

Northamptonshire Commissioners

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Lessons Learned Report from the Intervention at Northamptonshire County Council

We were appointed by the Secretary of State in May 2018 following the identification of critical failures within Northamptonshire County Council highlighted in a Best Value Inspection led by Max Caller CBE.

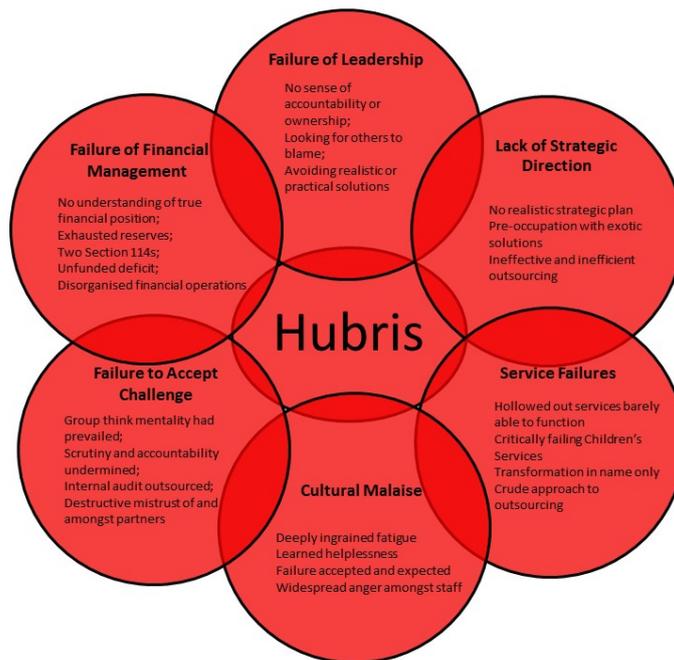
This is our report on the lessons learned during the Intervention. It supersedes our first and second annual interim reports which we developed as aide memoires to ensure that we captured the essence of the Intervention as it progressed.

Introduction

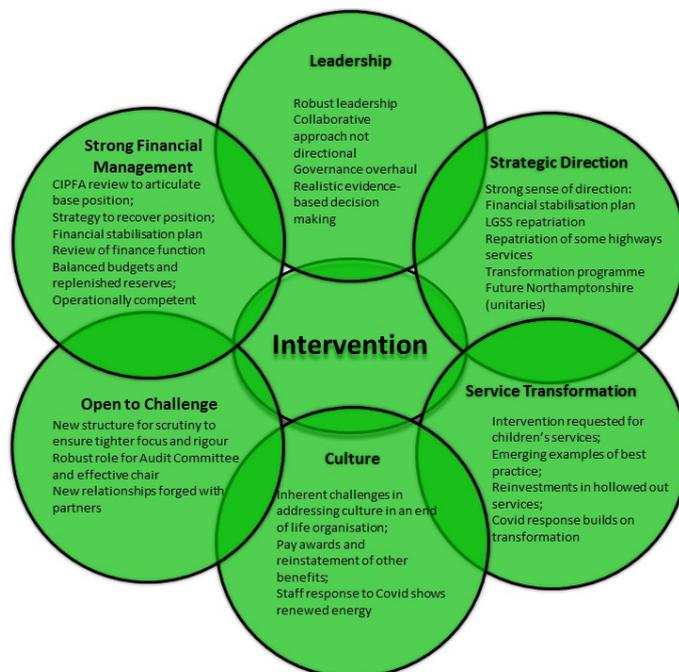
When we arrived, the Council had exhausted its reserves, had an unfunded deficit and had issued a section 114 (s114) notice – effectively declaring itself bankrupt. It was an organisation that had been hollowed out, with many of its in-house services and its out-sourced services neither efficient nor effective. The former leadership had developed a transformation agenda that existed in name only and, if the Council at that time could be identified with one word, that word would be hubris.

Almost three years later and in contrast we are pleased to state that when the Council ceases to exist at the end of March it will do so as a substantially restored organisation. It can end its existence with its head held high as its final three years can be defined by improvement worthy of note across its governance, financial management and services organisation and delivery.

