

## **LONDON BOROUGH OF CROYDON DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999**

### **EXPLANATORY MEMORANDUM**

1. The Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) has exercised her powers under section 15(5) and (6) of the Local Government Act 1999 (“the 1999 Act”) in relation to the London Borough of Croydon (“the Authority”) to secure its compliance with the Best Value Duty.
2. This memorandum is intended as a companion document to the Directions issued on 17 July 2025. It summarises the circumstances in which the Secretary of State has made the Directions, her reasons for this exercise of their powers, and the implications of the Directions for the Authority.
3. The Directions issued on 20 July 2023 are revoked with the 17 July 2025 Directions coming into effect immediately and continuing to remain in force up to and including 20 July 2027 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date. This Memorandum, together with the Directions and related material, is published on the Government website at [www.gov.uk](http://www.gov.uk).

### **The context for the Directions**

4. The London Borough of Croydon has been in government intervention since 1 February 2021. While there has been some progress since the start of the intervention there remains significant work to be done to secure its compliance with its Best Value Duty. These new Directions are necessary to give the Authority further support from Commissioners and time to develop and embed the necessary changes and drive strategic improvements. The Directions reflect the priorities Commissioners have set for the Authority going forward, the areas that need further support and where there is evidence of failure. In this Memorandum, “Commissioners” means all Commissioner appointed, unless otherwise specified.

#### *Background*

5. The former Secretary of State appointed an independent Improvement and Assurance Panel (“the Panel”) in February 2021, chaired by Tony McArdle OBE and made up of independent experts, to offer the Authority advice, expertise and challenge as it sought to address failings related to poor financial control and governance. The Panel provided regular assurance reports to the Secretary of State on the Authority’s progress throughout this time, with their last report being submitted in November 2022.
6. On 20 July 2023, the former Secretary of State announced after a period of representations that he was intervening in the London Borough of Croydon by issuing Directions to strengthen the remit of the London Borough of Croydon Improvement and Assurance Panel and moving it to a statutory footing. This also saw additional appointees to the Panel, with Brian Roberts replacing Margaret Lee on finance and Pamela Leonce to lead on housing.
7. On 24 January 2024 the department published the latest report from the Improvement and Assurance Panel on progress at the London Borough of Croydon alongside the ministerial response to the chair of the Panel, Tony McArdle OBE. There was no change to the status of the intervention, but ministers would keep the existing arrangements under review.
8. On 12 December 2024 the Minister for Local Government and English Devolution, Jim McMahon OBE MP, announced in a Written Ministerial Statement to Parliament the

publication of the Improvement and Assurance Panel's eighth report and subsequent letter, and the accompanying ministerial response.

9. On 12 June 2025, having considered the evidence, the Minister for Local Government and English Devolution, on behalf of the Secretary of State, published the Panel's latest report and the government response, including a letter from senior officials to the Authority, and made a Written Ministerial Statement setting out the government was minded to exercise powers of direction under section 15(5) and 15(6) of the Local Government Act 1999. These included a detailed description of the Directions that the Secretary of State proposed to make under section 15 of the 1999 Act and set out that the Secretary of State was "minded to":
  - a. Extend the timeframe of the intervention by two years to 20 July 2027, with a review of progress of the intervention after twelve months.
  - b. Escalate the statutory intervention to a Commissioner-led model.

