatory requirements, continued need for new affordable homes, and preparing a robust, affordable and fully stress tested HRA 30-year Business Plan has never been more important. In addition, the scale of the forecasted Dedicated Schools Grant deficit will require the development of a long-term plan in conjunction with stakeholders, partners and government departments to demonstrate how local need (current and projected) will be met and how the Council plans to recover the local deficit incurred over the medium to long term.

The view of the Council's long-term sustainability remains unchanged. Whilst good progress continues to be made on the financial levers within the Council's control and the Council is taking its responsibility seriously by reducing its debt, with the scale of the residual debt and associated servicing costs, it will not be able to achieve sustainability without significant Government support. This has been a consistent position since early in the intervention. Commissioners will continue to work with government to explore further options to support the Council towards long-term sustainability.

The proportion of the Council's net revenue expenditure which is spent on demand driven services, such as adults and children's social care and homelessness, is 60% in 2025/26 increasing over the three years of the MTFS to 67%. This leaves less flexibility for the Council to manage debt servicing costs which are typically fixed and potentially hindering the ability to meet future financial constraints.

Benchmarking and comparisons with other councils needs to be further developed in the year – understanding local need and demand for key council services, costs and how demographic and other activity changes are impacting this. Exploring whether the Council is making the best use of scarce resources when redesigning services and the maximum debt service cost as a portion of the Council's net revenue budget that can be realistically sustained.

Skills capability and capacity – recruitment & succession planning

The current focus of the Council is understandably on several key strands, devolution to Essex, LGR and journey to a sustainable and resilient best value authority in a changing local government financial landscape. Building the right capacity across the Council to optimise the opportunities and manage the risks will be critical. It will be necessary to ensure that the discipline of credible resource planning is consistently applied across key functions to provide a clear roadmap for how and when resources will be used, minimising delays and costs and enabling better evidenced based decision-making. The Council will need to ensure that recruitment is prioritised to address skills and capacity gaps, provide resilience, and specialist expertise where it is needed.

Performance Management

There are clearly some examples of high-performance culture within the organisation, as evidenced by the recent Ofsted rating of "outstanding for Children's Services," a huge achievement for a council under intervention and in fiscal distress. However, there is considerable inconsistency across the Council.

A new Corporate Plan has provided organisational focus but despite some recent good development work towards a new Council wide approach, employee performance management remains weak in many places across the authority which could reduce the impact of the Corporate Plan. A performance management framework and new business planning guidance have been introduced this year, which aim to better integrate financial and

service planning together with a more rigorous review of performance by officers and members.

Governance

This is an area where we have seen significant progress since the start of the intervention. Work continues at pace on improving governance at the Council, although we still have concerns that arrangements are not yet sufficiently robust across internal controls, risk management and audit. The organisation also needs to fully embrace the difference between Cabinet and Council meetings and to rebalance the focus of discussions, ensuring that Cabinet is the locus of decision-making within the Council. This will be a core element of the Council's revised Constitution.

Members and officers have been engaged on the Constitution review which was due to be completed ahead of the new municipal year. Whilst the final revised Constitution is not yet complete, we are confident that this is being treated as a priority and would encourage that once this has been finalised, that it is socialised across the organisation to ensure the changes are understood by both Members and officers.

Due to resource and capacity challenges across the system of internal controls, risk management remains underdeveloped across the organisation. A refreshed Corporate Risk Register has been produced, and risk implications have been given greater visibility in reports but the Council's approach to risk management needs to be embedded, with risks properly owned and managed by risk owners. It is also vital that there is alignment across risk registers at corporate, directorate and service levels. This is an area that the Council should continue to give urgent attention to.

While the Council has a 3-year internal audit plan, internal audit still remains an area of concern due to the resource levels and capacity of this vital area of work. The audit function does not yet meet the Public Sector Internal Audit Standards (PSIAS) or demonstrated readiness for the transition to the new Global Internal Audit Standards (GIAS) effective 1 April 2025. A report to the Audit Committee in March 2024, noted that *"due to an insufficient number of audits being completed in 2024/25, a Head of Internal Audit Opinion will not be issued"*. While internal audit can only offer reasonable assurance, not a 100% guarantee, the presence of that reasonable assurance is rightly valued and a limitation of scope which has not been appropriately addressed during the year is an issue not only for the Head of Internal Audit but also for the leadership team and the Audit Committee who normally rely on that opinion. This weakness indicates the likelihood that there are other areas of non-conformance and a Quality Assurance and Improvement Programme, including an external quality assessment of the Internal Audit service will be crucial.

