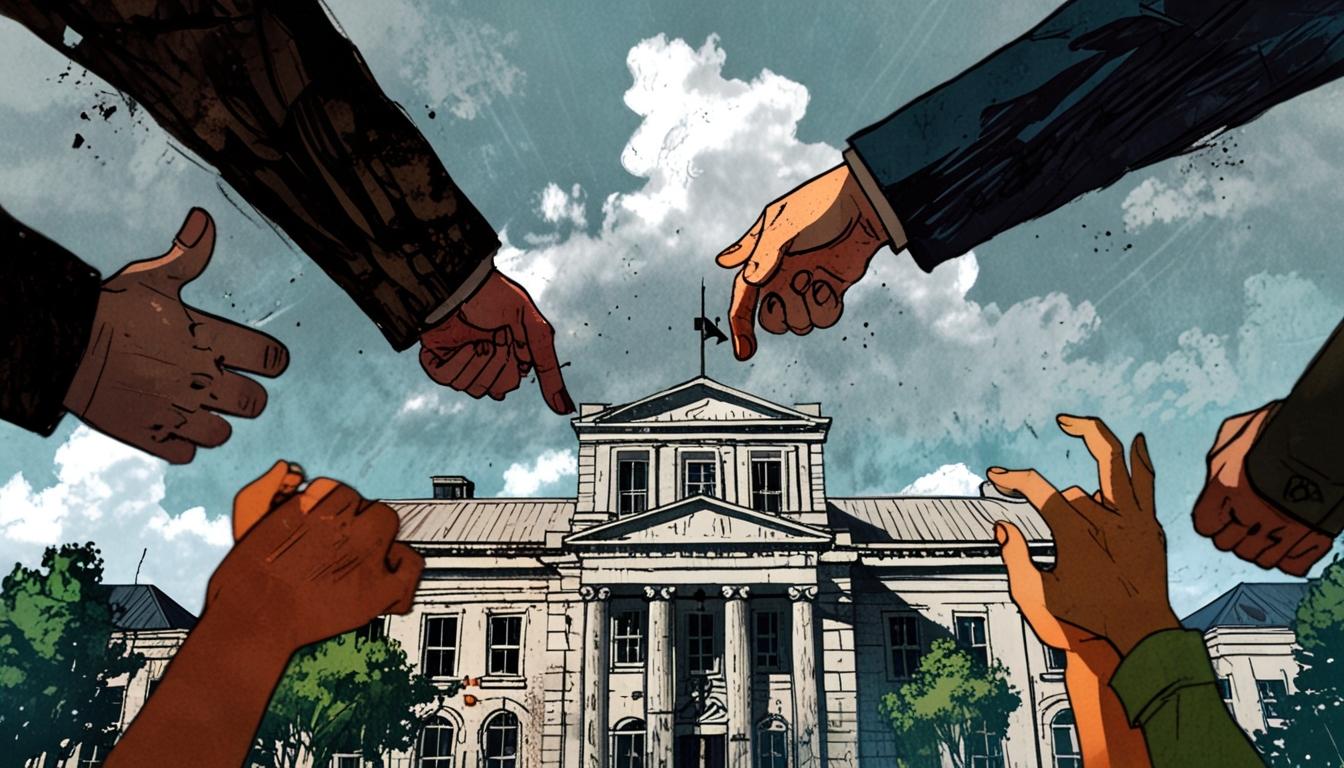
# Government sends experts to tackle Warrington Borough Council’s £1.9 billion debt crisis



# Government Intervention in Troubled Warrington Borough Council: A Call for Accountability

In a troubling turn of events, the UK government has been forced to intervene in the financial disaster that is Warrington Borough Council. This intervention follows damning reports from government inspectors, who have highlighted the council’s reckless borrowing and investment strategies now saddled with a staggering £1.9 billion in debt and a budget shortfall approaching £50 million. Local Government Minister Jim McMahon's announcement of sending a team of experts for up to five years signals not just mismanagement but a complete failure to uphold the duty to taxpayers.

Warrington's financial crisis can be traced back to a misguided investment strategy prioritizing high-risk ventures since 2017. Initiated in response to severe cuts from a central government that has reduced funding to local councils, Warrington's gamble on speculative investments has resulted in disastrous consequences. Inspectors have pointed out that instead of enacting essential fiscal reforms, the council's approach has only served to balloon its debt.

The irony of this situation is amplified by the reliance on Lee Robinson, a former derivatives trader, who has significantly influenced the council's investment decisions. His firm, Altana Wealth, managed £120 million of the council's assets, which have been plagued by immense losses. A £10 million property stake in Birmingham has plummeted to a mere £1.3 million, and a £30 million investment in Redwood Bank is now valued at about £4.3 million. Alarmingly, these blunders have prompted resignations from the auditing firm Grant Thornton, with claims of inadequate expertise to oversee the council's financial operations.

The disastrous trajectory of Warrington echoes the collapse of Thurrock Council, which went insolvent in December 2022 due to similarly reckless investment choices and unsustainable debt. Given that Thurrock amassed a shocking £1.4 billion in liabilities, the government’s refusal to conduct a public inquiry into this local government failure raises critical concerns about accountability and oversight across the UK.