We identified in the first year of the Intervention that there were six fault lines which were central to the Council's failure, and would need to be repaired in order to reverse that failure. These were:



At the centre of these faults was a state of hubris, characterised here as dangerous over-confidence. Addressing them has required a great deal of effort by the staff, and the senior leadership at officer and political level. However, the Council at the end of the Intervention is thankfully different from the Council we found on our arrival.



This paper will outline the nature of each fault-line, what measures were put in place to address them and what lessons can be learned as a result.

Leadership

There had been a complete failure of political and senior managerial leadership at the Council in the years preceding the Intervention. Rather than face up to its challenges, the leadership failed to tackle emerging issues, looked to lay blame elsewhere and chose instead to pursue fanciful solutions and remedies which were unlikely to succeed. It did not consider realistic or practical 'bottom-up' solutions.

From the outset of the intervention it was clear that Max Caller's judgement was an accurate reflection of the lack of leadership and despite there being '*many good, hard working dedicated staff*' the problems at the Council were a direct consequence of management failure. The wider failings of the Council flowed from this fault-line.

The first action we took was to tackle this fundamental flaw. We sought, and were successful in appointing an experienced and determined chief executive. She had a strong track record with the right approach and leadership style to tackle head-on the challenges the organisation faced in what was the most challenging role in local government. Alongside the chief executive we also strengthened the senior leadership team. Over the course of the intervention there was also significant strengthening of the wider management team.

It was this new team, alongside a new political leadership committed to open and transparent decision-making, that delivered balanced budgets without the emergency use of reserves each year over the full lifespan of the Intervention; a feat not achieved previously for the best part of a decade.

We agreed with the political leadership that we would support their aspiration to 'do all the right things' to restore the Council. We would work with them from the earliest point in the development of policies and priorities for action, in financial decision-making and in the development of relationships with partners. Consistently adhering to this, coupled with tightening of the Council's processes meant we didn't need to use the formal powers of direction given to us. We made clear that if at any time there was an attempt to avoid difficult choices or make weak or poor decisions (as in the manner of their predecessors) we would override these. This arrangement held throughout the intervention, with local decision makers strengthening their confidence and the quality of their decision-making as the relationship and their experience matured.

The impending 'end-of-life' status of the Council meant that a review of the council's formal deliberation and decision making processes, entailing a re-write of the Council's Constitution, Standing Orders and Financial Regulations would have been an exercise with very limited value. It is something that we would have done had the Council been set to continue in existence since there were structural flaws in these arrangements. Under the circumstances we took a decision to address just those things that simply needed to be fixed, and quickly, in order to move pragmatically through the short life span of the Council

Key to sustaining stability, improvement, and performance was the maintenance of organisational grip at all times and a constant guard against complacency. Failure

had become so ingrained and embedded that intense focus and visible leadership was required throughout the Intervention. Improvements remained fragile and constant vigilance at a macro and micro level were required to ensure momentum was maintained. The strengthened leadership worked relentlessly to restore a demoralised wider team who had come to lack confidence in their own abilities and the freedom to use those abilities.

Strategic direction

The Council suffered from a lack of strategic direction. At the outset it was clear that there wasn't a realistic Council plan, county plan, workforce plan, IT plan, or a transformation plan and the approach to risk-management could best be described as under-developed.

Instead there was a preoccupation with far-fetched experiments and ill-thought through exotic solutions. One such 'solution' had been the outsourcing of large parts of the organisation (bizarrely including core strategic services) into a shared service arrangement called LGSS. This was done badly, and it left the organisation without a corporate centre or a sense of corporate direction. It was framed by a worrying lack of governance and unaddressed performance issues with, in effect, no connection between the outsourced corporate functions and the services which they underpinned. Many of these services themselves had been floated off into arms-length organisations. The Council, as a result, was dangerously under-governed.

We worked alongside the new leadership team to set the strategic direction, agree a clear programme of work and define the benchmarks that would indicate success, then we measured performance against delivery. Not rocket science, just the basics, done well.

Despite local fears that this would result in the decimation of services, the financial stabilisation plan focussed on concepts of efficiency and improvement to guarantee the Council lived within its means, weaning it off of its habit of overspending.

