Ministry of Housing,
Communities &
Local Government

The Best Value Duty

A statutory guide for Best Value authorities

Ministry of Housing, Communities and Local Government

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Ministerial foreword

When people step outside their front door, what they see tells them if society is working for them. If they see a tidy, well-maintained street, with bins collected, good-quality housing and roads without potholes, they know that someone, somewhere, cares about them and their family. But that wasn't the country we inherited. Councils are the frontline of the state, but the system wasn't working. Our roads were more pockmarked than the surface of the moon, streets were left in shambles, and not enough homes were being built or maintained to a high standard. Some councils, encouraged by government to become more commercial, had made failing investments and were hundreds of millions in debt. Services for vulnerable people had been cut to the bone after a decade of austerity – kids in care, older people in care homes, homeless people on the streets, none of them were getting the support they deserved.

We took immediate action to fix the foundations of the system. We boosted councils' funding, ended the pointless micromanagement of ringfenced pots, and after 14 years of neglect, moved funding to match need – updating the unfair system that kept deprived places poor. We moved money upstream, investing in preventing problems, not just mopping up after they'd already become crises. And we rebuilt the guardrails, fixing the broken audit system and putting proper oversight back into local government.

Now, as our devolution revolution picks up speed we're moving on to the next phase. As we move power from Whitehall to the town hall, we know the public want change they can feel. They want to know who is accountable for improving their local area and who they can call when things go wrong. The Best Value Duty is part of the wiring of the system that will make that change happen, and this guidance explains what it means in practice.

Best Value, at its heart, is about how councils and Mayors set up their organisations to deliver what their residents need. It recognises that bringing about change – cleaner streets, better services, more homes – needs strong local institutions elected by local people. Institutions that are well-led and use their resources well, that focus on the long-term and check how they're performing against their peers to see how they can learn from them. Institutions that work well with their local partners, like the NHS and job centres, and take action early when risks start emerging.

The changes we're publishing today are all about making this system stronger and explaining our role in that process. They explain our plans to no longer let areas that are getting in trouble slide into crisis but support them earlier. They lay out a new focus on high standards and visible improvement on the ground, recognising that seriously failing services are often a sign of deeper problems in a local institution. And when councils and mayoralties are in crisis, it gives an open framework to explain how we'll intervene to get them back on their feet – not through punishment, but support and challenge. Together, it backs up my promise that we will always be on the side of residents demanding better services, through the Neighbourhood Guarantee.

As a former council leader, I will always back local government and be your champion, but I expect the very highest standards of leadership and commitment in return. As you know, you have been entrusted with one of the most important jobs around – improving people's neighbourhoods and ultimately, their lives. With the support of the reforms we have made, I look forward to seeing local government take back control for your residents and drive up standards. People all over the country expect nothing less.

The Rt Hon Steve Reed OBE MP
Secretary of State for Housing, Communities and Local Government

1. Introduction

1. A well-functioning local government system is the bedrock of our democracy. Local and Strategic Authorities are democratically elected bodies that deliver a wide range of functions for residents and local businesses. They play an essential "place making" role in delivering more integrated services, better outcomes for residents and driving local growth. There are a number of statutory requirements about how authorities must operate to ensure proper democratic accountability, transparency, good use of resources, good financial planning, public scrutiny and audit of their activities. Authorities are subject to external scrutiny from their auditor and, for specific services, from several government bodies including but not limited to Ofsted, the Care Quality Commission, and the Local Government and Social Care Ombudsman.

2. Alongside authorities' local democratic accountability to the communities they serve, Government plays an important part in providing oversight of an assurance and accountability framework. The Ministry of Housing, Communities and Local Government ("the department") has put in place a robust accountability and assurance framework. It supports the Secretary of State by providing advice and analysis on sector-wide risk and instances where issues may warrant closer engagement or, in a small number of cases, central Government intervention.

3. The Best Value Duty relates to the statutory requirement for Local and Strategic Authorities and other public bodies defined as "Best Value Authorities" in Part 1 of the Local Government Act 1999 ("the 1999 Act") to "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".

4. In practice, this includes requirements about how Best Value Authorities exercise their functions to plan and manage their budgets through good financial planning (including delivering a balanced budget as required in Part 1 of the Local Government Finance Act 1992), provide statutory services, including adult social care and children's services with a view to improving outcomes, and secure value for money in spending decisions. Authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective identification and risk management. Section 4 of this Guidance sets out more detail.

5. The Government is aware that some authorities experience challenges around individual services or caused by one off events. While Government would expect authorities to act quickly to address these challenges, supported as appropriate, they would not typically constitute Best Value failure. But there are also authorities with more fundamental and widespread problems in the way they make decisions, prioritise services and expenditure, and ensure they are accountable locally. These more deep-seated issues are often caused by a combination of some of the following: challenges with leadership, poor governance and arrangements for transparency of decision making, ineffective prioritisation of services, use of resources, working with partners and communities, and an organisational culture which does not embrace challenge or embed learning.

6. As this guidance sets out, factors that aid authorities to fulfil their Best Value Duty include having arrangements in place for sound leadership, culture and governance, including internal and external scrutiny which support evidence-based decision

making, and rapid identification and resolution of challenges so that they do not become deep rooted and pervasive across the whole authority.

7. Authorities are required, pursuant to section 3 of the 1999 Act, for the purpose of deciding how to fulfil the Best Value Duty, to consult representatives of certain groups. The annual process of setting of the authority's budget, corporate plan and the medium-term financial strategy provides a key opportunity to engage with representatives of listed groups such as residents, service-users and businesses on priorities and improvement plans. This is often the stage at which consultation is most effective in informing how an authority makes arrangements to secure continuous improvement.

This guidance

8. This statutory guidance is issued under section 26 of the 1999 Act to: county councils, district councils, combined authorities, combined county authorities, mayoral combined authorities, mayoral combined county authorities, the Greater London Authority so far as it exercises its functions through the Mayor, the Common Council of the City of London and the Council of the Isles of Scilly ("authorities"). In this guidance "Strategic Authorities" is used to refer to combined and combined county authorities, mayoral combined authorities, mayoral combined county authorities and the Greater London Authority so far as it exercises its functions through the mayor. In deciding how to fulfil the Best Value Duty, these authorities must all have regard to this guidance.

9. In areas going through local government reorganisation, local authorities that are to be abolished must continue to meet their Best Value Duty throughout the transition period, including by exercising appropriate stewardship over decision making as part of transition arrangements. The Best Value Duty will apply to new authorities from vesting day, and shadow authorities may find it helpful to consider this guidance during the transition period as they prepare for the assumption of full local authority functions and responsibilities, and for the continuation of services.

10. Although not a requirement, it would be good practice for all Best Value Authorities to be mindful of the principles set out in this document to ensure they comply with the Best Value Duty. In exceptional cases, and recognising the existence of other inspection and intervention regimes across Government, the Secretary of State may intervene, using the powers available, in these authorities where there is clear and significant failure:
    - National Park authorities (for National Parks in England),
    - The Broads Authority,
    - The Common Council of the City of London in its capacity as a police authority[1],
    - Fire and rescue authorities in England
    - London Fire Commissioner,
    - Waste disposal authorities,
    - Integrated transport authorities for an integrated transport area in England,
    - Economic prosperity boards,

[1] His Majesty's Inspectorate of Constabulary and Fire & Rescue Services have a statutory responsibility to inspect on the efficiency and effectiveness of City of London Police.

- Sub-national transport bodies,
- Transport for London.

11. This guidance reflects the government's public service reform principles of devolution, service integration and a shift towards preventative measures to resolve problems before they escalate into crises. It provides clarity to the local government sector in England on how to fulfil the Best Value Duty by setting out what constitutes Best Value, the standards expected by the department, and the powers at the Secretary of State's disposal in the event of failure to uphold these standards.

12. This guidance also describes the department's approach to support and intervention, emphasising the importance of authorities having appropriate arrangements for self-monitoring, self-assessment, effective scrutiny and engagement with early assurance and non-statutory support. Options for statutory intervention remain where the Secretary of State is satisfied that an authority is failing to comply with the Best Value Duty. This guidance also responds to the recommendation of the Lessons Learnt from Best Value Interventions[2] published in March 2026 to update the Best Value statutory guidance.

13. This guidance, when issued, will replace the guidance issued in May 2024, which will be revoked. It also supplements Revised Best Value guidance issued in 2015 which sets out reasonable expectations of the way authorities should work with voluntary and community groups, and small businesses[3], statutory guidance on the making and disclosure of Special Severance Payments[4] and non-statutory guidance on digital infrastructure[5]. This guidance should not be taken as a definitive guide to the interpretation of the legislation, which is reserved for His Majesty's Courts.

[2] Lessons Learned from Best Value Interventions (March 2026)
[3] Revised Best Value Guidance (March 2015)
[4] Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England (May 2022)
[5] Guidance on access agreements (December 2018)

2. Best Value powers

14. This section describes the powers available to the Secretary of State where they consider that an authority is failing to comply with the Best Value Duty. It also describes the Secretary of State's power to commission an inspection of an authority's compliance with the Duty.

15. It is for authorities to ensure they comply with the requirements of the Duty. Where the Secretary of State is satisfied that an authority is failing to carry out its functions in compliance with the Best Value Duty, section 15 of the 1999 Act provides powers for the Secretary of State to intervene on a statutory basis in that authority. These powers include the ability to:
    - Direct a local inquiry to be held into the exercise by the authority of specified functions,
    - Direct the authority to carry out a review of its exercise of specified functions,
    - Direct the authority to take any action which the Secretary of State considers necessary or expedient to secure its compliance with the requirements of the Best Value Duty, and
    - Direct that a specified function or functions of the authority be exercised by the Secretary of State or a person nominated by them (referred to as "commissioners" or "envoys" in previous interventions) for a specified period.

16. The Secretary of State's decision to intervene, when, and what form that intervention should take, relies on the analysis of a complex set of data and circumstances, examples of which are set out in Section 4 of this guidance. This requires an element of judgement and consideration of the confidence in an authority's capacity, capability and commitment to lead its own improvement.

