

**INDEPENDENT NON-STATUTORY REVIEW**  
**LONDON BOROUGH OF CROYDON**  
**ONE YEAR ON**

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**November 2021**

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## Executive Summary

This is a more positive report than that of a year ago. Everyone we met believes there has been progress and we were able to verify this in a number of areas with documented evidence. Everyone we met told us there was still a long way to go and we believe this to be right. A year ago, we stated that the scale of change required in Croydon was not to be underestimated. A year on we believe we underestimated it. More issues and weaknesses have been uncovered throughout the year and in some senses the enormity of the task seems to have grown. That said, there is a hive after hive of activity to turn the situation around.

An examination of the Council's performance against our recommendations of last year shows good progress. However, there are some areas, where some progress is evident but insufficient for us to conclude the recommendation has been fully met. In addition to the recommendations, our last report set out a detailed timetable of key milestones for the Council to achieve in the calendar year 2021. All these milestones were achieved by the proposed date (or thereabouts). (See appendix 1).

We were initially concerned about the pace of change and the need to move faster. Everyone from the Leader, Chief Executive and all the senior officers shared this frustration. However, as our review has progressed and the greater enormity of what has been uncovered was revealed, we came to the view that whilst frustration with pace is understandable, it is important that the transformation of the organisation is set on solid foundations.

One of the frustrations around pace that we heard related to the appointment of a permanent Corporate Management Team. This is articulated most clearly in the reports of the Improvement and Assurance Panel. Recruitment is now underway and will be a significant milestone in driving the organisation forward. Meanwhile the senior levels of the organisation are populated with (too many) interim managers and Local Government Association (LGA) sponsored project managers, but there is no doubt in our mind that this is a talented bunch of officers working industriously in Croydon's best interests.

On the question of pace, we are not recommending you go quicker, but we would say that the message and expectation around pace needs to be better managed. Momentum must be maintained and with the arrival of a new Corporate Management Team over the next few months we may even see an acceleration. Those who have worked with broken councils in other places say that experience shows that full recovery is often a 3–4-year journey.

On matters of finance there are encouraging signs with pressures being managed in a much better way and the prospect of no significant overspends for 2021/22. The big spending social care departments are beginning to show discipline in budgetary

control. All this said, there remain significant risks which need to be managed and there remain weak financial controls in some areas e.g., bank reconciliations, and the lack of a formal assurance framework. Following the lifting of the section 114 notice a series of unsophisticated but effective control mechanisms remain in place to control spend e.g., recruitment control panel, spending control panel and similar mechanisms in place in Adults and Children's services.

With regard to the budget for the forthcoming financial year the Council is relying on a process of star chambers. Again, an unsophisticated but rapid and effective method in the short term to find savings by identifying waste and/or non-essential spend and simply squeezing the departments for more.

If we were to come back in a year's time to examine the council's progress to its 3-4 year recovery, we would expect at that stage to observe a programme of transformational change including service re-engineering; out/in sourcing; digital service development, shared services with partner agencies (e.g., Health) and/or neighbouring boroughs. The implementation of the medium-term financial strategy (MTFS) needs to mature to this level in the next year.

The Regina Road episode illustrates that where councils fail it is commonly not confined to one or two aspects (in Croydon's case poor leadership and financial control) but haemorrhages into the culture and fabric of the organisation. It also illustrates that not all that was wrong had been uncovered.

The Council's Cabinet has demonstrated its ability to take difficult decisions informed by clear and unmanipulated advice from officers. This is a strong indication that governance is improving. There are more difficult decisions to be taken and potentially more bad news on the horizon.

Croydon has moved forward in the last year and successfully arrested many of the troublesome characteristics associated with a failing council. But as everyone told us ... there is a lot more to do.