Solid Overview and Scrutiny processes are now in place but there remains some political immaturity that limits the effectiveness of the function. The Council should be encouraged to offer training and for Members to take up the offer. It is also important that the Council reflects on any lessons learned from the first year of these new arrangements and responds accordingly to make further improvements.

The Council has taken seriously its responsibilities with regards to being the Accountable Body for the Freeport. Outstanding issues surrounding the governance have largely been resolved however Commissioners will not be satisfied that the Direction has been met until all the necessary legal and governance arrangements are approved and finalised.

Culture

The BVI report outlined that poor leadership culture had contributed to the failings at Thurrock Council. With the changes in some senior personnel and through the recruitment of new senior leaders, there has been a marked improvement in terms of transparency and engagement. Leaders interact more regularly with staff through a variety of staff engagement channels and relationships between many senior politicians and staff are much improved. The previously inward-facing council has recognised the ‘culture of insularity’ referenced in the BVI report and has taken forward activity to address this issue and engage with partners and residents.

However, there are many facets of a positive organisational culture, and this is an area of work that still seems underdeveloped at Thurrock. Any successful organisation will systemically demonstrate accountability, transparency and a willingness to learn from others. It will have the mechanisms and processes in place that support both organisational and personal growth combined with a culture of engagement and collaboration. Whilst there is some evidence of these aspects of Thurrock’s organisational culture, it is not commonplace and often siloed. The Council needs to become more explicit about the culture it seeks to institutionalise and devise programmes and reinforcing strategies, so that it becomes more deeply embedded in the way that the Council thinks and acts. It is vital this is also directly embedded into the revised staff performance management process to ensure it reaches and filters through all parts of the organisation.

While the Council’s values were outlined in the new Corporate Plan, this organisational culture and ‘One Council’ approach also needs to be built into the Council’s new way of working through its revised operating model. Deeply embedding a positive culture across the organisation will help mitigate the risk of the recovery work being too dependent on a few individuals and give it the best chance of building on its improvements moving forward.

The recent staff survey highlighted areas where staff would like to see further improvements across the organisation, for example in how the council works across teams and directorates in a more collaborative way. It is vital that this feedback is fully considered and addressed, and that staff understand the action plans that will be developed and put in place as a result of their views.

Service Delivery

Despite the financial and organisational challenges Thurrock has endured, many services continue to perform well. This is exemplified by the recent Ofsted rating of “outstanding” in Children’s Services and by the very positive review by the Planning Advisory Service (PAS) which noted progress across all eleven recommendations outlined in their Planning Peer Challenge report. Internally there have also been structural changes within the organisation to support the organisation embracing a ‘One Council’ approach, with resources moving from within services to central teams to enable a strong partnership way of working between the corporate centre and service delivery.

However, there are still some services within the Council where further discovery work is taking place, such as in housing and homelessness, and legacy projects referenced within the BVI report that are progressing but yet to be delivered, such as Stanford-le-Hope station. Pressure on all services to change and adapt continues, through a combination of sector wide demand rises but also the specific financial challenges of Thurrock Council.

Whilst there has been some “in service” change work, such as the review of strategic commissioning and the improvements to customer experience, the Council is not benefitting from a more strategic approach to transformation. Advances in technology could significantly help the Council improve service delivery, whilst reducing operating costs. Consideration to this should be incorporated into the Council’s new operating model and all parts of the Council

should be considering ways in which digital technology and innovative approaches could help them provide more effective, cost-efficient services to residents.

With future budget rounds, savings targets and the associated difficult budget decisions that will be needed, services will not be able to meet these through incremental efficiencies or minor change programmes.

