# Serious Fraud Office probes Thurrock Council’s £1.5bn debt crisis over solar farm investments



An investigation by the Serious Fraud Office (SFO) into Thurrock Council's significant financial turmoil could hold key implications for local governance across the UK. The council, which plunged into £1.5 billion of debt largely due to disastrous investments in solar farms, is now under scrutiny for its financial decisions made between 2016 and 2020. The SFO's investigation follows the council's eventual bankruptcy in December 2022, alongside a liquidation process for Rockfire Investment Finance Plc, the firm overseeing these investments.

As part of the inquiry, section 2 notices have been issued to banks and various financial institutions demanding pertinent documents related to the investment dealings. This action has been regarded as a crucial step in addressing allegations of mismanagement and potential criminality surrounding the investment schemes that promised returns of 3-6% but ultimately led to substantial losses. Prior to its insolvency, Thurrock Council had invested approximately £270 million in Rockfire’s renewable energy bonds, a move that has since ignited widespread concern regarding the risk-taking behaviour of local councils that have increasingly resorted to speculative investments amid dwindling central government support.

Speaking about the investigation, Nick Ephgrave, Director of the Serious Fraud Office, indicated that their actions represent a pivotal phase in understanding the scope of the suspected fraud. Meanwhile, Victoria Holloway, Thurrock Council's cabinet member for Place and the Environment, emphasised the administration's commitment to full transparency and cooperation with the investigation. She asserted, “This represents a vital step toward securing justice and ensuring accountability on behalf of our communities.”

The repercussions of Thurrock's financial mismanagement highlight deeper systemic issues within local government funding and oversight. Following the council's implosion, discussions of inadequate regulatory frameworks have surfaced, particularly in light of the government's rejection of a public inquiry despite public outcries for transparency regarding the council's spending practices and strategic decisions. Critics have pointed to the abolition of the Audit Commission and a steady decline in local government funding since 2010 as contributing factors to a growing trend of excessive risk-taking among local authorities.

Adding to the complexity of the situation, Thurrock has initiated civil claims against Liam Kavanagh, the businessman linked to Rockfire, alleging misuse of council funds and manipulation of investment assumptions. There are allegations that a substantial portion of the misallocated funds was used to purchase luxury items, further questioning the ethical management of taxpayer money. Kavanagh has denied the allegations, calling into question the jurisdiction of the court in this matter.

As the council seeks to recover some of the lost public funds—through both legal channels and potential asset sales—it has recently sold part of its solar portfolio for £700 million, which will assist in repaying its debts. This sale represents a crucial step toward financial stability, although significant challenges remain.

Despite the current administration's efforts to retrieve lost funds and restore financial health, the ongoing crisis reflects a broader dilemma faced by local councils across the UK, as many navigate precarious financial landscapes amid increased scrutiny. The outcome of the SFO's investigation could set significant precedents for local governance and investment strategies moving forward.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.irishnews.com/news/uk/investigation-launched-into-suspected-fraud-against-debt-ridden-local-council-JVQXX4ET7BOUTIZZQ4RKOBMJRI/), [[2]](https://www.ft.com/content/74cf5975-6253-4957-a071-fb16bcee392a)
* Paragraph 2 – [[1]](https://www.irishnews.com/news/uk/investigation-launched-into-suspected-fraud-against-debt-ridden-local-council-JVQXX4ET7BOUTIZZQ4RKOBMJRI/), [[4]](https://www.ft.com/content/a4cc7ad9-7baa-4f50-b0f7-7d77027bf904)
* Paragraph 3 – [[3]](https://www.ft.com/content/dfc8a6a2-801b-48d8-ba13-34ccf19bc484), [[4]](https://www.ft.com/content/a4cc7ad9-7baa-4f50-b0f7-7d77027bf904)
* Paragraph 4 – [[5]](https://www.theguardian.com/society/2022/nov/29/thurrock-council-admits-disastrous-investments-caused-500m-deficit), [[6]](https://www.bbc.co.uk/news/uk-england-essex-68099217), [[7]](https://www.bbc.com/news/uk-england-essex-65916073)