Core strategic services such HR, Organisational Development, IT, Democratic Services and Finance were repatriated. In conjunction with Cambridgeshire and Milton Keynes Councils a lead authority model was developed for the transactional functions that remained shared. This has given the Council an ability to forge a corporate direction as well as properly commission and performance manage its frontline services – and gain the benefits of a proper 'shared service'.

The failure of this shared services experiment provides a valuable lesson in outsourcing – the importance of considering what is suited to outsourcing and what isn't.

The Council also began a substantial transformation programme led by proven experts. Once the Secretary of State had taken the decision to replace all eight councils in the county with two unitary authorities, the transformation programme incorporated the wider aspects of the Future Northamptonshire programme led by the Council's chief executive.

Financial management

Emanating from the first two fault lines was the failure of financial management – the Council had outsourced its strategic financial expertise and support services meaning it was left without in-house capacity. Many elementary tenets of sound financial management were either beyond the Council's control, or simply not in place.

In the first week of the Intervention we had little sense that the Council fully understood its financial position. It was clear all of its reserves had been exhausted but it was not clear what the revenue position was. Having issued its first s114 notice in February 2018 three months before the Intervention, there was an absence of urgency and a plan to address the situation did not exist when we arrived. It was essential therefore that we uncovered the full extent of the problem before we could plot the recovery.

We instructed CIPFA to conduct an independent review to provide a reliable, impartial and forensic assessment. This revealed an in-year gap of £30m – as opposed to the £8m forecast by the Council and an unfunded deficit for the previous year of £34m, increasing to £41m once misuse of grants and ring-fenced reserves were taken into account. A total gap of over £64m.

The review gave us confidence that we then understood the magnitude and the scale of the recovery plan required. As a result, we supported the issuing of a second s114 notice to concentrate minds and provide transparency about the financial position.

The practical steps taken to balancing the books weren't complex but the application of basic housekeeping measures and good financial management that forms business as usual for most authorities. These included:

- Liquidation of arms-length services and return of assets to NCC
- Better management of demand and contract monitoring in Adult Social Care
- Greater grip on spending in Children's Services, including reviewing and realigning home to school transport
- Renegotiation of highways contracts
- Capitalisation of equipment
- Agency staff reductions and conversion to permanent
- International social worker recruitment
- More effective treasury management and other measures

We also made it clear that we expected directors to be accountable for their budgets.

Simultaneously we constructed a credible medium-term financial plan and successfully applied for a capital dispensation to address the Council's un-funded deficit.

It was this work which set the foundation of enabling the Council to subsequently deliver successive balanced budgets throughout the Intervention.

In addition to this we commissioned a thorough and independent review of the Council's finance function and systems which, we were grateful, was funded by the LGA; improvements had been made during the first year which enabled early identification of issues and consequently the ability to deal with them quickly, but evidence indicated there was a bigger piece of work to do, including developing a comprehensive training programme for budget managers. All of the recommendations from this review have been adopted.

We appointed two first-rate Finance Directors during the Intervention, one taking over from the other upon retirement. We also appointed a former Finance Director as independent advisor to the Finance Commissioner, doubling up on our challenge capacity. Working closely ensured an unyielding focus on improvement and reinforced financial discipline which delivered a balanced budget in every year of the Intervention.

This achievement should not be underestimated given the position at the start of the Intervention, as set out above. As a result, the two new unitary Councils will inherit a far stronger financial base than looked remotely possible three years ago.

Our concerns about delays with external audit reports have been well documented and we were disappointed when the Council's auditors decided not to publish a Public Interest Report.

We felt it entirely reasonable that taxpayers should be informed as to how the Council had got itself into this situation and the sector as a whole advised as to how such a failure could be avoided in the future.

Our frustrations with external audit have continued throughout the intervention. Delays with process mean the annual accounts for 2018/19 and 2019/20 may have to be signed off following the close down of the Council as well as the completion of the annual accounts for 2020/21. This is far from ideal.

Service failures

The Council had significant scars from years of mismanagement, the most publicly apparent of these being a series of service failures. By pursuing specious service delivery models some services had received significant investment without any credible improvement plan, others were starved of resources and in some cases almost ceased to exist.

The most pressing and obvious example of failure was within Children's Services. During our first year we raised significant concerns about this service and asked for support from the Department for Education in appointing Commissioners to intervene.