17. The Secretary of State also has powers under section 10 of the 1999 Act to appoint a person to carry out an inspection into an authority's compliance with the Best Value Duty. This power may be exercised to provide a better understanding of the challenges facing an authority and to determine whether Best Value failure has occurred. It enables the Secretary of State to make a considered and evidence-based judgement on whether to intervene. An inspection is not formally required prior to statutory intervention.

3. Guiding principles

18. Government’s approach to ensuring all authorities carry out their functions in compliance with the Best Value Duty reflects public service reform principles of devolution, service integration and prevention, and is based on the following guiding principles.

Local accountability

19. Authorities are primarily democratically accountable to their residents and local businesses for the decisions they make, their priorities, the services they run and the way in which they operate. They should have key meetings in public and are required to take decisions transparently. Government places a strong emphasis on preventing systemic failure through authorities themselves identifying and tackling problems early. It expects authorities to look to existing local checks and balances in the system to mitigate risks of failure. But where there are indications that an authority is not complying with these checks and balances, Government may seek additional assurance or work with others to provide additional support and challenge to the authority to support locally led improvement. Statutory intervention will only be used when there are significant and extensive indications of failure and Government is not assured that authorities are able or willing to address their challenges.

Openness to challenge and support

20. As well as prioritising effective internal scrutiny and challenge, Government expects authorities to seek independent challenge and support, for example from auditors, independent reviewers, and published good practice. Authorities should participate in improvement initiatives available to them, take up offers of sector support, and seek their own bespoke support if they require. The department funds a programme of improvement support currently, primarily through the Local Government Association, which includes a wide range of cross-cutting, non-service specific support activities for members and officers, for example, peer challenge, mentoring and the sharing of good practice. Improvement support is also provided for specific service areas such as in social care, public health, planning and transport by the relevant department, e.g. Department for Transport for transport, Department for Education for Children’s Social Care and Department for Health and Social Care for Adult Social Care.

21. Being open to challenge and support also means authorities using outcomes-based performance data to regularly self-assess performance, operating in a transparent manner, and seeking and being responsive to challenge from residents and local businesses. Strategic Authorities, in particular, should take the opportunities presented by the Annual Conversations and annual data survey to share intelligence and data with the department, to help them demonstrate how they are delivering for their local communities and fulfilling their Best Value Duty.

Expectations

22. Government expects each authority to lead its own continuous improvement and demonstrate it is securing Best Value. It will be open about its expectations for compliance with the Best Value Duty, which are set out in this guidance under seven themes: Leadership, Governance, Culture, Use of Resources, Service Delivery,

Partnership and Community Engagement, and Continuous Improvement. Section 4 sets out an illustrative, non-exhaustive list of potential indicators that could suggest that an authority may not be complying with expectations within the seven themes of the Best Value Duty, as well as some characteristics of a well-functioning authority, intended to be helpful for authorities as they seek to continuously improve public services locally. When Government assesses an authority's compliance with the Best Value Duty it will consider these seven themes, as well as the local circumstances and context which the authority operates in. Government also expects authorities to have a sense of collective responsibility for the performance of the sector as a whole and engage in sector-led support to other councils and benchmarking.

Prevention

23. Authorities should take responsibility for identifying early warning signs and act appropriately to address potential failures at the earliest opportunity, including by participating in the sector-led improvement initiatives available to them. Authorities may find the indicators in Section 4 helpful, but this should not be taken as an exhaustive list as each authority and the context in which it operates is different.

24. The Lessons Learnt Evaluation has shown the value of authorities dealing with challenges promptly. Authorities that tackle issues identified (for example by internal scrutiny, peer review, or an external auditor) can prevent them becoming entrenched and / or systemic, which can lead to unacceptable deteriorations experienced by residents, and failures which are more costly and time consuming to fix.

25. Government's approach, as set out in the Best Value Framework (see Section 5), places emphasis on early departmental engagement with authorities showing signs of not complying with the Best Value Duty to support them to tackle concerns at an early stage. Government will act swiftly to investigate significant indications of failure and in cases of failure, determine the appropriate support or model from a range of statutory and non-statutory options.

Empowering local ownership

26. Authorities are responsible for identifying, planning and managing their own improvement and assurance. Any action taken by the department is intended to empower and strengthen the capacity of authorities to lead their own local improvement, not to deliver it on their behalf. The department will consider an authority's willingness to acknowledge its challenges and the extent of its commitment to leading its own improvement when deciding whether and what approach to take. Authorities that accept the challenges facing them, proactively ask for support, and are committed and have capacity to lead their own improvement (with that support) are less likely to be assessed to need statutory intervention and more likely to secure lasting improvement.

Meeting the cost of failure

27. It is for each authority - led by its senior officers and elected members - to identify, understand and manage risks to delivering Best Value, and to act promptly. The Lessons Learnt Evaluation showed that the consequences of failure are significant for authorities and its residents and that recovery from Best Value failure, once it has happened, can be slow and costly. Government considers that the financial costs

should be met locally as far as possible; Government cannot routinely meet the costs of necessary improvement, which could risk increasing the financial motive for an authority to fail, and would also result in the burden falling on taxpayers elsewhere. Where there is statutory intervention, Government can help to limit costs on authorities and their residents by ensuring a proportionate approach and driving timely progress towards recovery and a sustainable exit.

4. Defining Best Value

28. The Best Value Duty is concerned with making arrangements to secure continuous improvement. To provide greater clarity to the sector on how to fulfil their Best Value Duty, this statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers Best Value. While these themes are all interdependent, strong governance, culture, and leadership underpin effective partnerships and community engagement, service delivery, and the use of resources. Continuous improvement is the outcome of all the themes working well together.

29. These seven Best Value themes build on the lessons learned from past interventions - including recommendations from the Lessons Learnt Evaluation - and reflect what most authorities already do or are striving to achieve. Where authorities face challenges, these tend to materialise across multiple interrelated themes, with weaknesses in one theme reinforcing pressures in others.

Diagram 1: Seven Best Value themes

30. There is no single version of ‘good’, and practice may vary between authorities. Authorities are not expected to perform perfectly, given the complex set of legal responsibilities and inherent levels of risk authorities must manage but should strive for excellence and be able to demonstrate they are making effective arrangements to secure continuous improvement in each of these seven themes. An authority should self-monitor, self-assess and be able to identify if continuous improvement is not being achieved in any of these themes, then take steps to deliver sustainable improvement.

31. A detailed description of these themes, including characteristics of a well-functioning authority and example indicators used to identify challenges that could indicate Best Value failure, is set out below. This is not intended as a checklist, but as an illustrative

and non-exhaustive list of qualitative and quantitative indicators which should be helpful to authorities in ensuring compliance with the Duty. They are considered by the department in the round to determine an authority's risk of Best Value failure; and where there is determined to be such a risk, what level of support, challenge and direction, if any, the department takes. Decisions to intervene pursuant to the 1999 Act will only be taken when there are significant, systemic and extensive indications of failure and it is anticipated that these will present across multiple metrics and more than one Best Value theme. Decisions will be based on a holistic judgement of all available information and considered engagement with authorities to understand the environment they are operating within and their capacity, capability and commitment to lead their own improvement.

32. Although all themes still apply, compliance with the Best Value Duty will differ in focus for Strategic Authorities who tend to have non-standardised and fewer direct service functions than other Local Authorities. The English Devolution and Community Empowerment Act 2026 introduced greater standardisation across the Strategic Authority group than when combined and combined county authorities were established around individual devolution deals, but there is no single uniform model. Even allowing for an increased number of functions for Strategic Authorities via the devolution framework and potentially via the Right to Request process for some authorities, Strategic Authorities will still have fewer direct services to deliver than the broad statutory service duties applying to other Local Authorities. Each Strategic Authority also has a Local Assurance Framework which defines how they exercise their powers in practice and the arrangements in place to manage public money. These frameworks will need to be considered when assessing compliance with the Best Value Duty.

33. This means in practice that the focus of Strategic Authorities tends to be on strategic delivery, for example on larger-scale region-wide programmes to deliver improved integrated transport or economic regeneration and developing partnerships and community engagement. For the constituent authorities of Strategic Authorities, working with their devolution partners will be of particular importance when considering Partnerships and Community Engagement.

1. Continuous improvement

34. An 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. The reference to "making arrangements" makes it clear that the Best Value Duty is concerned more with intentions, namely securing improvement in the way in which an authority performs its functions, than outcomes. However, continuous improvement in how an authority operates and undertakes its various functions should ultimately improve outcomes for residents and the potential of an authority's area. Sustained failure to deliver outcomes, including on the most visible services, is likely to be an indication that those arrangements are not sufficient.

35. Authorities should have established mechanisms for learning, evaluation and embedding improvement, and should encourage a culture of continuous self-assessment throughout the organisation. Government expects authorities to use a range of evidence to understand and regularly self-assess their performance, including outcomes-based performance data to benchmark against comparable authorities. Government also expects these arrangements to include inviting independent external challenge and scrutiny, in the form of a corporate peer challenges, engaging in service specific peer challenges, engaging with the range of sector support initiatives on offer and informal experience sharing among peers.

36. Authorities should be clear in their Annual Governance Statements about how they are delivering improvements over time, including against any recommendations made by external parties.

Characteristics of a well-functioning authority	Indicators of potential failure
• An organisational-wide approach to continuous improvement, driven by an established transformation function or programme, with frequent monitoring, performance reporting and updating of the corporate and improvement plans. • The authority supports public transparency and actively seeks to involve residents and service users in decision-making and plans to improve services and ensure they are accessible to local citizens. • Outcome performance informs the authority's improvement efforts. • The authority uses performance indicators to manage risk, benchmark against similar authorities and support performance improvement, help target self-improvement activity in line with local needs, and support conversations with other authorities, on best practice and learning. This may include use of data from the Local Outcomes Framework, or Integrated Settlement Outcomes Framework for relevant Strategic Authorities, to monitor progress against national outcomes.	• A culture of denial and lack of openness to constructive advice and challenge. • A lack of awareness and reluctance to acknowledge weaknesses and engage with the sector support on offer (such as no corporate peer challenge in the past five years or alternative external assessment). • Local priorities and resident views have not been considered in the authority's approach to continuous improvement. Consultations are regarded as an add-on/tick-box exercise. • Evidence that attempts at improvement have not been effective over a sustained period. • The Annual Governance Statement is not used as an improvement document, is developed by officers without member oversight, is not updated annually and/or is generic in tone and content. • The authority is not co-operating with the external auditor, the Local Audit Office (once operational) and/or the audit process, not responding effectively to auditor concerns and/or not prioritising completion of accounts.