## 1. Introduction

- 1.1 In accordance with the terms of reference set out in our letter of appointment, dated 18/10/21, I have, along with the Finance Lead, Alan Gay, conducted a follow up Non-Statutory Review of Croydon Council. You asked that we check progress against our recommendations in the first Non-Statutory Review. You also asked that we address five specific questions relating to financial performance. These are: -
- What level of confidence can the Council have on the in-year savings programme for 2021/22?
  - What level of confidence can the Council have on the 2022/23 and 2023/24 savings programmes and the impact on the MTFS?
  - What level of confidence is there on the Council's plan to mitigate in year pressures?
  - A view on the Council's assessment of future financial risks and adequacy of the plan to manage those risks.
  - A view on the Council's approach to mitigating the budget gap under different scenarios based on how much financial support is provided.
- 1.2 Where councils have been seen to fail in the past, it is common that this failure is multi-faceted involving poor culture, weak governance, poor service performance in many areas. We commented in our last report that Croydon's failure was not simply financial, but a failure of leadership and culture. The episode at Regina Road plays to the notion that the Croydon malaise is manifesting in many ways. We comment on some of these areas as people have commented to us throughout the review, in the section headed "Further Observations".
- 1.3 In producing this report, we were supported by a small team of your officers in sourcing documents and arranging meetings. We followed the same methodology as the initial review, meeting key officers and elected Members and reviewing a large number of documents. We also observed some council meetings and met with the Chief Executive of the local Hospital Trust and with the Improvement and Assurance Panel. This report sets out the details of our findings.
- 1.4 Once again, the Review Team has received the highest level of co-operation from the Council. During the review period the Review Team has held 50+ meetings with key officers and elected Members at the Council and a small number of external stakeholders. In all instances the Review Team has been met with a high degree of transparency, honesty and candour. One of the few encouraging findings of the last review, was

that there are no signs of the Council being in denial about the perilousness of its position. This is still the case and there is strong commitment from all quarters to resolve the outstanding issues. What is more, everyone we met felt whilst some progress had been made there remained a long way to go. There is still anger and frustration amongst many staff and Members that the Council has been led into such a position, but a strong resolve for recovery.

- 1.5 Through the course of the review, we have worked collaboratively with the Council's Chief Executive and provided regular feedback on the development of our findings.

## 2. Summary of progress against recommendations

Following the review, a set of recommendations were suggested by the review panel. These were accepted by the Council and incorporated into the Croydon Renewal Plan. These are summarised in the table below and our observations of Croydon's responses.

	Recommendations	Response	RAG
1.	Single improvement plan	The Croydon Renewal Plan incorporates Croydon Improvement Plan and Financial Recovery Plan	
2.	Panel of non-Exec advisers	Appointed by MHCLG as Improvement and Assurance Panel	
3.	2021/22 budget to be scrutinised by Finance Review Panel (FRP) prior to Cabinet/Council	The FRP scrutinised the budget on 14 <sup>th</sup> and 28 <sup>th</sup> January	
4.	Strengthen oversight of Brick by Brick	Clear plan to wind up. New Board members appointed. Shareholder Board created. Finance Director appointed. A newly created post of Director of Commercial Investment is the primary client.	
5.	Explore alternative uses for Croydon Park Hotel	An alternative use was explored and rejected. The hotel has stood empty for 2 years with £1m pa holding costs. A sale appears imminent, contracts have been exchanged	
6.	Formalise external audit reporting to comply with Redmond Review	Delays in producing audit letters for the previous year's accounts (owing to the accounting treatment of Croydon Affordable Homes) has meant that the formality of "Redmond Review" type meetings has not been possible. However, it is clear that there is closer dialogue between key council officers and the Leader with the external auditor	
7.	Review after 6 months the implementation of the integrated care IT systems	Reviews were carried out in April 2021.	
8.	Review application of eligibility criteria in Adult Services	Greater controls in place and more budgetary discipline evident. Revised interpretation of the eligibility criteria encompassed in an Adult Social Care strategy to be considered by Cabinet early in the New Year.	

9.	Identify opportunities to generate capital receipts	The asset disposal schedule is out of date and is in the process of being reviewed. Some large disposals have been progressed. Officers acknowledge that a formal Asset Management Strategy does not exist and that condition surveys on buildings (including housing stock) have not been carried as expected. Work is underway to progress.	
10.	Chief Executive to produce a revised organisational structure	New structure agreed, which incorporates the detailed features recommended. Recruitment to senior permanent posts has commenced.	
11.	Review and Renew Assurance Framework	Independent chair of the General Purposes and Audit Committee (GPAC) appointed. More experienced officers in statutory posts and a Statutory Officer Board established. Stringent controls on spending. An assurance framework is said to be being produced for February 2022.	