Partnerships and community engagement

The Council has demonstrated that it is more confident in its dealings with external partners. It has engaged well and robustly in its dealing with the Freeport and is an active contributor within the Greater Essex system, particularly within the context of devolution and LGR. There are also strategic conversations taking place with the private sector to masterplan an investment strategy for different parts of the Borough.

The Council's engagement with its wider community, however, remains slow. The Council purports to pursue a localisation agenda but the thinking and the planning as to how it will achieve this are underdeveloped. The Council has undertaken a pilot project in one area of the Borough and the outcomes are due to be reported to Cabinet at the time of writing this report. This is welcomed. However, as the Council sees a localisation agenda as part of how it will rebuild trust with its communities and is a key element of its new operating model, a much more robust response is required.

Continuous improvement

Whilst the Council continues to make good progress with its recovery, there is always the danger that it could fall back if the learning from the changes it has made are not systemically applied to the broader organisation. Prior to intervention, Thurrock became an insular organisation and did not seek out best practice with a mindset of continuous improvement. To mitigate the potential fragilities of its improvement, the Council should give consideration as to how it applies and embeds learning. This should be an important component of its culture change programme. The way in which the Council uses its corporate Performance Management and Assurance Framework (PMAF) and its regular reporting to Members to monitor outcomes, support decision making and demonstrate continuous improvement will also be a key element of this.

Furthermore, Thurrock has much to share with other organisations given its recovery journey and in doing so, it will naturally become more outward facing and collaborative.

Consideration should be given to its performance management approach for staff, so that individual learning is a key component of its appraisal process.

Conclusions and recommendations for the future

It is pleasing to be able to report progress on the Council's improvement journey and its willingness to engage with Commissioners positively. The Council also demonstrates good self-awareness in terms of the progress it has made. There is still much work that still needs to be done before it can fully demonstrate that it is performing to a Best Value standard and is capable of sustaining ongoing continued improvement without external intervention and support.

Since the intervention at Thurrock Council started in September 2022, the Council has been on a journey of discovery and recovery. Significant improvements have been made to the way in which the Council operates to address some of the failings outlined within the Best Value inspection report, and the Council's leadership has demonstrated its commitment to these

improvements, reflected in the rapid pace of change in certain areas such as governance and improved financial management. It is vital that the progress made so far is recognised and praised, but the Council cannot afford to be complacent and lose this momentum.

The next stage of Thurrock's journey should be one of strategic transformation. This is the area where we have not yet seen sufficient progress. The Council is aware of this and has outlined its ambitions within its Corporate Plan (the existence of which is itself a significant step forward). It is also a vital element of delivering its savings targets for future years. However, the transformation plan to deliver and implement the Council's new operating model has not yet been defined to the satisfaction of Commissioners and needs to be delivered at pace.

Despite progress, it is our view that that Council is not yet meeting its Best Value Duty, and evidence of this can be seen across several of the Best Value themes. We have confidence that the Council has the determination and commitment to achieve this, yet recovery remains fragile. Resource capacity and capability constraints combined with some cultural inertia are impacting its ability to deliver embedded and sustained change. We have concerns that in certain areas there are underdeveloped action plans to address some of the issues.

It is our recommendation that the intervention should continue and is extended beyond September but over the course of this extension there should be a phased approach to winding down the intervention, particularly as the outcomes of the LGR invitation become clearer over time. The current commissioner model has provided Thurrock Council with an opportunity to drive forward improvements, under the security, stability, guidance and support of a Managing Director Commissioner. While we recommend that the external oversight that commissioners provide should continue, the Minister may want to consider this alongside the appropriate timing to consider phasing away the MDC model. It is vital that this is done on an agreed, realistic timeframe that ensures that the organisation has the time to recruit permanently to the Chief Executive role, ensures a smooth transition of the organisational leadership and aligns with the timetables for the Council's other transformation programmes of devolution and LGR. Although more work is to be done, to recognise the significant progress that the Council has achieved since September 2022 we also recommend that the Directions should be refreshed and updated to ensure they reflect the wider context, acknowledge the improvements made by the Council to date and emphasise the areas and actions for the Council to treat as a priority in order to demonstrate it is meeting its Best Value duty and delivering quality services and value for money for local residents.