## **Representations**

10. Before making Directions, the Secretary of State is required under section 15(9) of the 1999 Act to give the Authority an opportunity to make representations about the Report as a result of which the Directions are proposed, and about the proposed Directions unless the Secretary of State considers it sufficiently urgent not to seek such representations.
11. The Department received a total of 35 representations. The Council's representation outlines their opposition to the proposed statutory package. The Council made a number of points against the 'minded to' proposals, including that they consider: it is not clear in what aspect(s) of the Best Value Duty the Council is considered by the Secretary of State to be failing, that the appointment of Commissioners is too much of an escalation, that Ministers have not considered all the evidence, that the Panel has misrepresented and omitted key information, and that Ministers have not taken an appropriate amount of time to make a decision.
12. The Mayor of Croydon submitted a representation opposing the Improvement and Assurance Panel's findings which argued that the Government's decision has been solely based on the findings of the latest report, and not considered the evidence provided in the Council's letters sent to the department and Secretary of State. Along with the Council, he proposed the appointment of an External Assurance Board and the commission of an independent financial assessment to find solutions to support Croydon's debt and financial pressures.
13. The Council's representation attached letters from 19 local groups and Council partners, some of which were received directly. Three were unclear on the proposals and 16 opposed the government's proposal. Many raised concerns on the impact that the appointment of Commissioners would have on local democracy and on the relationships with local partners. Some raised concerns regarding cuts to services and the impact it would have on the community and residents.
14. The Croydon Green group councillors sent a representation opposing the intervention. They argue that Commissioners are not the solution to solving the financial problems at the Council and have laid a three-part solution to solving the financial sustainability: Debt relief, 'fair and adequate funding' and democratic accountability.
15. Some representations from Council officers provided evidence around delivery; some opposed the proposals and expressed concern about the potential service delivery impacts. One supported the proposals.

16. The Chair of the Audit and Governance Committee highlighted that there had been weaknesses and concerns regarding the Council's risk framework over the last year but that they have worked to embed improvements to their assurance work.
17. Five local residents submitted representations. Four expressed their support for the proposals to appoint Commissioners and extend the intervention. One local resident raised a question regarding the impact that the appointment of Commissioners would have on the local elections next year. Some raised concerns about certain practices.

### **The intervention package**

18. Having carefully considered the evidence, together with the representations received, the Secretary of State is satisfied that there is sufficient evidence to conclude that the Authority is failing to comply with its Best Value Duty.
19. The Secretary of State considers it necessary and expedient, in accordance with her powers under section 15(5) and (6) of the 1999 Act, to put in place an intervention package to secure the Authority's future and sustainable compliance with its Best Value Duty.
20. The intervention consists of the appointment of some Commissioners to exercise specific functions of the Authority, if necessary, alongside Directions to the Authority. The Secretary of State considers that this package will address the failings identified above.

### **Commissioners**

21. The Secretary of State is appointing Commissioners for two years to support the Authority meet its Best Value Duty under Part I of the 1999 Act. The Commissioners are accountable to the Secretary of State, in that they have been nominated by them and can have their nomination withdrawn by them.
22. The skills and experience of the Commissioners mean that it is both possible and sensible to give them considerable levels of discretion over how they implement their roles and responsibilities under the Directions, in order that they can find the solutions most likely to lead to sustainable improvement in the Authority. The Commissioners decide how best to exercise their functions.
23. The Secretary of State has appointed three Commissioners under powers in section 15(6) of the 1999 Act to exercise certain functions, if necessary, and to have a role in overseeing other functions or actions which the Authority is to perform. One Commissioner (Political and Governance) has also been appointed.
24. The Commissioner team have a proven record in local authority leadership, financial management and transformation, together with specific expertise relevant to their functions. Those appointed under section 15(6) are:
  - **Gerard (Ged) Curran** is the former Chief Executive of London Borough of Merton from 2004 to 2021, previously held positions at board level in London Boroughs of Newham, Waltham Forest and Lambeth. He is Commissioner at Slough Borough Council.
  - **Debra (Debbie) Warren** has over 40 years experience in local government with a significant number of these years at the London Borough of Greenwich, as the Director of Finance between 2009-2019, the Deputy Chief Executive between 2014 – 2017 and the Current Chief Executive of Greenwich since 2017.

- **Jackie Belton** has worked at the London Boroughs of Newham, Camden, Lambeth and Bexley, performing finance and chief executive roles between 2000 and 2023. She is a Commissioner at Birmingham City Council.

25. The Secretary of State has also appointed **Councillor Abi Brown OBE** as a Commissioner (Political and Governance). She is a Councillor in Stoke-on-Trent City Council and between 2019 and 2023, she was the leader of the Council. She is currently the deputy leader of the Conservative Group in the Local Government Association and a Non Executive Director at Homes England.

