

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

EXPLANATORY MEMORANDUM

1. The Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) has exercised her powers under section 15(5) and (6) of the Local Government Act 1999 (“the 1999 Act”) in relation to Thurrock Council (“the Authority”) to secure its compliance with the Best Value Duty.
2. This Memorandum is intended as a companion document to the directions issued on 17 July 2025. It summarises the circumstances in which the Secretary of State has made the Directions, her reasons for this exercise of their powers, and the implications of the Directions for the Authority.
3. The Directions issued on 2 September 2022 (updated on 16 March 2023) have been revoked and the 17 July 2025 Directions come into effect immediately and remain in force up to and including 30 April 2028 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date. This Memorandum, together with the Directions and related material, is published on the Government website at www.gov.uk.

The context for the 17 July 2025 directions

4. Thurrock Council has been in government intervention since 2 September 2022. While Commissioners, in their latest report of May 2025, consider that the Council “continues to own the recovery agenda”, the issues the Council faced at the start were both broad and deep, and the Commissioners’ May report makes clear that the recovery remains fragile as the improvements still need to be embedded across the organisation. These new Directions are necessary to give the Authority further support from Commissioners time to develop and embed the necessary changes and drive strategic improvements and ensure that the intervention timetable reflects the broader context for the area and aligns it to the proposed timelines for local government reorganisation. The Directions reflect the priorities Commissioners have set for the Authority going forward, the areas that need further support and where there is evidence of failure.

Background on decision to intervene (2022)

5. On 2 September 2022 the former Secretary of State announced that after due consideration he was using his powers under the Local Government Act 1999 to intervene at Thurrock Council. The former Secretary of State deemed it prudent to forego the period of representation, given the gravity and time-sensitivity of the financial issues, as was his discretion under section 15(11) of the 1999 Act. He considered that there was a pressing case for urgent government action to protect the interests of the residents and taxpayers of Thurrock, as well as to provide assurance to the sector that action was being taken.
6. This stemmed from grave concerns about the scale of the financial and commercial risks potentially facing Thurrock Council, compounded by the council’s approach to financial management, and the seriousness of the allegations that have been made by third parties about the processes that have been applied to the operation of the Council’s commercial strategy. The Authority had incurred an exceptional level of external

borrowing and was one of the most indebted and highly leveraged of all local authorities. The Authority's total external borrowing was c.£1.5bn (as at 30 June 2022), of which a significant amount (c.£0.94bn) was short term loans from other local authorities.

7. Essex County Council (ECC) were initially appointed in the role of Commissioner. They were also appointed as a Best Value Inspector (BVI) which ran alongside the intervention, to assess whether there was Best Value failure in other functions of the Council.

Intervention progress and Commissioners' reports (2023-2025)

8. On 1 March 2023, following the Commissioners' first report and having received the interim BVI findings, the intervention was expanded, issuing further Directions providing Commissioners with further powers over governance and staffing functions and instructing the Authority to take further actions to support its recovery, and the work of Commissioners, in order to carry out improvement and transformation work. The Secretary of State also appointed a Managing Director Commissioner, Dr Dave Smith.
9. On 19 May 2023, Essex County Council submitted the final version of their Best Value Inspection report to the Secretary of State. The report, published on 15 June 2023, detailed widespread failure in Thurrock Council's financial, governance, and leadership functions. The inspection found that the challenges facing Thurrock "stem from a series of self-sustaining, systemic weaknesses which have allowed for repeated failure over many years". The report highlighted the pressing need to strengthen the capability of the elected members of the Council; and recommended that the Council should move to all-out elections by 31 July 2023, to promote greater consistency and longevity.
10. Commissioners submitted their second report in July 2023. The report highlighted some improvements, such as progress in financial leadership and capacity, and the production of an enhanced Improvement and Recovery Plan. In their report, the Commissioners highlighted that it is now vital that the Council focused on what it needs to do, and that the pace of change accelerates. As the intervention moves from 'discovery' to 'transformation', it was announced in October 2023 that the Intervention would move to a model of three standalone Commissioners and allow Essex County Council (ECC) the opportunity to exit from their formal support as a corporate body. The Commissioner team comprised of Gavin Jones (Lead Commissioner) and with Nicole Wood (Finance Commissioner) and Dr Dave Smith (Managing Director Commissioner).
11. On 22 January 2024 (published on 7 March 2024), Commissioners submitted their third report on the progress of the intervention. While the report highlighted continued progress it set out substantial work still remained with the financial position remaining fragile and that the Council needs to address the ongoing governance requirements and ensure it has agreed underpinning plans to implement its recover, including a corporate plan and operating model.
12. On 29 November 2024 (published on 6 March 2025), Commissioners submitted their fourth report. The report was clear that while progress continued to be made, the improvements remain fragile, and need to become embedded into the Council's business as usual activity to provide assurances that these improvements will bring about the level of transformation required. With the intervention due to end on 1 September 2025, the Minister requested that Commissioners' next report included their