Yours sincerely,



Gavin Jones
Lead Commissioner



Dr Dave Smith
Managing Director Commissioner



Denise Murray FCCA
Finance Commissioner

Appendix 1 - Assessment of progress against Directions

Directions 2, 3 and 5-9 relate to the processes and running of the intervention. These have not been assessed individually here as they are ongoing elements of the intervention. Commissioners continue to receive the support and information that they require from the Council and as expressed in previous reports, the Council continues to engage positively with Commissioners and the intervention process. This has been the case throughout all phases of the intervention and where there have been changes to the model of intervention in place.

Directions	Status	Assessment
<p>1. Prepare and agree an Improvement and Recovery Plan to the satisfaction of the Commissioners, 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.</p> <p>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.</p> <p>The Improvement and Recovery Plan should include at a minimum:</p>	<p>Ongoing but not yet achieved</p>	<p>Following the intervention starting in September 2022, the Council produced an initial Improvement and Recovery Plan (IRP) in December 2022 and an enhanced IRP in October 2023 following the expansion of the intervention in March 2023.</p> <p>The Council has established and implemented a new quarterly cycle of reporting on their enhanced IRP, which sits alongside their quarterly reporting on the Council's performance. These IRP reports provide an assessment on the progress made on the delivery of agreed improvement outcomes and success criteria. These reports are routinely discussed with Commissioners through Commissioner chaired Recovery Boards, and they are also taken through the Council's wider Governance process, including through the relevant Overview and Scrutiny Committee, through Cabinet and through to Full Council for discussion each quarter.</p> <p>The Council has further ambitions to combine the reporting on their IRP into their wider corporate performance reporting in future years. We welcome these plans which will demonstrate that their improvement activity is no longer a separate workstream but embedded into their wider organisational performance and continuous improvement. However, this Direction cannot yet be considered as achieved in full since not all of the subclauses from 1a -1i have been met at this stage.</p>

1a.	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 MTFS including a robust multi-year savings plan.	Ongoing but not yet achieved	<p>The Council's financial position remains challenging and as we have noted in our previous reports, the Council remains unable to balance its budget, or achieve financial sustainability, without significant Government support.</p> <p>Despite this, the Council has strengthened and further developed the financial models that underpin the key financial strategies MTFS, CD, TMS, and programmes such as Asset Disposals and Divestment pipelines, providing greater clarity on risk exposure and opportunities, with assumptions carefully considered and regularly reviewed. Robust internal governance process is in place for expenditure controls, tracking and reporting savings progress against targets and identifying alternatives as may be required. Good track record of budget and savings delivery.</p> <p>The above provides a solid framework for medium-term financial planning.</p> <p>The 2025/26 budget was balanced with £72m EFS (£64m debt servicing costs and £8m annual operational deficit) and the medium term financial outlook illustrated a residual gap / ambitious savings target of £41m to be bridged over the period of the plan. Savings of this scale will not be fully addressed by tactical departmental savings.</p> <p>The Council is due to commence the rolling refresh of its medium-term financial strategies, which will need to reconcile the ambitions set out in the Corporate Plan, operating model and full elimination of the forecasted operational deficits (£41m). Given the scale of the financial challenge, the Council will need to accelerate and resource its transformation programme, adopting a 'One Council' approach with collaboration between different departments, services, and partner organisations to deliver a fundamental rethinking of how services are provided and costs sustainably reduced.</p> <p>The ring-fenced accounts HRA / DSG remain an integral part of this process and should not be overlooked.</p> <p>Sensitivity / stress testing will be required to assess the Council's resilience to variations, flexibility to adapt to changing circumstances and facilitate informed future decision-making.</p>
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			Work will continue with government to explore further options to support the Council towards long-term sustainability.
1b.	An action plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable.	Ongoing but not yet achieved	<p>Since the intervention started, there has been a substantial volume of work done to review and refresh the Council's financial strategies and to ensure compliance with accounting practice and ensuring that these revised strategies triangulate together. Major improvements have been made in this area ahead of setting the 2025/26 Budget and to support ongoing discussions with MHCLG.</p> <p>Further consideration will be required in developing a longer-term capital strategy that guides the overall approach to sustainable and affordable capital investment across all funds, including resource allocation, priorities, and the overall vision for how capital projects will contribute to the Council's goals.</p>
1c.	A strict debt reduction plan, and an updated minimum revenue provision (MRP) policy in line with all relevant rules and guidelines.	Ongoing but not yet achieved	<p>The Council has developed a plan which seeks to optimise the levers in its control to reduce the overarching debt, whilst recognising that to achieve long term sustainability will require government support.</p> <p>The associated debt models are kept under close review and a programme of divestments and asset disposals are ongoing. We urge the Council to continue to deliver on its plan, demonstrating its commitment to tackling this issue through the various levers within their control.</p> <p>The Council has updated its Minimum Revenue Provision (MRP) policy in compliance with updated guidance from MHCLG and incorporates retrospective application of MRP charges for past investments. The revised policy was approved as part of the 2024/25 Budget.</p> <p>At the start of each financial year the Council's policy on making MRP in respect of that financial year is submitted to full Council for approval (see 2025/26 Budget).</p> <p>Commissioners have asked the Council to publish further detail on the MRP rules as per the new guidance and to report this back to the next quarterly Cabinet.</p>

