



## Department for Levelling Up, Housing & Communities

**Suzanne Clarke**  
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Julie Fisher  
Chief Executive  
Woking Borough Council

[www.gov.uk/dluhc](http://www.gov.uk/dluhc)

*By email*

25 May 2023

Dear Ms. Fisher,

You will be aware of the serious concerns that have been raised regarding the exceptional level of financial and commercial risk to which your Authority has exposed itself, as well as its approach to strategic financial decision making and debt management. This has been captured in the report that concludes the External Assurance Review, commissioned by Minister Rowley in January 2023 and published today on gov.uk.

I am writing to inform you that, after careful consideration, the Secretary of State for Levelling Up, Housing and Communities has today made Directions, under section 15(5) and (6) of the Local Government Act 1999 (“the Act”), in relation to your Authority. I enclose a copy of the Directions, together with an Explanatory Memorandum, which will also be published on gov.uk, together with this letter.

The Directions implement an intervention package which is described below. In this case, the Secretary of State is exercising his powers under section 15(11) of the Act to give a Direction without complying with the requirement at section 15(9) to give your Authority an opportunity to make representations about the Directions and the findings of the External Assurance Review (published today) that has informed them, as he considers the failures of the Authority’s compliance with its best value duty in respect of the functions specified in the Directions sufficiently urgent. This is because of the following:

- The scale of the financial and commercial risks facing your Authority, which are compounded by the Authority’s approach to financial and debt management, corporate governance, including scrutiny of strategic financial decision making, commercial projects and property management. This has been made clear by the findings of the External Assurance Review that Minister Rowley commissioned in January.
- The failure of the Authority to provide assurance to Ministers and the Department on the adequacy of the actions that it is taking to address the issues or provide assurance of its capacity to take the necessary action, considering the scale and pace of the response required,

After careful consideration of the evidence provided by the reviewers and officials, the Secretary of State considers that there is a pressing case for urgent government action to protect the interests of the residents and taxpayers of Woking, as well as national taxpayers. The financial challenge is acute, and the Secretary of State is concerned that key decisions need to be taken in the coming weeks and months to secure Woking's financial position, as well as provide assurance that your Authority is taking all steps necessary to comply with its best value duty.

You will see in the Directions and Explanatory Memorandum that the Secretary of State has nominated the individuals who carried out the External Assurance Review as Commissioners: Jim Taylor as Lead Commissioner, Carol Culley OBE and Mervyn Greer as Commissioners. It is the Secretary of State's view that the need for support and oversight is so pressing that Commissioners must be available to commence work immediately. These individuals are best placed to take up these roles directly, due not only to the knowledge acquired during their time reviewing your Authority, but also their individual knowledge and experience in local authority leadership, governance, and commercial development. The Secretary of State recognises the expertise of his appointees and is confident that they will be key to resolving Woking's issues as quickly and effectively as possible.

The intervention package is formed of actions your Authority is directed to take, and powers over Authority functions to be enacted by Commissioners. The Directions will be in place for five years: that this is a longer duration than in previous interventions reflects the severity of the challenge at Woking, in comparison to other intervention areas.

The Commissioners are accountable to the Secretary of State in that they have been nominated by him and can have their nominations withdrawn by him. The Directions enable the Commissioners to exercise the following functions:

- All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority;
- The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
  - i. providing advice and challenge to the Authority on the preparation and implementation of a detailed action plan to achieve financial sustainability, and to close any short and long-term budget gaps identified by Authority across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan;
  - ii. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium-term financial strategy (MTFS) for the Authority, strictly limiting future borrowing and capital spending;
  - iii. scrutiny of all in-year amendments to annual budgets;
  - iv. the power to propose amendments to budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty;

- v. providing advice and challenge to the Authority on the preparation of sustainable and affordable capital, investment and treasury management strategies; a strict debt reduction plan; and a revised minimum revenue provision (MRP) policy;
- vi. providing advice and challenge to the Authority on a suitable scheme of delegations for financial decision making;
- vii. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
- All functions associated with commercial decision-making, regeneration, property management, procurement and the management of commercial projects by the Authority.
- All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority.
- All functions associated with the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability.
- All functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as senior officers and statutory officers, and the designation of those persons as statutory officers, to include:
  - i. The functions of designating a person as a statutory officer and removing a person from a statutory office.
  - ii. The functions under section 112 of the Local Government Act 1972 of:
    - appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and
    - dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
- All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff to those positions.
- All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions.