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## Bibliography

1. <https://www.irishnews.com/news/uk/investigation-launched-into-suspected-fraud-against-debt-ridden-local-council-JVQXX4ET7BOUTIZZQ4RKOBMJRI/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/74cf5975-6253-4957-a071-fb16bcee392a> - The UK Serious Fraud Office (SFO) has initiated an investigation into Rockfire Investment Finance Plc, a company led by Liam Kavanagh, for allegedly selling risky solar farm investments to Thurrock Council. Between 2016 and 2020, the council invested approximately £270 million in Rockfire’s renewable energy bond schemes, which promised 3-6% returns. Thurrock later declared bankruptcy in 2022, acknowledging £275 million in losses and accumulating £1.3 billion in debt. The SFO has issued information requests to financial institutions as part of its probe, supported by Essex Police. Thurrock's current Labour administration welcomed the investigation and has already recovered £650 million of public money. The case highlights the risks local councils have taken since the financial crisis, turning to speculative commercial investments amid shrinking central government funding. Rockfire has since entered administration, and the legal process continues.
3. <https://www.ft.com/content/dfc8a6a2-801b-48d8-ba13-34ccf19bc484> - Thurrock Council in south-east England is suing Dubai-based businessman Liam Kavanagh for an alleged misuse of £150 million of its funds, which were invested in solar farm-backed bonds. The council claims Kavanagh used some of the money to purchase luxury items, including a yacht, jet, and a country estate. Thurrock, which declared bankruptcy in 2022 due to massive debts partly stemming from these investments, alleges it was misled by fraudulent representations from Kavanagh and his company Rockfire Capital, and that investment assumptions were manipulated. Kavanagh denies the allegations and is challenging the court's jurisdiction. The council, which has incurred a £1.4bn debt, blames the financial troubles on these transactions and is seeking damages. The issue was highlighted by an investigative journalism report, prompting an accounting watchdog investigation into council investments. Labour now controls the council and is determined to recover the invested money.
4. <https://www.ft.com/content/a4cc7ad9-7baa-4f50-b0f7-7d77027bf904> - The UK government declined a request for a public inquiry into the bankruptcy of Thurrock Council in Essex, which went insolvent in December 2022. Residents and council members called for an investigation, citing frustration over higher taxes and reduced services due to the council's mismanagement. Minister Simon Hoare argued that a best value inspection report and ongoing oversight were sufficient to address the issues. The rejection has raised concerns over possible systemic problems in local government oversight and funding. Thurrock's financial collapse, attributed to poor investment decisions and heavy borrowing, mirrors similar crises in other councils, such as Birmingham and Croydon. The council's £1.4bn debt and unsustainable revenue spending on debt servicing highlight broader issues exacerbated by national policy changes, such as the abolition of the Audit Commission and reduced central funding since 2010. Despite the refusal for a public inquiry, the push for answers on systemic failures continues.
5. <https://www.theguardian.com/society/2022/nov/29/thurrock-council-admits-disastrous-investments-caused-500m-deficit> - Thurrock Council in Essex has admitted that its disastrous investments, particularly in solar energy and other businesses, have caused a £500 million deficit. The council had borrowed £1.5 billion—ten times its annual spending on local services—to fund these investments. The Bureau of Investigative Journalism revealed that Thurrock invested £655 million in companies owned by businessman Liam Kavanagh to invest in 53 solar farms, expecting to lose £188 million on the deal. The scale of the financial disaster has astonished the local government sector, with experts describing it as unprecedented.
6. <https://www.bbc.co.uk/news/uk-england-essex-68099217> - Thurrock Council, in Essex, has sold its portfolio of 53 solar farms for £700 million as it battles to repay its debts. The council was left with debts of about £1.4 billion after a series of failed investments in the farms. The sale will allow the council to pay down a significant proportion of its debt and is the single biggest contributor towards the council's financial recovery. The council's Conservative leader, Andrew Jefferies, expressed commitment to recovering the situation, and the council's cabinet member for finance, Graham Snell, stated that there is much more to do to return the council to a financially sustainable position.
7. <https://www.bbc.com/news/uk-england-essex-65916073> - A government-commissioned report found that Thurrock Council lost substantial sums of public money due to systemic weaknesses and a 'dereliction' in leadership. The council has debts of about £1.3 billion after a series of failed investments, largely in solar farms. The report stated that the council's finance director had 'unlimited authority to invest in anything he felt fit'. The council's Conservative leader expressed deep regret for the failings. The Department for Levelling Up, Housing and Communities intervened at the council in September and asked Essex County Council to write a Best Value Inspection report to investigate the failures and produce recommendations.