### 3. Progress over the year

- 3.1 Significant progress has been made against the Non-Statutory Review recommendations, and the recovery effort is well underway. Where the recommendations have not been completed in full, there is progress. It will come as no surprise to anyone for us to state that there is still a huge amount of work to be done. In fact, everyone we met during the review said as much. Worryingly, there are still serious weaknesses in financial control e.g., absence of bank reconciliations, which arguably lead the Council vulnerable to fraud. Also, the revised Assurance Framework remains outstanding.
- 3.2 Procurement and contract management have been found to be weak in compliance with procedures, but work has commenced to address this.
- 3.3 A robust and transparent process was evident in the setting of the 2021/22 budget with input from the Finance Review Panel and genuine scrutiny from the Overview and Scrutiny Panel. Improvement, financial recovery, and service performance are now regularly reported to the Corporate Management Team and to Cabinet, in what feels to be a much more transparent and healthy arrangement.
- 3.4 It appears the **2021/22 budget** is on track (albeit this is the benefit of the £50m capitalisation directive) and at period 6 reported a small overspend (after a small underspend reported at period 5). At the time of writing the council still had significant issues in preparing the **2022/23 budget**, with more savings needing to be found. A star chamber process had been commenced with senior officers and elected Members, which is proving constructive and challenging. It is accepted that the Council will have to take some very difficult decisions to sustainably correct its financial position. The Council's administration has demonstrated its preparedness to take these difficult decisions with some notable high-profile issues determined e.g. Brick by Brick (BBB); the Croydon Park Hotel. In addition, there are two matters out for consultation Council Tax Reduction scheme and the Purley leisure facility. We were concerned about the uncertainty surrounding the proposal for Low Traffic Neighbourhoods (LTN), which if not progressed will mean the Council foregoing up to £25.6m of budgeted income over three years.
- 3.5 The **Improvement and Assurance Panel** has been in place for most of the year and appears to be working very well, providing challenge and scrutiny of the Council and early advisory interventions. It seems there is a good working relationship between the Panel and senior officers and elected Members. The three letters produced by the Panel have tracked

progress and have raised concerns but not set any alarm bells ringing. In addition to a general oversight the Panel is closely tracking; the progress with BBB and other commercial and property matters; the progress in Adult Social Care; and the overall financial position. The Panel have put on record that they believe the Council is saying and doing the right things. Where the Panel have expressed concerns through advice notes, the Council has listened and altered its approach appropriately.

- 3.6 A clear plan has been put in place for the future of the Council's once flagship but now discredited wholly owned company **BBB**. The company is to build out several sites for which it has planning consents. Other sites have been returned to the Council and after the build out, the company will be wound up. At the time of writing the council was awaiting the outcome of the External Auditor Value for Money Report regarding Fairfield Halls. This could further damage the Council's reputation.
- 3.7 It is regrettable that the **Croydon Park Hotel** has stood empty for two years (initially the impact of the pandemic) and the Council has not been able to find an alternative use and been confronted with holding costs for security and maintenance of circa £1m a year. An alternative use was evaluated but was judged to be unviable, given the amount of investment that would have needed be made on adapting the property for this alternative use. We were told that a sale is close to completion, but that this sale, whilst at a validated good market price, will be significantly below that paid out in the original purchase. Following this transaction, the Council is planning further asset disposals, most notably College Green, where a disposal is also close to completion.
- 3.8 Regarding improved **Audit and Assurance Arrangements**, the Council has strengthened its approach in a number of areas which we note and comment on in this report. We were disappointed to note that it has yet to review and renew its overall Assurance Framework. We were advised that a report to this effect will be presented to GPAC in February 2022.
- 3.9 The bulk of the Council's financial pressures have always been with its **social care services**, and both have had substantial additional financial resources, but with a commitment to turnaround the weak budgetary management of the past. The Adult services department had installed a care management IT system which was being viewed as a key tool linking provision to spend. It is considered to be one of the best of its kind and its implementation appears to be aiding control of spending. In our last report, we recommended a review of the effectiveness of the systems. Reviews were carried out in both Adults and Children's

Services in April of this year. It was recognised in these reviews that whilst the systems were aiding care and cost management, more could be done to extend usage and monitoring. A standing project board supported by the Council's IT service, continues to oversee, and review usage and effectiveness. Both Adult and Children's services have been more stable financially in the last year and Croydon has seen a reduction of looked after children numbers for the first time in many years. Per capita spend is still high but has levelled. The financial burden of Unaccompanied Asylum-Seeking Children (UASC) has increased during the last year, with flight from both Syria and Afghanistan. The Council has been successful in making its case for additional financial assistance from the Home Office with a one-off contribution of £2.35m. The pressures of UASC continue but with no guarantee of further financial support from the Government. The council will need to continue its dialogue with Government on this issue as the financial pressures continue to mount.