The subsequent Intervention, despite some changes in approach along the way, has led to improvement, for example in the sustained reduction in unallocated cases, a reduced reliance on agency workers, improved financial discipline and the

successful establishment of a Children's Trust to take over the running of the service on behalf of the Council.

It is essential to understand from the Northamptonshire example that the failure of Children's Services was in no way linked to a lack of funding. In fact, it was quite the reverse; the service had received significant investment every year since its assessment as inadequate by Ofsted in 2013. This investment was often at the expense of other services which had their funding diverted to support Children's Services without an effective plan in place to use this funding wisely. This led to an ever worsening, inefficient position within Children's Services while also leaving other services unable to properly fulfil core functions.

Of particular cause for concern were services such as Trading Standards, Heritage and Emergency Planning. Through the reintroduction of financial rigour across the Council these services and others have received reinvestment in the Council's final budget and will therefore be moving into the new unitary structures on a more capable footing.

There have also been some examples of best practice; one service that stands out is Adult Services. Of particular note has been the exceptionally difficult work to renegotiate an extremely poor value PFI contract that has been in place since 2004. The contract was for the provision of respite care services at specialist care centres. Millions of pounds of public money have been wasted because of the poor construction of the contract and the Council's inability to hold the contractor firmly enough to account. This renegotiation was protracted and involved the Council working closely with both the Department for Health and Social Care and HM Treasury to deliver better quality and value.

Furthermore, the service's revised operating model combined with a new reablement programme has enabled the re-routing of people from long-term hospital placements to more appropriate care, either in a residential setting or in their own homes. This service was recognised in the annual Municipal Journal awards with the Director of Adult Social Care receiving the 'DASS of the year' accolade. An unintended, but fortunate, consequence of the new model has been its particular helpfulness in assisting the county and partners manage the approach to the Covid emergency.

Challenge

A 'group-think' mentality had prevailed at the Council for many years, with senior officers and politicians inclined to pursue misguided courses of action while failing to accept the reality of the organisation's predicament. Dissenting voices were ignored, partners were brushed aside if they didn't adhere to the Council's view and offers of help from within the sector were rebuffed until it was too late. All the Council's troubles were placed at the door of the Government for failing to provide enough money – even though a number of neighbouring counties were continuing to do well with less.

This stance marginalised the Council's scrutiny function which should have provided effective checks and balances. Added to this, the Council's internal audit function had been outsourced.

The 'we know best' mentality was also reflected in the Council's dismal track record in dealing with customer complaints, with the Local Government Ombudsman directly approaching Max Caller to raise his concerns.

A critical part of the intervention has been the establishment of meaningful challenge, scrutiny and transparency to the business of the Council. We asked the Centre for Governance and Scrutiny to review how scrutiny functioned and propose an effective structure for the Council which we then adopted in full. This included the scrutiny committee being chaired by an opposition Councillor and focusing exclusively on financial matters, as this was the most significant burden the Council was addressing.

We have also seen some much needed improvement in the handling of complaints; although performance remains patchy in some areas.

We found it valuable throughout the Intervention to engage directly with the public in a series of surgeries across the county. Here we tested our approach and enabled residents to raise concerns or grievances and give their views on the Council's progress.

Culture

When we arrived in Northamptonshire we found a deeply ingrained weariness and a learned helplessness throughout the organisation. A cultural malaise had enveloped the Council where failure was expected and aspiration for improvement was weak.

Given that the Intervention was put in place to see out an end-of-life organisation there have naturally been inherent difficulties in addressing some aspects of the organisation's culture. We were clear that some of the approaches that we would have adopted for an organisation with a future made no sense for an organisation that was coming to an end. A Workforce Strategy, for example, which would address a new organisational structure, the recruitment and retention of staff within that structure, and a progressive pay and reward policy for those staff would have been pointless work in many, while not all, respects. The successor Councils would be bound to do these things anyway and doing them twice in succession – and differently – would have been an unreasonable confusion for the workforce. Nonetheless, progress has been made without such an all-enveloping approach. The introduction of proper management practices has benefited staff and the new-found financial discipline has enabled an across the board pay increase for the first time since 2016. The lack of pay increase in the intervening years was because of the decision to opt out of the local government pay structure. This, together with the removal of mandatory unpaid leave and the reinstatement of benefits that had been curtailed, such as appropriate sick pay, has been positively welcomed by staff and unions.

