



**Ministry of Housing,
Communities &
Local Government**

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Newham Borough Council Best Value Notice issued on 8 May 2025

The department expects authorities to identify and implement arrangements to secure continuous improvement. We acknowledge the steps you are already taking to identify and address issues at Newham Borough Council, including working with the Local Government Association (LGA) and an independent improvement board. However, ministers remain concerned as to Newham's capacity to comply with its best value duty under the Local Government Act 1999 and have therefore decided to issue Newham with this best value notice ("notice").

This notice is a formal notification that the department has concerns regarding your authority and requests that the authority engages with the department to provide assurance of improvement. The department expects authorities that have been issued with a best value notice to continue leading their own improvement.

This notice is issued following:

- Significant value for money weaknesses around the council's governance arrangements, highlighted by the council's external auditor in their annual report published on 20 February 2025.
- Cultural and governance issues identified in a scrutiny improvement review by the Centre for Governance and Scrutiny in 2023, and the LGA's corporate peer challenge completed in December 2023 and subsequent progress review in October 2024.
- Significant delivery concerns about some of the programmes delivered by the authority, particularly following the Regulator of Social Housing C4 grading published in October 2024.

Given the seriousness of the issues identified, failure to deliver the level of change required at sufficient pace would be very concerning. I am therefore setting out the department's expectations of the authority in providing assurance of progress.

As you know, on 20 February, the department confirmed that the council's request for exceptional financial support (EFS) for financial years 2024-25 and 2025-26 was

agreed in principle. As noted in the letter from the Minister for Local Government and English Devolution, in order for the department to provide a final capitalisation direction, the council is required to undergo an external assurance review. The department may make exception to this requirement where the council has already undertaken an independent review that is deemed acceptable by the department. Officials will continue to engage with the council on this and will confirm review scope in due course.

We also expect the authority to:

- Take steps to improve its financial sustainability, reflecting this in the council's medium-term financial strategy.
- Continue working with the independent improvement & transformation board, making full use of its expertise and responding to its recommendations.
- Review and clarify roles and responsibilities and scrutiny processes to enable more effective decision-making.
- Continue to implement and measure cultural change, particularly in improving relationships between members as well as officers and members.
- Ensure the effectiveness of the council's officer and political leadership, by developing a comprehensive retention strategy and appropriately managing any leadership changes.
- Continue to deliver at pace against the recommendations from the various review/inspection recommendations and action plans, meeting the set milestones and measuring the impact of change.
- Continue engaging constructively with the department on at least a quarterly basis to discuss progress.

The department will also look to your independent improvement board for assurance on the council's progress and expects its role to be strengthened and embedded into day-to-day operations.

Whilst your authority may continue to receive and be awarded government funding whilst under this notice, we would emphasise that receipt of funding does not indicate the department's broader view of the performance of the authority, nor would it indicate any change in the status of this notice, with individual funding programmes being managed and assured independently by their respective departments.

This notice will be reviewed after 12 months, at which point the department will confirm whether we deem it necessary to continue to seek assurance through such a notice, in which case it will remain in place. The notice may also be withdrawn or escalated at any point based on the available evidence.

This notice is issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of best value failure and, separately, under section 230 of the Local Government Act 1972 to request information from local authorities. However, a failure to demonstrate continuous improvement may be judged to contribute to best value failure and the Secretary of State will consider using these powers as appropriate. I also intend to keep the content of this notice under review in light of any developments.

It is important to ensure transparency in relation to the challenges faced by local authorities and the department's engagement on these issues. A copy of this notice

will therefore be published on GOV.UK. I encourage you to make a copy of this letter available on the authority's website and to share a copy with the improvement & transformation board, the full council and the audit committee. In line with this, we will notify your external auditor of this action.

I note the authority has already engaged the support of the LGA and I would encourage you to continue making use of the full range of support they have to offer. A member of my team will be in touch with you to arrange regular engagement on this notice. I look forward to receiving updates on your progress.

Yours sincerely,

James Blythe

Deputy Director, Local Government Stewardship and Interventions