- 3.10 The interpretation and application of the Eligibility Criteria as set out in the Care Act in adult services is still in need of comprehensive review, although it is recognised that control over allocation and review of care resources has been stepped up. We understand that an Adult Social Care strategy is to be put before the Council's Cabinet early in the New Year and this will detail revised interpretation of the eligibility criteria.
- 3.11 Regarding **Capital Receipts**, whilst the Council has made progress with the disposal of the Croydon Park Hotel and College Green, it has been slow to identify the opportunity to generate further capital receipts. It is only with the arrival of the most recent interim Corporate Director of Resources (S151 Officer), that a property services asset review has been commenced. The historic asset disposal schedule is substantially out of date and is in need of an urgent refresh. We were not made aware of any timetable for the completion of this review.
- 3.12 At the time of our last review the Council had recently appointed an Interim Chief Executive. This appointment was made permanent in May of this year and confirmed by Council in July. Our sense is that this appointment was well received around the Council, as the Chief Executive had become a strong and positive presence in the organisation. As per our recommendation, **a revised organisational structure** was devised and implemented and there have been substantial personnel changes, with strong and experienced interim managers at a number of levels across the council. The Section 151 officer now reports directly to the Chief Executive and a senior executive post has been created with oversight of commercial activities. It would

have been preferable for senior permanent appointments to have been accelerated, although elsewhere in the report we comment on the challenge of “pace” in such a difficult environment. The decision that the Chief Executive took in suspending the members of the previous Corporate Management Team, required that particular processes be followed, and this has impacted on timescales. We understand that the Chief Executive pursued this route in order to ensure complete transparency, protect the Council’s reputation and avoid unnecessary financial settlements which is important in a council that has a history of taking pragmatic and often improper shortcuts. We wholly align with the Panel in stating that the Council needs a strong senior team committed to follow through on the transformational change required for the next five years. The sooner that team is in place the better.

- 3.13 Some assurance mechanisms appear to have been strengthened with the appointment of an Independent Chair of GPAC and a training and improvement programme for the scrutiny members. A Statutory Officers Board has been established and meets regularly. That said the recommendation of **a Review of the overall ‘assurance framework’** has not been completed and is said to be scheduled for consideration by GPAC in February 2022.

## 4. Key Financial Questions

### **Level of confidence on the in-year savings programme for 2021/22**

- 4.1 There would appear to be reasonable confidence that 2021/22 can be balanced. A small overspend of around £700k is forecast as at Month 6, and whilst this is not a material problem for the Council it is important that the whole organisation maintains a good grip on its finances; and whilst there are some further financial risks identified, there are also mitigations identified. Of some concern is the delay in the decision on the proposal for LTNs for which the Council has a budgeting income of up to £25m over the MTFS period. Probably the greatest uncertainty and risk will be the outcome of the 2019/20 audit where discussions continue about the accounting treatment of matters relating to Croydon Affordable Homes. Savings in 2020/21 appear to have been well monitored through the year and there is therefore confidence in their delivery.

### **Level of confidence on the 2022/23 and 2023/24 savings programmes and the impact on the MTFS**

- 4.2 The Council has recently launched a “Star Chamber” process, under the stewardship of the Interim Corporate Director of Resources. This is looking to identify savings proposals for 2022/23 onwards. The Finance team are confident that this is progressing positively. Savings are being prepared with a 20 per cent risk factor built in. However, there must be some concern regarding the reliance on funding from Health (£12m) in 2022/23. In addition, there is likely to be some reliance on halting contributions to general reserves as a way of closing the gap. It is important that this does not compromise the reserves strategy. Whilst this star chamber approach can deliver savings effectively, there is a danger that it does not lead to transformative changes within services and the organisation. Croydon needs to ensure that these more fundamental changes are given sufficient consideration.
- 4.3 Some of the finance team have raised concerns about the lack of pace and urgency throughout the organisation to address the issues. Senior managers and senior elected Members are very aware of the issues and the need for speedy resolutions, but there are questions about whether operational managers are fully engaged. More work is required to fully embed the required discipline of budget setting and management.