• The authority prioritises scrutiny and challenge, including internal audit, and scrutiny functions provide robust, independent challenge that strengthens accountability, informs service delivery improvement, and supports the authority to secure continuous improvement. • The authority arranges a corporate peer challenge at least every five years and other peer challenges as required – e.g. corporate finance peer challenge, public health peer challenge etc, acts promptly on any recommendations given, and publishes the report of that review and progress updates. • The authority works collaboratively with the external auditor, and all inspectorates and regulators as appropriate to proactively identify areas for improvement and responds promptly and effectively to recommendations. • Professional development and appropriate appraisal at all staff levels – including the Chief Executive, Directors and senior officers – is built into day-to-day work, with poor performance identified, monitored and effectively addressed, and good performance recognised. • The Annual Governance Statement is prepared in accordance with current guidance, such as the CIPFA/ SOLACE Good Governance Framework • The Annual Governance Statement is the culmination of a meaningful review designed to stress-test both the governance framework and the health of the control environment. • Innovation is encouraged and supported within the context of a mature approach to risk management. • The authority engages positively with the programme of support offered by the department and external organisations. • The authority has clear plans for increasing capacity, capability and institutional maturity with a view to shaping place-wide outcomes • The authority has a sense of collective responsibility for the performance of the sector and helps others to improve.	• Repeated refusal or avoidance of engagement with the department's stewardship or engagement functions, including for Strategic Authorities for example through the Annual Conversations or annual data survey. • Lack of engagement with and/or poor quality or non-existent member and officer training and development offer. • A lack of accurate and appropriate data and insight to understand and shape services, for example no reference to local priorities or outcomes within service delivery plans, or within the workplans or meeting minutes of overview and scrutiny committees. • Internal scrutiny and internal audit are not prioritised and/or not effective. The authority does not adequately address issues brought up by scrutiny. • Existence of multiple and/or uncoordinated improvement plans. • Programme management is weak or is not embedded in the authority's decision making.

2. Leadership

37. An authority should have effective political and administrative leaders, with a clear, ambitious vision and set of priorities for their place and for the wellbeing and prosperity of residents which builds local economic growth, social cohesion and a healthy local democracy. When positive and effective leadership behaviours are modelled at all levels, this can be beneficial to an authority's overall culture and governance.

38. It is essential that all officers with statutory responsibility, including the Chief Finance Officer (Section 151 Officer or Section 73 Officer in the case of Strategic Authorities) and Monitoring Officer uphold their duties, both individually and collectively and provide reports to the Chief Executive/Head of Paid Service and, as necessary, to Full Council or Strategic Authority Board. Statutory officers must work effectively together, have access to the highest levels of authority decisions and have a voice in important decisions.

Characteristics of a well-functioning authority	Indicators of potential failure
• Members provide quality leadership by setting a clearly articulated, achievable and prioritised vision for officers to follow that puts place, local outcomes and local people at its heart. Senior officers have the capacity and capability to support political leaders provide the authority with effective strategic direction. • The authority's corporate plan is evidence based, current, realistic and enables the whole organisation's performance to be measured and held to account. The authority's financial strategy and delivery arrangements are aligned with priorities in the corporate plan, and respond appropriately to local need, including the plans of partners and stakeholders. • The authority's corporate plan and vision reflect a proactive approach to horizon scanning and seizing opportunities. • Members and officers, particularly those with statutory responsibility, including the Head of Paid Service, Section 151/73 and Monitoring Officer, uphold their duties and speak truth to power. • The Monitoring Officer is sufficiently supported and protected to allow them to enforce regulations and codes of conduct without fear. • Strong financial management and reporting, in accordance with the CIPFA Financial Management Code, runs throughout the whole organisation.	• A lack of corporate capacity or capability, resulting in a lack of strategic direction, oversight and sense of accountability. • Leadership losing sight of the authority's role and function as a leader of place, driver of regional growth and convener of regional partnerships (Strategic Authorities) and provider or enabler of services to residents and businesses. • A lack of understanding of, and adherence to, relevant public sector standards, including the Seven Principles in Public Life (the Nolan Principles). • Corporate plan is out of date, unrealistic and unaffordable and/or has too many priorities to be progressed effectively. • Poor quality financial management. • A poor or fractured working relationship between the senior leadership, including the Chief Executive, Section 151 Officer and Monitoring Officer. • Section 151, Section 73 and Monitoring Officers (and Strategic Authority Mayors where applicable) do not have direct lines of communication to the Head of Paid Service, do not demonstrate ownership and accountability, or are not involved in important decisions. • Risk management is not effective, owned corporately and/or embedded throughout the organisation. • A lack of political and/or organisational stability for example: high leadership turnover; statutory officer and/or other key posts remaining vacant for long periods; an overreliance on interim officers; significant churn in leadership posts etc

• Robust systems are in place for identifying, reporting, and mitigating risks, and regular review of risk by members. • Effective succession planning, with the recruitment and development of officers with the necessary skills, ensures organisational resilience. • Members and senior officers maintain constructive relationships and engage effectively with external stakeholders and the wider local community. • A demonstrable commitment to leadership and member development, including specialist training for key roles • Effective and timely responses to issues with acceptance of the need to make changes and without a culture of blame. • There are strong relationships between members and senior officers of Strategic Authorities, Mayors (where applicable) and constituent authorities.	resulting in instability, inactivity, a lack of continuity and/or a lack of decision-making in the long-term interests of the authority. • Leadership at both political and managerial levels is distracted and involved to an unhealthy extent in internal battles. • Overly dominant leadership culture which results in lack of challenge and weakened decision-making. • The absence of fit for purpose and regularly reviewed approaches to workforce planning, procurement, risk and IT. • A loss of stakeholder and public confidence. • A sense of insularity, a failure to tolerate internal or external challenge, and to recognise the need for improvement. • Decisions that are perceived as being difficult are avoided or deferred.

3. Governance

39. In a well-run authority members and officers will have a clear understanding of the democratic mandate as it operates in the organisation and their respective roles. There will be clear and robust governance and scrutiny arrangements in place that are fit for purpose for the governance model adopted.

40. Governance and scrutiny arrangements should be in accordance with statutory guidance, including on overview and scrutiny, and have considered any good practice guidance or frameworks from sector experts such as the Centre for Governance and Scrutiny. Scrutiny arrangements should support the authority's overall operation and its resilience. They should support the authority in identifying, anticipating, absorbing, adapting and responding to organisational risk and change, to enable the authority to make adjustments where required and ensure continuous improvement. These arrangements should be understood by members and officers alike, reviewed regularly and accurately described in the Annual Governance Statement.

41. Decision-making processes, within clear and appropriate schemes of delegation, should be transparent, regularly reviewed, clearly followed and understood, enabling decision-makers to be held to account effectively. There should also be evidence of the decisions following good public law decision making principles (reasonableness, rationality, proportionality, legality, fairness etc). Authority meetings should be held in public and transparent (via means such as providing online availability). Codes of conduct and HR processes should be to sector standard and ensure effective support for whistle-blowers.

Characteristics of a well-functioning authority	Indicators of potential failure
• Effective procedures are in place and followed to ensure members and all officers comply with the Nolan Principles, relevant codes of conduct and policies, including procurement. This includes adequate protections and support for whistle-blowers and adherence to Contract Procedure Rules. • The authority makes use of appropriate evidence in reaching its policies and decisions and has appropriate mechanisms in place to involve communities and residents in decision-making, promoting innovative participatory techniques wherever possible. • A Strategic Authority has a Local Assurance Framework, showing how the authority will spend public money responsibly, that has been agreed with the department and is kept up to date, as per the English Devolution Accountability Framework. The Local Assurance Framework should be published on the authority's website.	• Significant weaknesses identified in annual audit reports, and/or statutory recommendations or a public interest report issued. • A Strategic Authority does not have an up-to-date Local Assurance Framework or is diverging significantly from the processes set out in its agreed Framework. • A lack of appropriate action in response to allegations of corruption or maladministration. • Political or ideological activity by officers in politically restricted roles. • Key decisions are made in informal meetings and are not effectively recorded, leading to a lack of clarity on who is responsible for them. • Decisions made without seeking appropriate advice or making use of appropriate evidence. • Decisions are revisited or not fully implemented in a way that is not transparent.

• Scrutiny and internal audit functions are challenging, robust, valued and contribute to the efficient delivery of public services. • Risk management informs every decision. • Public reporting on value for money, performance and the stewardship of resources is completed in a timely and understandable way, with transparent responses to recommendations from external audit and regulators. • Cyber resilience is managed as part of the authority's wider approach to governance, risk management, and organisational resilience, with clear senior ownership and corporate oversight, and is considered within corporate decision-making and assurance. This is informed by recognised public sector advice and frameworks, including the Cyber Assessment Framework for local government | Local Digital. • Full Council, or Strategic Authority Boards, alongside the Audit Committee, reviews governance arrangements and ensures the systems of control, audit and governance are in line with relevant requirements set out in legislation and guidance. • Statutory officers and external auditors have regular and open communication throughout the year. • The authority responds to internal and external audit recommendations and addresses issues identified in a timely way. • Appropriate financial, commercial, legal and other specialist expertise is obtained, including from external sources, and due diligence completed on any important or novel decision. • Committees and individuals charged with governance have the appropriate information, support, experience and expertise to perform their role. • Effective governance arrangements and member oversight of entities, including companies, charities, joint ventures and partnership arrangements, in which the authority has ownership interests, governance responsibilities or material financial exposure. • Performance management and quality assurance information effectively measures outcomes and is frequently interrogated. • Lessons are learned from complaints.	• Scrutiny functions are undermined without the ability to effectively monitor or call-in decisions or influence overall strategy. • Internal audit does not meet Global Internal Audit Standards and fails to consider identified high risks. • The external auditor identifies significant weaknesses in relation to governance. • The effectiveness of the audit committee is undermined and there is no regard to requirements set out in relevant legislation and guidance on audit committees. • There are no meaningful risk registers at a corporate level, or registers have significant gaps and appear to downplay some risks and lack mitigations. Risks are not owned by senior leaders. • Performance management information is not consistently used, does not measure outcomes where relevant and underperformance is not effectively addressed. • Excessive secrecy and failure to apply councillors' need to know. • A refusal to investigate allegations of breaches of Member/officer codes of conduct. • Regulatory functions are not prioritised and / or there is some non-compliance.