26. The Directions provide that the Commissioners' reasonable expenses and such fees as the Secretary of State determines are to be paid to them by the Authority. The Secretary of State is mindful of the need for Commissioner remuneration to represent value for money for local taxpayers. In recognition of the nature and scale of the intervention, they have determined fees of £1,200 a day for the Lead Commissioner and £1,100 for other Commissioners.

#### **Powers to be exercised by the Commissioners appointed under section 15(6)**

27. The Directions enable the Commissioners appointed under section 15(6) to exercise the following functions.

- a) All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority, to include:
  - Overseeing the full range of the Authority's improvement activities, including its strategies to secure the medium to long term sustainability of the Authority; and
  - Its plans to transform front line services and the culture of the organisation.
- b) All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority;
- c) The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
  - Providing advice and challenge to the Authority to improve its financial stability and its ability to meet future commitments without additional borrowing, including advising upon credible budget planning;
  - Scrutiny of all in-year amendments to annual budgets;
  - The power to propose amendments to budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its Best Value Duty;
  - Providing advice and challenge to the Authority on a sustainable scheme of delegations for financial decision-making; and
  - Ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
- d) All functions associated with the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability;

- e) All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions;
- f) All functions relating to the appointment and dismissal of persons to positions, the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers, to include:
  - The functions of designating a person as a statutory officer and removing a person from a statutory office;
  - The functions under section 112 of the Local Government Act 1972 of appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and
  - dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
- g) All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff.

#### **Directions to the Authority**

28. To achieve and facilitate the objectives of the intervention, the Secretary of State has also directed the Authority to take the following actions:
- a) To continue to develop and implement the London Borough of Croydon Stabilisation Plan and transformation programme to the satisfaction of Commissioners, and as a minimum, to implement the following components:
    - To continue to address the culture of financial management at the Authority that remains poor in key respects.
    - To continue to restore public trust and confidence in the Authority by transforming the Authority's activities and practices, to ensure that they are compatible with the Best Value Duty.
    - To secure as soon as practicable that all the Authority's functions are exercised in conformity with the Best Value Duty thereby delivering improvements in services and outcomes for the people of Croydon.
  - b) To report to the Secretary of State on the delivery of the London Borough of Croydon's Stabilisation Plan and transformation programme after a six-month period, with a second report before summer 2026, or at such intervals as Commissioners may direct and adopt any recommendations from Commissioners with respect to the London Borough of Croydon Stabilisation Plan and transformation programme and their implementation.
  - c) To allow Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary, including:
    - to any premises of the Authority;
    - to any document relating to the Authority; and

- to any employee or member of the Authority.
- d) To provide Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as Commissioners may reasonably require from time to time to carry out its functions and responsibilities under these Directions.
- e) To pay the Commissioners reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
- f) To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as they may reasonably request.
- g) To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

### **Duration of intervention**

29. The Secretary of State considers that any aspect of the Directions should only be in place long enough to achieve the stated objectives of the intervention. The Directions will remain in force up to and including 20 July 2027, unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date. The Secretary of State will be reviewing arrangements in summer 2026 to see if any changes to the intervention are required.
30. The Secretary of State has asked for six-monthly reports from the Commissioners, or at such other times as he might agree with the Commissioners, which allows for a process for regular review of whether it would be appropriate to expand the functions of the Commissioners or for any function exercisable by the Commissioners to be returned to the Authority.
31. Where the Authority and Commissioners agree that it would be appropriate for the exercise of a function to be returned to the Authority, the Commissioners will report this to the Secretary of State, setting out reasons, including clear evidence as to why the public could be expected to have confidence in the Authority exercising this function in compliance with the Best Value Duty. The Secretary of State will carefully consider any such reports and, if agreed to, further Directions will be issued to this effect amending these Directions made on 17 July 2025. The Secretary of State has not ruled out the possibility that further functions might be brought under the control of the Commissioners.