

From: Katy Reynolds, Governance Advisor

To: Governance and Audit Committee, 26 November 2025

Subject: Best Value Interventions: Update

Status: Unrestricted

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## **1. The Best Value Duty**

- a) The Local Government Act 1999 places a duty on authorities, including Kent County Council, 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.” This is known as the Best Value Duty (BVD).
- b) The Secretary of State has powers under this act to investigate whether a local authority is compliant with the BVD and to intervene where they are of the view that the authority is failing to comply.
- c) These powers include appointing someone to carry out a Best Value Inspection. An inspector appointed under the legislation has various rights to access local authority premises and information and require explanations from relevant people. The report is for the Secretary of State and is usually published, along with any recommendations.
- d) As set out in section 3, the context in which the Secretary of State takes action is different and impacts the type of action. Sections 4-7 set out some case studies.
- e) Members of this Committee will be able to attend a training event on this topic on 2 December 2025.

## **2. The Current Situation**

- a) There are currently nine statutory interventions in place:<sup>1</sup>
  - 1. [Birmingham City Council](#)
  - 2. [London Borough of Croydon](#)
  - 3. [London Borough of Tower Hamlets](#)
  - 4. [Nottingham City Council](#)
  - 5. [Slough Borough Council](#)
  - 6. [Spelthorne Borough Council](#)

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<sup>1</sup> The hyperlinks will take readers to the government page setting out information and documents relating to the intervention.

7. [Thurrock Council](#)
8. [Warrington Borough Council](#)
9. [Woking Borough Council](#)

b) There is currently one statutory inspection underway:

1. [West Midlands Fire and Rescue Authority](#)

c) The government is also able to issue Best Value Notices to facilitate engagement with that authority and to obtain assurance of the steps it is taking to secure compliance with the Best Value Duty, as required by the Local Government Act 1999. There are currently [Best Value Notices](#) in place for the following:

1. Dudley Metropolitan Borough Council
2. Cheshire East Council
3. Newham Council
4. Tees Valley Combined Authority

### **3. The Best Value Framework**

- a) It is not the case that a formal intervention is always preceded by a formal Best Value Inspection. The important point is for the Secretary of State to have sufficient evidence to make a judgment as to compliance with the BVD. Each authority is in a different situation and there may be other reports which provide information, or other forms of review are directed by the Secretary of State.
- b) There is often a link between a local authority issuing a section 114 report and the Secretary of State making a decision to intervene. However, several authorities currently subject to intervention have not issued a section 114 report, like Tower Hamlets. There are examples of section 114 notices being issued without intervention following (such as Barnet). It is not an absolute link as section 114 notices cover a range of issues.
- c) Where the Secretary of State concludes that an authority is failing in its Best Value Duty, they may issue directions to the authority to take any actions they consider necessary to secure compliance.
- d) Directions may be accompanied by the appointment of individuals who are given powers over certain functions of the authority, again aimed at securing compliance with the BVD. The legislation does not specify the details of these individuals. There are currently authorities where 'Commissioners' have been appointed, and others where 'Ministerial Envoys' have been. The details of the role of any appointees are set out in the Directions and do vary – for example, the 'Envoys' appointed to Tower Hamlets do not have powers to exercise functions and are there in an advisory capacity; whereas the 'Envoys' appointed to Warrington are able to exercise functions.

- e) There is currently a [statutory guide](#) to Best Value standards and interventions. This was published on 8 May 2024 under the previous government. It is the current guidance (the government must consult before replacing it). However, several aspects of the guidance have been impacted by policy choices of the current government. For example, the guidance references the Office for Local Government (Oflog), which was closed in December 2024.