• Authorities comply with regulatory functions in line with requirements, demonstrating transparency and fairness, members are appropriately trained on complying with regulatory functions. The authority processes appeals effectively.	

4. Culture

42. Culture describes how the established governance procedures and leadership are exercised in practice, whether they are respected by the letter or in spirit. The culture of an authority is determined by an agreed set of shared values, ethics and beliefs, how decisions are made, as well as how elected members and officers behave, interact and carry out their roles. The organisation should act as one, rather than in siloes, with a cohesive sense of one authority running through all operations.

Characteristics of a well-functioning authority	Indicators of potential failure
• Members and officers promote and demonstrate the highest ethical standards and appropriate working behaviours through established shared values and ways of working. • A culture of cooperation, respect and trust between members and officers, and between departments exists, along with a commitment to transparent decision-making and information sharing. • A culture of compliance with legislation, strategies, policies and procedures throughout the organisation. • Civil working relationships and communications between members including where there are political disagreements. • A commitment to promoting transparency and sharing information with the public. • The existence of a proactive and welcoming attitude to inviting and acting on external challenge and scrutiny, including from residents. • Decision-making is taken at the right level, with officers empowered to do their jobs consistent with the scheme of delegation. • Respect for a councillor's need to know and enquire. • Appropriate processes are in place to address issues such as harassment and bullying. • An accessible whistleblowing policy, of which there is wide awareness and confidence that it will work. • Demonstrable steps to engage openly and honestly with staff, including through staff surveys.	• An environment which allows for widespread failure to follow due process, the constitution, and codes of conduct. • Risks are covered up rather than identified to protect reputations. • A lack of appropriate action in response to allegations of corruption or maladministration. • The respective roles of members and officers, and the interface between them, are rejected or misunderstood, and unproductive involvement of members in operational decisions or of officers in setting strategic political vision. • A culture of bullying, distrust and broken relationships exists. • A punitive culture exists with distrust and/or conflict, hindering scrutiny, challenge and problem identification. • The culture does not promote or enable reflection or learning. • The culture fosters a closed, groupthink mentality or hubris, resisting external challenge and not working productively with partners, neighbouring authorities, Strategic Authorities, or government departments. • The organisation is unable to respond effectively to issues because processes and procedures have become overly bureaucratic rather than being focussed on assurance and robust governance. • Under- or non-engagement of the standards regime, with doubt cast on its credibility and legitimacy. • Disciplinary and complaints systems are not deployed, leading to a sense that certain individuals can act improperly with impunity. • High numbers of staff grievances and staff turnover due to morale issues.

	• High numbers of standards complaints by members against members are upheld. • Poor outcomes identified from staff surveys; or lack of staff engagement. • A culture of secrecy and overuse of urgency arrangements, confidential or delegated action reports and a failure for such reports to be reported in a form which allows scrutiny. • Members and officers have limited understanding of declarations of interest and gift/hospitality registers, which are not monitored or regularly updated. • Published documents are hard to find or drafted to obscure certain points.

5. Use of resources

43. As well as setting a balanced budget, authorities must have in place a medium-term financial strategy (MTFS), a workforce plan and an asset management strategy. An authority must have and properly deploy an effective internal control environment to safeguard the use of resources, and clear and effective processes to secure value for money and prioritise preventative investment over reactive spend. It must have appropriate financial management, reporting and regulation arrangements in place, in accordance with CIPFA's Financial Management Code, to govern the strategic and operational management of its investments, funding, assets and companies. This includes ensuring it has the appropriate skills and capacity in place, commensurate with the complexity of its finances, using specialist expertise when needed.

44. Authorities must comply with the Prudential Framework in making investment and borrowing decisions and not take on excessive risk. They should have effective systems for identifying, reporting, addressing and reviewing financial risk and have consideration of CIPFA's Financial Resilience Index and the capital risk metrics set out in the Local Government Act 2003.

45. Investment decisions must have a commensurate level of scrutiny, transparency and approval to make sure that members and officers fully understand the risks, including any relevant strategic or policy developments affecting the authority's future operating environment. This includes Local Government Reorganisation.

46. Financial management and reporting should be supported by robust financial systems, record keeping and quality assurance, with appropriate use of specialist expertise and independent assurance when needed. Authorities should ensure the delivery of financial statements by regulatory deadlines, prioritise internal and external audit and respond effectively to issues raised.

47. Capacity constraints should be identified and recruitment to fill key posts prioritised. Succession planning should be considered, with a longer-term view as to when there might be a gap in experienced senior officers. Special severance payments should only be considered in exceptional cases.

Characteristics of a well-functioning authority	Indicators of potential failure
• The financial strategy and budgets are compliant with legal requirements, clearly aligned with strategic priorities and there is a robust process for reviewing and setting the budget. • A robust MTFS based on appropriate evidence and consistent with service and corporate plans, which embeds prevention into how resources are allocated. • The workforce and non-current assets are managed efficiently and effectively, with clear and credible strategies demonstrating how services will be delivered in the future, with an effective system for performance management.	• Absence of an evidence based and deliverable MTFS, approved by Cabinet or finance committee (as appropriate) and Full Council (or Strategic Authority Board) that demonstrates sensible decision-making aimed at maintaining or returning to financial sustainability. • Authority requires additional support to set balanced budgets, especially where there is evidence this has resulted from poor decision-making or failure to take reasonable steps to manage financial risks. • Authority fails to commit to preventative budgeting and existing prevention funding is displaced.

• A robust system of financial controls and reporting exists, which provides clear accountability and ensures compliance with statutory requirements and accounting standards. • Compliance with the Prudential Framework, a clearly presented Investment Strategy, Capital Strategy and Minimum Revenue Provision (MRP) policy exists. • Good rates of income collection. • A clear strategy exists to maintain adequate reserves. • There is collective accountability for the budget and MTFS, rather than a siloed approach to management. • There are regular, accurate and transparent financial reports to Cabinet or Strategic Authority Board and training is available for all members on finance, enabling robust scrutiny. • Robust systems are in place to identify, report, address and regularly review financial risk, helping authority respond to changes in spending needs. • Sustainable corporate functions including commissioning and procurement, and IT which deliver value for money. • The Audit Committee has the knowledge, skills and independent expertise to provide robust challenge and ensures effective controls are in place and issues addressed. • The purposes of companies are carefully considered and regularly reviewed, with effective governance and oversight arrangements in place, including appropriate separation between company management and the authority's shareholder and scrutiny functions. • Any Mayoral Development Corporation is set up and overseen in line with the department's guidance on Mayoral Development Corporations. • Effective project management of projects to enhance governance and effective use of resources.	• Non-compliance with legal requirements including on council tax, housing revenue account, minimum revenue provision • Where an authority issues a S114 as a result of either an unbalanced budget position or evidence of unlawful spend, particularly where there is no clear plan for addressing the underlying financial challenge, or evidence that S114 has resulted from poor decision making or failure of the council to take reasonable earlier actions to manage financial risks. • Authority staff are offered part-time work for full-time pay without compelling justification. • Consistent overspends, frequent use of virements, no credible plan to reduce unaffordable debt and maintain sustainable finances, recurrent non-delivery of savings. • Avoidance of/failure to implement difficult budget decisions. • No evidence of transformation to create efficiency savings. • Lack of a regular review of the adequacy of reserves and the unplanned use of reserves in-year to balance an outturn position. • Unlawful or excessively risky borrowing and investment practices with inadequate risk management strategy in place for losses. • Failure to ensure that significant financial transactions are properly structured, documented and risk-managed to protect the authority from avoidable financial loss or future liabilities. • Failure to maintain effective member oversight of entities, including companies, charities, joint ventures and partnership arrangements, in which the authority has ownership interests, governance responsibilities or material financial exposure. For example, failure to appropriately manage risk; maintain sufficient separation between entity management and authority oversight functions; exercise effective and independent scrutiny; or ensure that governance and corporate structures remain proportionate, transparent and appropriate to the authority's public functions and capacity. For Strategic Authorities, this extends to any Mayoral Development Corporation established by the authority or its Mayor. • A Strategic Authority's establishment or oversight of a Mayoral Development Corporation is not transparent because of a

	lack of scrutiny processes or role responsibilities. • A Strategic Authority is not delivering its devolved responsibilities and has significant programme underspend without reasonable mitigation. • Audit report identifies significant weaknesses in financial sustainability, and/or statutory recommendations or public interest report issued. • Audit report highlights systemic or serious issues in relation to unlawful spending or poor value for money. • Late publication of draft (unaudited) and audited financial statements and/or a modified audit opinion that indicates significant financial reporting or financial management issues, audit recommendations ignored. (NB the existence of a modified opinion arising from previous audit delays is not in itself an indicator of potential failure) • Inadequate accounting records or systems, poor financial controls, or inadequate capacity in finance teams, which prevent the timely production of acceptable accounts or hinders progress in rebuilding assurance where accounts have been disclaimed or qualified due to previous audit delays. • Dependency on high-risk commercial income for service delivery and balancing budgets. • Non-compliance with legal or accounting requirements, including the statutory duty to make prudent Minimum Revenue Provision. • Not fit for purpose finance function with limited capacity/capability. • Underinvestment in corporate services, which affects capacity to deliver and succession planning. • Inefficient commissioning and procurement arrangements that do not deliver value for money. • IT that is not capable of doing the job for which it is designed. • Reporting on financial performance and position to members is absent, not evidence based or inaccurate or there is insufficient consideration of finance updates including the annual financial report.

Service delivery

48. Well-run local services should be integrated, customer and citizen-focused, and meet the needs of diverse communities. They should reduce the likelihood of future demand for reactive services by prioritising prevention, improve outcomes for the people who use them and achieve the best balance of cost and quality (having regard to economy, efficiency and effectiveness).