- 4.4 The recent autumn budget announcement will have an impact which is yet to be quantified but the Council are assuming it will be neutral at this stage.

#### **Level of confidence on the Council's plan to mitigate in year pressures**

- 4.5 As referred to above the Council appears confident it can manage risks in 2021/22. There are still many outstanding issues with the external auditors who are unable to start the 2020/21 audit properly until 2019/20 issues are resolved. So, to an extent the starting position for 2021/22 is still unclear. The main outstanding issue relates to the accounting treatment of the establishment of Croydon Affordable Homes. It is a concern that this could still have a material impact on the Council's financial position. The Council are seeking external advice on this matter.

#### **A view on the Council's assessment of future financial risks and adequacy of the plan to manage those risks.**

- 4.6 Risks have been built in for pay and prices; demography is well provided for; there is a contingency provision built into plans. The finance team appear to have a good grip on the budget setting process for 2022/23 and we were given confidence that only robust spending and savings plans would be allowed to go forward. Whilst there is still a financial gap to close at this point in the process, the Council appear to have a good base to work on and are confident that they will produce a credible set of proposals by February 2022.

#### **A view on the Council's approach to mitigating the budget gap under different scenarios based on how much financial support is provided.**

- 4.7 As mentioned above there are clearly several variables which could still potentially impact on Croydon's budget for 2022/23; these include, the Local Government Grant Settlement, the extent of capitalisation agreed by the Government, the closure of the 2019/20 audit of accounts, funding agreement with NHS, and a variety of cost pressures. There is also a need to ensure that savings plans are well monitored and delivered. It is positive that the Council has a good understanding of these issues and is able to undertake scenario planning. We gained some comfort that the Council have some flexibility within their budget plans to address some of these issues, but it is imperative that it delivers budgeted savings. The Programme Management Office can play a key role in this, and the Council should ensure that it has sufficient skills and capacity to do so.

## **Further Observations**

### **5. Governance**

- 5.1 During this review we observed one council meeting: two Cabinet meetings and one Scrutiny meeting. The culture of governance does appear to have changed (and is destined to change again, given the outcome of the recent Mayoral referendum). Lead Members have received good quality officer advice and that of external consultants. This has enabled them to take some difficult decisions e.g., Purley Leisure facility, Council Tax reduction scheme and disposal of Croydon Park Hotel and the College Green sites.
- 5.2 The scrutiny Members have received a training and development programme and there have been a number of instances of “call-in” by both the scrutiny members and the opposition. Whilst there are signs of some strengthening here the scrutiny function still needs to mature into a more robust method of holding the executive to account. An independent Chair has been appointed to GPAC, in line with our recommendations. The new Chair has yet to commence the role.
- 5.3 It is clear that the relationship between the Cabinet and the Corporate Management Team is strong and based on good a clear professional advice, which is received and considered appropriately. This exemplary behaviour has enabled the Cabinet to take a number of difficult decisions. We also noted some improvements to Scrutiny through a training and improvement programme. All this said we still heard a small number of accounts of poor standards of Member behaviour. These accounts are suggestive that the legacy of the old Member culture has not fully disappeared. The May elections and the arrival of a large influx of new members will be an opportunity to build on the much-improved Governance standards displayed by the Council’s leading Members.
- 5.4 We are concerned about the absence of progress on the Assurance Framework. It is apparent that the Council recognises the need to establish a clear and comprehensive assurance framework, and whilst some progress has been made, there is still a way to go. It is noted that the senior leadership team are giving this matter serious consideration and that the GPAC will receive a report in February 2022.
- 5.5 The referendum result heralds further changes to governance from May of next year. Our immediate concern is that the preparations for the new governance arrangements, may detract attention and energy from the

continuing improvement programme. At the same time, we recognise preparations need to be made.

- 5.6 A further change that will be seen after the election that many people we spoke to have forecast is that there is likely to be a large intake of newly elected Members. We believe this represents an opportunity through induction and training to continue to improve the governance of the Council.