The response of the Council's staff to the Covid emergency demonstrates a clear shift in the culture of the organisation; a committed, capable workforce with significantly less sickness than recent years and a willingness to be redeployed on responding to the pandemic has been demonstrated.

Working with partners, most noticeably districts, boroughs and health sector colleagues, has created a more integrated approach to social care that is working well and should continue to deliver benefits for residents once the sector returns to more business as usual operations. This collaborative partnership working would have been unthinkable three years ago, such was the breakdown in local relationships. It is impossible to ignore the connection that exists between 'doing the boring well' on a day-to-day basis and delivering an effective operational response in the testing circumstances of an emergency. One cannot exist without the other and together they are indicators of good corporate health in a complex organisation.

Summary

The Intervention in Northamptonshire has been a success. The Council is now financially secure, its services are competent and it is in a good place to hand over to the new unitary authorities. In particular, we are pleased to be ending the Intervention without having resorted to using our powers under Directions on any single occasion.

The claims of Northamptonshire being unfairly treated were fictional. The reality is that it had ceased to manage well the business of being a local authority, had avoided making difficult decisions at every turn and had run out of excuses.

We had conviction from the beginning that the Council must deal with the problems it had created for itself with its own resources. We are pleased to say it has. Its historic deficit was eliminated through the use of its own capital and its reserves have been replenished via the same route and through additional Council Tax contributions. Its operations however have been entirely met within the bounds of its normal income – indeed it has contributed over £40m surplus to its reserves during the same time, so effective has its efficiency programme been. The very fact that a sound performance has been achieved without the need to cut services but rather by 'doing the boring well', reducing inefficiencies and pursuing real transformation speaks volumes.

There are Councils within the sector who are showing signs of distress and the fault lines we have outlined here are likely to be present to some degree within those Councils. Appended to this document are some recommendations that we hope may help.

Lessons Learned from Northamptonshire County Council Intervention

Appendix: Recommendations

1. Recommendations to the sector

- 1.1** Choose your leadership team with rigorous care and for the right reasons. Do not compromise simply so that posts can be filled.
- 1.2** Recognise that for Members, leading a recovery may be particularly difficult, and many may be new to senior positions. Decisions will never be more tested than at times like this, and must be based on evidence with well-founded, unambiguous recommendations.
- 1.3** That 'challenge' in the widest sense, whether internal or external, should be regarded as an opportunity to consider and improve, not a threat to leadership. Do not close your ears to messages that you do not want to hear.
- 1.4** Plan and plan properly - A clear, transparent and overarching sense of direction is crucial in order to drive forward Council activity and set it up for success. It is central to sensible and rational decision making, other plans flow from it. It should be commensurate with your purpose as a public body. Monitor and measure against delivery.
- 1.5** Ensure an unrelenting focus on financial management & discipline and a culture of continual improvement. They are the foundations of every good organisation. Deliver on budget and ensure savings agreed at the start of the financial year are delivered.
- 1.6** Dedicate proportionate resources to monitoring delivery of programmes to transform/modernise.
- 1.7** Take action, without delay, to address shortfalls in savings targets and do not work under a misguided assumption that 'it will all be all right in the end'. NCC, during the 7 years prior to the intervention, achieved annual savings significantly below those identified as necessary during its budget setting process (never more than 49%). This suggests that budgeted savings were not systematically or robustly challenged during the budget setting process and no account was taken of historical delivery performance. Local authorities should have robust processes in place to challenge the veracity of savings proposals – a lot depends on them being delivered.
- 1.8** Consider carefully what is suitable for out-sourcing and what isn't suitable – don't be led by trend or fashion.
- 1.9** Ensure robust and equitable contracts are in place with partners for all shared service arrangements in order to avoid subsidy or disadvantage.
- 1.10** If financial circumstances deteriorate, the influence of the scrutiny committee should be boosted in respect of financial overview. For example, provide impartial and independent training and advice to Councillors through the Centre for Governance and Scrutiny, to enable the committee to scrutinise effectively key decisions on services, income and expenditure and learn how to question without aggression.
- 1.11** Where services are under-performing be clear about why before corrective action is taken.

