



Ministry of Housing,
Communities &
Local Government

Chris Wood

Via email: chris.wood@altairltd.co.uk

Rt Hon Robert Jenrick MP
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Dear Chris

LONDON BOROUGH OF CROYDON – RAPID NON-STATUTORY REVIEW

I am writing in response to your report following your rapid non-statutory review at the London Borough of Croydon. In the first instance, I would like to put on record my gratitude to you and your fellow reviewers – Alan Gay and Boris Adlam – for your work in producing the report in what we can all agree was a challenging timescale. I am also grateful to all those who made time to be interviewed by the review team as you developed your findings.

The review was carried out in the context of very real concerns about governance, financial strategy and oversight and commercial investments at the Council. These concerns were reinforced by the Council's publicly declared intention to seek exceptional financial support from my Department and the publication of a highly critical Public Interest Report on 23 October shortly before the launch of your review on 29 October. The Council issued its first section 114 notice on 11 November and, having failed to identify mechanisms by which it can bridge its currently forecast budget gap for 2020-21, followed this up with a further section 114 notice on 2 December.

The report makes for sobering reading. Its findings can be summed up in your comment that:

“Croydon Council has had significant failings in leadership and management (particularly in sphere of financial management) and its governance and assurance mechanisms have failed in identifying, escalating and addressing risks”.

More specifically, the report draws attention to the Council's poor track record in managing budgets, poorly managed commercial ventures, low levels of reserves, and reliance on development – in short it finds that the Council is “said to be unfamiliar with taking and implementing difficult financial decisions and as a consequence it has engendered a culture of poor budget management and poor financial control”. The report asserts a “unanimity of

view that these failings are attributable to the poor leadership and poor management of the Council over a number of years” and that fundamental “checks and balances appear not to have worked.” More encouragingly, the report notes that the new Councillors and officers at the Council “do appear to have understood and accepted the perilousness of their position and the need to take difficult and drastic decisions”

The report’s findings can be summarised into two key points:

- Croydon faces very significant challenges and, whilst a recovery effort is underway, the Review Team cannot offer full assurance or confidence that the task can be achieved. The Council has significant capability and capacity issues.
- This is mitigated by the new interim senior management team who have already made a strong start in putting in place solutions, building on the findings of six external reviews. Given this, a Best Value Inspection at this time would likely hinder rather than help the Council’s improvement.

Having carefully considered your report, I agree that in view of the past failings of the Council, the size of the challenge it currently faces as a direct result, and in the context of the very considerable financial support that it is seeking from my Department, the Council should be the “subject of continued monitoring and scrutiny”.

As such, I have appointed an Improvement and Assurance Panel, led by Tony McArdle who will be supported by members with specialist expertise in finance and commercial asset management. I have also asked the Council to submit the next iteration of their Improvement Plan to me before the end of this month. The first task of the Panel is to provide me with an independent view of the Council’s Exceptional Financial Support request and their revised improvement plan.

I owe it to the citizens of Croydon to assure you that, in the event that the Improvement and Assurance Panel recommend that such action is necessary, I will not hesitate to use the powers that I have been given to ensure the stability of the Council and that its delivery of essential services are safeguarded.

RT HON ROBERT JENRICK MP