assessment of the Council's progress to comply with the Best Value Duty. The Minister announced that he was extending Dr Dave Smith's appointment until 1 September 2025.

13. In February 2025 Nicole Wood stood down as Finance Commissioner, on her appointment as Chief Executive of Essex County Council. Denise Murray was appointed as Finance Commissioner from 1 April 2025 until 1 September 2025.
14. The Commissioners' fifth report, submitted in May 2025 and published on 19 June 2025, documented that while improvements have been made, these remain fragile and there remain substantial areas in which Thurrock Council still needs to improve, embed and deliver before it can evidence it is complying with its Best Value Duty. These include that further improvements need to be delivered across a number of areas, which must then be sustained and embedded across the organisation; the Council needs to evidence deliverable plans to make corporate transformational savings to secure sustainable services and there remains a need for it to strengthen its internal controls, especially across internal audit and risk management. Financial sustainability remains the biggest risk. A robust transformation plan is needed to deliver the Council's proposed operating model and meet savings targets. Commissioners recommended that the intervention is extended beyond September 2025.
15. On 19 June 2025 the Minister for Local Government and English Devolution made a Written Ministerial Statement setting out the government was minded to extend the intervention until 30 April 2028. He published the Commissioners' fifth report and the government response, including and Directions that the Secretary of State proposed to make under section 15 of the 1999 Act.

Representations

16. Before making Directions, the Secretary of State is required under section 15(9) of the 1999 Act to give the Authority an opportunity to make representations about the Report as a result of which the Directions are proposed, and about the proposed Directions, unless the Secretary of State considers it sufficiently urgent not to seek such representations.
17. Representations were received from the Leader of the Council, Councillor Lynn Worrall, on behalf of the Authority on 1 July 2025, the Leader of the Conservative Group on the Council and one further organisation.
 - The Council's representation was supportive of the proposed intervention package, the new proposed Directions and welcomed the Summer 2026 review point. For the next phase of the intervention, the Council would like to see progress milestones agreed and which should form the basis to change the model of intervention over time, such as the recruitment of a Chief Executive and the transfer of powers back to the Council.
 - The leader of the Conservative group and main opposition at Thurrock Council agreed with the assessment that there had been progress but there was more work for the Council to do in order to meet the Best Value Duty;
 - One further organisation raised issues about how the Best Value Duty should be interpreted by an authority.

The intervention package

18. Having carefully considered the evidence, including the representations received, the Secretary of State is satisfied that the Authority is continuing to fail to comply with its Best Value Duty.
19. The Secretary of State considers it necessary and expedient, in accordance with their powers under section 15(5) and (6) of the 1999 Act, to put in place a new intervention package to secure the Authority's future and sustainable compliance with its Best Value Duty.
20. The new Directions focus the actions the Council need to take until April 2028 to reform, and recover, and to meet its Best Value Duty. The Directions reflect the priorities Commissioners have set to the Council, and the areas that need further support and where there is continued evidence of failure.
21. The intervention will consist of the appointment of Commissioners to exercise specific functions of the Authority, if necessary, alongside Directions to the Authority. The Secretary of State considers that this package will support the council to reform and recover.