1.12 Robust scrutiny arrangements reduces the potential for ill thought-through decisions and are an indication of strength and confidence in decision making. Conversely, weak and disempowered scrutiny easily admits the possibility of untested and over-optimistic decisions, and, ultimately, failure.

1.13 Energise your workforce by supporting what works and changing what doesn't. Nothing demoralises staff more than bad management.

2. Recommendations to future Commissioners

2.1 As Commissioners ensure you are assigned as chief of staff a top quality civil servant who understands local government and how local authorities work. Advice and guidance on all aspects of the intervention, as well as navigating central government has helped a lot with our strategy, tactically and with relationship development, as well as solving a multitude of practical issues.

2.2 As a commissioner team ensure you meet as a group before the first day at the Council to agree operating practices/approach. We took a very early decision to work through the authority rather than use the powers provided by directions because we felt ownership by the authority was key to success. We presented this approach as our 'modus operandi' to the Council on day 1 and invited them to buy into it allowing it to be known that Members would not be absolved of decision making.

2.3 The authority should provide PA and other administrative support and logistics (IT, offices, hotel accommodation etc.) and ensure they are in place promptly. Commissioners should take care to ensure the efficacy of these from the outset. They are easier to remedy at an early stage if that proves necessary.

2.4 Very early on in the Intervention, the Council's HR should ensure the appropriate method of payment of Commissioners' fees is applied (HMRC IR35 test etc.). The key to this is the designation of the end client – HMRC regards the end client as the local authority, not the Secretary of State. However the Civil Service has a duty of responsibility to ensure the correct method is applied (<https://www.parliament.uk/business/publications/written-questions-answersstatements/written-statement/Commons/2019-07-22/HCWS1774>). As office holders PAYE is likely to be the method of taxation.

2.5 Clearly the circumstances of interventions and the problems to be addressed differ. In our case it has been important that the lead commissioner has had the following skills and attributes:

- an experienced chief executive with a realistic view of Best Value and the various means by which it can be secured;
- experience of working in difficult political environments and a thorough respect for democratic accountability;
- an ability to communicate effectively and with presence, collaborate with and command the respect of all interested parties including the Secretary of State, members of the public, Members, partner organisations, local businesses, staff, service users and media;
- an ability to identify reasons for service failure and instigate the measures necessary to stabilise service delivery and implement improvement;
- proven ability to provide effective leadership in challenging circumstances;
- a decision-maker who can quickly adapt when proposed solutions don't work first time.

- 2.6** The skills and attributes of other Commissioners are the same as for the lead Commissioner except that relevant subject matter expertise replaces the need for experience as a chief executive.
- 2.7** In order to ensure transparency Commissioners should publish on the local authority's website:
- the Directions that set out their objectives together with periodic reports on progress to the Secretary of State;
 - their contact details and the arrangements made to be accessible to Members, members of the public, partners and other interested parties;
 - their fees and expenses.
- 2.8** Commissioners should make it clear to stakeholders how decisions will be made. In Northamptonshire, we worked on the basis that while we do have the powers through our Directions we would not utilise them if the Council itself made sound decisions. There was little recent history of doing so, making this self-evident requirement a challenging one for the authority. We emphasised that this approach would require the Council to make decisions that would be particularly difficult given the circumstances. Although it would do so with the benefit of our early input, advice and guidance in setting the parameters for those decisions, there could be no question of dodging difficult issues and leaving them for us to resolve. This act of faith would be of immense benefit in restoring confidence in local democracy, but would not survive its first failure. Despite the challenges, this approach endured and the Council is the better for it.
- 2.9** Commissioners should act quickly to create stability at the upper levels of leadership – we took full advantage of our powers to make appointments to statutory roles to achieve this within the first six weeks. Good fortune played a part in this as we managed to recruit a chief executive of the highest calibre when the odds were against us.
- 2.10** Commissioners should develop a continuous engagement plan early. This should include staff, partners (including other local councils - districts and boroughs in Northamptonshire) and residents. Commissioners should listen to what they are saying – in Northamptonshire we have heard the same messages of anger and frustration from many different sources.
- 2.11** Commissioners should develop key messages based on facts – it will likely vary from the messages previously used by the organisation. In Northamptonshire some Councillors (past and present) as well as officers refused to accept the facts of the situation, so strong fact-based messages are critical to counter myths.
- 2.12** Commissioners should confirm for themselves whether effective financial management exists. This may seem an obvious point to make but during our first year all of the following became apparent (some were clearer than others when we arrived). There was:
- an under-estimation of revenue budgets to a material level leading to overspending;
 - an imbalance between income and expenditure;
 - the use of one-off resources to fund ongoing revenue expenditure with no plans to replace them;
 - an adverse opinion from the external auditor on the authority's ability to deliver best value;
 - a lack of financial resilience when measured against CIPFA's financial resilience model;
 - a poor outcome from benchmarking financial services against CIPFA's financial management model;
 - a failure to close the accounts and publish the Statement of Accounts on time;