49. Service plans should be evidence based and clearly aligned to an authority's priorities and strategic plans. Local relationships and engagement should be at the heart of service improvement. Services should take account of feedback from residents and local businesses and be scrutinised by a transparent and robust performance framework. Service plans should reflect the priorities identified through community planning and the authority's assessment of outcomes experienced by its residents and may include consideration of national priorities for local delivery as set out in the Local Outcomes Framework. Poor individual services can often be an indication of broader governance and financial weaknesses within an authority. Equally, corporate governance failure almost certainly will at some point negatively impact how services are delivered locally, in terms of missed opportunities or silo working and a failure to make strategic connections.

50. Authority data, the assessments of other government departments, service regulators and ombudsmen identify whether functions and services are being delivered efficiently and effectively, and whether authorities are responsive to customer complaints. Authorities should benchmark service provision with comparable authorities, including outcomes and outputs relevant to service delivery.

Characteristics of a well-functioning authority	Indicators of potential failure
• Service plans are clearly linked to an authority's priorities, strategic plans and longer-term planning – a golden thread that runs through to individual objectives and accountability. • Service and function delivery is evidence-based, customer and citizen focused, meets the needs of different groups within the community, and prioritises prevention and positive outcomes, thereby reducing future demand for reactive services. • In delivering services, the authority complies with all duties; and make appropriate decisions about the balance of preventative and reactive measures. • Users are satisfied with the level and quality of services provided. • The authority has an effective and accessible complaints process and provides appropriate redress.	• Significant weaknesses identified in the annual audit report for economy, efficiency and effectiveness, and/or statutory recommendations or a public interest report issued. • Critical reports from regulator, inspectorate and/or ombudsman show failings which may have resulted in intervention by other government departments. • Significant weaknesses identified by the external auditor in relation to the use of information about costs and performance to improve the way it manages and delivers its services. • Inability to prioritise prevention over crisis response and manage demand for key services leads to costs spiralling and/or services deteriorating to unacceptable levels. • Service delivery does not comply with all statutory duties.

• Service improvements recommended by regulators and the Ombudsman are implemented at the earliest opportunity. • The authority has complete, timely and accurate data, and the skills to interpret it, to inform decisions. • The authority is aware of increasing pressures on services, manages these pressures where possible, to ensure good services without costs escalating unnecessarily. • There are clear and effective mechanisms for scrutinising performance across all service or function areas. Performance is regularly reported to the public to ensure that citizens are informed of the quality of services being delivered. • Procurement processes ensure economic, efficient and effective outcomes of contract procurement and management. • The authority achieves the best balance of cost and quality in delivery services, considering the resources available, having regard to economy, efficiency and effectiveness. • Commissioning approach recognises social value and selects from a wide range of service delivery mechanisms to ensure effective service outcomes. • The authority takes an innovative approach when considering how services will be designed and delivered in the future. • The authority monitors the delivery of outcomes, drawing on datasets such as the Local Outcome Framework where relevant, when considering the effectiveness of service or function delivery. • Authorities operate their service specific regulatory functions in line with any statutory or other requirements e.g. on transparency, fairness; have a good record on dealing with appeals; and appropriate member training.	• Intervention from other government departments is not delivering results. • A Strategic Authority is not delivering its devolved responsibilities in a way which is timely, measurable and in line with its overall devolution deal. • A high rate of upheld complaints made to Ombudsmen and the lack of an action plan(s) to address areas of concern. • Data quality is poor and there is a lack of capacity or capability to interpret it to inform decisions. • Services data (which can be from a variety of sources, including Local Outcomes Framework metrics) suggests poor performance and outcomes compared to similar authorities, particularly in the services most visible to residents. • Transformation is in name only. Opportunities for efficiency savings and improvements are not assessed in a meaningful way. Unusual or novel solutions are pursued that lack rigour or adequate risk appraisal. • The approach to commissioning, selecting service delivery mechanisms, contracting and contract management is weak, resulting in poor quality public services that do not represent value for money. • Excessive use of contract Standing Order waivers. • Poor tracking of benefits realisation on service improvement. • Regulatory functions for some services are poor.

6. Partnerships and community engagement

51. Authorities should actively seek to involve residents and service users in decision-making and see participation and deliberation as a route to making effective decisions, rather than an add-on or tick-box exercise. They should build and convene effective partnerships to enable the better integration of services, support driving local economic growth, and promote social cohesion and pride in place.

52. Authorities should have a clear understanding of and focus on the benefits that can be gained by effective collaborative working with local partners and community engagement. Partnerships can maximise opportunities for sharing resources, improving outcomes and creating a more joined-up offer that meets the needs of residents and local businesses. Stronger and more effective partnerships can also lead to better community engagement, for example working with partners to engage more effectively.

53. Appropriate governance structures should be in place to oversee these arrangements, and the process of consultation and engagement should be inclusive, open and fair. There are statutory requirements on authorities to engage with Integrated Care Boards, Community Safety Partnerships, safeguarding adults and children's boards, Youth Justice Management Boards and many others. There are also statutory Best Value requirements around consultation and on considering the social value of services when reviewing service provision. An inclusive approach that accepts challenge is an indicator of a confident organisation.

Characteristics of a well-functioning authority	Indicators of potential failure
• There is a shared vision for the local area which has been co-produced with partners, businesses, residents and service-users to maximise resources and ensure Best Value across service areas. For Strategic Authorities this includes coproduction with constituent authorities and other relevant delivery partners. • An organisational culture exists that recognises the value of sharing power with local communities, of working with public sector systems and local partners to improve policy development, local economic growth and investment, better services, and customer-focused outcomes. • Partnership working is based on working to improve shared – and explicitly agreed – outcomes. • Effective working with partners providing services for residents means more effective and/or efficient services can be provided. • For Strategic Authorities, outcomes are shared and agreed with constituent authorities and other relevant delivery partners and where relevant the authority's	• Lack of appropriate governance in partnership arrangements. • Weak ambition or unrealistic or infeasible plans fail to seize opportunities for building prosperity and opportunity for local people and businesses, promote social cohesion and cultivate pride in place. • Poor relationships with partners mean poorer services for residents and/or increased service pressure. • For Strategic Authorities, there is a lack of commitment to the authority's purpose and shared ambitions for the area between the constituent councils as members of the authority and the Mayor (where applicable) which could be demonstrated by the constituent council members on the Strategic Authority Board not fully engaging with or participating in the work of the authority. • A lack of meaningful consultation and engagement with service users, including with communities that are representative of the diversity of the local area.

Business Board. There is a shared vision on outcomes including for activities where the Strategic Authority does not deliver directly, but acts as a convenor, and constituent members take ownership of specific delivery areas or functions. • There is early and meaningful engagement and effective collaboration with residents, service-users and businesses to identify and understand local needs and assets, and in decisions that affect the planning and delivery of services. In some cases, this involves the co-design and/or co-production of services. • Evidence of joint planning, funding, investment and use of resources to demonstrate effective service delivery, but transparent and subject to rigorous oversight. • Partners and residents are involved in developing indicators and targets, and monitoring and managing lack of performance. The authority may be beginning to experiment with more participative forms of decision-making. • The authority drives social and environmental value in their place through commissioning and procurement activity and employment practices.	• Poor outcomes identified from resident or partner engagement. • Poor or non-existent communication with partners on issues impacting on their business. • Poor partnership working and inadequate community engagement in the context of devolution or LGR resulting in proposals that are not locally supported or optimised for place.

5. The Government's Approach to Best Value – a Framework

The Department's Approach to Support and Intervention

54. The remainder of this guidance describes the department's approach to Best Value - a "framework" of tools and levers the department uses, which range from seeking early assurance, to supporting authorities in securing non-statutory support and, where necessary, undertaking statutory intervention, to ensure an authority's compliance with the Best Value Duty. The framework is flexible rather than a rigid, sequential ladder of escalation, and is intended to mitigate risks of failure as early as possible, whilst ensuring a proportionate response is taken based on the nature and severity of local concerns. The Government's intention in outlining its approach is to help authorities understand what different types of engagement from the department mean about its assessment of the authority's level of risk.

55. To determine the most appropriate and proportionate response to support authorities at risk of Best Value failure, the department usually first considers the Best Value themes outlined in Section 4, taking into account whether the challenge is confined to a particular area or reflects more fundamental weaknesses across the corporate core. It will then consider the following factors before selecting a suitable approach:
    - the authority's awareness of and willingness to acknowledge its challenges,
    - the extent to which the authority shows a credible commitment to leading its own improvement,
    - whether the authority has the internal capacity and capability to address its challenges without external control, and
    - the urgency of the situation and potential financial risk to the public purse.

56. For illustration, where an authority faces challenges that fall short of Best Value failure but demonstrates some cognition, and internal capacity and capability to deliver change, the department may deploy non-statutory measures, such as Early Assurance Letters or Best Value Notices. These tools are designed to grip issues early and provide structured support, or to signal that the Secretary of State may decide to take statutory action if concerns are not addressed promptly. Further detail is provided in Section 6 below.

57. Where an authority exhibits warning signs but there is insufficient robust evidence for the Secretary of State to make an informed judgement, the department may choose to use a diagnostic tool. This is typically achieved by commissioning an independent non-statutory assurance review or appointing an inspector to carry out a Best Value Inspection, the details of which are described in Section 7 below.

58. Once satisfied there is Best Value failure, the Secretary of State may decide to proceed directly to a statutory intervention without taking any non-statutory action. These statutory measures include issuing specific Directions about what needs to improve and can include appointing persons. Further detail is in Section 8 below.

59. This methodology is applied dynamically, guiding both initial escalation and subsequent decisions on de-escalation throughout an ongoing intervention. Each authority is unique and decisions on the use of Best Value powers remain solely at the Secretary of State's discretion.

60. It is worth noting that any of the non-statutory or statutory measures outlined in the next sections can run alongside investigations, reviews and action by third parties, including via regulatory processes and referrals to law enforcement, where there may be assessed to be a need to pursue appropriate individual accountability for individuals who take actions which lead their organisations into failure. In those cases, the department will cooperate fully and appropriately with the relevant bodies, including via regulatory processes and referrals to law enforcement, so there are appropriate consequences for those responsible for failed authorities.