Commissioners

22. The evidence presents a strong case for continued intervention to deliver the improvements required. Therefore, the Secretary of State is nominating Commissioners until April 2028 to ensure that the Authority continues to act to meet its duty under Part I of the 1999 Act. The Secretary of State has nominated individuals with significant experience and expertise.
23. The Secretary of State has directed the Commissioners to exercise certain functions, if necessary, and to have a role in overseeing other functions or actions which the Authority is to perform. The Commissioners are accountable to the Secretary of State, in that they have been nominated by them and can have their nomination withdrawn by them. The Commissioners will report to the Secretary of State on the progress of the intervention at six-month intervals – or at any other time deemed necessary by the Secretary of State.
24. The skills and experience of the Commissioners mean that it is both possible and sensible to give them considerable levels of discretion over how they implement their roles and responsibilities under the Directions, in order that they can find the solutions most likely to lead to sustainable improvement in the Authority. The Commissioners decide how best to exercise their functions.
25. The Secretary of State has nominated Commissioners with a proven record in leadership, financial management and governance, delivering cultural change and transformation, together with specific expertise relevant to their functions. The Commissioners are:
 - Gavin Jones CBE. Current lead Commissioner in Thurrock and Slough, and former Chief Executive of Essex County Council.
 - Denise Murray. Current Finance Commissioner in Thurrock and Slough. Former Section 151 Officer at Bristol City Council and former Head of Finance at Rochford District Council, Essex County Council, and the London Borough of Barnet.
 - Dr. Dave Smith. Current Managing Director Commissioner in Thurrock. Former Chief Executive at the South Yorkshire Mayoral Combined Authority.

26. The Commissioners are nominated up to and including 30 April 2028 or such earlier or later time as the Secretary of State determines. The Secretary of State may, if she considers it appropriate, nominate further Commissioners.
27. The Directions provide that the Commissioners' reasonable expenses and such fees as the Secretary of State determines are to be paid to them by the Authority. The Secretary of State is mindful of the need for Commissioner remuneration to represent value for money for local taxpayers. In recognition of the nature and scale of the intervention, they have determined fees of £1,200 a day for the Lead Commissioner and £1,100 for other Commissioners.

Powers to be exercised by the Commissioners

28. The evidence set out above highlights failures in Continuous improvement, Service Delivery, Culture and Use of Resources.
29. For these reasons, the Directions enable the Commissioners to exercise the following functions:
1. All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority.
 2. All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority.
 3. 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; and
 - g. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
 4. All functions associated with the Authority's operating model and redesign of 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; and
 - 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 at the Authority, 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.

Directions to the Authority

30. To achieve and facilitate the objectives of the intervention, the Secretary of State has also directed the Authority to take the following actions:
 1. To continue to implement and report on plans for the Authorities' continuous improvement and recovery to ensure all required actions and changes are fully implemented to the satisfaction of the Commissioners, with resource allocated accordingly to drive, embed, and sustain improvements across governance, culture, partnership, use of resources and service delivery. This is needed in order to secure as soon as practicable that all the Authority's functions are exercised in conformity with the Best Value Duty, thereby delivering improvements in services and outcomes for the people of Thurrock. This should include as a minimum, actions to:
 - a. Ensure compliance with all relevant rules, guidelines and codes relating to the financial management of the Authority.
 - b. Strengthen the Authority's system of internal controls, notably risk management and internal audit, and embed governance and culture improvements across the organisation.
 - c. Ensure that the Authority has personnel with sufficient capability and capacity including access to appropriate specialist expertise where required, enabled by a strengthened corporate culture, a robust officer structure and an effective framework for performance management across the Authority.
 - d. Define and implement the Authority's proposed operating model. This should be backed by a fully resourced and strategic transformation plan, in line with the council's MTFs, Treasury Management Strategy, and

Capital Strategy. The Transformation Plan must incorporate a robust multi-year savings plan, that enables financial sustainability and resilience, debt reduction and the delivery of core services and priorities.

2. To develop and maintain a revised Corporate Plan which incorporates and builds upon the enhanced Improvement and Recovery Plan and reflects the necessary work remaining to ensure the Authority's compliance with the Best Value Duty.
3. To take steps to ensure that the role of Accountable Body to the Thames Freeport is exercised to the satisfaction of the Commissioners.
4. To actively work with Commissioners on the work with other councils in the Greater Essex area for unitary local government and the Devolution Priority Programme on implementing any such proposals later agreed upon.
5. To report to the Commissioners on the delivery of all plans at intervals as Commissioners may direct.
6. To undertake in the exercise of any of its functions any action that the Commissioners 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 Commissioners, give rise to the risk of further failures by the Authority to comply with the Best Value Duty.
7. 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.
8. To provide the Commissioners, 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.
9. To pay the Commissioners reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
10. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request.
11. To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.