The Secretary of State envisages that most decisions will be carried out by the Authority, but with the oversight of the Commissioners: they will uphold proper standards and due process and recommend action to the Authority. The Secretary of State's intention is that the powers he is providing to the Commissioners be used to ensure that the Authority takes the necessary steps to achieve the best possible outcome for Woking residents and the public purse. The exercise of these functions should enable the Commissioners to make sure that the Authority has made sufficient improvement within the next five years to be able to comply with its best value duty on a sustainable basis.

The Secretary of State considers that the situation in Woking is likely to change throughout the period of intervention. The Commissioner appointments are therefore for

12 months and, alongside the Directions, will be reviewed within six months or at such a time as the Secretary of State finds necessary.

The Directions require your Authority to take certain actions:

- Prepare and agree an **Improvement and Recovery Plan** to the satisfaction of the Commissioners, within six months, with resource allocated accordingly. This should draw upon the contents and recommendations of the External Assurance Review published on 25 May 2023. The plan is to set out measures to be undertaken, together with milestones and delivery targets against which to measure performance, in order to deliver rapid and sustainable improvements in governance, finance and commercial functions, thereby securing compliance with the best value duty. The Improvement and Recovery Plan should include at a minimum:
  - An action plan to achieve financial sustainability and to identify and close any short and long-term budget gaps across the period of its medium-term financial strategy (MTFS), including a robust multi-year savings plan.
  - An action plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable.
  - A strict debt reduction plan, demonstrating how overall capital financing requirement and external borrowing will be reduced over a realistic but expedient timescale, reducing debt servicing costs.
  - An action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority. An updated minimum revenue provision (MRP) policy in line with all relevant rules and guidelines.
  - An action plan to reconfigure the Authority's services commensurate with the Authority's available financial resources.
  - A plan to ensure that the Authority has sufficient skills, capabilities and capacity to deliver the Improvement and Recovery Plan, within a robust officer structure, including appropriate commercial expertise and capacity.
  - An action plan to strengthen the Authority's financial and commercial functions, and to secure improvements in risk management and governance.
  - A plan to secure value for money during any exit from the Authority's arrangements with its companies, and the revolving lending arrangements between them, including a plan on how to mitigate associated risks and an appropriate timescale for doing so.
  - Actions to secure continuous improvement in all services.
- To report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as Commissioners may direct.
- To undertake in the exercise of any of its functions any action that the Commissioners may reasonably require to avoid, so far as practicable, incidents of poor governance, poor financial governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.

I appreciate that the Authority has already started taking some steps in relation to these actions and thank you for the detail you have already provided. The Directions also require your Authority to take certain actions, such as providing the Commissioners with such reasonable amenities, services and administrative support as the Commissioners may reasonably require when undertaking their functions and responsibilities under these Directions. They also require your Authority to allow the Commissioners at all reasonable times access to any premises of your Authority, to any document relating to your Authority, and to any employee or member of your Authority.

The Directions also require your Authority to pay the Commissioners reasonable expenses and such fees as the Secretary of State determines to be paid to them. The Secretary of State is mindful of the need for Commissioner remuneration to represent value for money for local taxpayers. In recognition of the nature and scale of the intervention, he has determined fees of £1,200 per day for the Lead Commissioner, £1,100 per day for Carol Culley and £1,100 per day for Mervyn Greer, and up to a total of 150 days annually for each individual. Fees relating to Carol Culley should be paid to her employer, Manchester City Council, and fees for Mervyn Greer should be paid to the Cabinet Office, reflecting his role as a Crown Representative. The Secretary of State also expects the Commissioners to be paid reasonable expenses in accordance with the rules for senior officers set out in your Authority's staff handbook.

The Directions will remain in force until 25 May 2028 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Finally, you will wish to note that the Secretary of State has asked for a report from the Commissioners within three months, six months and thereafter at six-monthly intervals, or at such other times as he might agree with the Commissioners. This allows for a process for regular review of whether it would be appropriate for any function exercisable by the Commissioners to be returned to the Authority. The Secretary of State has not ruled out the possibility that further functions might be brought under the control of the Commissioners. The first report is expected as soon as is practicable after the date of the intervention, within the first three months.

I am copying this letter to your Authority's acting section 151 Officer, and to its Monitoring Officer. In light of this urgent action and the requirements of section 15(12) of the Act, I will also be writing to the Local Government Association as a representative body of best value authorities.

Yours sincerely,

Suzanne Clarke,  
Deputy Director, Local Government Finance Stewardship