#### **4. Case Study: Birmingham City Council**

- a) Directions were issued on 5 October 2023. The Secretary of State has appointed six commissioners at Birmingham City Council, along with a political adviser. The intervention is set to run for five years, until 4 October 2028.
- b) The main issues which resulted in the decision to intervene were:
  - 1. Systemic failings over several years including weak governance, poor culture, a challenging relationship with trade unions and ineffective service delivery. These faults were exacerbated by instability and high turnover at senior officer level.
  - 2. Critical weaknesses in the authority's broader internal control environment, highlighted by the seriousness and scale of the Equal Pay liabilities and failed implementation of the Oracle financial ledger system (estimated to be up to £100 million).
  - 3. Failures in the council's culture and leadership, with associated implications for good governance and effective scrutiny.
  - 4. The council's lack of capacity and capability to improve, demonstrated by poor strategic planning over successive administrations and failure to address deep-rooted problems in the City, such as low skills.
- c) The council issued a section 114 notice on 5 September 2023 due to, among other things, an in-year budget gap of around £87 million.
- d) Two reports from the commissioners have so far been published. The most recent report highlights the progress made by the political leadership and hard work of council staff but also "sets out that the journey to recovery and financial stability is far from over and has been heavily dependent on the input, guidance and advice of the Commissioner team so far."<sup>2</sup>

#### **5. Case Study: Thurrock Council**

- a) Three sets of Directions have been issued to Thurrock (September 2022, March 2023, and July 2025). The most recent Directions extended the intervention to 30 April 2028 and appointed a Lead Commissioner, Finance Commissioner, and Managing Director Commissioner.
- b) The main issues which resulted in the decision to intervene were:
  - 1. Failures in the administration of financial affairs and corporate governance, demonstrated by an exceptional level of external borrowing.

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<sup>2</sup> [Statutory intervention: Birmingham City Council - GOV.UK](#) (Accessed 4 August 2025)

2. The scale of financial and commercial risks potentially facing the authority.
  3. A culture of informality around decision making and failures in the scrutiny of strategic decision making by the authority, particularly investment decisions.
  4. Serious allegations made by third parties about the processes that had been applied to the operation of the authority's commercial strategy.
  5. Concerns relating to the senior capacity at the Authority. The state of the authority's senior officer structure was seen to present a major risk to the recovery of the authority.
- c) On 19 December 2022, Thurrock issued a section 114 notice due to being unable to balance their budgets for 2022/23 and 2023/24.
- d) There have been, to date, five reports from the commissioners appointed since 2022. As set out above, successive governments have issued new directions as concerns remain about the failure to comply with the Best Value Duty.

## **6. Case Study: Woking Borough Council**

- a) Directions were issued on 23 May 2023 for five years. There are currently 4 commissioners at Woking Council, including a Lead Commissioner and Managing Director Commissioner.
- b) The main issues which resulted in the decision to intervene were:
1. Failures in the administration of financial affairs and corporate governance, including scrutiny of strategic financial decision making, resulting in high levels of financial and commercial risks.
  2. Failures relating to commercial projects: the authority's exceptionally high level of debt was primarily generated by the authority's two main companies and their housing and regeneration schemes.
  3. Failure to provide adequate assurance to Ministers and the Department on the authority's actions to address the issues, considering the scale and pace of the response required.
- c) Woking issued a section 114 notice on 7 June 2023 due to, among other things, having a deficit of £1.2 billion against core funding of £16 million.
- d) Four commissioners' reports have been published to date. The most recent found "encouraging progress from the starting point of very significant failings, but substantial capacity issues constrain the pace of change."<sup>3</sup>

## **7. Case Study: Spelthorne Borough Council**

- a) Directions were issued on 8 May 2025 for five years. Four commissioners have been appointed.
- b) The main issues which resulted in the decision to intervene were:

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<sup>3</sup> [Intervention at Woking Borough Council - GOV.UK](#) (Accessed 4 August 2025)

1. Lack of long-term planning and risk management in property acquisitions.
2. Limited understanding of regeneration delivery and associated risks.
3. Poor record of effectively implementing recommendations from external reviews.
4. Poor relationship between political leadership and senior management.
5. Culture of insularity, a lack of audit and reluctance to accept and act on challenge.
6. Over reliance on net income from investment properties to offset service cuts.

c) Spelthorne has not issued a section 114 notice.

d) No commissioners' report has yet been produced/published.

## **8. Recommendation**

The Governance and Audit Committee is asked to Note the report.

## **9. Report Authors and Relevant Director**

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