			MRP will be subject to review by the Council's external Auditors Ernst & Young (EY).
1d.	To ensure compliance with all relevant rules and guidelines relating to the financial management of the Authority.	Ongoing but not yet achieved	<p>The Council, under the leadership of the current Chief Finance Officer, has taken steps to strengthen its financial management and has started a quarterly cycle of sharing budget monitoring reports with the Cabinet. This has enabled services and directorates across the organisation to have a greater understanding of their budgets and savings targets and effectively track and monitor their spending and respond accordingly. The Chief Finance Officer's S25 statement alongside the 2025/26 budget noted that <i>"every effort has been made to ensure the technical assumptions underpinning the budget are robust and compliant with accounting practice. However further reviews are planned in line with the Financial Management Code."</i></p> <p>The Council must ensure that the financial management, reporting and regulation arrangements in place, to govern the strategic and operational management of its budgets, investments, funding, assets and companies, are in accordance with CIPFA's Financial Management Code. They are planning on doing this self-assessment early in the 2025/26 financial year.</p> <p>The outcome of the assessment will facilitate the refresh of the finance improvement plan, including the resources required to deliver the improvements.</p>
1e.	A suitable scheme of delegations for financial decision-making.	Not achieved	<p>The Council are aware that this remains a priority and in their S25 statement alongside the 2025/26 Budget, the Chief Finance Officer included <i>"finalising fit for purpose financial regulations based upon the review by CIPFA"</i> as one of the areas of focus for the Council over the next period.</p> <p>The draft update of the financial regulations and scheme of delegation based on the CIPFA review of financial decision making is underway. We urge the Council to maintain the pace in delivery of these objectives, alongside the work it is doing to review and refresh its Constitution. Once established, these should be socialised and cascaded across the organisation, so they are embedded in the Council's ways of working and understood by both officers and Members.</p>

1f.	An action plan to reconfigure the Authority's services commensurate with the Authority's available financial resources.	Not achieved	<p>The Council is aware that they need to operate differently from how they have worked in the past and there is a commitment to undertake a new approach and deliver differently for the benefit of their residents. This ambition is articulated in their recently published Corporate Plan. However, as outlined above, the work to outline how the Council's proposed operating model will be implemented into a single integrated plan is still at a very early stage and is underdeveloped. Other significant transformation programmes, such as devolution and LGR, must not reduce focus or capacity on the important work the Council must do to transform how it operates. Commissioners remain focused on this as a priority and have asked for a roadmap outlining how this transformation plan will be delivered as it is crucial that this now progresses at pace. There is also more work to do to ensure buy in and support for the corporate transformation programme.</p>
1g.	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.	Ongoing but not yet achieved	<p>The Council has recruited to a new organisational leadership structure, which has brought about the necessary leadership capacity and culture to drive the increased pace and breadth of improvement. Further structural changes have been taking place within the organisation through a more phased approach, as part of the Council's plans to embed a 'One Council' approach to performance and policy through strengthening and rebuilding the skills, capacity and capability within the Council's corporate centre and enabling a strong partnership way of working between the corporate centre and service delivery.</p> <p>On skills and capability, training and development opportunities are being offered to both Members and officers, both internally and via external partners, to ensure that Members and officers understand what is required of them in their roles and to provide them with a deeper understanding of what is expected within a good organisation, helping to demonstrate that the Council has a culture that embraces learning, challenge and continuous improvement.</p> <p>This Direction has not yet been met given the risks around the number of agency, interim or non-permanent staff and vacancies in key positions across the Council. This is true at the most senior levels, but also across areas where further improvement activity remains a priority including finance, procurement, risk and internal audit.</p>