6. Identifying and Preventing Risk

61. Authorities are responsible for making arrangements to secure their own continuous improvement, including having effective arrangements in place to identify, understand and address problems early, and be open to scrutiny, challenge and support. The department supports this through the wider local government accountability and improvement system, including sector-led support currently funded through the Sector Support Grant to the Local Government Association. Authorities are expected to engage constructively with the support available to them, and to use it to diagnose and address issues before they become deep-rooted.

Assurance and Early Engagement

62. The department's Local Government Stewardship function keeps the health of Local and Strategic Authorities under regular review. The department uses a wide range of evidence and data to identify issues and potential risks in authorities. This includes consideration of governance and leadership arrangements, financial management and sustainability (including commercial activity), and the delivery of corporate and key services. The seven Best Value themes set out in Section 4 of this Guidance provide a consistent basis for this assessment, helping to identify emerging risks and to inform proportionate engagement, where appropriate.

63. In carrying out this role, the department may consider a wide range of information, including but not limited to the following:

- Published material from local authorities, including governance, financial and service-related documentation, including the Annual Governance Statement
- The Government's own analysis of local government data provided through statistical returns
- National data and metrics, including those developed by the department, for example information from the Local Outcomes Framework where relevant
- External audit, accounting and regulatory reporting, including statutory reports and compliance with relevant requirements
- Findings from inspectorates, regulators and ombudsmen
- Sector-led improvement and assurance activity, including Local Government Association peer challenge reports and other relevant peer, sector or improvement support activity
- Reports arising from assurance activity linked to applications for Exceptional Financial Support
- Reports from other relevant professional or independent bodies
- Reports from authority-appointed panels or advisers
- Correspondence from residents and Members of Parliament where concerns are raised under the Best Value Duty
- Dialogue between authorities and the department
- For Strategic Authorities, information gathered through the department's regular engagement with the Strategic Authority group, the formal Annual Conversation programme and annual data survey

64. The department is committed to working with other Government departments to share intelligence on common challenges, ensure a coordinated approach across Government, and be assured of authorities' compliance with the Duty. Other Government departments set and monitor performance for specific services against their own standards, and failure to meet those standards should usually be managed by the relevant department in the first instance, such as the Department for Education, the Department of Health and Social Care, the Department for Environment, Food and Rural Affairs, the Department for Transport etc. Where concerns persist despite local attempts to improve, and where there is evidence that these service specific concerns may indicate wider corporate, governance or financial weaknesses, the department may consider whether they raise issues relevant to compliance with the Best Value Duty.

65. Bringing this qualitative and quantitative information together helps the department build a rounded understanding of authorities that may be facing challenges or showing indicators of potential Best Value failure as set out in Section 4 of this guidance. Where indicators of potential failure are identified, officials may engage with the authority to understand the nature, scale and causes of the issues, and to seek assurance about how they are being addressed. This engagement will usually consider whether the authority recognises the issues, has credible plans to respond, and has the leadership, capacity, capability and commitment at both officer and member level to deliver the necessary improvement.

66. Early engagement may also highlight what additional support, if any, would help the authority to identify, plan and deliver improvements before challenges become more entrenched or systemic. The department is committed to providing earlier, targeted support to prevent failure and is continuing to expand the range of tools it has, based on learning from what works and in collaboration with sector bodies and other Government departments. Such support could include helping an authority to access appropriate sector-led support, facilitating external challenge, encouraging specialist advice or assurance, or working with other Government departments where issues cut across service responsibilities. Any support is intended to help the authority address its challenges at an earlier stage, while maintaining the authority's responsibility for securing its own continuous improvement and complying with the Best Value Duty. The earlier a potential problem is identified, understood and accepted, the sooner it can be addressed. Early resolution is in the interests of residents, helping to safeguard services, protect public money and avoid more costly or disruptive action later.

67. Authorities are responsible for managing their own finances, but may request additional financial support from Government, which since 2020 has been administered through the Exceptional Financial Support process. While the need for Exceptional Financial Support is driven by a range of factors, requiring support to set a balanced budget can be an indicator risk of Best Value failure, especially if the drivers of the financial pressures are not tackled adequately. That is why, where support is provided, this comes with robust scrutiny of a council's position.

68. Where challenges have been identified and sufficient assurance is not provided about how an authority is managing these, the department may take further actions. The decision on which approach to take will be influenced by the scale of the challenge in terms of severity and urgency, and the extent to which the authority is able to address it, including its acceptance of the issues and commitment, capability and capacity to address them. The department has a number of measures it typically adopts to encourage an authority to take actions to demonstrate or ensure compliance with Best Value. Where the Secretary of State is satisfied an authority is failing its Best Value Duty, there are statutory measures that can be taken (see Section 8).

Non-statutory measures

69. There are a number of non-statutory tools which the department currently uses to encourage an authority to seek and demonstrate assurance about the steps it is taking. These include, but are not limited to, a private letter, known as an Early Assurance Letter, or the formal issuing of a public Best Value Notice.

Early Assurance Letter

A senior civil servant writes to the Chief Executive of an authority to set out concerns the department has about the authority meeting their Best Value Duty. This will typically follow a visit to, or other engagement with, the authority by officials in the department.

Early Assurance Letters request assurance that the authority is taking appropriate action to address identified risks and set out the department's expectations for improvement. Their purpose is to support early resolution and reduce the likelihood of escalation. Early Assurance Letters are not ordinarily published and provide an authority with the opportunity to address concerns quickly and proactively. If dealt with to the satisfaction of the department, this would result in improvements in the authority and negate the need for more formal and public action, for example the issuing of a Best Value Notice.

An Early Assurance Letter typically requests a written response from the authority by a specified date, setting out the steps it is taking (or will take) to address the concerns raised by the department. These actions may include a plan for improvement, arrangements for monitoring progress, and establishment of an assurance or improvement board. Where the authority already has such improvement measures in place, the department may seek clarification, additional information, or greater assurance regarding delivery.

Once the authority has shared its written response, the department will consider whether the assurance provided is sufficient. In most cases, officials will engage with the authority on a periodic basis to monitor progress and provide challenge and support. Typically, this will be up to 12 months.

Early Assurance Letters are a tool of proportionate early engagement which allow the department to convey its concerns and request improvement by the authority. They may be issued where the department has concerns, but Best Value failure is not clearly taking place, and where it is appropriate to give the authority an opportunity to demonstrate that it recognises the issues identified and is willing and able to lead the required improvement.

Example: Following an assurance visit to a local authority, the department judged that its concerns remained significant - particularly around member and officer behaviour and the audit position - and that the authority had not provided sufficient assurance that it had credible plans in place to address the issues. A private letter was issued to the Chief Executive setting out departmental concerns and the steps the authority was expected to take to avoid further action, including returning to timely publication of audit opinions, complying with Best Value guidance on member and officer conduct, and continued engagement with relevant sector support. The letter also noted that the authority was expected to engage with the department on an ongoing basis to monitor delivery.

70. When an authority fails to provide adequate assurance in relation to concerns raised by the department, or if engagement following the issuance of an Early Assurance Letter is not considered to be sufficient, the Secretary of State may consider issuing a Best Value Notice or taking other forms of non-statutory or statutory action.

Best Value Notice

A senior civil servant, on behalf of ministers, writes publicly to the Chief Executive of an authority setting out the department's concerns on the available evidence and how it expects the authority to provide assurance of progress.

Best Value Notices may be issued where an authority has not provided the department with sufficient assurance that concerns raised in an Early Assurance Letter are being addressed, or where the issues are deemed serious or systemic enough to warrant a Best Value Notice without first issuing an Early Assurance Letter.

The Notice will request that the authority engages regularly and directly with the department to provide assurance of improvement, with formal in-person review meetings on a quarterly basis as a minimum. More regular informal engagement will normally be agreed between the department and authority. The Notice may also request other things depending on the department's concerns with the specific authority, such as that the authority:

- provides a timebound organisational improvement plan containing details of the authority's arrangements to secure the improvement needed, or, where an improvement plan is already in place, the Notice may request further information or greater assurance of that plan.
- establishes and works with an independent improvement board where one is not already in place. The Notice may request specific arrangements relating to board membership or areas of focus.
- undertakes an independent review or engages with an independent review commissioned by the department, to provide further evidence of the challenges faced by the authority and steps being taken to address them, for example focusing on governance and / or finances.
- engages with targeted support offered by the department or sector bodies.
- report back to the department at specified junctures. This request to report may be required under section 230 of the Local Government Act 1972.

These additional requests will be used as appropriate to strengthen the terms and impact of the Notice as needed depending on the specific challenges, the level of evidence available to understand the challenges and the authority's capacity and willingness to lead the required improvements.

Best Value Notices are typically published on gov.uk and local stakeholders are notified. The authority is expected to publish all related documents on its website. This level of transparency highlights that the department's Best Value concerns are significant and that it is deemed to be in the public interest to ensure that the authority's improvement work is transparent and open to external scrutiny.

Through the regular engagement outlined above, the department may challenge an authority's improvement plan if it is considered insufficiently robust, feasible or timely. Officials will also monitor progress against the authority's improvement plan based on the evidence provided by the authority, any improvement board, and other stakeholders working with the authority. Further action may be needed if the requested information is not provided to the department by a specified date or if progress is not satisfactory.

Best Value Notices remain in place unless and until they are revoked by ministers. Ministers will normally review the authority's progress against the Notice after a period specified in the Notice, usually six or twelve months, based on the available evidence, and consideration will be given to appropriate next steps. Should the department deem it necessary to continue to seek assurance of the authority's progress, the Notice will be extended or reissued with refreshed expectations for improvement. The Notice may also be withdrawn or escalated at any point based on the available evidence.

Best Value Notices provide a structured mechanism for non-statutory engagement and challenge with an authority that is exhibiting indicators of potential Best Value failure in the short-term. The authority's challenges are likely to be considered systemic and serious and, while the authority may have the capability and capacity, and / or the commitment, to lead its own improvement, it requires significant support to do so at the pace required.

Best Value Notices may also be used as a form of post-intervention monitoring to obtain assurance from an authority that has recently been subject to statutory intervention that its improvements are fully embedded and compliance with the Best Value Duty is sustained.

Example: A Best Value Notice was issued to a local authority setting out the department's concerns and expectations, including strengthening the role of the existing independent improvement board and responding to its recommendations, and improving its financial sustainability, senior leadership capacity and stability, and organisational culture. The Notice requested the authority engage with the department to discuss progress on at least a quarterly basis. It also explained that the department would look to the authority's independent improvement board and external auditor for broader assurance that changes are being made at sufficient pace.