## 6. Culture and Leadership

- 6.1 The leadership of the Council both officer and Member has remained focused on the priorities at hand. Many we spoke to commented on the positive change in the nature of leadership in the Council – “the bullying has ended”. At the same time everyone was concerned about the pace of change; could more have been done more quickly? Possibly. The enormity of the change which is required in Croydon was always going to mean that this transition was going to be a 3–4-year programme. It is important for Croydon Council, given where it is coming from and what needs to tackle, that the changes it makes are thorough, robust, proper and sustainable. If the changes can be enacted more quickly, that is a bonus.
- 6.2 A recruitment programme for a permanent Corporate Management Team is underway with appointments scheduled early in the New Year. It is felt in many quarters that this should have been afforded greater priority. As we have commented earlier, (para 3.12) the frustration is understandable, but so is the process the Chief Executive followed in arriving at the position of commencing permanent recruitment.
- 6.3 Lower down the organisation we have concerns about the attrition rates for staff which appear well above the London average. Sickness absence is also increasing (although this could be a COVID-19 factor). We heard accounts that staff remain angry that the organisation has been led to the current difficulties. We were told of staff being ashamed to work for the Council. There was said to be a feeling that from a position of poor budget management, the Council had moved to the opposite extreme of the only thing that matters is the budget.
- 6.4 The cultural transformation to reengage staff to take pride in the public service offered by Croydon Council is another long journey that will need to be travelled. We noted some imaginative organisational development initiatives with the “Guardians” and “Tea talks” programmes. More will need to be done. The staff survey, which is currently underway, will no doubt provide more detailed evidence upon which the Council can act to restore the confidence and morale of staff where this is lacking.

## 7. Service Performance

- 7.1 The Council now has an impressive performance reporting dashboard in the Finance, Performance and Risk Report. We can see improvements in the performance of Children's services in terms of numbers of looked after children. The service also recently received positive feedback from Ofsted following a "focused visit" in June 2021.
- 7.2 The simple truth in relation to the social care services is that they need to provide/cost less. The departments have commenced this process but there remains much to do, and we recognise that these are sensitive and difficult services to downscale. We also recognise that the social care departments cannot not do this alone and, in some areas, a more joined up transformational approach is necessary. For example, we were told that (at the time of speaking) there were 54 agency locum workers in Children's Services, each carrying an additional annual cost of £15k. Whilst it is unrealistic to suggest all these locums could be replaced with permanent staff and generate a saving of circa £800k pa, it is realistic to say that significant inroads could be made. However, this could only be achieved as a corporate effort engaging HR staff, reviewing the employment package; communications staff devising a recruitment campaign; and finance staff helping to devise a "spend to save" approach to delivering significant savings.
- 7.3 Within the year the failings of the housing services came to the fore at Regina Road. This episode has triggered a good deal of scrutiny on the housing service. A more comprehensive housing service has been reinstated in the recent structural re-organisation and the Cabinet agreed the establishment of an independently chaired Housing Improvement Board, and the headlines to a Housing Improvement plan, in July of this year.
- 7.4 The Regina Road episode is a very disturbing insight into the workings and culture of the service. The service reported to Cabinet its responses to the Ark Report in July and also gave some headlines for a more comprehensive emergent improvement plan. The department's more comprehensive improvement plan in response to the episode is at best embryonic and at worst weak. It is a poorly presented improvement plan which lacks SMART targets. It treats the Regina Road episode largely as a failure of co-ordination and technical responses consequently a large part of the recovery plan rests on technical surveys, investment planning and improved co-ordination. None of this is invalid. It does also include actions on improving response to complaints and improving behaviours, but this appears the much weaker side of the plan. Regina

Road was a catastrophic customer services failure, which displayed an absence of listening and customer empathy. The leadership of the department needs to reflect on its culture of “customer service” as a priority, without which and despite all the technical improvements, the episode could (in our view) recur.

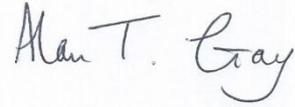
- 7.5 Procurement and contract management has been identified as a significant weakness. This is another emergent area of concern that has been uncovered since our last report. We were told of the absence of a contracts register, poor compliance with prescribed procedures and a real absence of any meaningful contract management in several areas. Much of this is rudimentary and is indeed a worrying situation. Thankfully additional resource has been brought to bear in this area, a contracts register assembled and an intelligent tiered contract review process initiated. An additional savings target of £7m per annum has been introduced.