1h.	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.	Ongoing but not yet achieved	<p>The Council has an action plan in place to make the necessary improvements to their governance practices and to improve the quality of decision-making. Members and officers have engaged positively with the new measures that have been introduced, including a strengthened forward look and improved processes for report writing through a new online system.</p> <p>Work to review and refresh the Constitution was due to be completed ahead of the new municipal year. Although we are confident that this work is progressing and that positive discussions have taken place with Members and officers to engage them in the outcome of this work, we await a final revised Constitution that is fit for purpose as well as fully supported and deeply understood by all parts the Council.</p> <p>The Overview and Scrutiny (O&S) arrangements have been refreshed, streamlined and strengthened, and culturally there has been a shift whereby O&S is now valued as an essential component of the decision-making process. This is especially evidenced through the joint Scrutiny meeting on the Council's Budget proposals. The Council has taken the opportunity to undertake an external review of these arrangements, through the Centre for Governance and Scrutiny, and as a result, further improvements are likely to be made to respond to the lessons learned from the first year of trialling this new approach. As the new Municipal year begins, we encourage the new O&S Chairs and Committee Members to continue to build on the success of this first year and embed the lessons for future years.</p> <p>The Council's commitment to promoting transparency has also been demonstrated by its increased and improved corporate performance reporting, financial reporting and the proposed changes to the Constitution.</p> <p>As we note later on, the system of internal controls still remains a priority and both risk management and internal audit are areas where we want to see continued focus in the coming months.</p>
1i.	Arrangements to secure the proper resourcing and functioning of the system	Not achieved	While the report outlines the progress made to embed risk management and to make improvements to the internal audit processes across the Council, recruitment challenges remain in these areas, affecting the capacity for the Council to balance delivery of the required improvement work with its business as usual activity. This is demonstrated for

	of internal controls, including risk management and internal audit.		<p>example, by a report that went to the Audit Committee in March 2024, which noted that “<i>due to an insufficient number of audits being completed in 2024/25, a Head of Internal Audit Opinion will not be issued</i>”. Commissioners are concerned that this team has had significant turnover of staff and still relies on interim capacity. A Quality Assurance and Improvement Programme evaluation, including an external quality assessment of the Internal Audit service will be crucial.</p> <p>We have significant concerns around the capacity, capability and resource levels across the system of internal controls at present. As the Council looks towards exiting intervention, it will need to demonstrate and provide assurance to Commissioners that its system of internal controls is robust and challenging, properly resourced, and sufficiently understood and valued by the leadership and wider organisation to ensure any risks and issues are mitigated or dealt with appropriately.</p>
4.	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 the Authority’s Improvement and Recovery Plan.	Ongoing but not yet achieved	<p>Commissioners welcome the progress made by the Council working with its partners to formalise the necessary governance agreements for the Thames Freeport although these are still awaiting final approval. The Council has also taken steps internally to deliver its role e.g. through improving decision making in relation to decisions on funding of the Freeport and the Council is also reporting on key milestones in relation to “fulfil[ing] the leadership and governance role of Freeport Accountable Body” in its quarterly Corporate Performance reporting.</p> <p>The Council has made progress in this area which has enabled the dialogue with partners to move from practical issues into a more strategic space around the ambitions and aims of the Freeport for the Council, partners, residents, businesses and the local area, however Commissioners will not be satisfied that this Direction has been met until all the necessary legal and governance arrangements are approved and finalised.</p>