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Rt Hon Michael Gove MP
Secretary of State
Department for Levelling Up, Housing & Communities
2 Marsham Street
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29th March 2023

Dear Secretary of State

Accountability in Local Government

You will be aware that the historic financial mismanagement and governance failure in Croydon led to the financial collapse of the Council leaving significantly reduced services, £1.6bn of unsustainable debt and has understandably caused a dramatic breakdown in resident trust in the council.

The financial impact will be seen for many years to come with Croydon reliant on £369m in Capitalisation Directions, and ultimately discussions with Government about a long-term solution to the Council's debt, in order to balance its books.

A wide-ranging Report in the Public Interest in October 2020 highlighted "collective corporate blindness to both the seriousness of the financial position and the urgency with which actions needed to be taken". The two independent investigations which followed, the Penn Report into the culture and senior leadership of the organisation and the Kroll report into potential criminal and other wrongdoing during the Fairfield Halls refurbishment, both highlighted significant failures by former elected Members and Chief Officers.

These reports clearly set out how Croydon's financial and governance collapse arose as a direct consequence of the failures of the political, statutory and chief officer leadership of the council which did not pay sufficient regard to governance, risk management and internal control when spending millions of taxpayers' money.

Despite the scale of the damage done by the mismanagement and poor decision making of the previous political and officer leadership, none of the individuals responsible have been personally held to account for their actions as they all resigned when disciplinary action began. This has left the Council with very few options to hold them to account or to pursue personal consequence.

Last week the Council's Appointments and Disciplinary Committee unanimously agreed to refer reports into the conduct of previous senior leaders to the Metropolitan Police and appropriate professional bodies.

Whilst these are positive steps, it required over two and a half years of detailed investigative work to get to this point and we are now reliant on other organisations to follow this through. In reality, there is little the Council is able to do to hold these individuals to account for their part in Croydon's collapse.

As such the Committee also concluded that the current arrangements to hold senior local authority leaders to account for their conduct in public office are deeply inadequate. New arrangements are urgently needed to protect residents in other local authority areas from experiencing similar situations in the future.

A stronger accountability framework for those leading local authorities would reduce the moral hazard related to financial failure and encourage councillors, statutory and chief officers to reflect more fully on the potential consequences of their actions before taking decisions to spend millions of taxpayers' money.

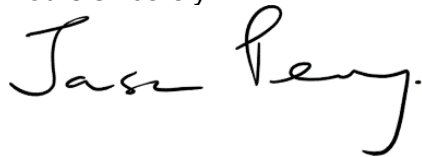
I am enclosing a copy of the detailed report which sets out the learning from Croydon's experience and identifies the weaknesses of the current system of accountability available to local authorities. I understand the Local Government Association are also considering the topic of accountability and that this may also be an area for the new Office of Local Government to consider.

Being elected or appointed to hold public office is a great privilege, but it should come with great responsibility. We need to ensure we have robust measures to protect the trust residents place in their public servants, both elected Members and officers. Croydon's example has shown that currently, this is not the case.

The situation in Croydon has clearly demonstrated that both elected Members and officers can decimate an authority, at huge expense to current and future taxpayers, without any fear of recrimination.

I, therefore, hope that you will consider this opportunity to learn from our experience and to strengthen the arrangements for formal accountability and responsibility for conduct in public office.

Yours sincerely

A handwritten signature in black ink that reads "Jason Perry". The signature is written in a cursive, flowing style.

Mayor Jason Perry
Executive Mayor of Croydon