## **8. Capacity and Capability to Improve**

- 8.1 This remains a key challenge. We say again, the enormity of the change required to Croydon Council is not to be underestimated, and whilst officers and elected Members have made good progress over the last year, everyone acknowledges that there is much more to do. There are a large number of experienced and talented interim managers working on a host of improvement initiatives. This strong interim team needs to be converted into a strong permanent set of senior managers as soon as possible.
- 8.2 The external auditor is also of the view that capacity in the finance team remains an issue. This was also echoed in a review undertaken by two London borough finance directors.
- 8.3 If the Council is to turn its attention to larger transformation projects, which we believe it should, this is going to need to be resourced and this resourcing may need to be made on a “spend to save” basis.
- 8.4 Some managers we spoke to expressed concerns over the fact that they were losing talented staff. Croydon Council has not been a great place to work over the last few years and that needs to change. Some officers we spoke to talked of staff being ashamed to work for the Council and many are said to be bruised and angry about the Council being led into the crisis. We reported a similar kind of sentiment a year ago and it is still present. Staff attrition rates appear to be higher than the local government average and sickness absence has been on the increase (although we recognise this may be COVID-19 related). The Council’s HR statistical reporting underestimates attrition/turnover using a different method of calculation than used in the mainstream. Higher attrition rates may be what is required to reduce the headcount and thereby reduce budgets. Workforce planning and workforce monitoring needs to be improved and the available data needs to be turned into information and intelligence for more effective workforce planning.
- 8.5 Substantial help continues to be at hand, from the LGA, who continue to support the Council to a very high level. This is unsustainable in the medium term and the Council needs to plan and prepare for this support to be withdrawn.

Handwritten signature of Chris Wood in black ink.

**Chris Wood Lead Reviewer**

Handwritten signature of Alan T. Gay in black ink.

**Alan Gay OBE  
Financial Reviewer**

## Appendix 1 - Progress against Croydon Improvement Action Milestones

NB - Some of these actions were achieved ahead of time and some slipped briefly. Where this was noted, we have simply judged to be achieved as signalled by the green RAG rating. Where progress against a milestone has come forward or moved back by a month or two, we have still treated this as completed on time

Month	Action		RAG
November '20	<ul style="list-style-type: none"> <li>• Agreement to establish Independent Croydon Renewal Improvement Board (CRIB)</li> <li>• Appoint Board Members to BBB</li> <li>• Consider and agree the recommendations of the PwC review of companies</li> </ul>	All agreed at Cabinet 25/11	
December	<ul style="list-style-type: none"> <li>• Response to RIPI considered by Scrutiny and GPAC committees</li> <li>• Approve Stn 114 budget for 2020/21</li> </ul>	Scheduled for 2 & 8/12 Scheduled for 01/12	
January '21	<ul style="list-style-type: none"> <li>• Draft 2021/22 budget scrutinised by Finance Review Panel</li> <li>• Cabinet agrees full response to RIPI</li> <li>• Cabinet approves Croydon Renewal Improvement Plan (CRIP)</li> <li>• Appointment of director of finance at BBB</li> <li>• Approve a proposal for the future use of the Croydon Park Hotel</li> </ul>	Scheduled for Cabinet 18/01	
February	<ul style="list-style-type: none"> <li>• 2020/21 third quarter financial monitoring report to Cabinet</li> <li>• Central Programme Management Office established</li> <li>• Receive the 2<sup>nd</sup> phase report from PwC on the strategic review of companies and make decisions on the future operation of BBB</li> </ul>		
March	<ul style="list-style-type: none"> <li>• Council approval of 2021/22 budget</li> <li>• In year savings of £X achieved (see Stn 114 budget)</li> <li>• First meeting of CRIB</li> <li>• Council restructure agreed</li> </ul>	Scheduled for 01/03	
April	<ul style="list-style-type: none"> <li>• Review of finance/social care IT systems (ControCC/Liquid Logic) to validate effective usage</li> </ul>		

May	<ul style="list-style-type: none"> <li>• First Report from CRIB submitted to SoS</li> <li>• Draft outturn 2020/21 report to Cabinet</li> </ul>		
June	<ul style="list-style-type: none"> <li>• Corporate Finance Performance and Risk Reporting in place</li> <li>• Finalisation of 2020/21 outturn</li> </ul>		
July	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> Qtr budget performance considered by IIB. Report back to SoS/MHCLG</li> </ul>		
October	<ul style="list-style-type: none"> <li>• Half year budget performance considered by Cabinet and CRIB. Report back to SoS/MHCLG</li> <li>• Half year progress on CRIP considered by CRIB. Report back to SoS/MHCLG</li> </ul>		