71. Where an authority is unable to provide sufficient assurance, or where progress following the department taking non statutory action is not considered adequate, the Secretary of State may consider whether further action is necessary.

72. This may include escalation to statutory intervention, taking into account the department's assessment of the authority's position, including the scale and nature of the challenges, the authority's response, and the confidence that improvement can be secured without the use of statutory powers.

7. Assessing Compliance with the Best Value Duty

73. The Secretary of State must be satisfied that an authority is failing to carry out its functions in compliance with the Best Value Duty before intervening on a statutory basis under section 15 of the 1999 Act. To inform the assessment of an authority's compliance with the Duty, the Secretary of State can consider evidence from a multitude of sources such as reports from recognised independent bodies, government commissioned reports and statutory Best Value Inspections. In deciding which approach to take, the Secretary of State is likely to consider a number of factors, including the availability of robust independent evidence, the severity of the indications of failure, the authority's willingness to acknowledge its challenges and its openness to external scrutiny.

Independent reviews

There are a range of independent expert assessments which may satisfy the Secretary of State's standards with regards to scope, independence and quality and which may provide evidence of Best Value failure or risk of failure, and the extent of that failure. They include reports from recognised independent bodies, for example auditors and inspectorates, the progress reports of local improvement boards and other independent reports commissioned by authorities. Government commissioned reports, such as external assurance reviews of an authority's financial resilience and / or governance which have been commissioned following an authority's request for support via the Exceptional Financial Support framework or non-statutory independent reviews when an authority is exhibiting some characteristics that may indicate Best Value failure, can also provide a valuable source of evidence.

The findings of an independent expert analysis can help determine the steps required by an authority to address the concerns or issues identified in that report, either on their own or with the support of external intervention. However, this is not an exhaustive description of scenarios where an independent report may be appropriate.

Example: After struggling for many years to resolve a variety of governance issues, a local authority's external auditor initiated a value for money governance review of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Ministers considered the auditor's report carefully and the evidence contained within it and were satisfied that it provided sufficient evidence of significant and systemic Best Value failure. In response the Secretary of State appointed commissioners to the authority to secure compliance with the Best Value Duty.

74. Where there is insufficient evidence available for the Secretary of State to make an informed judgement, the Secretary of State may appoint a person to carry out an inspection of the authority's compliance with the Best Value Duty. The Secretary of State may also direct the inspector to provide recommendations for improvement. When taking this step, the department informs the authority of the inspection, its scope, the team of inspectors, and the obligations of the authority under inspection. A Best Value Inspection is a valuable diagnostic tool for authorities.

Best Value Inspections

Best Value Inspections provide the Secretary of State with a formal independent assessment which helps the Secretary State form a judgement of whether an authority is complying with the Best Value Duty. Inspections can also help the Secretary of State determine the steps that should be taken by the authority to make improvements required.

The powers relating to a statutory Best Value Inspection are contained in sections 10-13 of the 1999 Act. These cover the appointment of an inspector and (if required) assistant inspector(s), the powers and duties of an inspector particularly around access to documents and premises of the authority, the requirement of the authority being inspected to pay reasonable fees to the inspector, the submission of the inspector's report to the Secretary of State and its subsequent publication.

An inspector is appointed by the Secretary of State to lead an inspection, based on specific experience and expertise. The scope of the inspection is published. The scope will usually focus on a combination of the seven Best Value themes set out in Section 4 of this guidance.

Inspections may be appropriate when an authority is exhibiting some characteristics that may indicate Best Value failure, including taking inadequate steps to acknowledge or address ongoing challenges, but where there is insufficient evidence available for the Secretary of State to make a judgement. However, this is not an exhaustive description of scenarios where an inspection may be appropriate.

Example: The department engaged with an authority over a number of months regarding its growing debt level and subsequently commissioned an external assurance review. Considering this review's findings and the authority's response, the Secretary of State commissioned a Best Value Inspection. The inspectors found serious concerns, including a high-risk borrowing and an investment programme that was without a clear strategy and required expertise, combined with rapidly diminishing reserves, a resistance to external challenge and lack of transparency. The report informed the Secretary of State's decision that the Council was failing to comply with its Best Value Duty and the decision to commence a statutory intervention.

75. Independent review and statutory inspections can provide robust and independent evidence to inform the Secretary of State's Best Value assessment. The Secretary of State will then take a decision on what further action (if any) is necessary to secure an authority's compliance with the Best Value Duty.

8. Models of statutory intervention

76. If the Secretary of State is satisfied that the authority is failing to comply with the Best Value Duty, the Secretary can issue statutory directions to an authority under section 15 of the 1999 Act.

77. This is referred to in this guidance as “statutory intervention”, of which there are three main models. It is for the Secretary of State to determine in each case what is the most appropriate model to adopt, based on the circumstances of the authority and the Secretary of State’s assessment of compliance with Best Value. These are:

    - directing the authority to take specific actions,
    - directing the authority to take specific actions and appointing a person(s) to support the authority to do this, and
    - directing the authority to take specific actions and appointing a person(s) to exercise functions of the authority.

78. Close engagement with other government departments (and non-departmental organisations) is particularly important when an authority of concern is subject to statutory intervention by another government department. The department recognises the importance of a collaborative approach across government as simultaneous interventions can be particularly challenging for an authority.

79. The factors influencing the decision on which intervention model to adopt include the extent to which the authority accepts the challenges identified and is committed to leading the required improvement, the scale of that challenge, the capacity and capability of the authority to address the failure, and the level of urgency required to address the failure.

80. A statutory intervention will usually be preceded by an announcement and communication to the authority that the Secretary of State is ‘minded to’ intervene. This allows for a period of representations from the authority and other interested parties (generally 10 working days, but often less for example for changes to an existing intervention) on the reasoning and evidence behind the proposed intervention and on the proposed package itself. This process can be bypassed in exceptional circumstances where there is sufficient urgency. If, after considering the representations received and all the relevant available evidence, the Secretary of State considers that a statutory intervention is necessary, the Secretary of State will make Directions as set out in the minded to letter, (subject to any amendments arising from representations received).

Directions only statutory intervention

Under section 15(5) of the 1999 Act, the Secretary of State may direct an authority to take any action which they consider necessary or expedient to secure its compliance with the Best Value Duty. This might include, for example, the preparation of an improvement plan and the content of that plan, the requirement to report on the delivery of that plan, and the establishment of an improvement and assurance board to provide external support and challenge. Directions can be issued on their own and without the simultaneous appointment of either Envoys or Commissioners. They are time-limited and will automatically lapse unless further directions are issued.

The Secretary of State may also direct an authority to carry out a review of how it exercises specific functions (section 15(2) of the 1999 Act) or direct a local inquiry to be held into the exercise by the authority of specified functions (section 15(3) of the 1999 Act). These powers have not been exercised to date.

The decision to direct an authority to take certain actions is based on evidence, such as from an inspection or another comparable source, confirming that Best Value failure has occurred and there is limited confidence in the authority's ability to improve independently.

This model is not often used. Directions to a local authority may be appropriate where there is evidence of significant but not widespread Best Value failure in the authority, and that authority has some capacity but limited commitment to improve on its own.

Alongside issuing Directions on an authority the Secretary of State usually appoints persons to support the authority (see paragraph 81). This model remains an option for the Secretary of State either as the first form of statutory intervention, or as a de-escalation from a more intensive statutory intervention, but this should not be taken as an exhaustive description of scenarios where the use of Directions may be appropriate.

Appointing people to support the authority

81. The aim of intervention is to ultimately build and strengthen local capacity to identify, plan and achieve improvement, and not to deliver it on the authority's behalf. The Secretary of State may appoint one or more person – a Best Value Expert - whose role it is to support (to varying degrees) that process. Best Value Experts are typically referred to as "Ministerial Envoys" or "Commissioners", and an Envoy or Commissioner team may include one or more 'political adviser'. The term "Best Value Experts" in this section refers to any person appointed by the Secretary of State.

82. Best Value Experts are appointed into different roles according to the needs of an authority and the focus of the required improvement. They are appointed by the Secretary of State for their experience and judgement, and teams usually include executive leaders with experience working within local government. Other individuals with experience in a particular field, for example commercial or transformation can be appointed as relevant to the authority's specific needs. Some teams include advisers who focus on providing a political perspective on the intervention and required improvements, which may include supporting political transition or instability,

strengthening culture, decision-making and joint working across political and corporate leadership and political groups and development of members' skills.

83. The department maintains a pool of individuals who are available for appointment, which it is seeking to expand and diversify, and, where possible appointments will be made from this group. Best Value Expert fees are set by the Secretary of State and are met by the authority under intervention. Experts are directly accountable to the Secretary of State and are expected to work collaboratively and comprehensively with the authority they are appointed to support, including ensuring the intervention is shaped to reflect the circumstance of the authority, and establishing clear ways of working. They must adhere to the Seven Principles of Public Life (the Nolan Principles) and act within the terms of the Directions and any other expectations set by Ministers. Best Value Experts are normally supported by a civil servant Chief of Staff, who supports them in their day-to-day activity.

84. A successful intervention will be co-produced by the authority and any Best Value Experts, with a view to achieving sustainable recovery and improvement. In many cases, Best Value Experts hold powers to exercise functions, which can include powers relating to governance, finance and senior appointments, among other things. The authority may also be directed to take any action which the Secretary of State considers necessary and expedient to secure its compliance with the Best Value Duty (see 'Directions only' intervention model above).

85. The team of Best Value Experts appointed to an authority provide regular reports to the Secretary of State on the progress made by the authority, which are published on gov.uk alongside the ministers' response to them. The department also has processes in place to regularly review team composition and appointment terms, to ensure the arrangements are successfully supporting recovery and improvement at the necessary pace. The department is committed to keeping the cost of intervention as low as possible while ensuring the intervention is focussed on securing compliance with Best Value; and as described further in Section 9, the department does not expect authorities to operate perfectly before an intervention ends.