Instead of imposing an external management regime—as seen in other failing councils like Birmingham and Liverpool—McMahon has chosen to deploy "envoys" to assist in realigning Warrington's financial strategies. While the council has expressed optimism about this approach, there’s little reason to celebrate given that the fundamental issues remain unaddressed. The lack of effective bankruptcy declaration should not obscure the imminent dangers looming over its finances.

As financial pressures mount for councils nationwide, the urgent need for fundamental reforms in local government financial management has never been clearer. Speculative investments might seem lucrative in the short term, yet as Warrington and Thurrock illustrate, the consequences can be dire if proper scrutiny is lacking. The question remains whether Warrington can truly recover and adopt a more responsible fiscal framework that prioritizes the welfare of its residents.

As Warrington Borough Council faces daunting challenges, the potential for reform exists, but only under stringent oversight and accountability. With councils burdened by increasing fiscal pressures, a critical reassessment of investment strategies is essential. If reforms are not robust and resolute, the future of local services—and the trust of the public—hangs in the balance.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/e5024825-402e-48db-8b3f-74af3faaaa64> - Please view link - unable to able to access data
2. <https://www.ft.com/content/e5024825-402e-48db-8b3f-74af3faaaa64> - The UK government has intervened in Warrington Borough Council's financial crisis by dispatching experts to assist the Labour-led authority, which has accumulated £1.9 billion in debt and a £50 million budget shortfall due to speculative investments since 2017. A government-ordered report criticized the council for relying on high-risk investments to offset central funding cuts and avoid necessary cost-saving reforms. The council's auditor, Grant Thornton, resigned last year following concerns over investment decisions, including significant losses in Redwood Bank and Altana Wealth. In response, Local Government Minister Jim McMahon will send envoys for up to five years to support reforms, stopping short of appointing external commissioners. Warrington has not declared bankruptcy, but its situation mirrors the collapse of Thurrock Council, which went insolvent in 2022. Additionally, the Financial Reporting Council has barred Thurrock’s former CFO for financial mismanagement. Warrington Council welcomed the intervention and expressed a commitment to implementing necessary changes. ([ft.com](https://www.ft.com/content/e5024825-402e-48db-8b3f-74af3faaaa64?utm_source=openai))
3. <https://www.ft.com/content/acf7456b-5072-478e-94ae-978588a5794a> - Warrington Borough Council in northern England invested £10 million in a Birmingham commercial building, now decreased to £1.3 million, facilitated by Monaco-based financier Lee Robinson. Robinson is entangled in the council's investments, which since 2017 have accumulated to £120 million with various ventures linked to him. These include a significantly reduced £30 million stake in Redwood bank and more than £40 million in M7 Real Estate property funds. Robinson’s firm Altana Wealth manages £47 million of Warrington’s funds. Conservative councillors struggle to obtain transparency on these investments, while Warrington's finances led to an external review in 2023. The Mailbox property deal's substantial devaluation and other maladaptive investments signal financial mismanagement, causing increasing scrutiny. ([ft.com](https://www.ft.com/content/acf7456b-5072-478e-94ae-978588a5794a?utm_source=openai))
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. ([ft.com](https://www.ft.com/content/a4cc7ad9-7baa-4f50-b0f7-7d77027bf904?utm_source=openai))
5. <https://www.ft.com/content/880099cd-60e8-47a8-a9d2-7b411674ea7d> - Warrington Borough Council, heavily indebted due to speculative investments amounting to nearly £2bn, refused to provide key financial information to its auditor, Grant Thornton. This refusal hindered the review of a significant part of the council's accounts, specifically around £87mn loans to solar farms. The UK government is investigating the council’s compliance with the legal requirement to secure "best value" after an expert review highlighted the complex nature of its debt-funded investments. The council's accounts are delayed, with recent audits dating back to March 2019 being described as “major challenges” due to lack of information provided. Additionally, scrutiny extends to controversial investments, including stakes in collapsed energy provider Together Energy and loans for a property deal by entrepreneur Matthew Moulding. Investments linked to hedge fund manager Lee Robinson, particularly in Redwood Bank, were significantly devalued in audits. The council faces criticism for poor value-for-money decision-making processes, as noted by Grant Thornton. The council has pledged full cooperation with the government's inspector and indicated a forthcoming change in auditors. ([ft.com](https://www.ft.com/content/880099cd-60e8-47a8-a9d2-7b411674ea7d?utm_source=openai))
6. <https://www.gov.uk/government/news/government-announces-intervention-into-thurrock-council> - The UK government has announced intervention measures in Thurrock Council to address serious concerns about the council's financial management and the risk this poses to local services. Essex County Council has been appointed as the Commissioner and Best Value Inspector, giving them full control of the financial functions of Thurrock Council and powers to assess whether there are failures in other functions to mitigate any further risk to services. Thurrock Council will work with Essex County Council to prepare an Improvement Plan within the first 3 months of the intervention and is expected to provide a Best Value Inspection Report to the Secretary of State in the same timeframe. The move comes in response to grave concerns about the exceptional level of financial risk and debt incurred by the council. ([gov.uk](https://www.gov.uk/government/news/government-announces-intervention-into-thurrock-council?utm_source=openai))