- a failure to respond in a timely fashion to matters raised by the auditor in the ISA260 report;
- a failure to disclose to the external auditor and / or to the Audit Committee weaknesses in the Council's financial systems, management or processes;
- a poor outcome from independent inspections including an LGA Peer Review, and an Ofsted inspection that although rated as requires improvement has since proved to be a misplaced judgement;
- a persistent failure to deliver savings targets in the short, medium and long term, and the lack of an appropriately skilled transformation team to support and monitor the progress of projects designed to deliver savings;
- a high level of reliance on the use of reserves to fund ongoing revenue expenditure;
- an inappropriate use of government grant funding;
- an over-reliance on short-term funding sources such as the flexible use of capital receipts;
- use of reserves for purposes for which they were not originally intended;
- a weak system for financial monitoring and reporting and for informing members of cabinet, scrutiny and Council which is less than timely, complete, clear and relevant to decision making;
- the likely issuing by the external auditor of a Report in the Public Interest; Later a decision was taken by auditors not to progress.
- the issuing by the external auditor of an advisory notice under the Local Audit and Accountability Act 2014;
- weak financial stewardship leading to routine financial processes (e.g. clearing suspense and control accounts and reconciliations) not operating effectively;
- opaque, confused and jargon riddled reporting, written for the benefit of finance 'experts' rather than for the benefit of understanding by Councillors, residents and Council Tax payers;
- weak governance associated with shared service arrangements and a lack of understanding of roles, remit and responsibilities.

2.13 It is fundamental that Commissioners work within the organisation as the representatives of the Secretary of State and are not perceived as being officers accountable to local politicians or substitute politicians. It is also important that, in being available to advise and assist officers of the Council, Commissioners do not do their jobs for them.

2.14 Challenge the evidence or the accepted wisdom that is provided. There will never be a greater opportunity to drive change for the better.

3. Recommendations to CIPFA

3.1 CIPFA should issue a guidance note to s151 officers and auditors setting out the circumstances which may give rise to the need for a s114 Notice to be issued and the steps that should be taken to respond.

4. Recommendations to Government

4.1 That MHCLG continues to maintain a systematic way of gathering and recording concerns about the performance of individual local authorities. From our perspective as Commissioners this could include:

- statutory recommendations including section 24 notices, advisory notices and public interest reports by the external auditor;

- an adverse opinion for Best Value made by the external auditor;
- judgements on critical services as inspected by Ofsted, CQC, or any other inspectorate as well as the opinion of the Local Government Ombudsman.
- Such concerns could be understood as 'red flags' and may form part of the evidence to support an earlier than normal intervention.
- Inability to manage finances adequately should be regarded primarily as a leadership concern as well a financial issue.

4.2 MHCLG should review the CIPFA resilience index to identify at risk authorities.

4.3 MHCLG should give powers to the external auditor to require local authorities to act upon their recommendations and there should be sanctions introduced if the authority fails to do so within a given timescale.

4.4 A stepped approach to providing support to local authorities is developed as a continuum e.g. an independent review (not commissioned by the authority) through to statutory intervention.

4.5 Greater effort could be made to ensure local authority reporting is written for the benefit of Members and residents rather than officers.