Directions for an Envoy-supported intervention

The Secretary of State may direct an authority under section 15(5) of the 1999 Act to cooperate with a Ministerial Envoy for a specified period to support its improvement journey and compliance with the Best Value Duty. The Envoy's role is to act as an advisor, mentor and monitor to the authority, and to strengthen local capacity to identify, plan and deliver improvements rather than to lead this work on the authority's behalf. Envoys should adopt a coaching and supportive approach towards the intervention, providing scrutiny, challenge and support to the authority where necessary.

The Directions set out how the authority is to work with the Envoy(s).

Envoy teams tend to be smaller and spend fewer working days in the authority, and usually, but not always, are delivered at lower cost to the authority.

In some instances where there may be a need to accelerate and strengthen the required improvement work, Envoys may be granted powers to exercise specified council functions if necessary.

The decision to appoint Envoys to an authority may be appropriate when there is evidence of Best Value failure in the authority, but where the authority is committed to working in partnership with government to deliver the necessary improvement. Appointing Envoys may also be appropriate when the authority already has some corporate capacity address the challenges identified but requires some additional external support. However, this is not an exhaustive description of scenarios where the use of Directions may be appropriate.

Example: Following Secretary of State assessment an authority was experiencing serious concerns across a number of areas, constituting Best Value failure, an authority accepted the assessment and demonstrated commitment to working constructively with government to deliver the change needed. The Secretary of State appointed a team of Envoys to support the authority's improvement journey. The statutory support package was designed to strengthen and expand the improvement work that the authority had already begun.

Directions for a commissioner-led intervention

Under section 15(6) of the 1999 Act, the Secretary of State may direct that some or all of the functions of an authority be exercised by the Secretary of State or his or her nominee (Commissioners) to accelerate improvement for a specified period until that authority is in a sustainable position to comply with its Best Value Duty. Commissioners often receive a range of powers which underpin the core operation of an authority relating to governance, finance and senior appointments. While such powers have not been exercised frequently by Commissioners, their role is to define and lead an authority's improvement journey until the authority has the capacity and commitment to do so on its own. A Commissioner's style may be more directive than advisory and Directions are likely to require the authority to comply with any instruction the Commissioner makes in relation to specified functions. The authority is also usually required to take any action which the Commissioner consider necessary to secure compliance with the Best Value Duty.

In some instances, a Managing Director Commissioner may also be appointed for a time-limited period to provide additional capacity at the senior level, who can be appointed as Head of Paid Service, to aid implementation of an improvement plan and to drive the cultural change required.

Given the more intensive nature of a Commissioner-led approach, Commissioner teams tend to be larger and spend more time in the authority.

In some instances, a Managing Director Commissioner may also be appointed for a time-limited period to provide additional capacity at the senior level, who can be appointed as Head of Paid Service, to aid implementation of an improvement plan and to drive the cultural change required.

Given the more intensive nature of a Commissioner-led approach, Commissioner teams tend to be larger and spend more time in the authority.

Directions for a Commissioner-led intervention may be appropriate where there is evidence of significant Best Value failure in an authority, the scale of which constitutes a high level of financial risk and/or the delivery of statutory services. The Secretary of State may appoint Commissioners when they are not sufficiently assured that the authority has accepted it is failing its Best Value Duty, is committed to working in partnership with government to improve and has sufficient capacity to address the challenges identified. However, this is not an exhaustive description of scenarios where the appointment of commissioners may be appropriate.

Example: Commissioners were appointed to a local authority following confirmation of Best Value failure. Given the profound weaknesses in the authority's financial and governance functions, and concerns about its capacity and the need for a programme of radical transformation in service delivery, the intervention Directions were subsequently updated to expand Commissioners' powers. In parallel, a Managing Director Commissioner was appointed for a limited period to oversee the Council's day-to-day operations, provide strategic direction and leadership, and support the authority's ambition to appoint its own Chief Executive.

9. The Lifecycle of an Intervention and Exit

Lifecycle of an intervention

86. This section describes common features observed in past interventions. It is illustrative only and not prescriptive of sequencing, thresholds, or conditions for escalation or exit. Decisions remain case-specific and for the Secretary of State.

87. Experience shows that every statutory intervention is unique, but likely to follow a progressive path from early stabilisation through to the delivery of sustainable results. Local authorities on the journey out of Best Value failure have shown that there are broad stages or phases to this recovery lifecycle, which broadly mirror the stages of civil emergency planning. Councils may enter statutory intervention at different points depending on their specific circumstances, and the transitions between the different phases of intervention will overlap as part of a dynamic system. Ultimately, the details of the recovery roadmap and the exit strategy must be sufficiently flexible to reflect the specific journey that the local authority is making.

88. The first stage is one of **response**, when action is taken to address any immediate threats to financial stability and/or the delivery of statutory services. During this initial stage Best Value Experts will be discovering the depth of issues to be addressed and expect leaders to establish a shared understanding and acceptance of the causes and routes out of failure. Authorities will usually also develop a baseline assessment of the areas requiring improvement and begin formulating a deliverable improvement plan.

89. As this phase progresses, the authority's political and officer leadership is expected to stabilise, demonstrate they are gripping the challenges and take proactive ownership of the change programme. Securing wholesale political and corporate buy-in early on is a critical enabler for successfully moving from improvement planning into wider delivery mode.

90. Once the foundations have been set, the subsequent phase typically focusses on rebuilding to return the authority to a state of business as usual. This **recovery** stage ensures the core of the authority is functioning well and is enabling improvements to be developed and be sustainable. These include its governance and finance processes, transformation agenda and, crucially, a culture and commitment to self-assessment and continuous improvement. Building on the initial stabilisation, this is generally the stage where improvement programmes begin to translate into measurable change and savings across the organisation. At this point, Best Value Experts and the authority may choose to develop and agree an assurance plan or "exit strategy", with clear expectations about improvements required for the intervention to progress to the next stage.

91. The latter stages of an authority's recovery journey are typically characterised by its ability to provide assurance, including to residents and local stakeholders, that it is sufficiently stable and well led, at both member and officer level, to sustain its improvement journey alone and to respond to and mitigate any future challenges. It is during this final **resilience** phase that the impact of corporate improvements are felt by residents and businesses through well run services that effectively meet the diverse needs of local users and provide value for money. The Secretary of State's decisions about when to end statutory intervention would be informed by factors including an

assessment of the authority's compliance with Best Value, the extent to which the authority has embedded changes needed, and how sustainable the improvements are, so that in the years that come residents can continue to see and benefit from the improvements in their area.

Planning an end to intervention

92. Each intervention is unique and in determining whether and when an intervention should end, it is important to ensure that reasonable standards are applied that clearly relate to the nature of failure identified in that particular authority. Authorities are not expected to be perfect before an intervention ends. The aim of all interventions is to resolve incidents of failure to the point where the authority can demonstrate that it now has the capacity and capability to sustain its own journey of continuous improvement without the need for further external involvement. It is important that this is both demonstrable and well established.

93. When an authority in statutory intervention is being abolished due to reorganisation, the department will engage with the shadow authority on the exit strategy ahead of vesting day. This can include as appropriate, ongoing support arrangements agreed with the department ahead of vesting.

94. Best Value Experts are expected to assess the risk level of ending an intervention in reports to the Secretary of State in advance of statutory Directions expiring. The Secretary of State will take the decision on when an intervention should end based on the advice provided to them by their appointees and a range of other evidence, including views from recognised independent bodies. Being in receipt of Exceptional Financial Support will not automatically preclude an authority from exiting intervention but will depend on the drivers of that financial support and the authority's plan and progress with managing funding pressures and achieving financial stability.

95. To assist in making a judgment on whether and when an intervention should end, it is essential that the Best Value Experts work with the authority's leadership to develop a clear road map for exiting intervention, noting that this may change over time. Such a road map is likely to have the most benefit when the authority has wholesale political and corporate buy-in of the authority's improvement journey.

96. A clear exit strategy enables the authority to focus its efforts on improvement, to share a sense of achievement and confidence, and to maintain momentum with progress. The details of that exit strategy will be unique to each authority experiencing intervention; it will depend on the nature of the Best Value failure and be sufficiently flexible to reflect the journey that the authority is making. It will identify measurable criteria in relation to individual functions and service areas which are specific and capable of being evidenced and will take into account the experiences of residents and businesses. Where services have or need improvement, an exit plan will set out the progress needed including how service improvement is to be embedded and continued beyond the intervention and into the longer term, supporting better outcomes for all. The characteristics of a well-run authority, included in Section 4 of this guidance, give an indication of how those criteria may look.

97. When sufficient improvement has been made and the authority can demonstrate it is able to sustain its own journey of continuous improvement (including its ability to

regularly self-assess performance, identify and manage risk and provide assurance on improvements), the Secretary of State will consider evidence from the Best Value Experts and other relevant sources of information before winding down and/or ending the intervention. In a situation where progress has been made, the Secretary of State may decide to de-escalate/step back the intervention prior to the Directions ending. This may include reducing the intensity of the approach, by reducing the number of Best Value Experts or working days spent in the authority or, where applicable, the full or partial return of functions to the authority, and/or the replacement of any Managing Director Commissioner with a permanent Chief Executive / statutory officer. De-escalation may also entail moving to different, lighter-touch model, for example from Commissioners to Envoys, or from Envoys to Directions-only.

98. It is good practice for authorities to establish a plan for continuous improvement when approaching the likely end of an intervention which the Best Value Expert could include as part of their final report to the Secretary of State. An independent review may also be commissioned to give reassurance to the Secretary of State, as well as to the authority and residents, on the progress made and to set out the future improvement agenda for the authority to focus on. If the Best Value Expert lacks confidence in the authority's ability to continue its own improvement journey unaided, they may recommend further measures to provide continued assurance of progress to the Secretary of State.

Post-intervention monitoring and support

99. Exiting intervention is a staged process and it is for the Secretary of State to decide when to end to statutory Directions. Prior to the formal end of an intervention, the department will work with the Best Value Experts and others to determine what post-intervention support and monitoring is appropriate to help ensure the authority's improvements are mainstreamed and sustainable, and an abrupt transition is avoided. This may consist of a range of support and/or monitoring options to track post-intervention performance, including ongoing sector-led improvement and peer review, sector representation on an authority's improvement board and/or enhanced departmental monitoring. The form this support and monitoring will take will depend on the extent of ongoing assurance required to ensure compliance with the authority's Best Value Duty is sustained.